United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 92d CONGRESS, FIRST SESSION

HOUSE OF REPRESENTATIVES—*Tuesday, October 5, 1971*

The House met at 12 o'clock noon.

The Reverend Arthur J. Centrella, pastor, Our Lady of Consolation Rectory, Philadelphia, Pa., offered the following prayer:

I will instruct thee, and I will teach thee the way in which thou shouldst walk.—Psalms 32:8.

Lord, we bow our heads, raise our hearts, asking Your blessings upon this Assembly. We are grateful for this expression of unity where there is no distinction among men worshipping You.

We realize Your concern for us; how You remind us that man is an instrument of Your will. You guided man over dangerous seas to the land of our American heritage; You brought man to the threshold of heaven when he took that first giant step on the moon. Manifest Your will and lead us in our journey to salvation.

Help us grow in loving You as Christians; first, increasing our love for neighbor, that we may pledge honor, love, and respect to our country and the God-given principles for which it stands. Amen.

THE JOURNAL

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

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that Mr. TAFT was appointed a conferee on the bill (H.R. 8629) entitled "An act to amend title VII of the Public Health Service Act to provide increased manpower for the health professions, and for other purposes" in lieu of Mr. Prouty, deceased.

The message also announced that Mr. TAFT was appointed a conferee on the bill (H.R. 8630) entitled "An act to amend title VIII of the Public Health Service Act to provide for training increased numbers of nurses" in lieu of Mr. Prouty, deceased.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. This is the day for the call of the Private Calendar, and the Chair will take only one unanimous-consent request from the gentleman from Pennsylvania to speak about our visiting chaplain.

THE REVEREND ARTHUR J. CENTRELLA

(Mr. EILBERG asked and was given permission to address the House for 1 minute.)

Mr. EILBERG. Mr. Speaker, it is a special pleasure and privilege for me today to welcome the Reverend Arthur J. Centrella, pastor of Our Lady of Consolation Roman Catholic Church, in Philadelphia.

The parish was founded in northeast Philadelphia in 1916 when most of this area of the city was farmland.

Today, Our Lady of Consolation has some 1,400 families and Father Centrella is the seventh pastor to serve the congregation.

At a time when too many people are complaining about our youth and worrying about what they are doing, Father Centrella has been acting.

The parish has an active and well-rounded youth program with Father Centrella taking a leading role in the sports activities.

All of us in northeast Philadelphia are proud of this dedicated man and we hope he will be with us for many years to come.

CALL OF THE HOUSE

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

The SPEAKER. Evidently a quorum is not present.

Mr. BOGGS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

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

[Roll No. 288]

Abourezk	Dow	Landrum
Addabbo	Edwards, La.	Leggett
Annunzio	Eshleman	Long, La.
Ashley	Evins, Tenn.	Lujan
Baring	Fish	McClory
Blanton	Flynt	Miller, Calif.
Blatnik	Foley	Minish
Brasco	Frelinghuysen	Minshall
Byrne, Pa.	Fulton, Pa.	Mitchell
Casey, Tex.	Gallagher	Mosher
Chappell	Giaimo	Murphy, N.Y.
Clark	Grover	Passman
Clawson, Del	Gubser	Podell
Clay	Halpern	Price, Ill.
Conyers	Harsha	Purcell
Daniels, N.J.	Hébert	Rhodes
Denholm	Hicks, Mass.	Rodino
Dent	Hosmer	Runnels
Dickinson	Kemp	Ruppe
Diggs	King	Saylor
Shipley	Terry	Wilson, Charles H.
Smith, N.Y.	Widnall	Wydler
Teague, Tex.	Wilson, Bob	

The SPEAKER. On this rollcall 363 Members have answered to their names, a quorum.

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

PRIVATE CALENDAR

The SPEAKER. This is Private Calendar day. The Clerk will call the first individual bill on the Private Calendar.

MRS. ROSE THOMAS

The Clerk called the bill (H.R. 2067) for the relief of Mrs. Rose Thomas.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

MRS. FERNANDE M. ALLEN

The Clerk called the bill (H.R. 5318) for the relief of Mrs. Fernande M. Allen.

Mr. HALL. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

MARIA LUIGIA DI GIORGIO

The Clerk called the bill (H.R. 2070) for the relief of Maria Luigia Di Giorgio.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

WILLIAM D. PENDER

The Clerk called the bill (H.R. 5657) for the relief of William D. Pender.

Mr. HALL. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

JANIS ZALCMANIS, GERTRUDE JANSONS, LORENA JANSONS MURPHY, AND ASJA JANSONS LIDERS

The Clerk called the bill (H.R. 6100) for the relief of Janis Zalcmanis, Gertrude Jansons, Lorena Jansons Murphy, and Asja Jansons Liders.

Mr. HALL. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objective to the request of the gentleman from Missouri?

There was no objection.

MRS. ANNA MARIA BALDINI DELA ROSA

The Clerk called the bill (H.R. 3713) for the relief of Mrs. Anna Maria Baldini Dela Rosa.

Mr. ROUSSELOT. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

SALMAN M. HILMY

The Clerk called the bill (H.R. 6998) for the relief of Salman M. Hilmy.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

MRS. ELEANOR D. MORGAN

The Clerk called the bill (H.R. 7569) for the relief of Mrs. Eleanor D. Morgan.

Mr. ROUSSELOT. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

CHARLES COLBATH

The Clerk called the bill (H.R. 4310) for the relief of Charles Colbath.

Mr. HALL. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

MRS. CARMEN PRADO

The Clerk called the bill (H.R. 6108) for the relief of Mrs. Carmen Prado.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

RENE PAULO ROHDEN-SOBRINHO

The Clerk called the bill (H.R. 5181) for the relief of Rene Paulo Rohden-Sobrinho.

Mr. HALL. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

ESTELLE M. FASS

The Clerk called the bill (H.R. 4485) for the relief of Estelle M. Fass.

Mr. ROUSSELOT. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

CAPT. CLAIRE E. BROU

The Clerk called the bill (H.R. 6503) for the relief of Capt. Claire E. Brou.

There being no objection, the Clerk read the bill as follows:

H.R. 6503

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury, not otherwise appropriated, to Captain Claire E. Brou (retired, United States Air Force (FR 3195973)), of Ocean Springs, Mississippi, the sum of $100,000, in full settlement as recognition and assumption of the compassionate responsibility of the United States for all her claims arising in connection with injuries she sustained in April 1968, due to extraordinary circumstances, while undergoing a diagnostic study at the Walter Reed Army Medical Center. Such injuries left her partially paralyzed and permanently disabled.

SEC. 2. No part of the amount appropriated in the first section of this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with such claims, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this section shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

SEC. 3. The payment of the compassionate compensation provided for in this Act shall not be interpreted as interfering with or barring any rights of the said Claire E. Brou to compensation or benefits as a retired officer or accruing to her by reason of her military service, and its acceptance by her shall be in addition to any such rights to compensation or other benefits from the United States.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CATHERINE E. SPELL

The Clerk called the bill (H.R. 7312) for the relief of Catherine E. Spell.

Mr. HALL. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

FLORE LEKANOF

The Clerk called the bill (S. 47) for the relief of Flore Lekanof.

There being no objection, the Clerk read the bill as follows:

S. 47

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of subsection (a)(1) of section 5723 of title 5, United States Code, or any regulations promulgated thereunder, the Secretary of the Interior is authorized to receive, consider, determine, and approve any claim filed under such section, within six months after the date of enactment of this Act, by Flore Lekanof, of the District of Columbia, for reimbursement of expenses incurred by him in moving from Anchorage, Alaska, to the District of Columbia, for the purpose of accepting civilian employment with the Department of the Interior, the said Flore Lekanof having been assured by Government officials prior to his accepting such employment that the provisions for reimbursement for travel and moving expenses of new appointees, authorized by such section, would apply to that employment.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DOROTHY G. McCARTY

The Clerk called the bill (S. 1810) for the relief of Dorothy G. McCarty.

Mr. HALL. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

FRANK J. McCABE

The Clerk called the bill (H.R. 1862) for the relief of Frank J. McCabe.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

DONALD L. BULMER

The Clerk called the bill (H.R. 1994) for the relief of Donald L. Bulmer.

Mr. ROUSSELOT. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

HAN CHOON HEE (BERNADETTE HAN BRUNDAGE)

The Clerk called the bill (H.R. 1867) for the relief of Han Choon Hee.

There being no objection, the Clerk read the bill as follows:

H.R. 1867

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Han Choon Hee may be classi-

fied as a child within the meaning of section 101(b)(1)(F) of the Act, upon approval of a petition filed in her behalf by Mr. and Mrs. Eugene Brundage, citizens of the United States, pursuant to section 204 of the Act.

With the following committee amendments:

On page 1, line 4, strike out the name "Han Choon Hee" and substitute in lieu thereof the name "Bernadette Han Brundage".

On page 1, line 8, strike out the word "Act." and substitute in lieu thereof the following: "Act: *Provided*, That the natural parents or brothers or sisters of the beneficiary shall not by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Bernadette Han Brundage."

A motion to reconsider was laid on the table.

RONNIE B. (MALIT) MORRIS AND HENRY B. (MALIT) MORRIS

The Clerk called the bill (H.R. 3082) for relief of Ronnie B. (Malit) Morris and Henry B. (Malit) Morris.

There being no objection, the Clerk read the bill as follows:

H.R. 3082

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Ronnie B. (Malit) Morris and Henry B. (Malit) Morris may be classified as children within the meaning of section 101(b)(1)(F) of the Act, upon approval of a petition filed in their behalf by Mr. Gene A. Morris, a citizen of the United States, pursuant to section 204 of the Act: *Provided*, That the parents, brothers or sisters of the said beneficiaries shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

With the following committee amendments:

On page 1, line 6, strike out the language "upon approval of" and substitute in lieu thereof the word "and"

On page 1, line 8, after the words "of the United States," insert the following: "may be approved".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HELEN TZIMINADIS

The Clerk called the bill (H.R. 3425) for the relief of Helen Tziminadis.

There being no objection, the Clerk read the bill as follows:

H.R. 3425

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Helen Tziminadis shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper officer to deduct one number from the total number of immigrant visas and conditional entries which are made available to natives of the country of the alien's birth under paragraphs (1) through (8) of section 203(a) of the Immigration and Nationality Act.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, for the purposes of sections 203(a)(1) and 204 of the Immigration and Nationality Act, Helen Tziminadis shall be held and considered to be the natural-born alien daughter of Mr. and Mrs. Nicholas Eleftheriou, citizens of the United States: *Provided*, That the natural parents, brothers or sisters of the beneficiary shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

MRS. MARINA MUNOZ DE WYSS (NEE LOPEZ)

The Clerk called the bill (H.R. 5579) for the relief of Mrs. Marina Munoz de Wyss (nee Lopez).

Mr. HALL. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

EDDIE TROY JAYNES, JR., AND ROSA ELENA JAYNES

The Clerk called the bill (S. 306) for the relief of Eddie Troy Jaynes, Jr., and Rosa Elena Jaynes.

Mr. HALL. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

SIU-KEI-FONG

The Clerk called the bill (S. 617) for the relief of Siu-Kei-Fong.

There being no objection, the Clerk read the bill as follows:

S. 617

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Siu-Kei-Fong may be classified as a child within the meaning of section 101(b)(1)(F) of that Act, and a petition may be filed in his behalf by Hee Fong, a citizen of the United States, pursuant to section 204 of the Act: *Provided*, That no brothers or sisters of the beneficiary shall thereafter, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PARK JUNG OK

The Clerk called the bill (S. 1489) for the relief of Park Jung Ok.

There being no objection, the Clerk read the bill as follows:

S. 1489

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, section 204(c) of that Act, relating to the number of petitions which may be approved in behalf of children, shall be inapplicable in the case of a petition filed in behalf of Park Jung Ok by Mr. and Mrs. Harold David, citizens of the United States. The natural brothers and sisters of the said Park Jung Ok shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LEONARDA BUENAVENTURA OCARIZA AND HER DAUGHTER, LUCILA B. OCARIZA

The Clerk called the bill (S. 1759) for the relief of Leonarda Buenaventura Ocariza and her daughter, Lucila B. Ocariza.

There being no objection, the Clerk read the bill as follows:

S. 1759

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Leonarda Buenaventura Ocariza and her daughter, Lucila B. Ocariza, shall be held and considered to be within the purview of section 203(a)(2) of that Act and the provisions of section 204 of that Act shall not be applicable in these cases.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JOSEPH F. SULLIVAN

The Clerk called the bill (H.R. 1997) for the relief of Joseph F. Sullivan.

There being no objection, the Clerk read the bill as follows:

H.R. 1997

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of section 151, title 35, United States Code, or any provision of existing law, the Commissioner of Patents is authorized and directed to accept the late payment of the final fee (prescribed in section 41(a), title 35, United States Code), in the application for United States Letters Patent of Joseph F. Sullivan of South Orange, New Jersey, serial number 580,321, filed September 19, 1966, and allowed May 27, 1968, for a display and dispensing assembly as though no abandonment or lapse had ever occurred: *Provided*, That such final fee is paid within three months of the date this Act is approved. Upon payment of such fee, the Commissioner is authorized to issue to the said Joseph F. Sullivan the patent for which application was so made. No patent

granted on said application shall be held invalid on the ground that the final fee was not paid within the period specified in title 35, United States Code.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HELEN ROSE BOTTO

The Clerk called the bill (H.R. 1966) for the relief of Helen Rose Botto.

Mr. ROUSSELOT. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

MRS. ANDREE SIMONE VAN MOPPES AND HER CHILDREN ALAIN VAN MOPPES AND DIDIER VAN MOPPES

The Clerk called the bill (H.R. 1970) for the relief of Mrs. Andree Simone Van Moppes and her children, Alain Van Moppes and Didier Van Moppes.

There being no objection, the Clerk read the bill as follows:

H.R. 1970

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Mrs. Andree Simone Van Moppes and her children, Alain Van Moppes and Didier Van Moppes, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this Act, the Secretary of State shall instruct the proper officer to deduct the required numbers from the total number of immigrant visas and conditional entries which are made available to natives of the country of each alien's birth under paragraphs (1) through (8) of section 203(a) of the Immigration and Nationality Act.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, in the administration of the Immigration and Nationality Act, Mrs. Andree Simone Van Moppes and her son, Alain Van Moppes, shall be held and considered to be within the purview of section 203(a) (2) of that Act and the provisions of section 204 of that Act shall not be applicable in these cases."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "For the relief of Mrs. Andree Simone Van Moppes and her son, Alain Van Moppes."

A motion to reconsider was laid on the table.

NEMESIO GOMEZ-SANCHEZ

The Clerk called the bill (H.R. 2108) for the relief of Nemesio Gomez-Sanchez.

There being no objection, the Clerk read the bill as follows:

H.R. 2108

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Nemesio Gomez-Sanchez shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, for the purposes of section 101(a) (27) (B) of the Immigration and Nationality Act Nemesio Gomez-Sanchez shall be held and considered to be a returning resident alien."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. MAURICIA A. BUENSALIDO AND HER MINOR CHILDREN, RAYMOND A. BUENSALIDO, AND JACQUELINE A. BUENSALIDO

The Clerk called the bill (H.R. 3383) for the relief of Mrs. Mauricia A. Buensalido and her minor children, Raymond A. Buensalido and Jacqueline A. Buensalido.

There being no objection, the Clerk read the bill as follows:

H.R. 3383

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Mrs. Mauricia A. Buensalido and her minor children, Raymond A. Buensalido and Jacqueline A. Buensalido, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this Act, the Secretary of State shall instruct the proper officer to deduct the required numbers from the total number of immigrant visas and conditional entries which are made available to natives of the country of each alien's birth under paragraphs (1) through (8) of section 203(a) of the Immigration and Nationality Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JOHN VINCENT AMIRAULT

The Clerk called the bill (H.R. 6670) for the relief of John Vincent Amirault.

There being no objection, the Clerk read the bill as follows:

H.R. 6670

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provision of section 212 (a) (9) of the Immigration and Nationality Act, John Vincent Amirault may be issued a visa and admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of that Act: *Provided*, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice had knowledge prior to the enactment of this Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TAX-EXEMPT PROPERTY OF THE RESERVE OFFICERS ASSOCIATION

The Clerk called the bill (H.R. 456) to exempt from taxation certain property in the District of Columbia owned by the Reserve Officers Association of the United States.

Mr. ABERNETHY. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

Mr. BOLAND. Mr. Speaker, I ask unanimous consent that the further call of the Private Calendar be dispensed with.

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

There was no objection.

ADJOURNMENT OVER FROM OCTOBER 7 TO OCTOBER 12

Mr. BOGGS. Mr. Speaker, I offer a privileged concurrent resolution (H. Con. Res. 415) and ask for its immediate consideration.

The Clerk read the concurrent resolution as follows:

H. CON. RES. 415

Resolved by the House of Representatives (the Senate concurring), That when the House adourns on Thursday, October 7, 1971, it stand adjourned until 12 o'clock meridian, Tuesday, October 12, 1971.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

AUTHORIZING THE CLERK TO RECEIVE MESSAGES AND THE SPEAKER TO SIGN ENROLLED BILLS NOTWITHSTANDING ADJOURNMENT

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that notwithstanding any adjournment of the House until Tuesday, October 12, 1971, the Clerk be authorized to receive messages from the Senate and that the Speaker be authorized to sign any enrolled bills or joint resolutions duly passed by the two Houses and found truly enrolled.

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

There was no objection.

POSTPONEMENT OF DISTRICT DAY BUSINESS FROM MONDAY UNTIL TUESDAY

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that business in order under clause 8, rule XXIV, from the Committee on the District of Columbia, may be in order on Tuesday, October 12.

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

Mr. GROSS. Mr. Speaker, reserving the right to object, would the gentleman restate his request?

Mr. BOGGS. The request is simply that District Day be postponed from Monday until Tuesday.

Mr. GROSS. Mr. Speaker, I withdraw my reservation.

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

There was no objection.

MORE FOOT PATROLMEN NEEDED ON THE WATERFRONT AREA OF THE DISTRICT OF COLUMBIA

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

Mr. STRATTON. Mr. Speaker, the other night for the second time in about 4 or 5 months a woman was brutally raped and murdered, after having been abducted while coming out of an eating establishment in the early evening hours at the waterfront area on which we are currently spending millions of dollars in an effort to enhance and improve its surroundings.

Mr. Speaker, I was glad to see in the paper that the Chief of Police has assigned 15 or 20 detectives in a special effort to try to solve these two heinous crimes. However, I think it would be even more reassuring to the people who visit that waterfront area to assign 15 or 20 more foot patrolmen to patrol that area. Because if we do not get some more protection down there, and get it there rapidly, then all the money which we have invested in the waterfront in an effort to improve conditions in that area is going to be wasted and that waterfront is going to be as deserted after 6 o'clock at night as the L'Enfant Plaza.

PERSONAL ANNOUNCEMENT

(Mr. DULSKI asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. DULSKI. Mr. Speaker, I missed three recorded votes. Had I been present and voting, I would have voted "yea" on rollcall No. 257. On the two recorded teller votes, I would have voted "nay" on 255 and "yea" on 256.

IMPORTANCE OF A SUCCESSFUL HARVEST

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

Mr. WINN. Mr. Speaker, the pioneers who settled this great land over two centuries ago were ever-mindful of the importance of a successful harvest. Even further back in the world's history, there are unending examples of the appreciation of man for a bountiful harvest.

The Lord's Prayer contains a thought of thanksgiving for "our daily bread."

Bread is a symbol throughout the world of all crops and of food itself. It is only right that today, when we live in such an era of plenty, that we pause to give thanks and recognition for the bread of life.

Today is the International Day of Bread and the moment to celebrate Harvest Festival Week. As part of the legacy of all mankind, the American Harvest Festival and Day of Bread have been identified as a major link in the chain of human understanding internationally, person-to-person, at levels that transcend all boundaries of country.

The Day of Bread is being marked in this Nation by breakfasts, luncheons and banquets across the country. These events occur simultaneously with similar functions abroad.

As we observe this day let us not forget the men and women who make bountiful harvests possible in our Nation—the farmers. They are the ones who toil from sunup to sundown, laboring in the fields.

We should make it possible for the farmer to share in the prosperity he creates. After all, the American farmer has shown the rest of the world how to achieve the greatest possible yield per acre.

The American farmer is not only an individual person, he is an ideal and an institution. He must continue to be a significant part of American society.

THE REVENUE ACT OF 1971

Mr. COLMER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 629 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 629

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. 10947) to provide a job development investment credit, to reduce individual income taxes, to reduce certain excise taxes, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed three hours, to be equally divided and controlled by the chairman and ranking minority member 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 the 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.

Mr. COLMER. Mr. Speaker, I yield the usual 30 minutes to the distinguished gentleman from Nebraska (Mr. MARTIN) and, Mr. Speaker, pending the use thereof, I yield myself such time as I may consume.

Mr. Speaker, as the reading of the rule by the Clerk indicates, this is a closed rule providing for 3 hours of general debate after which the committee shall rise and report the bill back to the House and the House will take such action as it seems fit by voting the bill up or down.

Mr. Speaker, I shall not take the time of the Members to discuss the question of an open or a closed or a modified rule. There was some testimony before our committee seeking an open rule. There was some division in the committee on whether it should be a closed or an open rule, but the committee in its wisdom finally saw fit to report out a closed rule on the bill.

My argument and my position are too well known on this matter to go into further at this time. Some day I am very much in hope that this House will grow up to the point where it will assume its responsibility for discussing a bill of this nature, a revenue bill, under an open rule where all of the Members may have an opportunity to offer amendments, and have their amendments considered by the House.

Mr. Speaker, this bill is brought about by apparently the necessity for doing something about our fiscal responsibility and unemployment. I think on the whole it is a good bill. I would like to commend the able chairman of that committee, the gentleman from Arkansas (Mr. MILLS) and his counterpart, the gentleman from Wisconsin (Mr. BYRNES) and the other members of the committee, for taking action upon the President's recommendation. Now, while it is true that the committee did not see fit to follow exactly and precisely the recommendations of the President, it did follow his recommendations pretty largely.

I of course, Mr. Speaker—as traditionally I have been—am concerned about the reduction of taxes provided in this bill, and yet I am not in position to argue that these reductions should not be made in view of the present status of our economy. But as one who has so long been concerned about this I would just like to, for the benefit of the Members on the floor here and for the benefit of the people who might read the RECORD, call attention to the fact that exists with reference to our present fiscal affairs.

We now owe $417,027,000,000.

Now even in this day that should be a cause of concern.

Let me call your attention to another matter. The interest on this debt for the fiscal year 1971 is $20,976,000,000 with the projected interest for the fiscal year 1972 being $21,015,000,000.

Some Members of this House in the debate last year called attention to the fact that the interest alone runs to some $47,000 a minute. So in the few minutes that I have been talking here, the interest on the national debt has run into the hundreds of thousands of dollars.

Somewhere down the line, if this Republic is to survive, we are going to have to get our fiscal affairs in order.

Mr. Speaker, and I hope I may be pardoned by those who differ with me when I make this statement—if the action of this House on yesterday had been differ-

ent, I would not have had the nerve to call this bill up here today because, in my judgment, that would have defeated to a large measure the objective of this bill. I hope the other body of this Congress will see fit to follow the action of the House that was taken yesterday.

The purposes of H.R. 10947 are to put our present economy on the high growth path, increase the number of jobs and diminish the high unemployment rate, relieve the hardships imposed by inflation on those with modest incomes, provide a rational system of tax incentives to aid in the modernization of our productive facilities, increase our exports and improve our balance of payments.

Tax liabilities are expected to be reduced about $1.7 billion in calendar year 1971, $7.8 billion in 1972, and $6 billion in 1973.

A 7-percent job development investment credit is provided, which would be generally effective on August 15. This credit is expected to make from $1.5 billion in 1971 to $3.9 billion in 1973 available to businesses which expand and modernize.

Individual income tax reductions are provided by increasing personal exemptions for 1971 from $650 to $700, effective for one-half the year. In addition, the minimum standard deduction is modified to provide immediate relief in the lower tax brackets for 1971. Personal exemptions are increased to $750 for 1972 and subsequent years. Also, the minimum standard deduction is increased from $1,000 to $1,300 and the percentage standard deduction is increased to 15 percent.

The 7-percent manufacturers excise tax on passenger automobiles is repealed effective with the date of enactment of the bill. For those taxes paid for the period back to August 15, refunds are provided. The 10-percent excise tax on light-duty trucks is repealed.

Tax deferral is provided for export income of domestic international sales corporations effective with calendar year 1972—to be available in the current year only to the extent of 25 percent of a company's average level of export income in the years 1968 through 1970, plus any of its current income over this average level.

The bill also makes changes in the existing law including, among others, limitations on standard deductions and personal exemptions of persons receiving trust income, a limitation on carryovers of unused credits and capital losses in the case of certain changes in ownership, amortization of expenditures for on-the-job training and for child care centers.

I urge the adoption of the rule so that this very important and complex bill may be considered.

Mr. Speaker, I reserve the balance of my time.

The SPEAKER. The Chair recognizes the gentleman from Nebraska (Mr. MARTIN).

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

Mr. Speaker, the purpose of the bill is to amend the tax laws in several instances in order that both individuals and businesses will have their tax burdens lowered beginning in calendar 1971.

Our economy has not been performing well. The growth of the gross national product has been very small in the last year, about 3 percent. The growth in capital spending for plant and equipment is only slightly above 2 percent, much too low to spur any economic growth. Unemployment has remained high, about 6 percent; because of job uncertainty people are saving much more of their income than usual, thus limiting their purchases and retarding economic growth. At the same time inflation has not been licked. Over the period July 1970–July 1971 the consumer price index rose 4.4 percent, and the wholesale price index by 3.3 percent.

These domestic factors have had an extremely adverse effect on our export business and our balance-of-payments position. We no longer have a surplus of exports over imports; quarterly figures for this year reveal that we may end up with a deficit for the year. This in turn has caused loss of confidence in the dollar abroad and periodic runs on our gold supply over the last few years.

President Nixon's August 15th action was the turning point. He has attacked the economic problems on a broad front. A number of actions were taken administratively, based upon existing statutory authority.

Additionally, the President asked the Congress for the passage of a series of tax reduction proposals he made in order to put more money into the hands of both individual taxpayers and businesses in order to stimulate our economic expansion. This bill is the result of action taken on those matters requested by the President.

The bill reinstitutes permanent law, the 7 percent investment tax credit, effective August 15th. It will also apply to orders for equipment placed on or after April 1st, 1971. At the same time part of the advantage to business granted by the accelerated depreciation early this year—providing for further additional depreciation of assets in the first year of their use—has been eliminated.

Eliminated from the tax laws, and retroactive to August 15 is the 7-percent excise tax on passenger vehicles. Refunds will be made to those buyers who purchase a car between that day and the date of enactment. This tax was scheduled for phaseout by 1981 under current law. Also eliminated is the 10-percent excise tax on small trucks—those weighing 10,000 pounds or less gross weight—effective September 22, 1971. This tax is eliminated because in many cases such trucks are used for personal transportation, unlike heavy duty larger trucks.

Substantial tax relief for individual taxpayers is provided by the bill. For this year—calendar 1971—all personal exemptions are increased from $650 per dependent to $700, effective July 1st. This makes the yearly exemption $675 per dependent, an increase of $25 for the year. For calendar 1972 and subsequent years, the exemption for each dependent is increased to $750. This is a speed-up of 1 year as the $750 figure was scheduled under current law to take effect in 1973. To insure that the tax relief is visible immediately, new withholding rates go into effect on November 15, 1971.

Further relief is granted to individuals, particularly to those with low incomes by speeding up the increase in the low-income allowance and the standard deduction for those taxpayers who do not itemize their deductions. In 1971 the low-income allowance is increased to $1,050 and for 1972 to $1,300. The standard deduction is increased to 15 percent of adjusted gross income with a ceiling of $2,000 for 1972. The current law set the percentage figure at 14 percent for 1972 and 15 percent for 1973 and thereafter. Again the bill speeds up the future tax reduction by 1 year.

Finally, the bill seeks to increase incentives to export abroad by providing tax deferrals on export-related profits. Such deferrals will be granted on profits earned from exports so long as they are retained in the new type of corporate entity known as a DISC—Domestic International Sales Corp.—which was created by the Trade Act passed last year. When such profits are distributed as stock, dividends, or otherwise they will be subject to taxation at regular rates.

The revenue effects of the bill are substantial. Net tax liability of all taxpayers will be reduced by about $1,700,000,000 in calendar 1971, by $7,800,000,000 in 1972 and by $5,900,000,000 in 1973. Fiscal receipts are expected to fall by $5,000,000,000 in fiscal 1972, by $6,100,000,000 in fiscal 1973, and by $6,000,000,000 in fiscal 1974. The tax burden on individuals will be reduced by $2,000,000,000 in calendar year 1971, by $5,000,000,000 in 1972 and by $2,700,000,000 in 1973. For businesses, the corresponding figures are $350,000,000 for calendar 1971, $2,700,000,000 for 1972, and $3,300,000,000 for 1973. The Treasury Department agrees with these projections.

Mr. Speaker, I yield to the gentleman from Virginia (Mr. BROYHILL) such time as he may consume.

(By unanimous consent, Mr. BROYHILL of Virginia, was allowed to speak out of order.)

(Mr. BROYHILL of Virginia asked and was given permission to revise and extend his remarks and to include extraneous matter.)

NOT ENOUGH FORCED BUSING IN DETROIT?

Mr. BROYHILL of Virginia. Mr. Speaker, I rise to call the attention of the House to the situation in Detroit where Federal District Judge Stephen J. Roth recently ruled that the State of Michigan and the Detroit public school system are guilty of deliberately maintaining segregation. Judge Roth said, according to the Washington Post that—

> The defendants had circumvented *integration* by building small primary schools, shaping attendance zones in a way geared to maintain segregation, restricting busing funds and using busing to move some black pupils to other black schools rather than white ones.

This is a particularly interesting case that bears watching. If it is made to stick, many school districts in the North and West may find their de facto segregation declared de jure.

However, a constitutional amendment which would prohibit the assignment of any child to a particular school because

of his race, creed or color while not effecting the Brown decision would correct the Supreme Court's ruling in the Swann case upon which Judge Roth's opinion was apparently based.

I urge my colleagues to sign the discharge petition and to vote for House Joint Resolution 620.

At this point I insert in the RECORD the Post's report on segregation in Detroit:

[From the Washington Post, Sept. 28, 1971]

DETROIT SCHOOL SEGREGATION DELIBERATE, U.S. JUDGE RULES

(By Robert Popa)

A federal district judge ruled today that the state of Michigan and the Detroit public school system are guilty of deliberately maintaining segregated schools in the city and he said the federal courts must correct the situation.

But Judge Stephen J. Roth said he has not yet settled on an integration plan. He will discuss possibilities with lawyers on both sides next Monday.

The civil suit asking for relief from segregation was filed 13 months ago as a class action by a group of parents and the NAACP.

Roth said the defendants had circumvented integration by building small primary schools, shaping attendance zones in a way geared to maintain segregation, restricting busing funds and using busing to move some black pupils to other black schools rather than white ones.

While Detroit's population of 1½ million was 43 per cent black in the 1970 census, Detroit's public school enrollment of 285,000 is 65 per cent black.

The defendants in the suit are the Detroit Board of Education; the former superintendent of Detroit schools, Norman A. Drachler; Gov. William G. Milliken; Attorney General Frank J. Kelley; the State Board of Education, and John Porter, state superintendent of public instruction.

Roth said segregation in Detroit schools exists "de jure," which means "by law," and must be dealt with in the same way.

De jure segregation contrasts with de facto segregation, which usually develops as an outgrowth of housing patterns.

Roth said 11 of Detroit's schools this year have black enrollments exceeding 90 per cent while one has less than 10 per cent blacks.

Since 1959, the Detroit Board of Education has circumvented integration, he said, by constructing at least 13 small primary schools with capacities of 300 to 400 each.

"This practice negates opportunities to integrate, contains a black population and perpetuates and compounds school segregation," he said.

State officials are guilty of promoting segregation, Roth said, by refusing to provide funds for busing pupils in Detroit although they make money available for busing in many neighboring white suburban districts.

Roth also found the state guilty of promoting segregation by imposing limits on a school district's borrowing power and through the formula it uses for distributing support money to the schools.

Because wealthier suburban districts are able to spend much more tax money for each pupil while making less of a taxing effort, "Systematic educational inequalities have been created and perpetuated," said the judge.

At the same time, Roth termed Detroit's assignment of teachers and administrators "superior" from the standpoint of integration. He promised not to interfere with it.

"Detroit's school system has a higher proportion of black administrators than any other city in the country," he said. "Detroit in 1970 was among the 20 largest Northern city school districts in percentage of blacks on the faculty."

Roth found that the Detroit Board of Education was guilty of segregation because it shaped attendance zones along north-south lines. More integration would have resulted if the lines had been drawn on an east-west basis, he said.

He added that the board is also perpetuating segregation by busing black pupils from overcrowded black schools to less-crowded black schools rather than to predominantly white schools.

Although several points of the Detroit case have been contested and one was taken to the U.S. Circuit Court of Appeals, no one has yet raised the question of the NAACP's right to join the suit as a plaintiff.

After issuing his ruling, Roth said he has reservations about the NAACP's right to participate.

"There is a serious legal question as to whether they can bring this kind of suit," he said.

Still pending is an application by another group, The Citizens Committee for Better Education (CCBE), which also wants to join the plaintiffs in the suit.

CCBE leaders would question integration in a three-county metropolitan area composed of Wayne, Oakland and Macomb counties. These three counties contain about half of Michigan's nearly 9 million residents.

If Roth accepts the application of the CCBE, a complete upheaval of suburban school racial patterns could follow. Lawyers for the CCBE contend that true integration cannot be achieved in Detroit alone because 65 per cent of the students there are black.

Louis R. Lucas, a lawyer on the NAACP's New York staff, said he was pleased by Roth's ruling. But he declined to describe the type of integration plan he will propose next week.

Mr. MARTIN. Mr. Speaker, I have no further requests for time.

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

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. MILLS of Arkansas. 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. 10947) to provide a job development investment credit, to reduce individual income taxes, to reduce certain excise taxes, and for other purposes.

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. 10947, with Mr. CABELL 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 1½ hours; and the gentleman from Wisconsin (Mr. BYRNES) will be recognized for 1½ hours.

The Chair recognizes the gentleman from Arkansas (Mr. MILLS).

Mr. MILLS of Arkansas. Mr. Chairman, I yield myself such time as I may consume.

The CHAIRMAN. The gentleman from Arkansas is recognized.

Mr. MILLS. Mr. Chairman, the revenue bill of 1971 is before us because the economic policies followed in the past have failed to deal adequately with the twin problems of unemployment and inadequate economic growth on the one hand and inflation on the other hand. New direction is needed.

It is clear that our economic growth has not been adequate. In real terms, the economy grew at a rate of only 3 percent in the first half of this year—after adjustments for price increases and the unusual growth in the first quarter due to the lag effects of the General Motors strike last year. We already have an unemployment rate of over 6 percent and if our economy does not grow faster than it has, we will not keep up with the normal labor force increase. As a result, unless we have a higher growth rate unemployment can be expected to increase.

A major factor contributing to our present economic difficulties has been an abnormally low rate of capital spending. The latest survey indicates an increase of only slightly more than 2 percent in plant and equipment spending this year. In real terms, after adjustment for inflation, this actually represents a decline from last year.

On the consumer side, the difficulty seems to be that, because of the double fear of inflation and unemployment, individuals are trying to save as much as they possibly can. This is why the savings rate is currently about 8.2 percent. Previously, we considered a 7-percent rate too high. The effect of this is to make matters worse—to slow down the economy still more and to make higher unemployment still more likely.

Although the level of economic activity is inadequate, we still have been unable to shake off the persistent inflationary pressures we have experienced in the last several years. Over half of the increase in the gross national product in the first 6 months of this year was attributable to price increases, and the consumer price index and the wholesale price index have been rising at all too fast a rate. This is due in large measure to cost-push pressures: labor wants wage increases to catch up with the increase in prices it expects. At the same time, management boosts prices to cover its increasing labor and other costs. Then labor seeks additional wage increases, and the process is repeated all over again.

Also interacting with this low economic growth and the persistant inflationary pressures is our deteriorating balance of payments on our transactions abroad. In the second quarter of this year, our balance-of-payments deficit ran at an annual rate of about $23 billion and we no longer have a trade surplus on goods and services. This culminated in the dollar crisis in August when we suspended the convertibility of the dollar into gold. These difficulties in our balance of payments are, of course, a result of a number of complex factors including inflation at home and discriminatory trade practices abroad. But they are also a result of the fact that our tax policies do not adequately encourage investment in more modern and efficient machinery which would enable our businessmen to compete more effectively in foreign markets.

These unfortunate economic conditions call for the adoption of a coordinated

program to turn the economy around: to provide an adequate rate of growth, to control inflation and to improve our balance of payments. In broad outline, the program calls for containment of inflationary pressures through wage-price control and through restraint in Government spending and the adoption of tax reductions and tax incentives to get our economy going again. To deal with our balance-of-payments problem it provided for the temporary 10-percent additional duty and the realinement of the currencies of the major trading countries coupled with a reduction of the artificial barriers imposed by foreign nations against our exports.

As you know, the administration has imposed a wage-price freeze and has indicated that an adequate form of inflation control will be maintained after November 13 when this freeze expires. The administration has also announced its intention to cut Federal expenditures for fiscal 1972 about $5 billion below previously planned levels. Negotiations are also now in process to realine the world's major currencies. The bill before us puts into effect the remaining parts of the program—tax reductions to stimulate the private economy, or, as I prefer to think of them, tax reductions to free the private sector of the economy from some of its heavy tax burdens.

The bill provides tax reductions which the Ways and Means Committee believes are large enough to stimulate the economy and yet not so large as to create a new wave of inflationary pressure. Indeed, it is highly likely that coupled with wage-price controls and restraint on Government spending in effect during the period the tax reductions are initiated, the bill will not only increase the Nation's output and provide additional jobs, but also in the long run—through increased production and productivity—will aid in the fight against inflation.

The tax reductions provided by the Revenue Act of 1971 represent balanced personal and business income tax relief. This balance is required not only on equity grounds but also by the fact that the restoration of sound and vigorous economic conditions requires not only investment by business but also the stimulation of consumption by individuals as well.

As I have already indicated, lagging investment in machinery and equipment is one of the principal causes of present depressed economic conditions. For this reason, the pending legislation restores the investment credit which was so successful in the past in stimulating investment in machinery and new equipment. I know there is skepticism among some as to the effectiveness of an investment credit in stimulating investment. For those who have this skepticism, however, let me point out the chart on page 6 of the committee report. A close examination of this chart will indicate that whenever the investment credit has been added to the law, restored, or increased, investment has gone up. Whenever the credit has been suspended or repealed, it has gone down. While one might argue that some of this was coincidental, the high degree of correlation between the presence or absence of the investment credit and the presence or absence of investment just cannot be attributable to chance.

The new credit amounts to 7 percent of all eligible property—4 percent for public utility property—acquired after August 16, 1971.

The credit also is extended to property ordered after April 1, 1971, even though delivered before August 16. This was done to avoid discriminating against those who took action on or after April 1 to acquire eligible assets on the basis of assurances as to the availability of the credit made by the Secretary of the Treasury, after consultation with the ranking members of the congressional tax-writing committees. This assurance was given to avoid further deferment of investments which were already at an unduly low level.

The new credit generally is not to be available for property produced abroad so long as the additional duty of 10 percent remains in effect. However, the bill grants the President authority during this period to make the credit available for specified articles of foreign-produced property where this is in the public interest.

Before adopting the 7-percent flat rate investment credit, we gave consideration to varying the amount of the credit so that it would have a larger rate initially and a smaller rate in later years. However, we concluded that a varying credit would be inconsistent with the basic objective of providing an incentive for adequate investment on a long-term basis. It would be likely to encourage investments unduly in the early period at the expense of later periods. In addition, businesses needing assets which can be produced only after a long leadtime would frequently not be able to qualify for the higher credit because they could not obtain the asset in time. Similarly, the mere fact that the acquisition of an asset was delayed—perhaps because of production difficulties—could also reduce the amount of the credit.

While we want to be sure that there is adequate tax incentive for business investment, we do not want to overstimulate such investment. For this reason, the new bill removes a part of the liberal ADR depreciation rules the administration put into effect as of the first of this year. I am referring here to the removal of the fast writeoff which was provided during the first year by the so-called three-quarter year convention.

The combined effect of this change and the restoration of the investment credit is to increase business taxes by an estimated $600 million in calendar year 1971 and to decrease business taxes by an estimated $1.9 billion in calendar 1972 and $1.4 billion in calendar 1973. However, in later years, business firms will eventually benefit from the full amount of the investment credit, with only a modest offset resulting from elimination of the three-quarter year convention.

The Revenue Act of 1971 provides tax reduction for individuals, both by accelerating the effective dates of tax reliefs automatically scheduled to take effect under the provisions of the 1969 Tax Reform Act, and by increasing the level of the low-income allowance.

The President recommended that we make the personal exemption increase the Tax Reform Act of 1969 scheduled for 1973, effective in 1972. The bill adopts this provision. For 1972, this increases the exemption level from the present level of $650 to $750. Also the percentage standard deduction is raised to 15 percent of adjusted gross income with a $2,000 ceiling.

But the committee believed that more needed to be done for consumers at the very bottom of the income scale who, nevertheless, are paying tax. We thought that it was unfair to ask people with income levels below the poverty line to pay income tax. Therefore, we increased the low-income allowance for 1972 and later years from $1,000 to $1,300. This, combined with the $750 exemption, means that single individuals will pay no income tax until their income exceeds $2,050. It means that married couples with two children will not pay an income tax until their income exceeds $4,300.

This increase in the minimum standard deduction is fair to the people existing at or below the poverty level. It also is the best way to increase consumer spending, since these are the ones most likely to spend virtually all of their income after taxes.

The committee also believed that it was desirable on both economic and equity grounds to speed up the tax relief for individuals so that they would get tax savings this year—the calendar year 1971. For this reason, we increased the exemption level for 1971 from $650 to $675 by in effect providing a $700 exemption from July 1, of this year on. We also liberalized somewhat the low-income allowance for 1971 by removing the so-called phaseout.

Let me turn now to the excise tax relief provided by the bill. A stimulus is provided for production in the automobile industry—which is so important in providing jobs in this country—by the repeal of the 7-percent passenger automobile tax effective August 16, 1971. The administration has estimated that repeal of the auto tax will result in 600,000 additional domestic automobile sales and 150,000 additional jobs, not counting dealer employees.

The 10-percent tax on light trucks—with a gross vehicle weight of 10,000 pounds or less—frequently used by farm families as a means of personal transportation—also is repealed effective September 23, 1971.

This action will grant about $2.6 billion of tax reduction in calendar year 1972. The auto manufacturers have given assurances that the tax reductions, which average about $200 per car, will be passed on to consumers in reduced prices. To insure that this occurs, your committee has requested the Council of Economic Advisers to make a study to be sure that the tax reductions are, in fact, passed on to consumers.

Finally, in view of our balance-of-payments difficulties, the Revenue Act of 1971 provides tax incentives for U.S. firms to increase their exports. This is achieved

by the deferral of tax on export-related profits so long as these profits are retained in a new type of U.S. corporation known as a Domestic International Sales Corporation or a "DISC."

Under the provision, a parent corporation also will be allowed to sell its export products to the DISC at prices which permit the DISC to earn up to the greater of 4 percent on sales or 50 percent of the combined income from the manufacturing and selling of the exports. In addition, the DISC may have attributed to it a 10-percent rate of return on export promotion expenses and a 10-percent return on half of shipping expenses incurred from shipping in U.S.-flag ships. This latter point insofar as it relates to shipping was added at the suggestion of the chairman of the Committee on Merchant Marine and Fisheries.

This DISC provision is broadly similar to that which was incorporated in the Trade Act of 1970 which passed the House. However, there was criticism of this provision not because it would not stimulate exports; rather because in addition, the provision provided a windfall for business firms which merely continued to export at the same level as in previous years. The 1971 Revenue Act meets this objection by applying the DISC provision generally on an incremental basis to export income in excess of a specified base. Specifically, the advantages of the DISC proposal are to be available only for export income attributable to sales in excess of 75 percent of the average export sales of the corporate group to which the DISC belongs for the years 1968 through 1970. As a result, the benefits of the DISC treatment will accrue only to firms which increase their exports and thus make a greater contribution to resolving our balance-of-payments problems.

Mr. Chairman, these, then, are the principal features of the 1971 Revenue Act. I think it is a good bill. I think it is one that deserves the approval of all Members of the House.

In saying this I know that there are undoubtedly differences of opinion among us on particular provisions. I have some reservations, frankly, with respect to some of it. However, any major tax cut must necessarily bring forth differing points of view. While we may not all agree on each and every provision contained in the bill, I think it is important that we recognize now essential this bill is to the restoration of a healthy economy—how important it is to decrease the rate of unemployment. Indeed, it is essential in my view that this bill be adopted now. I wish it could have been adopted 15 days ago, because only if the bill is adopted now will it be possible for the 1971 tax reductions for individuals to be reflected in the withholding rates in November in order to get the economy started again on the high growth and high employment path.

Mr. Chairman, may I assure the Members of the House that they can vote for this tax reduction bill as a part of the total package as described by the President on the night of August 15 without any fear whatsoever that you will be increasing the deficit for fiscal year 1972. It will not increase as a result of this bill. Actually, as a result of the combination of different features of the President's program—especially the feature reducing Federal expenditure—there will be a plus on the fiscal side instead of an additional loss.

So we are not creating a greater deficit in this instance, we are actually eliminating some of what would otherwise be a larger deficit. This is the first time I think that we could ever say that about a tax bill that we have brought to the floor of the House for the consideration of the House.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BYRNES of Wisconsin. Mr. Chairman, this is most essential legislation. While interest in my remarks to go into more detail, I want to emphatically make one virtually important preliminary observation: it is essential that Congress move expeditiously to approve this legislation. The fundamental purpose of this bill is to create new jobs, through stimulation of our economy, but the effect of this stimulation cannot be felt, Mr. Chairman, until it is written into law, and is part of our tax code. Since each day's delay means a postponement of the effectiveness of the economic stimulation that is the backbone of this legislation, it is imperative that Congress act with alacrity. The Ways and Means Committee acted with commendable dispatch on the President's proposals, commensurate with the needs to which they are addressed. It is essential that the bill proceed through the Congress with similar speed.

Mr. Chairman, H.R. 10947 incorporates—with changes the committee felt advisable—the legislative recommendations of the President to implement his new economic policy of August 15. The new economic program, of which the legislative proposals before the House are an integral part, are an interrelated group of actions and recommendations designed to create jobs, modernize our plant and equipment, improve our competitive position in world markets, and restore equilibrium to our trade and balance-of-payments picture.

The United States is faced with problems in all of these economic areas. The transition from a wartime to a peacetime economy, the increased penetration of imports, and a persistent inflationary psychology have made it difficult to reduce unemployment to a satisfactory level as quickly as we desire.

The lack of confidence in the Government's determination to deal meaningfully with inflation in the latter half of the 1960's created an environment whereby a fudge factor for anticipated inflation was built in to price and wage decisions by the private sector. Inflation, greater productive efficiency abroad, and increasingly unfair treatment by our trading partners transformed the large surplus in our trade account characteristic of the early 1960's into a deficit for the first time since 1893.

On August 15, the President moved promptly to deal with these problems on a broad front. The wage-price freeze and the current efforts to develop a "phase II" policy are designed to deal directly with inflationary psychology. The recommendations for a job development investment tax credit, for individual income tax reductions, for repeal of the auto excise tax, and for a Domestic International Sales Corporation are designed to increase employment, modernize our plant and equipment, augment private demand, and improve our ability to compete in world markets through increased productivity. Commensurate reductions in Federal expenditures and employment were recommended by the President to keep the Federal deficit on a full employment basis within bounds that will hopefully avoid a new round of inflation. The 10-percent temporary surtax on imports, the exclusion of foreign goods from the investment credit during this temporary period, and the decision to let the dollar float are measures designed to improve our competitive situation and provide leverage for the United States in seeking a fairer shake in world trade and a better export climate for American goods.

It was in this context that the Ways and Means Committee acted expeditiously to conclude hearings on the program in one full week. Last Tuesday, a little more than a week after concluding our hearings, the committee completed its executive deliberations and reported H.R. 10947 to the House. The bill contains the essentials of the President's recommendations adjusted to provide more tax relief to individuals and to provide for more efficient administration. Additionally, the committee's bill contains several provisions correcting inequities in various areas of the tax law that have come to our attention.

Mr. Chairman, I will not go into great detail as the committee report available to all the members contains a thorough explanation of the different provisions of the bill. However, I do want to point out the major provisions along with the changes that the Ways and Means Committee included and explain their rationale.

JOB DEVELOPMENT INVESTMENT CREDIT

The bill provides a 7-percent credit for new plant and equipment acquired after August 15, 1971. Additionally, in order to honor an expectation that was created by assurances of the Secretary of the Treasury with the concurrence of the chairman and myself, the new investment credit will apply to goods ordered after March 31, 1971, even though they are acquired before August 15. Comparable rules, with appropriate transitional provisions, are provided for constructed property. The job development credit generally follows—with changes I will describe—the framework of the investment credit that was in effect throughout most of the 1960's.

The reduced level of capital investments that is currently characterizing our economy impairs our productive efficiency, our ability to compete in world markets, and the capacity of our economy to create new jobs. The history of the credit during the 1960's clearly indicates that capital markets are responsive to the incentive provided. If the Members will examine the chart on page 6 of the committee report, they will see that

the level of capital investments was directly responsive to the incentive provided by the old investment credit, with investments increasing shortly after the times when the credit was enacted or reinstated and with investments declining when the credit was suspended or repealed.

The committee did make several changes in the administration's recommendation. The administration recommended a two-tier credit with a 10-percent level prevailing during the first year and a 5-percent level prevailing thereafter. The committee felt that a straight 7-percent credit had several advantages.

First, we had the experience with the old credit which indicated 7-percent credit was sufficient to meet our goals. Second, there was concern that the two-tier approach would provide too much incentive in the near future and too little incentive thereafter, with an unhealthy bunching of capital investments. Third, providing a two-tier approach presented problems of inequity between investors in equipment with short leadtimes and those investors in long leadtime items that a flat credit resolves.

Finally, and most important in my view, the two-tier credit by its nature invited instability in capital markets and implied a continued use of the credit to attempt to fine tune the capital markets. We must, to the maximum extent possible, avoid the yo-yo effect of a credit that is turned on and off again like a spigot to achieve desired levels of investment. It is most essential that the credit be cast in a form that will enable businesses, in their long-range planning, to realistically evaluate the capital recovery rules of our tax law. Any other approach undermines the goals the investment credit is designed to achieve by injecting uncertainty and instability into business planning.

In this connection I might point out that the committee did review the possibility of reducing the basis of property for depreciation purposes by the amount of the credit provided. Not only would this in my judgment improve equity, but by making the credit an integral part of our capital recovery rules it would be much more difficult to justify turning the credit on and off periodically. Technical difficulties involved in working out an appropriate amendment precluded action at this time, but we did direct the Treasury and the staff of the Joint Committee on Internal Revenue Taxation to study the problem and report back to the committee.

The committee made several other changes from both the previous credit and the proposal made by the administration. In order to reflect the impact of accelerating technology on shorter useful lives, the committee shortened the period property must be held to qualify for the credit. Under prior law, one-third of the credit was available for property held from 4 to 6 years, two-thirds was provided for property held from 6 to 8 years, and the full credit was available for property held 8 years and longer. Under the committee's bill, the corresponding periods would be 3, 5, and 7 years.

Additionally, the committee decided to make the credit available for used property. The members will recall that the credit was available for up to $50,000 of used property under the old law. This limit under the committee bill will be $65,000. In extending the credit to used property, the committee included an amendment to insure that the credit for used property will go to those who primarily rely on used property. Under this amendment, the amount of used property that can qualify for the investment credit up to the limit provided will be reduced by the amount of new qualifying property acquired by the taxpayer in a given year.

In recommending the new job development investment credit, the committee reviewed our present depreciation rules, including the new asset depreciation range system promulgated by the Treasury Department earlier this year. While the new system provides needed incentives, improved equity, and greater efficiency in administering our complicated tax rules relating to capital recovery, it was felt that some adjustment was appropriate in the new system in light of the investment credit included in the committee's bill.

In particular, it was felt that the new first-year convention included in the ADR regulations, which in effect increases depreciation allowances during the first year property is placed in service, has somewhat the same economic effect as the new investment credit, and was not essential to the greatly improved administrative efficiency that is the heart of the ADR system. The committee included a provision that would eliminate from the ADR system the new first-year convention.

The committee's decision in eliminating the new first-year convention will increase tax liabilities by $2.1 billion in calendar 1971, $1.7 billion in calendar 1972, and $1.5 billion in calendar 1973. These increases will be more than offset by the new investment credit, that along with the remaining elements of the new ADR system, will provide substantial incentives for modernization of our capital equipment.

INDIVIDUAL INCOME TAX CUTS

The committee's bill provides $1.4 billion of individual income tax relief in calendar year 1971 and $3.2 billion next year. The reductions benefit all income groups while raising the income level at which taxes are first imposed to accord more realistically with the poverty level. The increased income made available should provide a needed stimulus to consumer demand.

For 1971, the committee's bill increases the personal exemption from $650 to $675 and removes a complicated provision of existing law that phases out the low-income allowance during 1971 for individuals whose income is above the poverty level. These amendments, which were not included in the administration's recommendations, should provide a needed stimulus to consumer demand and also reduce the amount of taxes many individuals would otherwise owe next April due to overwithholding under the present law.

The committee also acted on the administration's recommendation for accelerating from calendar 1973 to calendar 1972 individual income tax relief that is scheduled under the Tax Reform Act of 1969. Under the committee's bill, the personal exemption, which under present law is scheduled to be increased from $650 to $700 next January 1 and from $700 to $750 the following January, would be increased next January 1 to $750. The standard deduction, which provides greater simplification by enabling individuals to take a standard deduction for expenses that would otherwise have to be itemized, would be increased to 15 percent of an individual's income with a $2,000 maximum. The standard deduction is presently 13 percent of an individual's income subject to a $1,500 ceiling and would be increased under present law to 14 percent of an individual's income subject to a $2,000 ceiling next January 1. The committee's action is expected to enable 2.2 million individuals who are presently itemizing to file the short form resulting in considerable tax simplification.

Additionally, the committee increased, beginning in 1972, the low-income allowance from $1,000 to $1,300. This increase in the low-income allowance provides tax reduction to 25 million returns and relieves 1.9 million returns from tax.

REPEAL OF THE AUTOMOBILE EXCISE TAX

The bill also includes provisions repealing the present 7-percent manufacturer's excise tax on new passenger automobiles. The Congress made a decision in 1965 to repeal the discriminatory manufacturer's excise taxes on a variety of items. Consistent with our overall revenue needs, the Congress decided to limit Federal involvement in the excise tax area to user and sumptuary taxes. In view of the revenue loss involved, the automobile excise tax was scheduled to be phased out over a period of years and subsequent budget considerations required a delay and rescheduling of the phaseout. However, the fundamental determination that the tax was discriminatory and an inappropriate tax was correct, and in view of the present economic situation, the committee concluded that it would be appropriate to now repeal the tax.

Tax on new passenger cars would be repealed effective August 15, the date the President made the recommendation to Congress. Appropriate consumer and floor stock refunds are provided in the committee's bill in accordance with past practices.

Additionally, in the case of light trucks—those under 10,000 pounds gross vehicle weight—the committee decided to repeal the present 10-percent tax applicable to trucks. The repeal is effective September 22, the day the committee decision was announced, and appropriate consumer refunds and floor stock refunds are also provided. It was the feeling of the committee that many of our citizens, particularly in farm communities, use light trucks as a means of personal transportation, in much the same way as other citizens use passenger cars. However, the revenues from the truck

tax do go into the highway trust fund to finance completion of our Interstate Highway System, to which we are committed. In view of the fact that the committee has pending before it recommendations on changes in the highway trust fund, I feel it would have been more appropriate to defer action on this proposal until we could consider these recommendations. This is particularly true in view of the impact that this action has in reducing highway trust fund receipts by $900 million over the next 3 years alone.

BUDGETARY IMPACT

I believe that the recommendations of the President and the action that the committee has taken will restore vigor to our economy by stimulating the private sector, improve our economic productivity, and create additional jobs. However, in view of the large budget deficit contemplated for fiscal 1972, both the administration and the Congress must exercise real restraint in Federal expenditures.

The Director of the Office of Management and Budget, when he appeared before the committee, estimated that the President's new program, when combined with an estimated shortfall in Federal receipts, would result in a fiscal 1972 budget deficit of between $27 and $28 billion, on a unified funds basis. This is in part due to estimated increases in outlays due to congressional action of over $4 billion, and includes the $5 billion in expenditure reductions the President announced on August 15. The Congress must do its part in facing up to the problem of fiscal responsibility.

The committee's bill improves the budget picture for fiscal 1972 over the administration's recommendations by about $1 billion. While this is an improvement, the huge deficts we are facing make it imperative that we continue to tighten our belts in order to avoid a renewed outbreak of inflation and undue pressure on interest rates due to heavy Federal borrowing.

CONCLUSION

In conclusion, Mr. Chairman, I feel the committee's bill provides needed incentives, improves equity, and is directly responsive to the economic problems that we confront. It is urgent legislation. The committee faced this fact and moved expeditiously to develop legislation for consideraiton by the House. I urge the House to act in the same spirit in approving H.R. 10947.

Mr. Chairman, I yield 10 minutes to the gentleman from Illinois (Mr. COLLIER).

Mr. COLLIER. Mr. Chairman, I thank the gentleman for yielding me this time. The distinguished chairman of our committee has articulately outlined the provisions and the purpose of the legislation before us today. It would therefore be redundant for me to belabor these aspects of this bill. There are three points, however, that I think should be made in reference to the dissenting views of one of my colleagues from Ohio. Frankly, I do not believe that political demagoguery has any place in the debate on an issue so vital to the total economy and welfare of all of the people of this country.

It becomes obvious that we cannot speak of Treasury losses without recognizing the recoup of revenues which will directly flow from the action the committee has taken on restoring the investment credit and imposing the asset depreciation range provisions. In 1962, when the original investment credit proposal was recommended by the late President Kennedy, unemployment in this country had reached 6.7 percent, a higher level, in fact, than it is today or has been since the current period of job loss began. Within 3 years after the Congress adopted legislation on the investment credit proposed by the Kennedy administration, this unemployment figure dropped to 4.3 percent, and, coincidentally, unemployment increased after Congress saw fit to remove the 7-percent investment credit. It is interesting to note that during the same period, despite the tax benefit granted through the investment credit, that Treasury revenues increased from $79 billion to more than $111 billion.

Certainly one must anticipate a recoup of revenues as a result of reestablishing the investment credit because its obvious purpose was to expand the industrial and business activity. It proved to be highly successful at that time under the same conditions which prevail today so that this is in no manner a trial and error approach, but rather a proven stimulus to expanding the economy and reducing unemployment.

I vehemently disagree with the ill-conceived conclusion in the dissenting views that tax credits will do more to increase corporate profits than create jobs for unemployed workers. Certainly this flies in the face of history and experience in this area. Seeking to use figures on the revenue loss without recognizing the impact in terms of more jobs in a stimulated economy is void of sound economic reason. I submit that within a year the whole economic picture will refute the validity of the arguments of those who are critical of the action which the administration has taken and which has fundamentally been approved by an overwhelming majority of our committee.

It is time that we look at our current situation in terms of what is essential to assist all segments of our national economy rather than engage in partisan political pot-shotting which is in diametrical opposition to the views of the majority of the most knowledgeable economic and fiscal experts in the country.

I believe it will be in the best interests of the entire country—the rank and file of the American people and the business community as well as the entire Congress—to overwhelmingly approve the bill before us today which implements the President's New Economic Policy, supported by the vast majority of the American people.

Mr. ULLMAN. Mr. Chairman, I yield to the gentlewoman from Michigan (Mrs. GRIFFITHS) such time as she may consume.

Mrs. GRIFFITHS. Mr. Chairman, I would like to express the appreciation really of the State of Michigan for this tax bill.

This tax bill, in my judgment, does more for the State of Michigan than it does for almost any other area and it is more helpful to the general economy than any other measure could have been, in the repeal of the 7-percent excise tax on automobiles.

The Joint Economic Committee estimates that that will probably cause the employment of 500,000 additional people. I hope this is true. I personally feel that the most stimulating part of this bill is the repeal of the excise tax. I cannot express my appreciation too much to the committee for repealing finally this excise tax.

Mr. Chairman, I hope the bill proves to be very successful and we will finally have a new employment picture in this country.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan (Mr. CHAMBERLAIN).

Mr. CHAMBERLAIN. Mr. Chairman, I rise in support of H.R. 10947, the Revenue Act of 1971.

This bill contains in a substantial measure the tax recommendations which President Nixon outlined in his historic announcement on August 15 and personally laid before the Congress on September 9. The Ways and Means Committee has worked on these proposals with great dispatch but not without careful consideration, and I commend Chairman MILLS for his leadership. Certainly, almost important as the measures are themselves, is the urgent need that they be put into effect as soon as possible in order that they may have the maximum positive impact on the economy.

Today's legislation represents a multifaceted approach which includes providing more than $3 billion in individual income tax relief, geared specifically to benefit most those of modest means; granting a 7-percent job development investment tax credit, similar to the one in effect during much of the previous decade, to promote business expansion; a means to generate greater exports by using a tax deferral system through domestic international sales corporations; and repeal of the 7-percent Federal excise tax on automobiles about which I will have further comment.

These measures, taken together with the President's other initiatives under his new economic policy, I believe, will prove to be of tremendous help in stimulating the economy.

Although the committee hearings confirmed that there is widespread support for these actions, the charge has been made in some quarters, that the total package is weighted in the favor of business. In this regard, I would like to point out that during the hearings we learned that corporate profits during 1970 reached the lowest level since 1938.

At this point, I would like to insert a table in the RECORD prepared by the Treasury Department showing these figures:

CORPORATE PROFITS AFTER TAXES—AS A PERCENT OF THE GROSS NATIONAL PRODUCT

	Percent
1929	8.36
1930	3.16

CORPORATE PROFITS AFTER TAXES—AS A PERCENT OF THE GROSS NATIONAL PRODUCT—Continued

	Percent
1931	−1.15
1932	−4.64
1933	0.78
1934	2.46
1935	3.66
1936	5.98
1937	5.84
1938	3.47
1939	6.19
1940	7.20
1941	8.12
1942	6.41
1943	5.77
1944	5.31
1945	4.26
1946	7.43
1947	8.73
1948	8.80
1949	7.23
1950	8.73
1951	6.58
1952	5.66
1953	5.58
1954	5.63
1955	6.78
1956	6.48
1957	5.89
1958	4.99
1959	5.88
1960	5.30
1961	5.24
1962	5.57
1963	5.60
1964	6.08
1965	6.78
1966	6.66
1967	5.87
1968	5.53
1969	4.79
1970	4.23

Office of the Secretary of the Treasury Oct. 1, 1971 Office of Tax Analysis.

Source: National Income Accounts, Commerce Department.

Although modern economic problems are indeed complex, it has become clear that jobs do not spring up by themselves. It would not only seem logical but essential that if new jobs are to be created under present economic conditions, something must be done to make it possible for business and industry to expand.

SMALL BUSINESS HELP NEEDED

One area which I believe we should have given more attention is the special problems of our small businessmen. During the hearings, I raised this specific point with Secretary Connally. He pointed out, that based on the experience of the old 7-percent investment tax credit, the Treasury Department estimates that the new job development credit will benefit approximately 1,600,000 proprietorships, 175,000 partnerships, 100,000 small business corporations, and 400,000 other small corporations.

In addition, section 105 of H.R. 10947, in an effort to aid small businesses, provides that the tax credit can be applied toward the purchase of up to $65,000 worth of used machinery and equipment. This provision was added by the committee and represents a $15,000 increase over the amount permitted under the old investment credit.

While this indicates that something is being done in this bill for small businessmen, I nonetheless am satisfied that greater efforts could and should be made at this time. I was particularly encouraged to note that the president of the National Small Business Association, Mr. Harry Brinkman, submitted testimony in support of my bill, H.R. 3489, which would permit a business to deduct 20 percent of its taxable earnings, up to a $40,000 limit, when the funds are reinvested for the purpose of business expansion. Although I recognize that the need for quick action on the President's requests precluded opening this legislation into many other areas, it, nonetheless, is my hope that the committee will give further consideration to the special problems that small businesses are facing just as soon as possible as they are deserving of greater attention.

AUTOMOBILE EXCISE TAX

Mr. Chairman, back in January of 1957, just a few days after being sworn in as a new Member of Congress, I introduced legislation to repeal the automobile excise tax. It is for this reason that the committee's approval of the President's request for the repeal of this tax is most gratifying to me personally, and I particularly want to commend the committee for including this provision in the bill before us today.

President Nixon in his September 9 address to the Congress placed this action at the head of his list of needed economic stimulants. He said:

I ask the Congress to consider as its first priority—before all other business—the enactment of three tax proposals that are essential to the new prosperity. These three measures will create 500,000 new jobs in the coming year.

First, I urge the Congress to remove the 7-percent excise tax on automobiles, so that the more than 8 million people in this country who will buy new American-built cars in the next year will save an average of $200 each. This is a sales tax, paid by the consumer. Its removal will stimulate sales, and every 100,000 additional automobiles sold will mean 25,000 additional jobs for America's workers.

It is most encouraging that today, with the support of both the executive branch and the Committee on Ways and Means, we are about to rid our tax system of this added burden unfairly borne by one sector of our economy.

The reasons which argue for repeal are many. First of all, it is a matter of simple tax justice. Second, it is a matter of the integrity of the Government in living up to its oft-repeated pledge to end this tax. Third, it is a matter of the widespread economic benefits to be derived from doing away with it at this particular time.

Let me briefly review these three interrelated aspects.

LONG HISTORY OF A TEMPORARY TAX

The auto excise tax, first went on the books as an emergency measure in 1917 as a part of the War Revenue Act, when it was levied at 3 percent.

In 1919, it was raised to 5 percent.

In 1926, it was reduced to 3 percent while most other wartime excises were eliminated.

In 1928 it was repealed entirely.

In 1932 it was restored at 3 percent as a part of another emergency revenue bill.

In 1940 it was raised to 3½ percent.

1941 it was doubled to 7 percent to provide additional revenue, retard automobile production and consumption and to help divert our national energies toward war needs.

For basically the same reasons the tax was increased to 10 percent in 1951 during the Korean conflict.

Here it remained, with Congress each year going through the ritual of extending it temporarily for 1 more year during 1952, 1953, 1954, 1955, 1956, 1957, 1958, 1959, 1960, 1961, 1962, 1963 and 1964, until the passage of the Excise Tax Reduction Act in 1965. This act was reminiscent of the 1926 legislation for, again, while Congress voted to rid our tax system of many highly selective and unfair consumer taxes, in the end it only succeded in reducing the auto excise tax from 10 to 6 percent.

It was the intention of Congress, however, to do more than this. President Johnson had initially asked that the rate the cut from 10 to 5 percent. Nevertheless, the Ways and Means Committee decided that since other such selective taxes were being eliminated entirely the committee "could not justify leaving the 5-percent tax on passenger cars." Even so, early in 1966, in response to the Vietnam buildup, Congress agreed to the President's request to postpone the scheduled reductions, that would have lowered the auto excise tax to 1 percent in 1969, and voted to restore the rate to 7 percent.

Then in the Revenue and Expenditure Control Act of 1968, the phaseout schedule was again deferred for 1 more year with total repeal set for 1973,

Once more, in the Tax Reform Act of 1969 this timetable was deferred another year. Finally, just last December, a new stretchout was adopted which put total repeal off until 1982.

INHERENTLY UNFAIR

In the report accompanying today's bill the committee points out that despite all the broken promises it is nevertheless the case that the decision to repeal this tax has been made in the past. The only question has been when. The committee's purpose last year, in the Excise, Estate, and Gift Adjustment Act of 1970, was laudable in that it sought, through the device of a longer, more gradual phaseout plan, to find a way to end the Treasury's addiction to this tax. Even so, I questioned then, and still question, whether this new approach would prove any more successful. What the 1970 act assuredly does provide, however, is fresh proof of the conviction of the Congress that this tax is inherently unfair and of its determination that it should be eliminated. So that there will be no uncertainty in this regard, I would point out that in the committee report accompanying the Excise Tax Reduction Act of 1965, the auto excise tax was cited as one of many selective excises found to be essentially discriminatory and therefore unjustifiable. The report also stressed that it, like other excises, is especially unfair to low- and middle-income consumers:

These selective excise taxes tend to reduce sales and therefore reduce incomes and jobs in the industries which produce the taxed goods. In these ways selective excise taxation results in arbitrary and undesirable distortions in the allocation of resources and in this manner interferes with the free play of our competitive market.

Many of these excises also now are objectionable in that they are generally regressive in their impact, absorbing a larger share of the income of low-income persons than of those with higher incomes. This stems from the fact that low-income families find it necessary to spend a higher proportion of their incomes for consumption than those with larger incomes.

Unfortunately, these good intentions, having never been fully carried into effect, only serve to compound the inequity—for as other excises have been removed, those remaining become correspondingly ever more selective and more unfair. Since by first auto excise tax repeal bill was placed in the hopper in 1957, Congress on 13 occasions has voted to postpone the effective date of its elimination. The time is long overdue for the Government to keep its word to end this so-called temporary tax.

ECONOMIC BENEFITS OF REPEAL

If it were simply a matter of tax justice, I am satisfied that the auto excise tax would have been repealed long ago. The problem has always been the Government's need for revenue. I have always recognized this need. I do not believe, however, that this, in itself, justifies the continuance of unfair taxation in perpetuity, and particularly when removal would give a significant boost to the economy, which, in return, would generate additional tax revenue. President Nixon's decision to call for the immediate total repeal of this tax, I believe, is grounded in both of these considerations.

In urging the President and Secretary Connally, in late July, to take this action, I stressed that here was a tool readily available to the Government which, in one stroke, would serve to spur the economy, increase employment, check inflation, help meet foreign competition, retire, by the thousands, from our highways old cars without new pollution control and safety equipment, as well as provide an immediate tax reduction for consumers.

It would be difficult to exaggerate the importance of the automotive economy to the rest of the Nation. More than 13 million persons, holding one of every six jobs in the country, are employed in highway transport industries. Over 800,000 businesses are directly dependent on motor vehicle use for their operation. Some 24 percent of all retail sales involve automotive businesses. The automotive industry alone consumes 20 percent of the Nation's steel and over 60 percent of its rubber. It should also be remembered that car assembly plants are located in 16 States, other than Michigan, and that there are over 30,000 new car dealers spread across the length and breadth of the land.

From these few statistics alone, it should be readily apparent that as we are looking for ways to stimulate the Nation's economy, this is no time to retain a tax that was specifically designed to retard automotive production and consumption. The repeal of this tax, as Secretary Connally noted in his strong and persuasive presentation to the committee, promises the creation of possibly as many as 150,000 more jobs as well as the direct saving to the consumer of about $200 per automobile. This means, of course, an additional $200 that can be spent on other goods and services.

Furthermore, as Secretary Connally also noted, it is estimated that for every 100 new cars sold, approximately 75 old cars are retired from our highways. Thus, by increasing new car sales, the repeal of this tax can help bring into use more automobiles with the very latest pollution control and safety equipment.

PASS-ON OF TAX CUT ASSURED

When the entire Michigan delegation joined in introducing an auto excise tax repeal bill on July 15, I knew from past experience that one of the first questions that would be raised would be whether or not the automobile companies would pass this tax relief along to the consumer. It was for this reason that I wrote, on July 23, to the four major automobile manufacturers on this very point, each of whom responded affirmatively, and I include a copy of my letter and the replies received from Mr. William V. Luneburg, president, American Motors; Mr. John J. Ricardo, president, Chrysler Corp.; Mr. Lee Iacocca, president, Ford Motor Co.; and Mr. E. N. Cole, president, General Motors Corp., at this point in the RECORD:

HOUSE OF REPRESENTATIVES,
Washington, D.C., July 23, 1971.

Mr. W. V. LUNEBURG,
President, American Motors Corp., Detroit, Mich.:
Mr. J. J. RICCARDO,
President, Chrysler Corp., Highland Park, Mich.:
Mr. HENRY FORD II,
President, Ford Motor Co., Dearborn, Mich.:
Mr. EDWARD H. COLE,
President, General Motors Corp., Detroit, Mich.:

On July 15th the entire Michigan Congressional Delegation, both Republicans and Democrats, joined in introducing legislation to repeal immediately the 7% Federal excise tax on passenger automobiles. On the same day identical legislation was introduced in the Senate by Senator Robert P. Griffin and Senator Philip A. Hart.

As you know, this tax is scheduled to be eliminated in 1982 according to legislation approved last December. It is the consensus of the Michigan Delegation that the immediate removal of this discriminatory tax would serve to stimulate the economy, spur employment, help check inflationary pressures by keeping prices down and would assist in making American cars more competitive with foreign imports. In view of the expected price increases on 1972 models, this action, we feel, would be particularly timely and helpful. For your information I enclose a copy of the bill together with my remarks in the House on July 15th.

In past efforts to rid the tax system of this unfair levy, the question has always arisen as to whether the repeal of this tax would be passed along directly to the consumer. I am therefore writing to solicit any comments you might care to make with respect to this issue.

With kindest regards, I am
Sincerely yours,
CHARLES E. CHAMBERLAIN.

AMERICAN MOTORS CORP.,
Detroit, Mich., August 2, 1971.

Hon. CHARLES E. CHAMBERLAIN,
House of Representatives,
Washington, D.C.

DEAR SIR: This will acknowlege your letter of July 23rd.

On behalf of American Motors, I can assure you that the repeal of Federal excise tax on passenger cars will be passed along promptly and directly to the consumer.

As you know, this commitment is merely a reiteration of the pledge we have made each time the question has been raised. Surely no one can doubt now that the benefits of tax repeal will be passed along, in the face of the many public commitments by the automobile companies to do so.

There may never be a perfect time to repeal the passenger car excise tax, but one is hard put to think of a better time than now: when inflation is a problem and the auto industry faces rising costs; when employment is lagging, particularly in automotive cities; when our foreign trade balance has disappeared and automotive imports are rising sharply.

I want to express my appreciation for the many years that you have worked to bring about repeal of this discriminatory tax. I am glad that the Michigan delegation has joined with you to present a united front on this issue.

Very truly yours,
WILLIAM V. LUNEBURG.

CHRYSLER CORP.,
July 30, 1971.

Hon. CHARLES E. CHAMBERLAIN,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN CHAMBERLAIN: Thank you for your letter of July 23 concerning the possibility of excise tax repeal.

I would like to commend you for your consistent and tireless efforts toward this objective, and I quite agree with you that the next few months should be a most favorable period in which to push for enactment. Our industry certainly intends to cooperate with you fully in these efforts, and I would also like to assure you that we plan to pass any repeal of this tax back to the consumer.

Again, let me thank you for your interest in this subject and congratulate you on the leadership role you are taking in it.

Sincerely,
JOHN RICCARDO.

FORD MOTOR CO.,
Dearborn, Mich.

Hon. CHARLES E. CHAMBERLAIN,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN CHAMBERLAIN: In the absence of Mr. Henry Ford II, I should like to respond to your letter of July 23 inviting our comments on passing on to the consumer the savings resulting from repeal of the excise tax on automobiles.

We are, of course, very pleased by the united effort of the Michigan Congressional delegation to secure repeal of this tax. Our position on passing on the savings is the same as it has been in the past. If the tax is repealed, our prices to our dealers will be reduced immediately by the full amount of the present tax. The suggested retail price shown on the price label will also be lowered by the same amount. We have no doubt that competition will assure that our dealers, in turn, will pass on this reduction to their customers. You realize, of course, that the Company has no authority to determine any dealer's decision on this matter.

We are grateful for your continuing efforts to secure reduction or repeal of the passenger car excise tax and we appreciate this opportunity to reassure the members of Congress that the benefit will be passed on to our customers.

Sincerely yours,
LEE A. IACOCCA.

GENERAL MOTORS CORP.,
Detroit, Mich., August 11, 1971.

Hon. CHARLES E. CHAMBERLAIN,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. CHAMBERLAIN: Thank you for your letter of July 23 expressing your interest in and the concern of the entire Michigan Congressional delegation for repeal of the federal excise tax on passenger automobiles. I am pleased to respond to your inquiry concerning the saving which would accrue to the final consumer as a result of excise tax repeal.

There is no question that General Motors, if the tax were repealed, would pass on the full amount of the new car excise as a reduction in the prices charged to dealers. The

excise tax repeal would also be fully reflected in the suggested retail price as shown on the vehicle price sticker. A review of the record will indicate that this has long been GM policy. It continues to be our policy.

As you know, the price at which the new car is sold to the ultimate customer is one agreed to by the dealer and the customer. This is a transaction to which the manufacturer is not a party. However, while I cannot speak for General Motors dealers, I think there is every reason to expect that the savings which the manufacturer passes on to the dealer would be reflected in the transaction between the dealer and his customer.

We endorse fully the tax repeal action which enactment of H.R. 9816 would provide. Favorable Congressional action on this measure could make a useful contribution of moderating upward price pressures, achieving a higher level of employment, making U.S. cars more competitive with imports and ending the continued tax discrimination against new car buyers.

Repeal of the excise tax at this time would be most appropriate in terms of the nation's and Michigan's economy, as it would contribute to economic expansion and, thus, a higher level of employment. The dollar amount of the excise tax on cars produced in the U.S. is larger than the same tax on imports, which have lower manufacturing costs. Moreover, the substantial size of the excise tax has always been a heavy penalty on the new car buyer, and this discrimination has been more glaring since the repeal of the other federal excises on durable manufacture goods in 1965.

As to savings to the consumer that could flow from excise tax repeal, the record on this point is impressive. You will recall that the Council of Economic Advisers was requested by President Johnson to examine and report on the price trends of a variety of products following reductions in the excise taxes on June of 1965.

On November 29, 1965, the Council issued a news release summarizing an investigation of prices of new automobiles made by the Bureau of Labor Statistics following the reduction in the new car excise tax from 10% to 7%. The CEA concluded:

"Retail dealers' list prices of 1966 models of new passenger cars in October 1965 not only reflected the reduction in the federal excise tax that became effective June 22 (about 2.1 percent on the retail price), but they showed a further decline of approximately 0.8 percent from prices of comparable 1965 models after adjustments were made for quality changes."

We at General Motors certainly appreciate your continued interest in removing this discriminatory tax. We appreciate, too, the interest of the Michigan delegation in this matter of critical importance to our state. We hope that these comments will be of assistance to you.

Sincerely,

E. N. COLE.

I would further point out that a study undertaken by the Council of Economic Advisers under the Johnson administration, verified that the 3-percent reduction in the auto excise tax which took place in 1965 was fully passed on to the consumer:

[Office of the White House Press Secretary (Austin, Tex.), Nov. 29, 1965]

MEMORANDUM TO THE PRESIDENT FROM GARDNER ACKLEY, CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS, ON EXCISE TAX REDUCTION—1966 MODEL AUTOS

The Bureau of Labor Statistics has completed its survey of prices of new-model automobiles. It reports that manufacturers and retailers are fully passing on to consumers the benefit of lower excise taxes and have reduced prices fractionally in addition. The BLS valuation makes allowance for quality changes.

Earlier reports to you have covered the prices of other products subject to excise-tax reduction, including 1965-model cars. They showed that approximately 90 percent of last July's excise tax reduction was passed on to consumers.

The study is being conducted by the BLS at the request of the Council of Economic Advisers and the Treasury Department. The full text of the BLS report is attached.

REPORT FROM BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR ON PRICES OF 1966 MODELS OF AUTOMOBILES

Manufacturers' introductory prices of 1966 models of new passenger automobiles averaged 0.7 percent lower than introductory prices of comparable 1965 models, after adjustments were made for changes in quality. This comparison represents prices in both years before addition of Federal excise taxes. Prices actually paid by dealers to manufacturers have been lowered further this year by the amount of the excise tax reduction (3 percentage points—from 10 to 7 percent) which became effective June 22, 1965. Thus, the full amount of the tax cut still is being passed on by the automobile manufacturers as a whole, and they have reduced prices fractionally, in addition. This action continues the moderate downward trend of new car prices at the manufacturers' level which has extended since 1959, when account is taken of improvements in the quality of new automobiles from year to year.

Retail dealers' list prices of 1966 models of new passenger cars in October 1965 not only reflected the reduction in the Federal excise tax that became effective June 22 (about 2.1 percent on the retail price) but they showed a further decline of approximately 0.8 percent from prices of comparable 1965 models after adjustments were made for quality changes. Effective prices to consumer buyers were lowered correspondingly, since dealer concessions from list prices were as large or larger than they had been on 1964 and 1965 models at the time of their introduction.

Thus, new car dealers are continuing to pass on the full amount of the Federal excise tax reduction and, in addition, they are giving their customers the benefit of a fractional price reduction by manufacturers. The result is that retail prices of new cars continue to trend moderately downward, as they have since 1959, with allowance for quality improvements in new models from year to year.

NEW AUTOMOBILES

Make and model	1966 models priced for— CPI	WPI
General Motors:		
Chevrolet Impala, 2-door sport coupe	X	X
Corvair Monza, 2-door sport coupe	X	X
Chevelle Malibu, 2-door sport coupe	X	X
Buick Le Sabre, 2-door sport coupe		X
Pontiac Catalina, 4-door sedan	X	X
Ford:		
Galaxie 500, 2-door hardtop	X	X
Fairlane 500, 4-door sedan		X
Falcon Futura, 4-door sedan		X
Mercury Monterey, 2-door hardtop		X
Mustang, 2-door hardtop	X	X
Chrysler:		
Plymouth Fury III, 4-door sedan	X	X
Plymouth Belvedere II, 4-door sedan		X
Plymouth Valiant 200, 4-door sedan	(1)	X
Dodge Polara, 4-door sedan	(2)	X
American Motors: Rambler Classic 770, 4-door sedan.	X	X
Imports:		
English Ford Cortina deluxe, 2-door sedan		X
Renault Dauphine, 4-door sedan		X
Volkswagen, Model 113, 2-door sedan	X	X
Fiat 1100 D, 4-door sedan	(3)	

[1] Priced as alternate to Rambler in a few cities.
[2] Priced as alternate to Plymouth in a few cities.
[3] Priced as alternate to Volkswagen in a few cities.

In this connection, I would like to direct the attention of the Members to page 51 of today's report wherein it is stated that—

Your committee intends that the full amount of the repealed tax be passed on to the consumer, thereby reducing the price of the automobile or the truck.

While the major automobile manufacturers have pledged to do their best to see to it that the tax reduction is passed on to the consumer, the report goes on to state that—

To give added assurance that this consumer benefit actually occurs and continues in the case of passenger automobiles and light-duty trucks, your committee requests that the Council of Economic Advisers examine into the matter and report periodically to Congress regarding the extent to which the tax reduction is in fact being passed on.

THE IMPORT PROBLEM

Another major reason why this tax should be repealed at this time is that it will, in the context of the President's other new economic actions, help meet the growing problem of foreign car imports.

In 1967, I am advised, there were a total of 1,020,620, foreign cars sold in this country. In 1970, just 4 years later, the number had shot up to 100 percent to an estimated 2,013,420 which accounted for 14 percent of all U.S. car sales. During the first 6 months of 1971 import sales were running about 16 percent of the U.S. market. As is well known, the advantage held by foreign competition is to a large extent because of the lower wage scales abroad. For example, in Japan labor costs are approximately one quarter of those in the United States while in West Germany wages are about one half of those paid here.

I am satisfied that the rising flood of car imports was one of the factors that prompted President Nixon to impose the surcharge which raised the existing 3½ import duty on cars to 10 percent as of August 16.

This means that since the repeal of the auto excise tax would benefit equally foreign and domestic vehicles, the price of the foreign car may increase about 6½ in addition to whatever changes may take place in exchange rates due to currency adjustments. It would be my hope that our balance-of-payments situation would improve to the point where this temporary import surcharge would not be needed for too long a time. Nevertheless, I would urge that as a condition for its removal that foreign countries agree to lower the very high and clearly discriminatory economic barriers which they have long imposed on American cars sold in their countries. For example, Japan levies in addition to a 10 percent tariff, a commodity tax ranging from 15 percent on small to 40 percent on larger cars. In England, there is a 13 percent tariff plus a 36⅔ percent purchase tax. The same excessive discrimination is practiced throughout Western Europe, Africa, Asia, and South America. In an article appearing in the Detroit News on September 19, Richard A. Ryan put into dollars and cents terms what this means:

A 1971 Chevrolet Impala that sells for

$3,859 in the United States costs $8,164 in West Germany.

That same Impala sells for nearly $8,000 in London and Stockholm.

A 1971 Vega sells for $2,200 in the United States. It would cost $4,000 to purchase that same vehicle in Japan.

Only the very rich in most foreign countries can afford to purchase an American made car. This did not result by accident. It was by design.

Compared to the towering obstacles faced by the American automobile exporter, the President's action levying a temporary 10-percent surcharge seems modest indeed. Although there has been some movement toward the reduction of tariffs—with the Common Market external duty scheduled to drop in 1972 from 13.2 percent to 11 percent—internal taxes in these countries, aimed specifically at American cars, remain exhorbitant. No such taxes are imposed in this country on foreign cars. Fairness dictates that these obstacles to fair competition be removed if free trade is to have any real meaning.

UNITED STATES-CANADIAN AUTOMOTIVE TRADE

Mr. Chairman, there is another area of deep concern regarding trade and automobiles which has broad implications for the success of the tax measures in the bill before us and the other efforts of this administration to restore equity in our international economic relations. I refer to the failure of Canada to carry out its obligations under the United States-Canadian Auto Products Agreement.

It is somewhat ironic to consider that, while the removal of the excise tax on automobiles is intended to increase domestic automobile production and provide more jobs, the additional duty imposed by the President on August 16 on most dutiable imports does not apply to automotive imports from Canada. This, of course, is due to the fact that such imports enter free of duty under the Automotive Products Trade Act and the provisions of the Auto Products Agreement.

I think it is even more ironic when one considers that Canada has failed to live up to the agreement despite the tremendous shift in Canada's favor in automotive trade between our two countries.

When the Congress considered the legislation implementing the United States-Canadian Auto Products Agreement, we were assured that trade developments under the act would be mutually beneficial. We were assured that the objective of the agreement was to allow market forces to determine the most economic pattern of investment, production, and trade. This has certainly not been the case.

The transitional rules employed by Canada have every appearance of becoming permanent unless the United States insists that these rules be eliminated.

One of the transitional rules is the Canadian requirement of the maintenance of a production-to-sales ratio for U.S. automotive companies in Canada. In practice, American automotive companies in Canada have exceeded the production-to-sales ratio required by the transitional rule. Nevertheless, the continued existence of this requirement does effect the production and marketing decisions of these companies. The second transitional rule, that of requiring U.S. manufacturers to maintain an agreed upon "Canadian content" in manufacturing, also impinges on the freedom of market forces to operate. This is despite the fact that U.S. manufacturers have exceeded in actual practice the value-added in Canada requirement.

Finally, there is the failure of Canada to permit Canadians to import automobiles from the United States free of duty, although the United States permits Americans to import automobiles from Canada duty free. The failure of Canada to afford its citizens the right to import on a duty-free basis automobiles from the United States continues to result in price differentials of automobiles between our two countries. Here again, the Canadian's failure to act as intended by the auto products agreement interferes with commercial decisions and frustrates the objective of the agreement.

In the debate on the trade bill last year, I stated:

It is time the validity of the United States-Canadian Automotive Agreement be established.

I now believe it is past that time. The present international discussions afford an excellent opportunity for the executive branch and the Canadian Government to set the record straight on this important aspect of our international relations. If this is not done and if Canada does not take definite steps to provide full and complete reciprocity between that country and the United States as contemplated by the agreement I have regretfully concluded that Congress should repeal the Automotive Products Trade Act and terminate the agreement. This is a matter that should have our careful surveillance as we review and study our trade problems.

NO BETTER TIME FOR REPEAL

Mr. Chairman, repeal of the auto excise tax is an integral part of the President's new economic program. The elimination of this tax by itself cannot do all that needs to be done, but I submit it would be difficult to find in one proposal so much of what is needed now in terms of helping the consumer, stimulating the economy, creating jobs and hold down inflationary pressures. While I have always urged that we correct this obvious tax inequity, I am satisfied that there could be no better time to do it than right now.

This bill has my support and I urge the House to give its overwhelming approval to the Revenue Act of 1971.

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

Mr. CHAMBERLAIN. I yield to the gentleman from New York.

Mr. SCHEUER. Mr. Chairman, I think many of us agree some kind of encouragement to consumer purchasing would be advisable.

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

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. CHAMBERLAIN. Mr. Chairman, will the gentleman from New York restate his question?

Mr. SCHEUER. I believe many of us on this side of the aisle who are critical of some aspects of the bill feel it might well be valuable in our society to stimulate consumer purchasing and perhaps consumer purchasing in the capital goods field, but many of us have some reservations about focusing that on the purchase of automobiles. Those of us who live in the great cities are constantly wrestling between the tradeoff of automobiles and human beings. We do not want to "Los Angelize" New York City. We are devoting more and more space to automobiles. In addition to the ecological implications there are the implications of space, the implications of overcrowding, and the imbalance between mass transportation and the private car.

What would be the gentleman's reaction to a device such as a tax credit or a tax deduction equal to the amount that the Government would be injecting into the civilian stream by the reduction in excess taxes on cars, but giving it to the consumer in the form of an option, a credit or deduction he could spend on any capital item? For example, if he preferred to spend $3,000 not in the form of a car but in the form of a dishwasher, a washing machine and a new television set, why would it not be better to give the consumer the option as to where he would contribute to the stream of capital spending?

Mr. CHAMBERLAIN. There are several thoughts I have in response to the gentleman's question.

First, I do not want to minimize the problem the gentleman addresses. I believe it is a very real one. I have traveled up and down the east coast recently taking my daughter to school and have been made very much aware of the problem. It is real.

At the same time, I do not feel that this is any justification for maintaining a discriminatory tax on the books. We have no manufacturing excise tax on any other durable goods product, other than the automobile. It is inequitable to insist that one industry carry such a burden.

If we want to be fair, let us put an excess tax on all manufacturing right across the board. I will go along with the gentleman on that, if we need the revenue as he suggests.

But I would point out that the $200 that will be made available to the new car purchaser could well be used for the washing machine, the refrigerator, or other goods to which the gentleman refers.

We are, in other sections of this bill, providing relief for the individuals, and they, too, would be able to use other tax reductions for consumer goods.

What we are trying to do is to correct a longstanding tax inequity, to provide jobs, to spur the economy, and to hold down inflation. I believe this is a very good way to achieve these goals.

If the gentleman has a plan or a program he feels would be more workable, I would certainly suggest he make it known to the other body during the present hearings on this bill.

Mr. SCHEUER. I thank my colleague.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. BYRNES of Wisconsin. Mr. Chair-

man, I yield the gentleman 2 additional minutes.

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

Mr. CHAMBERLAIN. I am happy to yield to my distinguished colleague from Illinois.

Mr. MICHEL. First I want to take this opportunity to commend the gentleman on his statement. I recall being in this House when he gave his maiden speech on the very subject of this repeal of this unfair manufacturer's tax, as he has so well pointed out here, which discriminates, in effect, against the automobile business.

They do not make automobiles in my district, but I commend the gentleman for the many times he has taken the well of this House to inform the Members of the unfairness of this particular tax. I believe in no small measure that was responsible for the President himself including that in his recommendations to the Congress.

I have one question. Yesterday while we were debating whether or not we should defer a Federal pay raise we heard all kinds of demagogic speeches about how the effort to curtail Federal expenditures and get the economy going again would be taken out of the hides of the Federal employees and how today we would be considering a tax bill that would fatten up the ribs and give a big corporate profit to the automobile industry; for example, there was no thought whatsoever to the number of additional employees who would be working instead of unemployed by virtue of this kind of investment tax credit.

Is it not true with this mechanism we can expect additional numbers of people to be added to payrolls rather than unemployment and welfare rolls by virtue of the increased automobile production?

Mr. CHAMBERLAIN. First I want to thank my colleague for his kind comments. They are most appreciated.

To answer his question, during the hearings the statistics used by the President in his address to the Congress were confirmed. It is anticipated that by the repeal of the tax and the corresponding reduction in price we are going to produce another 600,000 vehicles, which will provide in the neighborhood of 150,000 jobs in this industry alone. This will be all over the country. In addition, there is a dealer at every crossroads, in your district and everyone else's district. They have their salesmen——

Mr. MICHEL. Who in turn are employing people.

Mr. CHAMBERLAIN. Yes indeed. But the one thing I want to emphasize here is that this is not for the benefit of the automobile industry, but for the consumer. The automobile industry has only had the responsibility of collecting the tax for the Government. We have kept it on them all this while, because it was so easy for the Government to collect the tax this way. But now we will be able to pass these tax reductions on to the consumers and this will have a tremendous stimulating effect throughout the whole economy.

Mr. ULLMAN. Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. CORMAN).

Mr. CORMAN. Mr. Speaker, I would first like to say to my very distinguished colleague from New York, of whom I am very fond, do not reject Los Angelilizing New York until you have visited both cities and then draw your conclusions.

Mr. SCHEUER. I have. I have.

Mr. CORMAN. Mr. Chairman, it is my understanding that the bill grants the President authority to determine that the credit should be available to articles even though they are of foreign origin where he finds that is in the public interest.

Mr. MILLS of Arkansas. That is correct.

Mr. CORMAN. According to the committee report, one of the situations where it was believed this authority may be exercised is where the U.S. market tends toward a monopolistic one." Could you give me an example where such a finding would be appropriate?

Mr. MILLS of Arkansas. If one domestic producer has 60 percent of the U.S. market for the particular item, while other domestic producers are relatively weak with no single one possessing more than 20 percent of the actual sales volume, I believe the President might well find a tendency toward monopoly would exist which would justify the extension of the credit to foreign items in the interests of increasing competition.

Mr. CORMAN. Will the President be able to utilize the power in time to avoid the monopolistic results?

Mr. MILLS of Arkansas. It is certainly our intention that he do so. It is not contemplated that any extended hearings or other administrative procedures would be necessary.

Mr. CORMAN. How can the President ascertain that a particular product is subect to the monopolistic trends?

Mr. MILLS of Arkansas. He would first, of course, have to define the particular product market. He would isolate those items with the same characteristics and uses. In other words, he would not compare an item intended for one business use with one intended for a different business use, even though they were of the same generic type. Instead, he would make his determination with regard to these items separately. The committee felt sure that the Bureau of Census and industry statistics would be available to assist the President in these determinations.

Mr. CORMAN. I have a question regarding the application of the 7-percent investment credit in the case of motion picture films. Is it correct that, to the extent the costs of producing a film are capitalized and then depreciated over a period of 3 or more years for tax purposes, those costs with respect to the film qualify for the credit, just as the costs of acquiring a machine would qualify?

Mr. MILLS of Arkansas. That is correct.

Mr. CORMAN. I also would like to ask some questions about the DISC proposal and how it will apply to the motion picture industry. Suppose a movie producer has a DISC subsidiary. If the DISC leases a film produced in this country by the parent corporation to exhibitors in a foreign country, will the film be treated as export property and will the DISC be entitled to deferral on the income from the film lease?

Mr. MILLS of Arkansas. In answer to the first part of your question, the film would generally constitute export property. On your second question, the taxable income received by the DISC from the release of the film would be eligible for deferral only to the extent the DISC's gross receipts represent an increase, as defined in the bill, in the combined export gross receipts of the DISC and related corporations over the receipts of the group during the 3-year base period of 1968–70.

Mr. CORMAN. On the question of what constitutes export property of a DISC, would a positive print or duplicate negative made in the foreign country, rather than in the United States, represent export property? I ask this question because the laws of some foreign countries require that films exhibited in their countries be shown from a duplicative negative or positive print made in their countries.

Mr. MILLS of Arkansas. In some situations of this type the film would be export property. Although a DISC may not manufacture its products it may perform incidental assembly operations. Although it is possible to view the making of positive film prints or duplicate negatives by a DISC as manufacture, rather than assembly, it would seem to me, where the laws of a foreign country required prints of a film shown there to be made there, that the activity of the DISC would be treated as an incidental operation by it. As a result, if the DISC's activities did not add 20 percent or more to the value of the print or negative, the activity performed by the DISC would not prevent the print of a film produced in the United States from qualifying as export property.

Mr. CORMAN. Let me go back for a moment to the matter of the incremental aspect of the DISC proposal. If a film producing corporation sets up a DISC and the DISC leases a film for exhibition abroad, how, generally speaking, do you determine the portion of the DISC's income which is eligible for deferral under this bill?

Mr. MILLS of Arkansas. If we assume the film is export property, and it generally would be if it were produced in the United States, the DISC would be entitled to tax deferral on the proportion of its taxable income which the "base period export gross receipts" of the related group of corporations of which the DISC is a member bears to the current year's total export gross receipts of the DISC and related corporations. The term, "base period export gross receipts," means 75 percent of the average gross receipts received by the film producing company from the sale or lease of property for use outside the United States during 1968, 1969, and 1970. Under the bill, therefore, the DISC would be entitled to defer that portion of its taxable income which, under this formula, represents an increase in the group's gross

receipts from export activity over 75 percent of its gross export receipts during the 3-year base period.

Mr. CORMAN. Let me continue for a moment on this base period aspect. If a new corporation is formed, and it later produces a film which it leases for showing abroad through a DISC subsidiary, how will its base period export activity be determined?

Mr. MILLS of Arkansas. If the new corporation is not related to any other corporation, under the 50-percent ownership test contained in the bill, only its own prior history will be taken into account in determining its base period export gross receipts. Since the corporations in your example are new ones, and are unrelated to any other corporations with any base period history, all of the taxable income from the lease of the film would be eligible for deferral.

Mr. CORMAN. Suppose one of these independent film producers is not able to arrange for the distribution of the film abroad. Could the producing company form a DISC which would then lease the film to the DISC of a more established film production company, which would arrange to distribute the film abroad?

Mr. MILLS of Arkansas. The answer is yes. The receipts derived from the lease of the film would be qualified export receipts if the film was produced in the United States.

Mr. CORMAN. Let me continue for a moment more. How, generally speaking, would the incremental aspect affect a movie producing company which had, in the past, made part of its films abroad?

Mr. MILLS of Arkansas. Let me answer your question this way. The DISC would be entitled to deferral on the amount of receipts from domestically produced films which is in excess of 75 percent of the base period export receipts derived from the domestically produced films, if the company can identify which of its receipts during the base period were from domestically produced films and which were from foreign produced films. The receipts from the foreign-made films would not be eligible for tax deferral. If, however, the film-producing company ceased its film production abroad and began to make those films at home, the receipts attributable to their lease abroad would be eligible for deferral. In this manner, by producing films at home, a DISC owned by a film-producing company would be entitled to greater deferral.

Mr. CORMAN. Are foreign-made motion pictures considered "export property" so that receipts generated from such films are taken into account in computing the base-period gross receipts of a taxpayer?

Mr. MILLS of Arkansas. No, if the taxpayer can identify the receipts arising from the foreign-made films. Generally, if more than 50 percent of the value of a motion-picture film is produced outside the United States, it does not qualify as export property. Therefore, receipts from the film may be excluded in computing base period gross receipts.

I have grave misgivings about cutting taxes $7 billion when we have an approximate $35 billion deficit this year. However, I hope that the Committee on Ways and Means will soon turn its attention to the problem of broadening the tax base so we can get the money with which to meet the needs of this Nation.

I am not very enthusiastic about having 100,000 or 150,000 more automobile workers and 100,000 fewer Federal employees, because I suspect that the Federal employees do more about improving life in this country than would additional automobiles.

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

Mr. CORMAN. I yield to the gentleman from New York.

Mr. SCHEUER. I would like to ask a question about the investment tax credit. One of the problems with which New York City has been faced has been the flight of business out of the downtown central core into suburban and rural areas. Will not one of the effects of this investment tax credit be to accelerate the flight of business and manufacturing facilities from urban core areas into suburban and rural areas? And, if so, will this not diminish the tax base of the cities and hamper their efforts to maintain and improve job opportunities, especially opportunities for minority citizens who cannot buy houses in the suburbs or who cannot find mass transportation to take them where the new jobs are?

Will this not magnify the existing financial and sociological problems that cities throughout the country are now trying to solve?

Mr. CORMAN. First of all, I say in response to the question of the gentleman from New York, there is no tax credit now for anyone. If this bill becomes law, there is a tax credit for everybody. So that part is in balance. But, looking at the broader sociological implications it seems to me that one of the things we need to do is to break up the concentration of population in very small areas. I think it would be disastrous if we decided to——

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

Mr. ULLMAN. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. CORMAN. I think it would be disastrous to move heavy industry into ghetto areas, because after all, should we not let the residents of the ghetto areas out into the suburbs where life may be a little more pleasant. I think there is a sound reason for us to hope that industry will disperse. But I think insofar as this bill is concerned it will not have that effect either to encourage or discourage industry to move to any particular location.

If it does what the President says it will do, it will cause industry to invest in new plants, but not necessarily new locations. That decision would be based upon a great number of things such as the supply of labor, local tax costs, and the availability of adequate land.

I must say to the gentleman from New York certainly we have had critical transportation problems in Los Angeles, but in the suburban areas we have tried to get a balanced land use so that people do not have to travel great distances in order to get to work. As to that problem, I think we have done a good job. However, we need to concern ourselves with mass transit.

Mr. SCHEUER. Mr. Chairman, if the gentleman will yield further, it seems to me that one of the main causes of the problems in Watts was that the blacks there did not have access to the mass transportation which would take them to the suburbs—where the new jobs are.

Mr. CORMAN. That is certainly a part of the problem of the people who live in Watts. It is my view that the person who lives in Watts should have the same opportunity as anyone else to go where he wants to go and let him follow his job and let him have housing where he goes. That is what I hope this country is moving toward.

Mr. SCHEUER. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from California has again expired.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 5 minutes to the gentleman from North Dakota (Mr. ANDREWS).

Mr. ANDREWS of North Dakota. Mr. Chairman, I appreciate my colleague from Wisconsin yielding so that I might ask a question to our distinguished colleague, the gentleman from Arkansas (Mr. MILLS), the chairman of the committee.

As we all know, the farmers of our country today are faced with an unusual surplus of grain brought about by many reasons, and the Department of Agriculture is encouraging the building of farm bins through a 6-percent loan program for the building of farm grain bins and dryers.

The gentleman will recall during the committee deliberations on this bill I asked him whether or not this investment tax credit would apply to grain storage bins and grain dryers. I am wondering if the gentleman would clarify the status of this law in this regard for me, so that the farmers in rural America could take note of it and proceed with full knowledge of the benefits of this new law.

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

Mr. ANDREWS of North Dakota. I will be glad to yield to the gentleman from Arkansas.

Mr. MILLS of Arkansas. Mr. Chairman, during our executive sessions it is my recollection that the gentleman from Wisconsin (Mr. BYRNES) did ask the Treasury whether grain shortage bins and grain dryers would be covered by the investment credit. The Treasury in responding to his question assured him that both of these items would qualify for the new credit. In this regard, the language of the committee bill follows the language of prior law in extending the credit to other tangible property that is used as an integral part of the manufacturing or production process. In the case of storage facilities, the credit applies if the facilities are used in connection with the manufacturing or production process. It is my understanding that in the typical case grain storage bins and grain dryers do meet this requirement when used by the farmer himself or by another individual in the production or manufacturing process. However, the service has taken the position that if someone other than the farmer

maintains the storage bins and grain drying facilities, his use of the facilities will not meet the statutory requirement of being used in connection with or as an integral part of the production process if he simply buys, stores, and sells grain. It is also my understanding that the typical grain storage bins and grain dryers are not adaptable to other uses and do not provide the farmer with work space, so that they are not excluded from coverage as a building and its structural components.

Mr. ANDREWS of North Dakota. Mr. Chairman, I appreciate the gentleman's response. It certainly will be good news to the individuals in agriculture who are faced with this problem, this fall, of surplus production.

Mr. ULLMAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Massachusetts (Mr. BURKE).

Mr. BURKE of Massachusetts. Mr. Chairman, it is not my intention to rise today to discuss in detail the very complicated piece of legislation before us, simply to indicate some of my feelings and reservations about the broad impact of the bill.

I think this is a case where the committee was presented with a crisis situation, was given a definite deadline to meet, if the President's economic program was going to be given a chance to succeed. It is against this background that we must ultimately view the bill before us. Given what we were to work with, the President's program, I feel the committee has made several substantive and significant changes which make the program more equitable and less directed toward big business than as presented by the President. Without any doubt, if the committee had had the time to work up its own program from scratch, the resulting bill would have been even more equitable and fairer. But such was not the case. After months of delay the President finally proposed a wide-ranging economic program. The ideal bill, in my opinion, would have been one to give more relief to low income families and individuals across the Nation, one which would have been less dependent on a trickle down philosophy. I also felt and still feel that industry should have been given a choice between the investment tax credit and accelerated depreciation—not both. While a good case can be made out for the need for some stimulation of industry with tax relief in order to get the economy moving again, I feel that this overdoes it.

However, in balance, given the very short time we had to make major revisions and the fact that I was able to see some of my ideas accepted in committee—although not all—I feel that I can vote for the bill as reported from committee. As things now stand, in giving the administration basically what it requested, the administration is being given a final opportunity to bring the economy out of its present doldrums, with a blueprint of its own choosing.

Mr. ULLMAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois (Mr. ROSTENKOWSKI).

Mr. ROSTENKOWSKI. Mr. Chairman, it is never an easy task to follow the many eloquent speakers who have expressed their views on this bill today. I have no intention of getting into the details of the bill. This has already been accomplished in the clear and lucid presentations by our distinguished chairman and ranking minority member, the gentleman from Wisconsin (Mr. BYRNES), as well as in their answers to the questions raised on the floor.

I would, however, like to just make a few remarks as to why I support this bill. I support it because I am convinced that the time has come, in fact has passed, when we can afford the luxury of business, or lack of business, as usual, and hoping the economy will adjust itself. Unfortunately, despite the many warning signals, the administration seemed to be content to play a waiting game. But the waiting is over, and we now have before us a bill which in my judgment will accomplish a great deal toward reversing the lagging state of our economy.

This bill as proposed by the administration and altered significantly by our committee is designed to stimulate both consumer spending and business investment. By increasing these expenditures, we can hope and expect a salutary change in our employment situation. As we all know, the unemployment rate has been dangerously high and has caused much hardship in many areas of our country. The time to correct this situation is now. This, of course, is equally true of the dismal situation we have seen developing in our foreign trade and balance of payments. This bill should bring about the more efficient production we need to allow us to better compete with the other nations of the world.

I was particularly pleased with the committee's action in speeding up the tax reductions for individuals and increasing the low-income allowance for individual taxpayers. We all know that it is the people at or near the poverty level who have been the worst victims of the rampant inflation we are all now suffering. By giving these people tax relief, I believe we have followed the right course of action. I also believe that they are the most likely to spend and return their tax benefits to the economy rather than to put them into savings.

I was pleased that we have at last taken appropriate action in the case of the automobile manufacturers' excise tax. Our committee has for years been attempting to remove from the Federal tax system this unfair tax which so often burdens those who can afford it least.

I am a firm believer that the fairest method of taxation is the income tax, which bases tax liability on ability to pay. With all its imperfections, it has proven itself over the years. I look forward to the time when our committee can again look into the many problems that still remain in the income tax area, as well as revising estate and gift taxes, a revision long overdue.

Because of the committee's actions, which have in my opinion gone a long way in balancing the benefits between individuals and business and, because as I have stated, I believe the time for action is now, I join my many colleagues in urging your support of this bill.

Mr. ULLMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Florida (Mr. GIBBONS).

Mr. GIBBONS. Mr. Chairman, I did not support the Revenue Act of 1971 in committee. I set forth my views at the end of the committee report, beginning on page 103, so I will not belabor this body very long in repeating those views.

Let me say that I was heartened when I heard the President's message on August 15 that at last we were beginning to face up to the problems that are our problems, and that are the Nation's problems, so that there are many things in that message that I strongly support.

I strongly support the disengagement of the dollar from gold.

I support as a bargaining tool to straighten out some of our international trade problems the temporary surcharge.

There are some items in this particular Revenue Act that I support. I regret that we cannot go through this bill and at least have an opportunity to strike out those things, or to take a vote on those things, that we would rather strike out. I think when we fail to do that, we do an injustice to the other Members of Congress, because I think all of us should have an opportunity and have the responsibility to express our philosophy on tax matters—matters that are so very important.

Mr. Chairman, I view a tax incentive as having the same effect upon the taxpayer, the citizen, and U.S. Government, as an appropriation from the Treasury of the United States.

When you take that philosophy and apply it to the job development credit formerly known as the investment credit, and when you sit down and think of all the things for which you could get a 7-percent discount on the purchase price, you begin to realize what a broad tool, what a muted force, we are working with here.

Ostensibly the aim of the job development credit is to develop jobs and make America more productive—and I certainly hope that happens. But I just have serious doubts that it will.

If we must use tax incentives, and I do not favor tax incentives, but if we must use them I would prefer that they be aimed at the target with much more precision.

I am not going to go into all those ridiculous illustrations of what you could buy under this job development credit. It would demean the House to have to listen to the silly list.

But, I think if you stop and thought about it, you could dream up an equally ridiculous list.

One man's tax incentive is another man's tax handicap in this country. The dollars we take out of the U.S. Treasury must eventually be made up somewhere—either in spending reductions or in somebody's increased taxes. Or, alternatively, by just increasing the size of the national debt—as we have done with great regularity. Increasing the debt just takes

revenue out of the pockets of those who are upon a fixed income, because it is inflationary. On September 24 of this year when I last computed it, the U.S. Treasury was $32,200 million-plus worse off at that date than it was just the year before.

Next year this law will take about another $7 billion in potential revenue out of the Treasury. I hope I am wrong and that some miracle occurs between now and then which will eliminate this $33 billion deficit, but you know and I know it is not. You know and I know that we are soon going to be sitting here on this floor increasing the national debt in order to make up for that loss.

I think I have talked enough about the job development credit.

Let me talk about the changes in the personal exemptions and the minimum standards deduction. I think, by and large, that these are constructive changes, and enough has already been said about them.

I also support the structural changes in our tax laws which are contained in title III of the bill.

I oppose title IV, the auto excise tax repeal, because I think America has higher priorities than to encourage the throwing away of old automobiles and trucks and the purchase of new automobiles and trucks. We already have 110 million motor vehicles on the highways, and we have only 111 million licensed drivers to drive those 110 million licensed vehicles. So we are not short of motor vehicle transportation in this country. But we are short of a lot of other things. We have environmental problems; we have urban problems; we have educational problems; we have crime and disease problems. I believe in my own sense of priorities that these have a higher call upon the wealth of this Nation.

If you will look at the last 46 pages of this 108-page bill that we have before us today, you will find something that is new in America, something that is called the Domestic International Sales Corporation. I know many have said that this is going to be the tool that will bring jobs back home to this country. I hope that they are right. But I doubt that they are.

The Domestic International Sales Corporation is just another way of subsidizing exports from a country. We could have done it more directly and perhaps have gotten more stimulation out of it, but if we had, we would have violated the general agreement on tariffs and trade and would have excited from our trading competitors around the world the possibility of direct retaliation against us for having done that.

When we look closely at the problem of trying to change trade balances we see how difficult it is. The DISC provision certainly does not appear to be the answer.

I noticed just last week that Canada, fighting the effect of this legislation that we have here before us and the actions the President has taken, has simply turned around and is subsidizing exports. So, in effect, their products will still be coming in to this country over our tariff barriers.

We have started, then, with our oldest friends and our truest friends in another race toward continually escalating barriers.

Mr. Chairman, these reasons I believe make it most unwise to pass the Domestic International Sales Corporation.

I want to commend the committee for the improvement they have made in the Domestic International Sales Corporation part of the bill over the proposal that was made by the administration 2 years ago and even by the Ways and Means Committee 2 years ago. This certainly is an improvement. But because so many defects remain, I hope that when the bill goes to the Senate, the DISC provision will be stricken from the bill.

Mr. Chairman, in closing, I would like to say that working on the Ways and Means Committee is a very challenging experience. All of the members I know who serve on that committee are diligent, hard working and well motivated. The differences we have, I believe, are honest differences of opinion, and I must say for my own self that I do not feel smart enough to know all the answers to all the difficult problems we have.

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

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

Mr. GROSS. A few moments ago the gentleman from California (Mr. CORMAN), if I heard him correctly, elicited from the chairman some provision of the bill which would give the President delegated power to suspend trading operations or something. Would the gentleman tell me where that might be found in the bill?

I am one of those opposed to this delegation of power business. We have had altogether too much of it already.

Mr. GIBBONS. I will yield to the gentleman from California. I think he can answer that better than I can.

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

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

Mr. CORMAN. Mr. Chairman, I will say to my colleague, the gentleman from Iowa (Mr. GROSS) that the provision is on page 7 of the bill. The reason for the discretionary power in the President is that the investment credit, during the period of the surcharge, will be permitted only for domestically produced goods. In other words, if one who is expanding his factory capacity wants to use the investment credit, he must buy domestically produced goods. There are some kinds of machinery which are not produced in this country. If that is the case, the President has authority under this legislative grant to provide that the investment credit may be extended to foreign made machinery that is not available in this country.

The second provision, and the one which I discussed with the chairman, has to do with the threat of monopoly. If there is one supplier in this country who occupies a monopolistic position, if the principal competition for that particular kind of machinery is from a foreign source, then the President may create an exception in that case. There is a third possible exception discussed on page 20 of the report.

All of this is only during the period that the President leaves the surcharge on, because when the surcharge is lifted, then the restriction that the investment credit is applicable only to domestic machinery will expire.

Mr. GROSS. Mr. Chairman, if the gentleman will yield further, are there any other provisions in this bill in which the President is given power to suspend?

Mr. CORMAN. No, sir. I would invite the gentleman's attention to page 20 of the committee report, which has a more lengthy description of discretionary power than I was able to give the gentleman.

I do not recall any other instances.

Mr. GIBBONS. On the subject of tax deferrals given under the DISC proposal, I have often questioned the desirability of allowing the use of a DISC to subsidize coal exports. As you know, we have been exporting a lot of coal from this country and last year we had a coal shortage. So the committee has acted to give the President the power to suspend the DISC tax deferrals for any export of coal if we should have another coal shortage.

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

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

Mr. GROSS. Mr. Chairman, I thank the gentleman for yielding to me so I could get the answers I did. I say to the gentleman I doubt if there is any more instant salvation in this bill than there is in a great many others passed in the name of bringing some kind of order out of chaos in this country. Too often—and practically all the time—we have dealt in expedients, and I am not too sure that this is not another of the expedients.

I do not see how we can logically cut taxes at this time when the Federal Government shows no disposition to cut expenditures to the extent that this will absorb them. We went through all this once before, and not too long ago, when we were assured the expenditures were going to be cut, and the gentleman knows very well what happened at that time.

Mr. GIBBONS. Mr. Chairman, I thank the gentleman.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. CONABLE).

Mr. CONABLE. Mr. Chairman, I strongly support this bill and urge its enthusiastic passage by the House.

I would like to express my appreciation to the distinguished chairman of my committee for having encouraged and made possible prompt and expeditious consideration of the President's economic program.

I would like to add my opinion, also, that the committee changes made in the tax package were constructive ones. I think one of the great enemies of prosperity and of stability at this time has been the uncertainty that has afflicted our economy.

It has not responded sensitively to traditional influences. Prompt consideration of the President's proposals was very important if we were not to have a further wallowing destructive to economic progress.

With that in mind I again express my appreciation to the chairman and ranking minority member for the prompt attention given to this matter. I know the House will support the measure. I hope the other body will also respond with the kind of alacrity shown here. Speed and decisiveness, in response to the President's leadership, are in the Nation's interest.

Mr. ULLMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Maryland (Mr. LONG).

Mr. LONG of Maryland. Mr. Chairman, I rise in opposition to the investment tax credit.

The investment tax credit seems to offer both short-run and long-run benefits: In the short run, it is supposed to stimulate recovery in the depressed industries producing investment goods, hopefully providing more jobs and better incomes in the near future.

In the long run, it is supposed to revitalize the American economy by inducing American firms to install more efficient machinery and thereby be able to produce at lower costs and prices in competition with low wage foreign firms. The President wishes to achieve 100 million jobs in 10 years but it is felt that this goal is blocked by the fact that the United States has fallen behind other nations—notably Japan and Germany—in its technology. U.S. technology ought to be more efficient than that of other countries in order to offset lower wages paid abroad. But, instead, it is claimed to be inferior technologically. The classic case is the U.S. steel industry currently outproduced and undersold in some types of steel by low-wage German and Japanese steel plants equipped with basic-oxygen and electric processes.

Why is U.S. industry supposed to be less modern and efficient than the German and Japanese? Partly, it is older. Partly, the United States has been sending large quantities of capital abroad, much of it to finance foreign industry. Partly, heavy taxes—to pay for two wars, defense establishments, and for the skyrocketing social outlays—have cut heavily into profits—reducing the attractiveness of investment, as well as depleting the funds from which new investments can be financed.

The investment tax credit would give firms a tax rebate of $7 for every $100 of new machinery and equipment put in place. A similar plan was tried between 1962 and 1968 during which for whatever reason new investment did proceed at high rates.

This is the case for the tax credit. What can be said against it?

First, it offers little promise in itself of getting us out of the current slump at an early date. A leading expert, Prof. Dale Jorgenson of Harvard, who apparently sees some merit in the investment tax credit, admits it could not exert much impact until late 1973, and could not bring a return to full employment before 1974 or 1975. After that, he thinks it might be inflationary. Other academic experts seem to differ from Jorgenson mainly in arguing that investment credits have little net stimulative impart at all.

Second, the tax credit would give a tax windfall on investments that would have been made in any case. This is especially true of this fiscal year ending in June 1972 because tax credits will go for investments planned some time ago and merely put in place in fiscal 1972. Thus, the $2 billion tax credit for this fiscal year would be largely a windfall. So would the tax credit, running into many billions, for most of future investment. Of the $200 billion on which the 7 percent tax credit was allowed during 1962–68, the vast bulk, it must be assumed, would have been made anyway, since there was no way under the law for the tax collector to distinguish between investments planned with or without the tax credit in mind.

Third, the tax credit will go partly to investment in styling, air conditioning, fancy offices and work rooms, luxury firm restaurants, executive limousines, planes, and yachts—and not necessarily or exclusively to enhancements in technological efficiency. It could also lead to overinvestment in some industries.

Fourth, to the extent that machinery and equipment made with no more than 50 percent foreign material qualify, some of the tax credit will go to increase imports.

Fifth, it has not been demonstrated that the relative efficiency of the U.S. workshop compared to other countries is eroding in all industries. Possibly this is so in steel and transportation equipment with respect to Japan and Germany. But a giant Japanese steel firm is currently losing money and the German Volkswagen company is faced with vanishing profits and the challenge that it will soon have to alter drastically the remodeling and safety of its car or be forced out of future markets.

As for profits in U.S. industry, are they deteriorating over the long run and not merely as a result of a temporary recession of the kind that has recurred so often in the past? If the profit declines are temporary, there is no need to revamp our tax system with a device which could not have immediate impact. The statistics of corporate profits after taxes do seem to show a substantial secular decline over recent decades. But how much of this decline is real? The near 50 percent corporate income tax seems to drive profits into hiding—into salaries, pensions, expense allowances, plush offices, and especially into depreciation or capital consumption allowances. So far as depreciation allowances are concerned, it is an open secret that the average machine is frequently just as new and shiny after it has been written off as when it was acquired. If the concept of profits is widened to include profits after taxes plus capital consumption allowances—after all, these are the funds that are set aside for replacement of plant and equipment—corporate profits are now at alltime highs.

What, then, are my conclusions concerning the investment tax credit?

First, the only need for it right now would be to give a quick shot in the arm to output and employment in the investment goods industries where they are temporarily depressed. Yet, it is doubtful that it can have a substantial effect in the short run, or before 1974 or 1975. After that, it could be inflationary in its impact—as in 1966. The experts who support it admits that it cannot be readily turned on and off.

Second, hard proof is lacking that the investment tax credit is needed for the long run, since it has not been demonstrated that either the real profit position of American industry, or the long-run technical efficiency of the American workshop has deteriorated secularly. I am not rejecting this secular deterioration as a possibility. Proving it one way or another will take a lot of investigation. But a tax credit costing the Treasury many billions of dollars—which will have to be made up by higher taxes on the middle-income earner—needs to be based on much harder data than I have seen. Furthermore, there are many factors beside equipment and machinery—notably the quality of management and of the work force, to say nothing of the state of the arts in industry and the university science departments, which enter into competitive efficiency. Since this is a question for the long run, there is ample time to make such a searching investigation. No action based on "horseback" comparisons should be taken now.

Third, if the investment tax credit is needed, it should be fashioned in a way that will reduce windfalls and enhance its effectiveness. The credit should be restricted to a few industries like steel, for which a good case can possibly be made at this time, and to investments that will enhance efficiency, rather than to improve styling, luxury, or show. Tax windfalls should be minimized by allowing this credit only for increases in investments over a certain base period, and by eliminating all sorts of loopholes through which dentists, for example, can get tax breaks by leasing planes to airlines.

I believe in the profit system. The heavy taxes on American corporations have caused them to hide their profits in ingenious ways in order to get out of paying taxes, and they have been helped in this by scores of tax loopholes. Rather than open up one more loophole in the form of the investment tax credit, it would be better to bite the bullet and reduce the corporate tax rate below its present 48 percent, and let the firms and their stockholders spend their money for what they feel they need. I herewith enunciate Long's law: "Subsidies—such as the investment tax credit—tend to go to the wrong people for the wrong reasons."

Mr. ULLMAN. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. DOW).

Mr. DOW. Mr. Chairman, in 20th century American history we have seen classic confrontation between two economic theories. One of these is the trickle-down theory under which the Government pours money in at the top and lets it trickle down to the people at the bottom. The other theory is the up-

ward-bound theory, as I call it, which is to feed the money in at the bottom and let it rise to higher economic levels.

The trickle-down theory was one that was sponsored by President Hoover. I can remember myself in 1930 or thereabouts when he thought that he could cure the depression by such measures as loaning $90 million to Charley Dawes' bank, the Republican Bank in Chicago. However, it did not work.

The other theory, the upward-bound theory, is the one employed by the great President Franklin Delano Roosevelt. He poured it in at the bottom in the knowledge that prosperity rises from below like hydrostatic pressure to solve depressions, and that's what happened.

It is most deplorable that the Ways and Means Committee has adopted the trickle-down theory and cast out the upward-bound theory of helping the grassroots Americans. I say with deep regret that a great opportunity has been missed by the distinguished Chairman of the Committee on Ways and Means to serve as the champion of democracy, which is being flouted by the administration's tax proposals. It is disappointing to preceive that the great leader from Arkansas is not playing his logical role as the Democratic leader in confrontation that the Congress should have with the President. Instead, the committee proposals indicate lamely that, in order to have prosperity, we must bring tributes in the form of tax credits and lay them down at the feet of the economic giants.

Mr. Chairman, I have examined page 11 of the committee report, and I note that of the total amount of fiscal year tax receipts in the 3 years 1972, 1973, and 1974, $17.1 billion of normal tax receipts are proposed to be abandoned and not collected. Of this amount only $4.38 billion, if I read the figures right, are a concession to the smaller people of this country, the vast numbers of people, who certainly in these hard times need more aid.

Mr. Chairman, I submit that this is class legislation. The money saved by tax credits adds to inflation; it nullifies and contradicts the wage ceiling that lies on the backs of our people, the purpose of which is to curb inflation.

I wonder if we will have prosperity with a $23 billion deficit in 1971, a $27 billion deficit in 1972, aggravated by a $6 billion tax reduction in each of the next 3 years?

Mr. Chairman, I yield back the balance of my time.

Mr. ULLMAN. Mr. Chairman, I yield 5 minutes to the gentlewoman from New York (Mrs. ABZUG).

Mrs. ABZUG. Mr. Chairman, I must admit that the number of people in the Chamber participating in the discussion of the great economic problems of this country is having a chilling effect upon my normal enthusiasm for participating in debate.

I must also state that it is regrettable indeed that we are discussing the crisis in this country and our Nation's economic future under a closed rule which permits no amendments from the floor and which permits no one but the so-called experts to have a point of view. I think that this has got to be changed if this House is to become effective as truly representative of the American people.

Mr. Chairman, I submitted testimony to the House Ways and Means Committee with reference to the measure here today; I want to repeat the essence of one part of that:

One of the most remarkable aspects of the national discussion about NEP is the extent to which it has managed to ignore the central fact of American life and a major cause of our economic problems. I refer, of course, to the inflationary pressures created by our military spending which now amounts to $76 billion a year and which Defense Secretary Laird proposes to increase by another $3 billion next year.

The most positive steps the President could take to strengthen our economy would be to end immediately and completely American involvement in the war in Indochina, cut back military spending on dollar-draining military bases in Europe and elsewhere, and instead of letting the so-called peace dividend be consumed by the Pentagon, use the funds for such purposes as to provide jobs, repair our decaying cities, build low- and middle-income housing, make mass transit facilities available, deal effectively with drug and pollution problems, and assure our 25.5 million poor people of a guaranteed annual income.

But, Mr. Chairman, H.R. 10947, the Revenue Act of 1971, does not do anything to solve the problem. It reflects the same big business bias that the President's program contained. While it gives some appearance of individual tax rerelief, it is in reality even more of a bonanza for big business than the President requested. We are again asking the American consumer to be satisfied with "trickle down" benefits while corporate America feasts on direct Government giveaways.

The committee has accepted the concept of the Administration's "Job Development Credit"—a euphemistic new name for the investment tax credit abandoned by the Nixon administration in 1969 as not in keeping with national priorities—without any evidence that it will stimulate the creation of a sizable number of jobs. In addition, the committee has sought to legitimize the asset depreciation range which was illegally instituted by the administration earlier this year.

Mr. Chairman, I am not an economist, but I think I know what is going on in this country. I think every Member of this House who is relating to the problems and cries of his or her constituents knows what is going on in this country. I am speaking of the lack of decent housing, decent schools, adequate national health programs and of a variety of other problems which confront us.

Mr. Chairman, I am advised that this irresponsible economic adventure will cost the Treasury $14 billion in the next 2 years—money which we will not have and which is required for the social needs of the people in the cities, in the rural areas in the suburbs and all over this Nation.

Even more damaging to our national interest is the fact that the business tax cuts represent permanent revenue losses and will not be phased out automatically when the current economic conditions improve. According to some estimates, the committee's business tax giveaway will cost the Treasury $82 billion over a 10-year period.

And what do the shareholders of America—the taxpayers—receive from this adventure? There is but a slight easing of the tax burden of the working poor—the middle-income taxpayer gets a 1-year, one shot acceleration of deduction and exemption increases enacted 2 years ago. The result for a taxpayer earning $9,000 a year with three dependents is a $26 savings—hardly a significant economic stimulation measure when over 25 percent of our productive capacity is idle for lack of consumer demand.

Investment credits and accelerated depreciation rates are not the solution. Individual tax relief and public works programs are.

The committee's attempt to make this massive giveaway to big business more palatable to the American public by permitting 5-year tax writeoffs for investments in job-training programs and day care facilities does not camouflage the fact that the individual taxpayer is being asked to subsidize big business.

Direct government spending in the form of socially useful programs, such as housing, health services, pollution control, day care services, and programs to aid urban areas, would better accomplish the stimulating economic effects sought without the detriment of permanent revenue loss. The price we are being asked to pay is far too high. The benefits are far too uncertain. I urge the defeat of H.R. 10947.

Mr. ULLMAN. Mr. Chairman, I yield 1 minute to the gentleman from Missouri (Mr. RANDALL).

Mr. RANDALL. I have asked for this time only to clarify where we are so far as the pickup trucks are concerned, those that will be involved, we heard first that they were in and then that they were out, and the farmers are very interested in this.

I understand it is up to a 10,000-pound limit. Is that where we are at the present?

Mr. MILLS of Arkansas. If the gentleman will yield, that is the loaded weight.

Mr. RANDALL. That is the loaded weight?

Mr. MILLS of Arkansas. Yes, that is correct. And that takes care of trucks larger than you and I referred to.

Mr. RANDALL. I thank the gentleman for his response.

Mr. Chairman, I intend to support H.R. 10947 known as the revenue bill of 1971.

The title of the bill points out that its purpose is to provide a job development incentive credit, to reduce individual income taxes, to reduce certain excise taxes, and for other purposes. On the first page of the report under a heading entitled "Summary" is a statement which points out what the bill is designed to do. If these things can be accomplished then certainly it should be supported by every Member of this body. For the record this bill is designed to: First, put our present lagging economy on a high growth path; second, increase the

number of jobs and diminish the high unemployment rate; third, relieve the hardships imposed by inflation on those with modest incomes; fourth, provide a rational system of tax incentives to aid in the modernization of our productive facilities; and fifth, increase our exports and improve our balance of payments.

The foregoing is quite an order. Let us all hope that the enactment of this bill will realize the lofty objectives recited above and become the economic tool our Chief Executive will need in order for the present wage-price freeze and other income policies which may follow to work or be effective.

There is little doubt but that the investment credit which now goes under the new name of job development credit should stimulate the economy. It is also true that if we are able to pump more money into the hands of consumers by reducing individual income taxes, then this should help some with the severe economic problems we are now suffering. Then the reduction of excise taxes should also result in more jobs in the motorcar industry and finally, a border tax should improve our balance of payments.

Now, Mr. Chairman, I asked for some time at this moment to be certain that the removal of the excise tax on passenger automobiles did include the removal of the excise tax on pickup trucks.

For a while it appeared that our farmers had been ignored once again. I say this because I am sure you recall that when the President asked the Congress in August to repeal the excise tax on the passenger automobiles he did not ask for or did not mention that the tax be removed from small trucks being used in farm operations.

As the chairman and some members of the Ways and Means Committee may recall, along with certain other members of the delegation from our State and others representing rural areas, I called the attention of the Committee on Ways and Means to this unfair omission. Some members threatened that if the committee did not include the removal of the excise tax on pickup trucks they would offer an amendment on the floor of the House. Well, of course, we know that what they meant was that they would try to defeat the usual closed or gag rule. While in the past there have been instances where the vote was close, the defeat of a closed rule is quite an order to accomplish.

Mr. Chairman, I suppose the present situation may be an application of the old adage "All's well that ends well." The Committee on Ways and Means did see fit in its wisdom to remove the excise tax on what could be said to be ¾-ton or ½-ton pickup trucks retroactive to midnight, September 22, 1971. Put in different words, the bill removes the excise tax on trucks up to 10,000 pounds loaded. I know all of us have seen signs stenciled on the side of trucks of those States which require this kind of a procedure with such wording as "6,000 pounds gross" which means such weight includes the truck and the load. A 10,000-pound-loaded limitation will thus mean a total of 5 tons are involved, and assuming the weight of the vehicle at the conservatively high figure of 3 tons, then there would be 4,000 pounds, or a 2-ton payload, available.

Mr. Chairman, if this bill is approved by the Congress it will mean that anyone purchasing a small truck since midnight, September 22, 1971, will be refunded the excise tax which should run between $250 and $400. Such a saving to our small farmers who operate on a very small budget is substantial.

I am delighted that this result has been obtained because not only are our struggling farmers the hardest hit by the spiraling prices of today, but the failure to include pickup trucks would have been a penalty against sportsmen who prefer a camper truck or what is called a sleeper to spend some time camping or hunting or fishing in the outdoors. Certainly these people are entitled to recreation just as much as someone who has the means to go to golf course or the beach. I commend the committee for including these small pickup trucks for the benefit of our small farmers and sportsmen. It means that at least in this one instance we have not ignored either our farmers or our outdoorsmen.

Mr. CAREY of New York. Mr. Chairman, I rise today in support of H.R. 10947, the Revenue Act of 1971.

Although I am in favor of this bill as a means of getting our stagnant economy moving, I would like to underscore some of those parts which may not have been given the discussion they merit due to their noncontroversial nature. I am pleased that these significant provisions which I suggested were included by the committee in this bill as a result of amendments I proposed. These features are worthy of consideration if this is to be in fact as well as in name a "job development" bill.

The cornerstone of the Revenue Act of 1971 is said to be job development. The committee's use of the 7-percent job development credit is designed to provide a stimulus toward the creation of more jobs and better job conditions.

My amendment, section 303 of the bill, recognizes the urgent need for on-the-job training programs and the expansion of child-care facilities so that large new groups of men and women now unemployed or underemployed will be able to take advantage of the increased opportunities that the Revenue Act of 1971 creates in the job market.

This section adds a major provision to the tax law. A taxpayer may elect to amortize over a period of 5 years capital expenditures in acquiring, constructing, reconstructing, or rehabilitating on-the-job training or child-care facilities.

It is of critical importance that private business be encouraged to provide facilities for both on-the-job training and child care.

On-the-job training experience has been proven to be the most efficient and constructive type of training for many jobs as the person gains actual work experience during the training. Moreover, the person is more likely to complete the training if a job is available at the end of the training period.

The provision of child care facilities within the financial means of those with low incomes will not only enable but also encourage women to seek employment. But child care can be, in the many instances in which the man is the sole provider, also a man's problem. And there is room for the skills of both men and women in the expanded job market.

These provisions are intended not only for the buyer of new facilities and machinery. If the seller spends money to train cadres in the operation of the machinery so that there is no time lag in training personnel after the equipment is received, he also will be eligible for the 5-year rapid depreciation. This procedure is already in operation in several of the Common Market countries, such as Belgium and Germany.

I am pleased to acknowledge that I prepared this amendment with the cooperation and support of the Commissioner of the Economic Development Agency of New York City, Kenneth Patton, and his deputy, Commissioner John Scanlon, following a conference of the New York City majority congressional delegation task force on industrial growth in New York.

During the course of the hearings on H.R. 10947, I suggested that the committee direct the Department of the Treasury to investigate ways to equalize treatment of publicly owned transportation systems vis-a-vis privately run companies. As publicly owned companies will not have available to them either the investment credit or the accelerated depreciation range that we have afforded to private carriers, the Treasury study will be of great use in suggesting alternatives to remedy the situation. I am gratified, therefore, that the committee requested that this study be made.

Travel to and from work is an extremely important part of working conditions. Once the Treasury report is completed, we must try as aggressively as we can to cure this deficiency by developing means to alleviate the enormous problems of mass transit.

Equality of treatment might mean perhaps a subsidy for mass transit at least equal to the job development credit so that the people of New York City, for example, will not have to pay 50 cents to ride the subways. I consider intolerable a situation in which the mass transit rider sees somebody getting Government help to buy a new automobile so that he can ride to work alone and desert the subway system. The mass transit traveler would still have to pay the increased cost of transportation and gets no help from his Government.

Hopefully the Treasury study will indicate means to insure that transportation to work is considered part of job development.

At a time when our great maritime industry is in serious difficulty, I am gratified that my suggestion to include a "Ship American" provision in the DISC proposal was accepted by the committee. This feature will be an incentive to promote trade on American vessels.

The committee has designated that export promotion expenses of the DISC's include 50 percent of the freight expenses—not including insurance—for

shipping export property aboard U.S.-flag vessels. These expenses may not, however, include any incurred where law or regulation require that the export property be shipped aboard U.S.-flag vessel.

At a time when it would seem that there is much criticism abroad of the apparent bias of some of the protectionist sections of this bill, I thought it important that the committee acknowledge the rights of foreign nationals under treaties solemnly undertaken with the United States.

Section 309 of the bill permits foreign nationals, which are parties to tax treaties with the United States, to assert their rights under such treaties in the courts of the United States. Persons bringing actions arising under a treaty for the refund of a tax should have the same right to bring suit as is available to taxpayers generally. Accordingly, the provision which I introduced allows that tax refund suits and proceedings may be brought against the United States notwithstanding the provision of the judicial code.

This structural improvement corrects an obvious statutory inequity and will permit foreign nationals "to have their day in court."

This is not a matter of magnanimity or benevolence on our part. Rather, it removes a conflict of laws which resulted inadvertently as a result of Public Law 89–713 in 1966. In that act foreign nationals with claims growing out of or dependent upon any treaty have been deprived of any forum in which to sue the United States. The 1966 act provided that civil actions for refunds in tax cases could be maintained only against the United States and not against an employee of the United States—for example, a district director of the Internal Revenue Service. Inadvertently, the effect was to deny persons the right to bring refund suits against the United States in tax cases arising under a tax treaty with another country. This is due to the fact that under the judicial code—28 U.S.C. 1502—the court of claims—and correspondingly the district courts—which are the forums in which tax refund cases generally are brought, are denied jurisdiction in cases against the United States which arise out of treaties with foreign countries.

Mr. BROYHILL of Virginia. Mr. Chairman, I support this bill enthusiastically. It is a well-balanced package, providing necessary stimulants for the economy and equitable relief for individual taxpayers.

On its own merits, H.R. 10947 deserves the approval of this body and prompt enactment into law. But more importantly, it is an integral part of the President's new economy policy. Its essential elements are designed to work in coordination with other parts of the administration program to "fire-up" our whole economy without fanning the flames of inflation.

Through its interacting provisions, the bill would produce jobs, increase consumer spending, and make the Nation more competitive in world trade.

Its provisions to accelerate scheduled advances in the personal exemption and to boost the low-income allowance should result in a sizable and quick increase in consumer spending.

Its provisions to repeal the excise tax on cars and light trucks also should spur consumer spending, and additionally, should add substantially to the number of jobs available in the automotive industry.

Its provision for deferring taxes on export-related profits, through establishment of domestic international sales corporations, should markedly enhance our competitive position abroad, and at the same time, create new jobs at home.

And its key provisions for restoring the investment tax credit and adopting a more realistic depreciation system should help achieve all of the bill's basic goals.

As businesses expand, more and better jobs should become available, and this in turn should enlarge consumer spending. And as newer and more efficient industrial equipment is installed, American products will become more competitive in the world marketplace.

The various provisions of H.R. 10947 already have been explained in considerable detail by the chairman and the ranking minority member of the committee, and I do not want to be repetitive. I do, however, want to comment briefly on what I consider to be the absolute necessity for restoration of the investment credit and the adoption of a wider asset depreciation range.

The United States is one of the few modern industrial countries which has neither an investment tax credit nor extremely liberal depreciation allowances. According to testimony presented to the committee during its hearings on this bill, the United States has the lowest ratio of investment in machinery and equipment to gross national product of all leading nations.

Japan ranks first, with investment in machinery and equipment rated at 28.8 percent of GNP. West Germany stands at 11.1 percent; France at 10.9 percent. We share the low rung on the ladder with Portugal, at 6.9 percent.

The results of our inadequacies in this respect are all too evident. More than half of our manufacturing capacity is estimated to be more than 5 years old, and much of it is clearly either obsolescent or obsolete.

Latest figures from the Commerce Department show that we ran our fifth consecutive monthly trade deficit in August, bringing our cumulative deficit for the year to $936.1 million, which contrasts sharply with a surplus of $2.23 billion in the same period of last year.

But this did not just happen overnight. The truth is that our country has been losing its edge in world trade rather steadily for a number of years. And a leading factor in the widening of this trade gap quite obviously has been the unfavorable condition of our industrial plant when compared with that of our trading partners, some of whom rebuilt their productive capacities following World War II, with our help.

But that is history. Our problem today is how to reverse a trading trend, and one answer is apparent. We must modernize not only our industrial plant but some of our tax policies, too.

A surprising number of economists—of varying philosophies—are agreed on the strong possibility of a boom ahead. For example, Time magazine's board of economists recently predicted our gross national product would advance by a spectacular $100 billion next year. But they also said that if this were to occur, Congress first would have to enact a stimulative tax program.

Mr. Chairman, I submit that such a program is now before us, and that our course of action on it is clear.

Mr. ANDERSON of Illinois. Mr. Chairman, I rise today in strong support of the tax package reported by the Ways and Means Committee. I believe it is a balanced, equitable one and one that can help to speed the economy toward the goal of full-employment and prosperity.

While this package of tax changes is broad in scope. I want to limit my remarks today to one particular aspect of it: The job development tax credit and the charge made by some critics that it unduly weights the President's fiscal program in favor of business.

In his statement before the Ways and Means Committee, Mr. Meany, for instance, charged that—

> The proposal before you is a giant raid on the Federal Treasury that would transfer billions of dollars in public funds into the private treasuries of big business . . . this would be the biggest tax bonanza in corporate history and would severely lessen the tax responsibility of corporations, shifting it to wage and salary workers.

To substantiate his charge, Mr. Meany pointed out that the share of Federal income taxes paid by corporations had already dropped considerably during the past 10 years and that further tax reductions through the investment credit and ADR would only accelerate this shift of the tax burden from corporations to individual wage and salary workers.

Since our Federal income tax structure has been based on the principle of ability to pay from the very beginning, there is indeed cause for concern if Mr. Meany's arguments are correct. The primary cause of the persistence of poverty in this country is obviously an inadequate distribution of income, so if we are to make progress toward our national goal of a decent income and living environment for all Americans, we should look especially carefully at measures which might exacerbate rather than remedy that basic problem.

But has there really been a regressive shift in the tax burden? After looking at the figures and considering the way in which our income tax functions in a growing economy, I must conclude that Mr. Meany and those other critics who make similar arguments are playing a statistical game with us.

To begin, I would not deny the fact that corporate tax payments as a share of total income taxes—personal and corporate—have declined during recent years. To be precise, in 1967 corporate taxes accounted for over 35 percent of total income tax receipts and they stead-

ily declined to a share of about 25 percent in 1970.

Yet in themselves, these figures are essentially meaningless, for they indicate nothing about changes in the taxable base, nor do they account for the fact that the corporate tax is essentially a flat rate tax and the personal income tax is a progressive rate tax. Thus, if the base of the corporate income tax is growing more slowly than the base for the personal income tax, the shares are bound to change but this in no way implies there has been an inequitable shift in the relative tax burden.

By the same token, as the economy grows and incomes rise, individuals move into higher tax brackets and personal income tax collections increase relative to overall growth in the economy. However, since the corporate income tax is based on a flat rate, this phenomenon does not occur; if profits grow in tandem with overall GNP, then corporate income taxes increase proportionately with GNP growth.

So the obvious result of these differing tax structures is that there necessarily will be a long-run shift in the relative shares of these two taxes. Since no one has very seriously argued for a fully progressive corporate income tax—indeed, that would be a positive deterrent to increased efficiency and productivity—I do not think it is defensible to argue that there has been a regressive shift in our income tax burden where changes in personal and corporate income tax shares can be attributable to this phenomenon.

Now, I mention these two factors because I think they account for almost the entire shift in tax burdens about which Mr. Meany has sounded the alarm, and which he uses as a primary argument against further tax incentives to corporations.

I would like to include in the RECORD at this point a table which demonstrates the combined workings of these two factors and fully explains the shift in corporate and personal income tax shares without any connotation that there has been some dangerous retrogression in tax burdens which is unduly favorable to business.

First, it shows that between 1966 and 1970, GNP increased by 30.5 percent wages and salaries by nearly 37 percent, but profits actually declined by almost 6 percent. Put another way, corporate profits as a percent of GNP declined from almost 11 percent in 1966 to about 8 percent in 1970. So if there has been a change in corporate and personal income tax shares much of it is due to the simple fact that wages and salaries have been increasing faster than overall GNP, whereas profits have actually declined. With the base for these two taxes moving in opposite directions, is there any wonder that their contributions to overall income tax collections have changed? Moreover, at the same time that the corporate tax contribution to total income tax collections was declining, corporate tax liabilities in relation to corporate profits actually increased from 39 percent to nearly 45 percent. So one might even conclude that the shift has been in the opposite direction.

TABLE I

	GNP (billions)	Corporate profits (billions)	Wages and salaries	Corporate tax as percent of profits	Corporate tax as percent of total income tax
1966	$749.9	$82.4	$394.5	38.9	----------
1967	793.9	78.7	423.1	39.0	35.6
1968	865.0	85.4	464.8	43.9	29.4
1969	931.4	85.8	509.0	45.8	29.5
1970	976.8	77.4	540.1	44.9	25.4

Source: Economic Report of the President, 1971.

I think a second brief point relevant to this argument about tax burdens concerns the impact of the 1969 Tax Reform Act. In the 5 years between 1969 and 1973, even including the depreciation changes announced by the Nixon administration earlier this year, corporate tax payments will have declined about $1 billion while personal income tax payments will have been reduced almost $34 billion. Predictably, the critics seem to conveniently ignore this incontrovertible fact when they complain of tax bonanzas for the corporations and the rich.

The other important argument advanced against the job development tax credit is that the manufacturing sector is already operating at only 73 percent of capacity, so there is little justification for a tax break designed to spur additional investment. While this argument sounds plausible enough on the surface, it conveniently ignores two important factors.

First, that 73 percent capacity utilization figure should not be compared to a hypothetical full capacity level of 100 percent. Actually, the full capacity operating ratio for most industries is between 85 and 90 percent, the remainder representing largely obsolete standby equipment which is profitable to bring into use only in the most extenuating circumstances. So when we compare the current capacity utilization figure to the actual optimum operating ratio a great deal of the steam is taken out of the argument.

But second, and more importantly, businessmen do not only buy new equipment and machinery to expand capacity, but also to replace deteriorated, inefficient, and technologically obsolete equipment. So in considering whether an incentive for investment in machinery and equipment is justified at the present time, we must not only consider the current capacity utilization ratio, but also the need to modernize our production plant in order to lower costs and become more competitive in international markets.

Viewed from this perspective, I think there can be little question that an incentive for investment is in order. A recent McGraw-Hill survey showed that in the last 4 years, the percentage of equipment less than 10 years old in the American economy declined from 65 to 58 percent. Yet, this occurred at the very time that our industrial competitors were making substantial progress in modernizing their own industrial plants. These developments may have more than a little to do, I would submit, with the fact that our productivity growth rate has declined to less than half of its historic average during the last few years, and as a consequence we find ourselves increasingly less competitive in a growing range of international markets and our balance of trade sinking to the first annual deficit of the 20th century.

Mr. Chairman, at this point in the RECORD I would like to include a table which clearly indicates the retrogression in the age of American plant and equipment that has occurred during the last 3 years. It shows that as a result of the depreciation liberalization of 1962 and the enactment of the investment tax credit, American businesmen made tremendous strides in reducing the percentage of obsolete, low-efficiency equipment. For industry as a whole, the percentage of obsolete manufacturing equipment was reduced from 20 percent in 1962 to less than 14 percent in 1968. However, the termination of the investment credit, high levels of inflation and declining profits have reversed the situation since then. Whereas between 1962 and 1968 the percentage of obsolete equipment dropped for 12 of 13 major industry categories, since then it has increased in 11 of these 13 categories.

In my view, this trend provides solid reason for immediate reinstitution of the investment credit and retention of the ADR depreciation system as well. For if we are not willing to provide the incentives necessary to make American industry competitive in the international markets of the 1970's, we can look forward to an indefinite continuation of the economic difficulties that plague the Nation today.

TABLE II.—CHANGE IN PERCENT OF OBSOLETE EQUIPMENT, 1962-68, AND 1968-70

Industry	Change, 1962-68	Change, 1968-70
Iron and steel	−3	+2
Machinery	−7	−1
Electrical machinery	−3	+4
Autos, trucks, parts	−3	+1
Aerospace	−6	+6
Other transportation equipment	−14	+6
Fabricated metals	−8	−6
Stone, glass, clay	−5	+1
Chemicals	+2	+5
Rubber	−6	+3
Petroleum and coal	−5	+5
Food and beverages	−9	+7
Textiles	−12	+5

Note.—means percentage-point reduction of obsolete machinery; + means increase.

Source: "How Modern Is American Industry?" Economics Department, McGraw-Hill Publications, Dec. 6, 1968 and Nov. 27, 1970.

Mr. SEIBERLING. Mr. Chairman, I rise in opposition to H.R. 10947. I have not come to this decision lightly, but only after much thought and careful study. I have long argued in favor of a tax program that would encourage higher industrial productivity, expand the number of jobs and relieve low-income and middle-income taxpayers. However, I have reluctantly concluded that the bill before us is both inadequate and unfair.

The premise underlying the administration's proposal and the committee's bill is that the best way to stimulate the economy is to increase business profits. Mr. Chairman, there is no doubt in my mind that the bill will increase profits. It provides business with a $14.1 billion tax

break between now and 1973. But I take strong objection to the view that this tax windfall for business means a breath of fresh air for the rest of the economy.

The committee and the administration are banking heavily on the job development, or investment tax credit, to provide stimulus by encouraging business to increase its outlays for capital goods. Mr. Chairman, I am in favor of the investment tax credit. Over the long run, I believe it will prove to be a useful tool to encourage industry to modernize its plant; to become more efficient at home and more competitive abroad. But I am not optimistic about its stimulative impact over the short run.

American industry today is using only 73 percent of its plant capacity. A businessman is not likely to invest in new plant and equipment if 27 percent of his existing plant and equipment is lying idle. He will want to put most of that 27 percent back to work first. There is nothing in the investment tax credit which will give him the incentive to do that.

Consumer spending is the linchpin of our whole economy. What does this bill offer the consumer in the way of tax relief? Aside from repeal of the auto excise tax, which I will discuss in a moment, it promises consumers relief totaling only $5.7 billion over the next 2 years. That works out to 7 cents a day for a wage earner with an income of $9,000 a year and three dependents. This is more than the administration requested, and I commend the committee for this improvement. However, in my opinion it is not enough.

Mr. Chairman, it is unfortunate that we are forced to deal with this bill under the closed rule. For while there are aspects of the bill which I find worthwhile, there are several portions of this bill which I would move to strike—were I permitted to do so.

I refer specifically to three sections of the committee bill: The asset depreciation range, the repeal of the auto excise tax, and the Domestic International Sales Corporation. These provisions offer little economic stimulation in comparison with the serious loss of Federal revenue they entail—$10.8 billion over the next 2 years and $57 billion over the next decade. Mr. Chairman, if we make cuts in revenue of this magnitude, without a corresponding stimulus in the economy, where will we find the money to finance all the social programs that are so desperately needed by our people?

What will the first of these proposals, the asset depreciation range, accomplish? Its supporters argue that it will allow corporations to recover their investment expenditures more quickly, and in this way will lead to more investment and more jobs. Mr. Chairman, I have already mentioned the fact that a significant percentage of our industrial capacity is idled today. The ADR, and the excess capital funds it will create, will not put this plant capacity back to work. It will cost the Government $4.8 billion over the next 2 years and $29 billion over the next 10. If that money were spent by the Government to meet social needs—for improved mass transit, better housing, schools, health care, for cleaning up and policing our environment—there would be no doubt of the stimulative impact it would have on the economy, to say nothing of its socially beneficial aspects. But there is no guarantee that the large corporations which would benefit most from the ADR will invest these funds in ways that will have the desired effect on the economy.

What of the proposed auto excise tax repeal? Mr. Chairman, the repeal of this tax will theoretically benefit those individuals who can afford to buy new cars and trucks, but I have strong doubts that many of them will ever realize an added saving equal to the tax. In any event, new car buyers are only a small minority of the Nation's consumers. Even potential new car buyers will be more influenced by considerations of need than by the lure of a discount. We must weigh the dubious stimulatory impact of this proposal against a grossly disproportionate Federal revenue loss of $26 billion over the next 10 years.

As a substitute, I propose a repeal of the excise tax on tires, inner tubes, and tread rubber which would offer earlier relief to many more individuals than repeal of the automobile excise tax would. My proposal would add $600 million a year to consumer spending. It would entail much smaller revenue losses. In fact, it would not cut into funding of social programs at all, since all the revenue from the tire tax goes into the highway trust fund and the fund already has an unused surplus of $4.5 billion.

Finally, what of the proposed Domestic International Sales Corporation—the DISC? Mr. Chairman, the DISC provides no added incentive to increase U.S. exports. The benefits of the DISC tax deferral flow to all export firms regardless of whether their export sales increase, decline, or remain stable. Its enactment would not improve our trade balance. It would only open another loophole in the already shredded fabric of our tax structure.

Mr. Chairman, I cannot support these sections of the bill. But the closed rule under which this bill is being considered makes it impossible to oppose them separately. I want to reiterate that I am in favor of other portions of H.R. 10947. I am in favor of the investment tax credit. I am in favor of tax relief for individual taxpayers. But I am also in favor of offering the most relief where it is needed most and where it will do the most good.

Mr. Chairman, in the event that the committee's bill fails to gain passage, I will introduce a revised version of it—one that would offer as much or more relief than the committee's bill does without closing off sources of desperately needed Federal revenues.

Mr. ULLMAN. Mr. Chairman, the tax package in this bill must be considered as a corollary to establishing meaningful and equitable wage and price guidelines. It is essential that phase II of the administration's program cope directly with the dangerous tendency in our economy toward a runaway wage and price spiral. The assumption that these tough guidelines will follow during phase II is the basis of my support for the tax program that we are now considering.

I personally believe that reinstatement of the investment credit has been long overdue. It is most important that we not remove it in the untimely fashion of 1969. This device provides by far the best stimulus that we have found to modernize the industrial plant of our economy, and thus regain our competitive edge in the world market. The 7-percent level of credit is sufficient to provide the kind of stimulus needed, and yet should not reheat the inflationary tendency that we have seen.

However, I believe that we should reconsider our decision to limit availability of the investment tax credit to domestic products. In a program that is designed to increase productivity in our economy, we should be encouraging companies to buy the best equipment available at the lowest possible price. This bill does give the President authority to remove the "buy domestic" restriction, either in part or in whole. It cannot in any event continue beyond the existence of the 10-percent import surcharge. In my judgment, the exclusion of foreign products should be removed at the earliest possible date. I also believe that the surcharge should be abolished before we are lulled by the very false protection which it appears to offer. It is critical that we reestablish stability in international monetary and currency situations without needlessly alienating our trade partners. We must lead the way to establishing an open and orderly world trade situation.

Mr. Chairman, this bill represents a balanced approach to one part of the very difficult economic problems faced in our country and world today, and I want to compliment the chairman and the committee in formulating this complex yet fair legislation. I urge that the House act on this measure expeditiously and responsibly, and hope that the other Chamber will quickly follow suit.

Mr. MIZELL. Mr. Chairman, I rise at this time to lend my strong support to efforts being made to provide tax credits for Americans who are paying the ever-higher costs of higher education.

This credit would apply not only to college tuition costs, but also to such postsecondary schools as business, trade, technical, and vocational institutions.

Well-educated and well-trained citizens comprise an indispensable national reservoir of talent from which flows progress in every area of our national life, whether in the arts or in industry, in government or in religion, and in every other field.

When a large sum of money is required to provide oneself or one's children with a higher education, this money is being spent in the national interest and it is only fair that the Nation, through Congress, try to ease the burden through a system of equitable tax credits.

The basic provisions of the bill include:

A 100-percent tax credit on the first $200 spent on the cost of higher education;

A 75-percent tax credit on the next $300; and

A 25-percent tax credit on the next $1,000.

To help equalize the benefits among different tax brackets, the bill provides for a 1-percent reduction from the established tax credits for those earning an adjusted gross income in excess of $25,000. Thus, as an individual reaches a higher tax bracket, the tax credit will be smaller.

The Senate has passed similar legislation on two previous occasions, and I believe it is time we in the House joined in this effort to provide much-needed tax relief for those involved in financing higher education pursuits.

Mr. MIKVA. Mr. Chairman, I rise in opposition to H.R. 10947. Last month I appeared before the Ways and Means Committee and expressed my concern over the lopsidedness of the administration's proposals which accompanied the wage-price freeze. The committee has made some quantitative improvements—the magnitude of the one-sidedness has been somewhat reduced—but qualitatively the bill still represents an inequitable bit of reverse Robin Hoodery. H.R. 10947 steals the tax money placed in the Treasury by wage earners, and gives it away to the wealthy and the corporate.

The 7-percent investment tax credit, comically dubbed the "job development credit" by a public relations-conscious administration, is more likely to increase corporate profits than to create jobs for the unemployed. A recent business survey showed that few businesses plan to increase their purchases of equipment or machinery with the $5.1 billion they will save in taxes next year. This is hardly surprising since production is so slack that 25 percent of industry's present capacity is sitting idle.

The tax credit may have some long term impact on jobs, but any such future impact would hardly be comparable to the short term windfall it provides for businesses, or to the drastic raid on Treasury funds which are greatly needed for Federal programs in areas such as health care, aid to the elderly, environmental assistance, and Federal anticrime efforts.

The loss to the Treasury is estimated at $9 billion a year over the next 10 years. That is three times more each year than the Federal Government will spend in fiscal year 1972 on aid to education. It is six times more than will be spent on health research and on funding for the Environmental Protection Agency. It is 30 times more than the Government will spend on mass transit development. Moreover, these social needs are increasing, not decreasing—yet we are asked to approve legislation which will significantly diminish our capacity to deal with those problems by transferring billions of dollars from the Treasury primarily into the pockets of the corporate elite.

Another provision in H.R. 10947 codifies the asset depreciation range changes which were ordered by the Internal Revenue Service a few months ago. I opposed this move when it was done by executive fiat earlier this summer. It is just as outrageous a giveaway now that it is ensconced in legislative form, especially in tandem with the 7-percent investment tax credit.

What is the justification for this $5 billion tax rebate to industry over the next 3 years? What benefit will it produce for the rest of the economy? The administration argues that even though business will receive the primary benefits, these gains will eventually trickle down to the working man in the form of more jobs and higher real wages paid out of increased profits. In other words, to coin an old phrase, "what is good for General Motors is good for the Nation."

I am unalterably opposed to the elitism of the "trickle down" theory. The American people deserve more than the tricklings down from the corporate elite. In addition to being socially inequitable, the trickle down theory is of questionable economic validity in today's economy.

Increased profits and tax savings do not necessarily produce more jobs or higher wages. They may be invested in automated equipment which actually reduces jobs, as in the steel industry. They may be expended on replacement or repairs of existing facilities, rather than on construction of expanded facilities as the administration's salesmen predict. In any event, business is guaranteed economic assistance, while the wage earners and the unemployed are left with a prayer and a promise. The whole approach represents another manifestation of subsidized socialism for the wealthy, with competitive free enterprise for the rest of the Nation. After business is guaranteed its share of the gross national product, the wage earners are free to compete for what is left.

Next we come to the auto excise tax repeal—one of the elements of the package which is said to "balance" the corporate giveaways contained elsewhere. In fact, the excise tax repeal is a mixed blessing. Its beneficial effect is diluted by the fact that large numbers of autos purchased during this period will be bought by businesses, and the tax saving will again accrue to a narrow segment of the economy which is the least needy, and at the expense of those least able to bear the burden. Moreover, its benefits are regressive—more money is saved by the wealthy man who buys an expensive car than by a lower income individual who buys a more modestly priced auto. And of course, those who are most in need of relief—those with the lowest incomes—are least likely to be in a financial position to take advantage of the repeal by buying a new car.

Finally, we come to the provisions for individual tax relief which were added to the President's proposal by the committee. They are welcome, but they are a long way from overcoming the business bias of the bill. The real weakness in the economy is the slackening of demand for consumer goods and services. The total package presented in H.R. 10947 would put only $1 back in the consumer's pocket for every $9 of lost tax revenue. The other $8 go to business.

There is also an imbalance in who benefits from the individual tax relief provisions. By and large, they favor the rich taxpayer over the poor. A $50 increase in the personal exemption means a tax saving of $35 for the wealthy taxpayer in the 70-percent bracket, and only a $7 saving for the lower income taxpayer in the 14-percent bracket.

The total package contained in H.R. 10947 exhibits a severe bias in favor of the wealthy and the corporate, at the expense of individual taxpayers and Federal programs.

The bill is woefully inadequate to provide the needed tax relief to wage earners, and to stimulate consumer demand. While business saves more than $25 billion in taxes over the next 2½ years, the average taxpayer with an income of $9,000 a year and three dependents will save less than $25 on his yearly tax bill.

Mr. Chairman, H.R. 10947 is an inadequate, inequitable, and inadvisable piece of legislation. I hope that my colleagues will join me in opposing it, and will send the matter back to the Ways and Means Committee. I am confident that the members of that distinguished committee can do a more professional, and less political job than this.

Mr. VANIK. Mr. Chairman, the tax bill we consider today should be entitled the "Untax Act of 1971." In conjunction with the administration's liberalized depreciation schedules, it serves to untax business about $5 billion this year and about $82 billion in the next 10 years.

The power to tax is the power to destroy. The arbitrary exercise of the power to "untax" or "free from tax" is also the power to destroy the Government which serves the people. An abuse of discretion in either direction is devastating to the free enterprise system and to the democracy.

The process of "untaxing" corporate earnings has always been a bothersome thing, disruptive to a fair tax system. But in the last several years, giant steps have been taken to reduce and to abolish corporate taxation. Since 1967, the percentage of corporate tax to total tax receipts has fallen from 36 to 25 percent. This bill will further reduce corporate contributions to the cost of Government. This trend moves identically through recession and full employment—through good years and bad.

Some corporate-owned economists argue that the profitability of American corporations is lagging, critically failing to generate the capital resources for revitalization and modernization. For some enterprises this is true; but for most it is a false premise. Recent tax law changes have permitted more and more corporate earnings to be washed out by depreciation, tax credits, and a wide variety of accounting systems which confuse the tax collector and the public as well.

The investor measures corporate values by cash flow and tax-free income potential. The annual corporation financial report makes public the set-aside for income taxes. This misleading figure seldom bears any relationship to the actual Treasury payment which often is only a fraction of the representation made in the annual statement. One of the urgent needs is a standardized truthful system of accounting with the same figures available to the public and to the tax collector—as are made available to the in-

vestor. A "truth in annual statements" law is most urgently needed.

The accounting practice in annual reports has come to include a new ingredient: The reporting of combined taxes paid—Federal, State, sales, excise, and local real estate taxes. If the same accounting principles were applied to the individual taxpayer, the combined totals will show even more clearly how the individual taxpayer gets socked.

And so we come to the 7-percent investment credit—a 7-percent tax writeoff for every kind of capital goods purchase—80 percent of which would have been acquired without the tax writeoff. Thus, an enterprise can get a 7-percent tax writeoff for its expenses in relocating from one area to another. This will provide a tremendous stimulus to the practice of moving and relocating American business from urban areas to the country. Our Committee on Ways and Means never received conclusive information on the extent to which the 7-percent credit would be granted for purchases which would have been made without the tax incentive. Nor was there any discussion as to the effect of the 7-percent tax incentive on business relocation.

Those who urge this bill claim some relief for the low-income taxpayer—but they completely overlook the manner in which this bill provides tax relief for large oil companies. In addition to intangible drilling costs—intangible to the tax collector—the 22-percent depletion allowance, the foreign tax credit, we now add the 7-percent investment credit and the special tax break of DISC. The investment credit and DISC will remove several of the largest petroleum companies of America from the list of taxpayers. They will be permitted to ravage the countryside for resources, pollute the air and our streams, sell their product under government-protected prices—and pay no taxes. When these facts come to light several years hence, it will become known as the shame of America—and there will be a major taxpayer revolt which will make 1969 look like a mild skirmish.

The 7-percent investment credit serves to "wash out" all of the 1969 efforts at tax justice. It is being done in the name of recovery—but it is the average taxpayer who is being "done in." When the grave injustices of this proposal are "exposed," there will be vigorous efforts to rescind this action. Tax injustice can never be made permanent in a civilized society.

My vote will be cast against this bill. Under the closed rule, there is no opportunity to amend it or to improve it. When the administration and the Congress are passing out tax breaks to important contributors—it is difficult to stop the giveaway steamroller.

Mr. GREEN of Pennsylvania. Mr. Chairman, I rise to question whether this legislation (H.R. 10947) provides an adequate cure for the Nation's severe economic ills.

In committee, I listened intently to the debate and I voted to report this bill out, reserving the right to oppose it on the floor. I did so because I felt the committee was not disposed to make any further changes in the legislation and because I believed that quick action, favorable or unfavorable, was necessary. We must ask ourselves what we are trying to do with this tax legislation. I believe the President spelled out what he wanted on August 15 in his television and radio address. He said then:

> The time has come for a new economic policy for the United States. Its targets are unemployment, inflation, and international speculation.

I agree with this goal.

But, I see nothing either new enough or bold enough, or all encompassing enough to achieve it.

In fact, for his "new" economic program, the President has resurrected some earlier economic programs which he killed because they did not get to the root of the problems as he defined them just 2 years ago. On April 21, 1969, the President called for repeal of the investment tax credit, declaring that—

> This subsidy to business no longer has priority over other pressing national needs.

I assume that the President's definition of national needs, then, was not very different from my own. I would also have to assume that they are not very different today when our cities are nearly bankrupt, our schools are closing early, our welfare rolls are increasing, our health care coverage is expensive and inadequate, crime frightens our citizens and our consumers are dissatisfied by goods manufactured with built-in obsolescence.

However, in little more than 2 years' time, the President has reversed himself. He acts now as though social ills had been cured and subsidy to business is once again of primary importance.

Based on our recent experience, I do not see how a long-term loss of Federal revenues can solve the problems of this society. I do not see how giving corporations a $70 to $100 billion tax break over the next 10 years—through investment tax credit, accelerated depreciation, and a share in the benefits of the automobile excise tax repeal—will improve the chronic economic and social problems of this society. Economists tell us the Nation will not feel the impact of the President's programs any sooner than 18 to 24 months from now—too long a wait to relieve the unemployment agony of 5 million Americans.

The 6.2-percent rate of unemployment, for instance, represents more than just the millions who cannot work because they do not have the training to qualify for jobs in our increasingly sophisticated society. It also represents the trained persons who cannot work because there are no Federal, State or local funds to hire them—people like teachers, college professors, and engineers. It also represents the dropouts, as well as the high school and college graduates, for whom there are no job openings. It represents those who have been laid off—for whom there is the hope—but not the promise of rehiring. Even today many corporation executives claim they can boost productivity through overtime rather than new jobs.

How does the proposed economic package purport to deal with their problem? I am not sure it does. The only hope is that some benefits will find their way to those in need.

I agree that the economy needs stimulation. But I do not believe that the Federal Government should take so passive a role in directing recovery. I believe investment in the public sector of the economy would have a more salutary effect, stimulating both employment and a solution to other national problems.

I think the President himself presented the best argument against his present program when he told the American people in 1969 that U.S. productive capacity no longer needed broader modernization to compete with industry abroad. He suggested that the $400 billion spent on new plants and equipment in the sixties had brought the economy to new levels of productivity and effectiveness. If we accept the President's reasoning, and place it in the light of today's American industry operating at 73 percent of capacity, it is difficult to understand the heavy emphasis on capital investment in the Nixon economic program.

I do not want to stress what I see as the negative features of this legislation to the exclusion of the positive work accomplished by the Ways and Means Committee.

They increased the low-income allowance from $1,050 to $1,300, relieving individuals and families living below the poverty line of their Federal tax burden;

They accelerated the tax schedule on personal exemptions;

And, on the business side, they prevented the Domestic International Sales Corporation—DISC—from becoming the incredible bonanza that the administration proposed.

On balance, however, I question whether the bill merits passage.

The benefits to the American people are far too indirect to aid our economy when it needs it—right now.

The stimulus to buy automobiles, for example, merely represents a diversion of spending from other sectors of the economy. It singles out for changed status the automobile industry at a time when the social costs of the automobile cloud the future of big cities with problems of pollution and transportation development. Repeal of the auto excise tax offers the American taxpayer a bargain on a new car if he or she is well off enough to afford one without giving him or her particularly the less fortunate the same break on other consumer items. There are other ways to reach more people, and to allow them the choice of how to spend their consumer dollars. For example, we could provide a consumer credit allowance. Passage of the welfare bill which passed the House would also help. At any rate, under existing law, the auto excise tax will be phased out by 1974.

In effect, this legislation guarantees huge benefits for industry with inadequate guarantees that they will pass on to the public. It masks a permanent 15-percent tax cut for corporations while allowing a one-shot, 1-year acceleration of the personal tax cut.

In short, I question whether the Amer-

ican public is the chief beneficiary of its own money. And whether once again the few are not getting a better shake than the many.

Mr. REUSS. Mr. Chairman, I shall vote against H.R. 10947 tomorrow. I set out my reasons for opposing the bill at some length yesterday—CONGRESSIONAL RECORD, October 4, 1971, page 34832—so I shall not repeat them here. Suffice it to say that my main objection to the bill is that it dispenses some $9 billion a year in sorely needed Federal revenues over the next 10 years for no good purpose. If the economy needs a major temporary fiscal stimulus let there be temporary tax reductions. But to permanently erode the Federal tax base to the tune of $9 billion a year in order to bring a temporary stimulus to the economy seems to me to be extremely shortsighted.

How shortsighted it is is illustrated by two recent projections of Federal revenues and expenditures through the 1976 fiscal year. The first, the National Urban Coalition's "counterbudget," recommends a substantial reordering of budget priorities, and concludes by estimating that their recommended fiscal year 1976 budget of $353 billion would exceed revenues from the present tax system by nearly $70 billion. Enacting the current bill would obviously widen the gap even further.

The second study, prepared by a Brookings Institution team headed by former Budget Director Charles L. Shultz—"Setting National Priorities: The 1972 Budget"—attempts to project the so-called fiscal dividend—the funds available for discretionary use by the President and Congress—for the 1974 and 1976 fiscal years. This projection assumes no changes in existing programs and no new programs beyond those proposed in the President's fiscal year 1972 budget. Their conclusion, briefly, is that there will be no fiscal dividend at all in 1974, and only a small—1 percent of GNP—and somewhat conjectural dividend of $17 billion in 1972. Again, reducing projected long-term revenues as this bill does simply bleakens the picture.

Reducing taxes is always a pleasurable exercise, but the day of reckoning comes eventually. One of these days a President is going to be coming up to the Hill with proposals for new and higher taxes—value added, surcharges, or whatever—to make up for the revenues given away in this bill, and we will discover once again the truth of the old adage that there is no such thing as a free lunch.

Mr. DONOHUE. Mr. Chairman, unquestionably, H.R. 10947, designed to repair and strengthen our faltering economic system, is one of the most important measures to come before this or any other Congress in modern history.

Not only is our current and future economic security dependent upon its success, but also, and equally important, the renewed unity and spirit of the American people. Admittedly this is a very great deal to expect from one legislative measure, but I most earnestly hope that it will accomplish the common objectives we all seek.

I, and many other Members, would, of course, feel much more optimistic about the full success of this bill if it contained as we have urged, a greater measure of tax relief to those who need it the most and would spend it the quickest, thereby stimulating production and creating employment, and gave lesser tax consideration to business, especially at a time when their current operating capacity is below 75 percent.

However, the bill presented to us today is offered as the best compromise that can be developed by earnest and sincere committee members and, since it is not open to amendment, we must totally accept or reject it.

Under these circumstances and because it does represent, at least, a first step toward stopping inflation and reversing a recession, by providing, in part, for the repeal of the automobile excise tax, a 1-year acceleration of scheduled increases in the personal tax exemption and standard deduction rates, a $300 increase in the low-income allowance and a business investment credit designed to develop job opportunities and decrease our rising unemployment rate, I intend to support this bill. Although this proposal is not all that each of us would like, I believe we should avoid the dangers of any further delay and adopt it as the beginning of our legislative war against national inflation, with all its accompanying evils, while the Congress stands ready to move in, as the battle progresses, to strengthen any weaknesses that develop and correct any inequities that may arise. That is the job of the Congress, as I see it, and we must not fail in this challenging task because the consequences would be indeed tragic not only within our own country but throughout the world.

Mr. JAMES V. STANTON. Mr. Chairman, I rise in opposition to H.R. 10947. This legislation has been called a rich man's bill and a poor man's bill, and is seen by others as a bag full of nuggets for everybody. Given the time, we could argue for days in this Chamber about whether this is a liberal or conservative bill, Republican or Democratic, bipartisan or nonpartisan. But this measure is complicated enough from the standpoint of economics, and certainly impressive in terms of verbiage—we have, for instance, a 110-page report from our distinguished colleagues on the Ways and Means Committee—and, personally, I do not think semantical desputes add anything to our understanding of the bill and that, in fact, they obscure the real issue. I ask you, for example, what difference it makes whether we call the old familiar investment tax credit by that very name, under which it is thought of as a boon to business, or whether we agree with President Nixon to switch to its new name—the "job development credit," which implies, I suppose, that here is one big break for the working people.

Far more important, Mr. Chairman, than words and labels are two underlying questions of public policy. First, what do we want to accomplish in the short run through this legislation? All of us here will readily agree on the answer to that one.

We want to start the economy on the upswing for all Americans, whatever their station in life, and at the same time we want to curb inflation. The second question is: Whether or not the bill is successful in this respect, where will it leave us in the long run? I submit, Mr. Chairman, that this particular bill will leave us with a dangerously depleted Public Treasury, and it is on that ground especially that I oppose it. By the end of calendar year 1973, according to the administration's own figures, we will have jettisoned $16.6 billion in revenues—because the tax relief granted in many categories will be permanent, rather than temporary. Other estimates I have seen peg the tax loss at some $10 billion a year over the next 10 years.

Now, I suppose I ought to be overjoyed by the prospect of going back home to my constituents and reporting to them how much I will be saving them—or at least some of them—on their taxes. But I know—as I am sure all of us here know—that the applause we receive will be brief. Before too long, the citizens will be demanding to know what we in government intend to do about water and air pollution, about aid to education, about a cancer cure and health services of all kinds, about crime reduction, about transportation improvements and safety, about decent housing at reasonable prices. They will ask us why the bold programs which we continue to enact here are not adequately funded. And our answer will again be that we cannot afford the money for these crucial programs because, you see, in view of defense needs and our narrowed tax base, the budget is too tight.

And then, of course, as we have already observed, public cynicism about us will continue to spread and we in Government will be accused—justly so—of not being responsive to the needs of the Nation.

Over the past several years Congress has enacted many innovative programs to improve the quality of life in this country. However, because budgetary limitations have denied them an adequate level of funding, the promise of these programs has often remained unfulfilled. For example, the Advisory Commission on Intergovernmental Relations has reported that, in 1970, Congress funded education programs at only 45 percent of the amount which could have been authorized by law; the air pollution control appropriation was 60 percent of the authorization; highway safety programs were funded at 30 percent of the authorization; and dropout prevention programs were funded at only 16.7 percent of the level which the Congress established when it enacted them into law.

Mr. Chairman, I think we ought to construct a tax program calculated to subject us to prolonged applause. I submit that we can do that, if we take a little more time. Inflation and recession have been with us for quite a while now, and we ought to be a little more deliberate at this moment in our attempts to deal with it. Just because President Nixon has suddenly developed a sense of urgency, sharing with us for the first time the concern that most of us in this Chamber had developed rather early, we need feel no obligation to permit him to chart the way for us. The advice we have given him until now has been good; he must have thought so, because he finally adopted it.

Therefore, we should keep the initiative and continue to advise him. Congress ought to proceed with its own plan to get the Nation moving.

In this connection, Mr. Chairman, I would like to direct the attention of my colleagues to spadework already done by our Joint Economic Committee. While the President was preparing his order to freeze wages and prices, the committee was in the process of completing a report published August 16 under the title "Midyear Review of the Economy." This report contains a number of suggestions for stimulating the economy, most of which appear sensible to me and which, I might add, are consistent in principle with proposals I have been making over these last several months. The committee is on the right track, in my opinion, because, as it says on page 6 of its report:

All of the tax and expenditure changes which we are recommending are temporary and designed to phase out as full employment is restored. We recognize that future demands on the budget will be very heavy relative to available resources. A program of economic stimulus which committed resources far into the future regardless of the level of employment would be short-sighted and ill-advised. None of our suggested measures would have this effect. None of them will damage our ability to responsibly finance vital Federal programs in the future.

The committee's principal recommendations are summarized on page 2 as follows:

The personal income tax reductions presently scheduled for 1972 and 1973 should be made retroactive to January 1, 1971.

The increase in the social security tax base presently scheduled for January 1972 should be postponed. The additional increase in the tax base and the increase in the tax rate contemplated under H.R. 1 should be instituted on a gradual basis beginning no sooner than January 1973.

The level of expenditure for emergency public service employment should be increased to double the $1 billion for fiscal 1972 and $1.25 billion for 1973 authorized by the recently enacted Emergency Employment Act.

At least $1 Billion of the funds already appropriated for housing and urban development but presently impounded by the Administration should be released immediately.

The Federal Government should adopt a system of payments to State and local governments to compensate these governments for the shortfall in their own tax revenues caused by high unemployment. The amount of such payments should be related to the unemployment rate, and such payments should cease when the unemployment rate no longer exceeds an agreed upon figure such as 4½ per cent.

A comprehensive policy of voluntary price and income guideposts should be instituted at once. The President should establish a price and incomes board, or other suitable machinery, to collect and publicize price and income data and to administer the guideposts.

Monetary policy should be conducted in such a way as to reduce longer-term interest rates at least to the levels which prevailed in January and February of this year.

In addition, the committee conducted hearings in the wake of the President's action on wages and prices, and it received comments from a number of distinguished economists. I think it behooves us here, with H.R. 10947 under consideration, to pay heed to what some of them said. Charles L. Schultze declared:

While we need tax cuts at the present time, to help bring the economy out of recession, we will—once the economy has returned to full employment—need every dime of revenue generated by the present tax system to meet even a minimal estimate of national needs in the public sector. Almost every future projection of the fiscal dividend for the mid 1970's shows that it is very slim indeed, and far too small to be eroded by permanent tax cuts.

And Robert R. Nathan, another noted scholar, asserted:

With our cities and states in dire need of financial help, with air and water pollution with required massive urban rehabilitation, with tens of millions of Americans living at poverty levels in a trillion dollar economy, with billions needed for mass transit to overcome congestion, with more health and recreation facilities and services required, it is hardly the time to choose lower taxes rather than higher expenditures to restore full employment.

Mr. Chairman, while we are awaiting an announcement of the President's plan for phase II of his "New Economic Policy," I would like to see Congress explore some of the alternatives suggested by the Joint Economic Committee and others for giving a temporary boost to the economy. I would also like to hear more discussion about the feasibility of making temporary, rather than permanent, some of the tax changes proposed in H.R. 10947. Therefore, I do not feel I can support the legislation at this time.

Mr. UDALL. Mr. Chairman, reluctantly and for a variety of reasons which have not been fully expressed by any of my colleagues in this debate, I intend to vote against H.R. 10947, Revenue Act of 1971. I do not want my vote to be misinterpreted and misunderstood; thus this explanation.

This will be the second time this week I have voted against important elements of President Nixon's new economic policy though I strongly supported generally his August 15 decision to move decisively against the unprecedented stagnation and inflation which afflicts our economy and against the deteriorating position of the dollar.

My reasons for refusing to support delay of January 1972 comparability pay adjustments for Federal employees—to the extent to be allowed all other segments of society—are adequately, I hope, explained in my remarks during debate on House Resolution 596.

On the bill before us today I shall vote "no" not just because we are cutting taxes in the face of what already appears a likely deficit of more than $30 billion. I am not that frightened of deficits, although this one should not be that large.

And I am not voting "no" just because this bill contains too much tax reduction for business and not enough for individuals, although it clearly is weighted against individuals who need more income.

And I am not against the measure today just because it contains too many inducements for capital investment, although it does. What we need is not new plant capacity—plants we have now are operating at about 70-percent capacity.

The main reason I am voting "no" is one that has been little discussed and one that I think many of my colleagues overlook. It involves priorities. How many times in recent months have I heard clarion calls for new priorities. More money desperately needed for cities, for mass transit systems, for public works projects such as the central Arizona project, for improved medical facilities, research and health care delivery, for coping with pollution, for fighting drug abuse, for the fight against crime, for decent land-use planning and development, for desperately needed welfare reform and even for revenue sharing.

We have already learned that diminution in the war effort is not likely to provide any peace dividend—any mass money with which this Nation can tackle these critical problems. We can, of course, hope to divert spending in some areas to another. But the prospects for great diversion are not bright.

Indeed, I might ask my colleagues who believe that our Navy is outmoded and needs billions of dollars of new warships, who argue for new defense systems—where are we to get this money if we erode the tax base in such a substantial way?

The economy surely needs stimulation. But there are two ways to do it—cut taxes or increase spending. The latter stimulates just as effectively and permits us to have some of the moneys needed to work on those things this country ought to be working on if we are to make this land better for generations which will follow us.

As we ponder these two ways to stimulate the economy we ought to remember that one way gives us a stronger country, better communities. The other gives us more beer and cosmetics and television sets and automobiles. Do we really need more of these now?

Paying higher taxes—or not cutting taxes as in this case—represents a genuine sacrifice by the American people. Unfortunately, it is not a very glamorous or romantic sacrifice like marching off to war or braving the wrath of your neighbors by picketing for civil rights or clear water. In fact, as I tell my constituents, it is downright dull and anonymous, which makes this sacrifice all the more irritating.

Nor is it exactly exciting to contemplate the prospect of having one less car or one with less horsepower or of ridding ourselves of subservience to more and more power-hungry gadgets.

But it is our task, as elected leaders, to begin to talk about these prospects and to take opportunities like this one today to begin to turn the tide around.

In a sense, this bill says to industry: go ahead and produce just almost anything without weighing what we really need. As the 1972 campaign warms up we will hear many Democrats and maybe a few Republicans make stirring speeches telling the voters how we should reorder our priorities by putting many billions of dollars into the things we all know this country needs. Yet today, by passing this bill, we will have made perhaps the most crucial priorities decision of all—and we will have decided not for new ones, but for the old.

Official revenue loss estimates for this bill show that its passage will divert in the first full fiscal year 11.2 billion badly needed Federal dollars from public sector spending to private consumption. And every year more revenue loss will be added and compounded. What we are deciding today is that in the remaining years of the 1970's, we will divert something over $100 billion. Those who next year will speak against pollution and sick cities and for more mass transit ought to stop and think before making this choice.

Mr. KEATING. Mr. Chairman, today, we have before us the parts of the President's economic program that require congressional action. The President has acted on several fronts to improve the domestic job situation and also to improve the situation of the dollar in the international market.

If we are to see the program successful, it must be approved as a total package. It is also essential that this legislation be approved with all deliberate speed.

Economy programs, by their very nature, take time to have great impact and therefore, in order to reduce unemployment, should not be tied up in Congress.

Before the summer recess, I was joined by more than 30 of my colleagues in introducing the investment tax credit bill. This credit is now contained in the bill that is before us and I feel will have a definite effect in creating more jobs immediately.

Former Secretary of the Treasury Henry Fowler stated in 1969 that the investment tax credit of the Kennedy and Johnson administrations were designed to increase the national productivity and promote competitive efficiency and services.

The statistics reinforce the former Secretary's statement. During the 7 years of 1956 through 1962 when there was no investment tax credit, capital expenditures were almost static at $35 billion in 1956 and $37.3 billion in 1962. But after the passage of the tax credit, plant and equipment purchases rose at a remarkable rate to $64 billion in 1968. What this means is greater employment and a healthy economy. In southwestern Ohio officials from the steel, machine tool, and area industries estimate that the ITC will create nearly 5,000 jobs.

Critics of the President's program state that this is nothing but a bonanza for big business. One did not find this same criticism when the credit was proposed by a previous Democratic administration. The above demonstrates that the credit has had the distinct record of being a proven economic tool. It has also been stated by critics of the President's program that the investment tax credit will have little effect because today plants are only running at 75 percent of capacity. In 1962 we had a similar situation with plant capacity running at only 82 percent.

When the tax credit was effective the Nation experienced a period of high employment and held a strong position in the world economic community. But today, we are losing our competitive edge. This is one of the factors that necessitates the President's economic program.

In his speech before a joint session of Congress, the President emphasized the need for this Nation to compete on an equal basis with the other industrialized nations of the world. This change in our tax structure is essential if we are to sell American goods in the international market.

Again, the President's program is well balanced and if passed in total, it should do a great deal of good. I do not believe that this gives some special bonus to industry. By making our goods more competitive, we are assuring greater employment for the workingman and this is what we are trying to achieve.

In his August 15 speech, the President announced a 10-percent surcharge on imports and made the tax credit void on foreign products when the surcharge was in effect. But I feel we must realize that the surcharge is a temporary measure and not a permanent solution to our balance-of-trade problem. We cannot allow ourselves to hide behind a wall of isolation. This Nation has the ability to compete in international trade if we adjust our laws accordingly.

In the coming weeks the President will be announcing phase II of his economic program. By a vote October 4, 1971, the House demonstrated that we are willing to take steps to insure success of the economic effort. However, it has been stated on many occasions that the wage-price freeze, by its very nature, has many inequities. Our dynamic system of free enterprise cannot be constrained under the limitations of a wage-price freeze for an extended period of time.

Tight controls over wages and prices will have a tendency to decrease the motivation of workers and remove the competitive spirit which is so necessary in our economy.

In developing phase II, I am confident that the President will set forth a program that will serve as a step between the wage-price freeze and a return to the open marketplace. I am sure that the President will have the continued support of the Congress if phase II is as bold and innovative as the program announced on August 15.

Mr. FRENZEL. Mr. Chairman, the legislative proposal announced by President Nixon on the evening of August 15 to stimulate our economy was a good one, and when enacted will provide for an increasing capacity to create jobs domestically and provide stimulants for our lagging economy.

The bill which emerged from the Ways and Means Committee was even better for it provided the necessary tax relief which will allow the consumer to get more spending power out of his income.

It is highly doubtful that any one of us agrees with all of the provisions of this bill exactly as they are written. Personally, I would have preferred different DISC provisions, a date earlier than April 1 for the retroactive beginning of the investment tax credit and a number of other minor alterations.

On balance, I strongly favor the bill and urge immediate action on the part of this body and the Senate to enact these provisions into law.

I would again remind you of the statement made yesterday by the ranking minority member of the Ways and Means Committee and others, who stated that the effectiveness of this legislation is in large part dependent on the ability of this Congress to speedily enact it into law so that the economy and the jobless can sooner participate in the benefits of this program.

The Ways and Means Committee is to be commended for the expeditious, yet thorough manner in which it conducted hearings and produced this bill. I am hopeful that the Senate will quickly consider this legislation and that a bill can be presented to the President soon.

Mr. BADILLO. Mr. Chairman, I wish to express my opposition to the Revenue Act of 1971—H.R. 10947—as I believe it simply continues to carry forward grossly distorted priorities. Furthermore, by clearly favoring the vested interests of big business, this measure is detrimental to the best interests of the majority of American taxpayers. It is basically incapable of achieving the goals it is designed to reach, particularly without creating undue and unnecessary hardship on many citizens, especially the poor and those living on fixed incomes.

The Revenue Act is based on economic principles which have proven to be shopworn, outmoded, biased and unworkable in the past. Although industry will enjoy a nearly $8 billion tax bonanza each year, for example, the average American taxpayer will only receive a 1-shot, 1-year tax reduction. These tax advantages cannot be one-sided and the benefits extended to industry will be virtually meaningless unless some major breaks are afforded to the consumer to increase demand.

As long as tax cuts are an integral part of this legislative package, it seems not only reasonable but mandatory that we should also enact more comprehensive tax relief for low-income persons and families well beyond those increases in the personal exemption and standard deduction contained in the legislation. In addition, the Congress should postpone the scheduled increase in the social security tax base, for the Americans hardest hit by inflation have been senior citizens living on fixed incomes.

A highly touted and much publicized feature of H.R. 10947 is the repeal of the 7-percent automobile excise tax. While this action may help spur economic growth, it will certainly do so at the expense of our cities which are virtually strangling in automobile congestion and exhaust fumes and will favor only industry and the small number of consumers purchasing new cars. Any excise tax repeal should certainly be tied to a strict timetable for the development and marketing of an emission-free automobile.

Mr. Chairman, no visible proof has been offered that this measure will either develop new employment opportunities or spur and revive our badly depressed economy. To the contrary, unless there is a sizable increase in consumer demand, few new jobs will be created. Also the measure's job development features are patently nothing more than another device to boost profits for big business.

Equally important is the fact that the funds diverted by this ill-conceived and

highly questionable program will be at the expense of much more pressing public investment in housing, education, aid to our financially beleaguered cities, health care, job development programs, and other measures designed to directly benefit those suffering the most by the inflationary spiral and unemployment.

Prompt and effective action must be taken to halt the vicious growth of inflation and to restore stability to the Nation's faltering economy. However, such steps must not be conducted at the expense of the average American wage-earner and his family. Effective economic growth simply will not be achieved by providing handouts to big business while ignoring the multitude of pressing social needs.

The American public has been called upon to make certain sacrifices in the name of the national interest and to assist in achieving economic stabilization and development. However, this must be shared equitably by all segments of society and one group must not secure benefits denied to others. The Congress has not met its responsibilities in setting the Nation's spending priorities and the passage of the measure we are considering this afternoon would be a clear forfeiture of such responsibilities. The realinement of economic priorities and goals is not simply a matter of economic necessity, it is equally a matter of social justice. We cannot afford to ignore the challenge confronting us and I urge the defeat of the Revenue Act.

Mr. DENT. Mr. Chairman, I challenge the statement of the President on the effects of the 10-percent surcharge on imports and exports.

I have before me this morning the Wall Street Journal which says:

Acute profit squeeze plagues car makers due to price freeze. Nixon's bid to aid them has immediate reverse twist; Foreign-car sales spurt. Detroit fights to cut costs.

I doubt if too many of us have taken time to analyze the 10-percent surcharge and all of its fakery and quackery that is propagandized in the capitals of exporting nations.

A close review of the 10-percent surcharge shows that either knowingly or unknowingly the President misled Congress and, I am sure, the American people by saying he was putting on a surcharge of 10 percent. This is not true, because later on one discovers that it is not a surcharge, because a surcharge is a charge over and above the present rate of border and custom taxes; whereas, the 10-percent surcharge, according to the manner in which it is being administered, is a limit of 10 percent by adding the difference between an existing tax rate of below 10 percent up to 10 percent. With this being the case, it is estimated that more than 50 percent of all imports into the United States are not being affected by the so-called 10-percent surcharge.

In the case of automobiles, it turns out to be a negative gain for the American automobile industry, insofar as the foreign shipments are concerned.

This is the way it works: The President boosted the 3½ percent tariff by 6 percent to make it 10 percent. However, his request for the 7 percent excise tax coverage for imports, as well as American products, deducts from the 10-percent surcharge the 7-percent excise tax leaving a 3-percent border tax or tariff on the imported car. This compares to the 3 percent before the President's widely heralded surcharge.

In the first place the 7 percent is an excise tax, but is known as a manufacturing excise tax and is paid directly by the manufacturer and it is a question as to whether we can assess a manufacturers tax in a foreign country.

Actually, what really happened is the foreign product has the 7 percent added to it when it arrives in the United States and this is paid when it is picked up for delivery by the importer. Another way the import cars beat the border tax is that they allow a high gross profit for their distributors who in turn use part of that extra income to do their advertising. Whereas, in the American industry advertising costs are normally put into the f.o.b. costs of the product, and any taxes such as excise taxes, and so forth, are assessed against the selling cost of the car which include many extras that are forgiven on foreign imports.

More important after the removal of the so-called 10 percent surcharge, the applicable rate against autos drops from pre-Nixon speech of 10 percent to 3 percent. Actually a 7 percent drop.

We do not think the sales of our vehicles will be materially affected.

In an article in Automotive magazine a paragraph headed "Tora, Tora, Tora" gave the following information:

Toyota expects to sell about 350,000 cars in the U.S. this year; it sold 180,000 units in the first half. Then, next spring it will begin exporting into the U.S. a new truck, similar to small Datsun pickup which is breaking sales records daily.

Japan buys very little from the United States, other than scrap metal, some air-conditioning units, automomobile radios, and batteries.

Japan says it has a bright future despite Mr. Nixon's challenge of peace:

With automobiles averaging $2,200 in price and with dealer gross profit per car at $420, and net profit at $180, Toyota is not losing any sleep over re-evaluation of the yen or the moves already made by the Nixon Administration.

The next paragraph should be titled, "Sucker, sucker, sucker." It reveals that the first 7 months of this year, imports accounted for 16.2 percent of sales compared with 13.5 percent a year earlier and 11.2 percent in January–July 1969:

At the present rate of foreign car sales, they could exceed all of 1970's record 1,277,689 (U.S. and tourist deliveries) by early October and go on to a new high of more than 1,650,000 for all of 1971.

Toyota is running 70 percent higher in deliveries for the same 7-month period a year ago.

Using Mr. Nixon's own figure of 25,000 jobs created for every 200,000 cars sold, the sale of foreign automobiles will take 208,000 automobile jobs this year from American automobile workers. To show what is wrong with the whole picture all one must do is to take the emergency job program recently passed by Congress where $7,500 a year—average—jobs have been set up for each individual employed in this emergency program. These jobs are not actually productive jobs in the sense that they only add to local government operations.

In my district 125 jobs have been created at an average cost of $7,500 a job. Using this same wage base and multiplying it by 208,000 workers who will lose their jobs in the automobile industry it would cost $1,560 million under the emergency employment program to keep these workers off the streets.

According to Harold Benninger, from the Meat Cutters Union, in 1969 it would take 2,100,000 American workers to produce the imports that come into the United States in the manufacturing industries.

The most inconsistent situation arises when one considers that the big farmers in the United States who are the beneficiaries of a multibillion-dollar subsidy program and enjoy most restrictive covenants, tariffs, and embargo protection from overseas are screaming their heads off over the President's misleading 10 percent surcharge. The President in his message has suggested the possible subsidy program for manufactured goods, but there is not enough money in the whole world to pay enough subsidy to keep American workers on their jobs without protective covenants. The proof of that is that at this moment the U.S. Government has a greater deficit and national debt than all the other countries in the world put together, and the American people owe more money for their cars, television, et cetera, than all the what all the people in the whole world owe together.

If this is what the free traders call "American greatness and prosperity" then Lord help us when free trade runs a full cycle and all barriers are cut down, as suggested by the President's Tariff Commission.

I happen to have been in Europe and Africa during the time the President made his public statement. If I remembered correctly, in speaking of the automobile problem he said this would aid the production of American-made automobiles, for every 200,000 additional cars produced this would mean 25,000 more jobs in the auto industry. Yet, simple eighth grade arithmetic shows that the net result of the 10-percent surcharge on automobiles, when weighed against present tariff and the 7-percent manufacturing exemption, actually ends up with one-half percent less tariff to be paid by the Japanese and other exporters of autos to the United States. This, plus the fact that the low f.o.b. cost or selling cost to our own distributorship setups in the United States, perpetuates an inequity in custom charges between our exports and our imports.

I have never believed in quotas, I believe in equity in the marketplace.

For the first time in my long years of fighting for job opportunity and security in America, and fighting the impact of imports on American employment I find that all of the predictions that I made are coming true

all too soon. A 40-percent penetration of the west coast market in less than a 3-year onslaught of Japanese cars, and a 20-percent penetration of the entire American consumer market has wiped out, according to the President's own formula, a quarter of a million jobs in the automobile manufacturing industry. When you add the backup men, such as transporters, salesmen, distributors who work in the service and supply areas of the industry you come close to losing another 750,000 to 1 million jobs in addition to the quarter of a million jobs in the production part of the industry.

I was shocked to receive a letter from Mr. Peterson, the President's own trade expert in whose untender hands the welfare of millions of Americans have been placed, stating that more American jobs have been created by exports than have been taken away by imports. This was only 2 weeks before the President made his astonishing admission, that we did have job problems, because of imports. This truth has been evident for many years.

For a long time the American people have been denied the truth of the serious nature of the affliction that has plagued this Nation for the last decade. I have stated time and time again, and I believe it more firmly now than ever, the free enterprise system for industry and labor cannot survive in a free trade world where the marketplace of our high cost enterprise Nation can be invaded at will with little or no concern for rules, regulations, restraints or other cost mandated by Government on American production facilities.

It is a sad, but interesting commentary that the minimum wage laws of the United States, handled by my committee, places a higher cost on labor than the maximum wages paid in all, but supervisory and specialist jobs of all the world. I have just returned from an inspection and study visit with my committee to various production countries. In one highly industrial and long-time production facility, in the area of the most vulnerable of all American industry—the specialty and tool steel, the wage scales paid are just an example of what we are faced with in a free trade world. Without going further into the details at this point, but in a prepared statement covering the subject matter, I expect to supply the Congress with facts and figures that our Government should have and should give to the congressional committee whose duty it is to protect American jobs and industry.

Wages in this highly skilled industry show workers over 18 years of age who are highly skilled receive 23 shillings, worth approximately 4 cents, or 92 cents an hour. Qualified skilled workers receive 90 cents an hour; other skilled receive 72 cents an hour; highly qualified semiskilled receive 64 cents an hour, qualified semiskilled receive 60 cents an hour. Unskilled hard workers earn 60 cents an hour; easy work workers receive 56 cents an hour and workers under 18 years of age, if semiskilled, are paid 53 cents an hour; unskilled 52 cents an hour.

Including all fringe benefits, and they run anywhere from traveling expenses, quarterly allowances, outdoor work allowances, and piece work as well as various bonus raises, the average wage is 20 to 35 cents above the listed wage rates.

They have the latest, most modern equipment and techniques and their taxes are at a much lower rate with export allowances, of course, thrown in. Compare that, and yet this particular and entrenched worldwide organization has lost between 65 to 75 percent of its exports to the United States; and, in a lesser or greater degree, exports to other countries. Of course the exports have been lost to the Japanese specialty steel industry.

The question I pose is if this company with generations of experience in world trade and the greatest outlets of any world wide trading company is being overtaken by the latest comer into the field, how can anyone expect the U.S. steel makers to hold on to their own domestic market, let alone try to become an exporting nation.

In all the investigative trips my committee and I have made, I have yet to find one country in the world that allows its industries to be destroyed by import.

It is interesting to note that the top skilled workers in this highly specialized industry receive 23 shillings, or approximately 92 cents an hour, as compared to the highly skilled American worker receiving $6 an hour plus fringe benefits.

In face of this we keep hearing the same free trade propaganda and economic untruths.

Mr. BROOMFIELD. Mr. Chairman, I rise today to urge passage of the Revenue Act of 1971. This legislation is calculated to stimulate our economy by combining tax reductions and incentives which will benefit consumers and business alike.

This measure will put our economy back on the road toward stability and growth. It seeks to favor no particular interest. Our economy is so complex so delicately interwoven, that any program designed to unduly reward one sector to the exclusion of another will in the final analysis fail.

Recognizing this fact, the bill is structured to confront and eliminate high unemployment, the rising balance-of-payments deficit, sluggish business growth, and inflation. I propose that each of these economic realities, taken in themselves, are serious enough to merit our consideration and taken in total, they demand immediate action.

President Nixon realized this when he instituted the wage and price freeze and suggested these sweeping tax reforms. Rather than cautiously confronting each problem in a piecemeal fashion which would only produce temporary relief, he boldly called for sweeping changes which attack each problem at its root and will enable our economy to proceed toward its full potential. I, for one, applaud both the President's initiative and his new economic game plan.

The impact of this legislation is twofold. It serves to stimulate greater spending by consumers and simultaneously increase investment and expansion by business. As for its specific proposals, a study of each will demonstrate their value.

Mr. Chairman, by accelerating by 1 year the tax deductions for individuals we will be increasing the buying power of consumers. Understandably the American taxpayers in reaction to growing unemployment and slow business expansion, has been playing his finances close to the vest. However, by lowering taxes, confidence will be restored and increased spending will stimulate the prospects for business.

The second major proposal, a 7-percent job development credit, will also encourage manufacturers to expand. This in turn will generate more employment and begin a new cycle of spending. Since this credit was repealed in 1969, expenditures for new machinery and equipment have fallen drastically—to the lowest level in the past 10 years.

Further, the repeal of the auto excise tax will save Americans an average of $200 per car, encourage auto production, and cause the direct employment of an additional 150,000 people. A closer look reveals even greater benefits; car buyers will find that their purchasing power will be stretched. They will be free to purchase other goods and services, which in turn will aid all domestic firms.

Let me add, Mr. Chairman, that these proposals have not been developed in haste nor are they the result of a change merely for the sake of changing. On the contrary, these suggestions have been weighed and considered by many in the past. Indeed, I am happy to say that I have joined with Members of this House to introduce similar legislation earlier in this session—a reduction in personal income taxes, repeal of the auto excise, and revival of the 7-percent investment credit for small business.

These bills are identical to each of the three major reforms for our domestic economy that are included in the Revenue Act except that the latter will apply the investment credit to all firms regardless of size.

The final provision of this act, the DISC concept will give a needed tax break to those industries that are engaged primarily in exporting American goods. This measure serves to promote fair as well as free international trade. Also, additional American participation in foreign markets will brighten employment prospects for those citizens seeking jobs.

I am convinced, Mr. Chairman, that the stagnation of cur economy stems more from a lack of confidence in our financial prospects than any other factor. The Revenue Act of 1971 will provide just the boost of confidence that the Nation requires and will strengthen our business posture at home and abroad as well as raise the standard of living for all Americans.

Mr. MONAGAN. Mr. Chairman, the Revenue Act of 1971 (H.R. 10947) before us today, is one of the most important bills this Congress will consider, and though I have certain reservations about this legislation, I intend to support it and I commend the Ways and Means Committee for its fast and effective approach to a national problem of massive proportions.

The performance of the economy over the past year evidences the need for this emergency legislation. The growth in our gross national product has been disturbingly small, capital goods expenditures have risen little, and the unemployment

rate, at 6 percent in the Nation, has reached near-depression levels in some areas of the Nation. During the first half of 1971, the economy grew at a real rate of only about 3 percent. A recent survey records an increase in plant and equipment spending of only slightly above 2 percent.

Connecticut has been particularly hard-hit. In August, 9 percent of the labor force in the State as a whole were without jobs. Unemployment in Waterbury was 11.5 percent, in Ansonia 14.9 percent, and in Bristol 23.0 percent. Some of this unemployment has resulted from cutbacks in defense spending. However, a main cause of this recession has been the administration's planned economic slowdown. The slowdown has now reached the point where stimulation of the economy is necessary.

Ironically, the slowdown, although causing extraordinary unemployment, has failed to halt inflation. The inflation index continues to hover at 6 percent annually, and the Nation is faced with an unprecedented phenomenon of simultaneous unemployment and rising prices.

I was pleased that the President finally reversed his hands-off stand on the economy and instituted a 90-day freeze to correct these conditions. While this step should have been taken some time ago, and while an across-the-board move inevitably produces inequities, it was an essential and necessary action to get the economy back on an even keel. The freeze has bought time for the Congress and the administration to create a long-range employment and anti-inflation program. Means must now be devised to stimulate the economy to achieve full employment on the one hand while holding inflation in check through a wage-price program on the other hand.

The Revenue Act before us provides the basis for the expansion aspect of this program. The tax reduction in the bill will total about $1.7 billion in calendar year 1971, $7.8 billion in 1972, and $6 billion in 1973. Spread over both the consumer and business sectors, these newly available assets should provide one needed jolt to increase production and reduce unemployment.

The individual income tax reductions provided for in this bill take immediate effect and should prove particularly valuable in stimulating spending. For 1971, all personal exemptions will be increased from $650 to $675, providing total tax reductions of $1.4 billion for this year. For 1972 and subsequent years, this exemption will be further increased to $750. This reduction will provide for those who have been hardest hit by inflation, and it will do this where economic stimulation will be most direct.

The 7 percent investment tax credit and repeal of the auto and light truck excise tax will also provide valuable sitmulative tools for spurring the economy. Lagging investment in machinery and equipment has been a principal condition of the recession. The investment tax credit will allow industries to expand through the purchase of new equipment and will thus create new jobs. The possible repeal of the excise tax has already stimulated automobile and light truck sales. The actual passage of this section should provide for further expansion and for jobs.

I had hoped that this tax package would place more emphasis on consumer relief as a means of stimulating the economy. As the bill now stands, there is some imbalance between business relief and relief for the individual taxpayer, and other consumer stimulative measures, such as a deferred social security tax increase, should be examined for possible later use.

I have also some doubts that this package will provide enough stimulation to bring the economy back to full employment and an acceptable unemployment rate. The recession has hit Connecticut and other areas particularly hard.

Perhaps further measures will be needed to deal with our State's severe unemployment. I am presently studying further stimulative legislation in the event that this tax package proves inadequate for areas of severe recession.

On January 29, I introduced legislation to provide for an Emergency Guidance Board, to set basic guidelines for wage and price decisions. The guidelines in my bill were voluntary and those unions and industries asking wage and price hikes in excess of those guidelines would have been required to file an economic justification with the Board. The Board would then publicize those increases not in the national interest. However, this voluntary approach is probably impractical at this stage of development.

I am hopeful that some form of such regulation as a phase II anti-inflation program will emerge. The changed economic situation has made it clear that more enforcement powers should be added to this legislation. However, I feel that the bill represents a good basis for phase II. Congress should pass the tax package now before us to stimulate the economy toward full employment, and should then support a regulatory board as a means of holding inflation in check while full employment is reached.

Mr. WILLIAM D. FORD. Mr. Chairman, I rise in opposition to the President's tax bill. This bill is clearly the biggest tax bonanza in corporate history. Corporations stand to gain an estimated $80 billion over the next 10 years at the expense of the American taxpayer who would benefit to the tune of about $26 for 1 year.

It is time for this administration to stop catering to the larger corporations of this country and begin protecting the average American workingman. We have seen this administration time and time again fight for its big corporate friends at the expense of the American people.

The $80 billion in Federal revenue which the American people will lose as a result of this bill must be made up in some way. How does the President intend to do it?

He intends to withhold money from Federal employees that they have already earned by delaying scheduled pay raises until July 1972. He intends to withhold money from the poor and permit our present unworkable welfare system to continue by delaying the welfare reforms that he has repeatedly urged.

The President intends to slash Federal employment expenditures by 5 percent—and eliminate 100,000 jobs at a time when there are already over 5 million Americans ready and willing but unable to find work. And he intends to continue to withhold Federal funds from our financially strapped cities and schools.

Furthermore, Mr. Speaker, the program which the President has offered the American people is for the most part neither new, nor revolutionary, as many of us are led to believe, but it is basically a collection of retreads—of old proposals with new names.

The only new and exciting aspect of the main feature of the President's tax bonanza is the name—the so-called job development investment credit. Yet this is merely a revival of an old loophole in our tax structure which Congress repealed 2 years ago when we passed the Tax Reform Act of 1969.

This proposal would allow the corporations tax credits for purchases of new machinery and equipment supposedly to induce businesses to expand their plants by boosting their expenditures for new machinery and equipment, which will in turn create more jobs. However, there is nothing to indicate that this proposal will actually stimulate any plant expansion, let alone create more jobs, and I believe that it is pure fantasy to expect businessmen to expand their plants at a time when more than 25 percent of the Nation's production capacity is sitting idle. I would like to remind the President that businessmen do not purchase new machinery merely for the sake of purchasing new machinery, and that I do not believe in creating new tax loopholes just for the sake of creating new tax loopholes.

The asset depreciation range, the other major feature of the President's tax bonanza, is considered by many economists to be an even greater boon for the big corporations and even less of an economic stimulus than the so-called job development investment credit. While the administration maintains that this tax giveaway will improve the price competitiveness of American goods with respect to our trading competitors such as Germany and Japan, the actual improvement is minuscule in comparison to the estimated $6.2 billion which this provision will cost the American taxpayers in loss of revenue for the years 1971–72.

Mr. Chairman, it is most unfortunate that Mr. Nixon has chosen to help us out of our present economic quagmire by increasing corporate profits at the expense of the middle American taxpayer, but it is even more unfortunate that he is attempting to make the average American feel that he, too, will be participating in the benefits of this new game plan.

The so-called tax break to the individual taxpayer in the President's tax package is nothing more than a bread crumb when compared to the full-five course dinner he has served his corporate friends. While big business has been granted a permanent billion dollar bonanza, the individual taxpayer is offered a small, one-shot tax relief proposal which merely moves up by 1 year the $50 increase in the personal income tax exemption which Congress has already scheduled to become effective in 1973.

What does this mean to the average

taxpayer? It means that while big business receives a tax break amounting to nearly $8 billion a year for every year henceforth, the average taxpayer earning $9,000 with three dependents will receive a one-time-only tax break of about $26 which amounts to approximately 7 cents a day.

And finally, Mr. Chairman, I would like to point out that the effects of the traditional Republican big business bias are so obvious and so thorough in this package that all major benefits to big business are to become effective this year, and some of them are retroactive back to January 1. But what about that forgotten American, the average taxpayer? His minuscule and almost meaningless tax break would not come until next year.

Mr. Chairman, there is simply no way in which I can justify voting for this bill. A vote for this bill is a vote for "further big business tax loopholes" and a vote against the best interests of the overwhelming majority of middle- and lower-income American families who already bear an unfair burden of the taxes in this country.

Mr. McCLURE. Mr. Chairman, I suppose all of us view the Revenue Act with mixed emotions. We are grateful, however, that the President has had the courage to take some far-reaching steps, and that the committee has acted promptly on his recommendations. I intend to give the bill my support.

For me, one of the real virtues in this bill lies in the repeal of the Federal excise tax on automobiles. I have always found hidden taxes, by their very nature, to be unfair—almost dishonest. When a man buys an automobile, he pays the tax as part of the purchase price. There is no measurement as to his own ability to pay the tax as there is with the income tax.

While the graduated income tax is not perfect, it at least has the virtue of being open and above board and to some degree relative to the ability to pay.

The excise tax on automobiles is now 7 percent of the manufacturer's sale price. Present law envisions a gradual reduction until its eventual demise in 1982. However, the auto excise tax has already been in effect, off and on, for 54 years and that is a long, long time, even for a temporary tax.

It first went on the books in 1917. At that time the rate was 3 percent. Since then, the tax has been restored or extended more than 20 times.

I recall that in 1965 it appeared that all of these discriminatory taxes which place an unfair burden on the consumer were going to be eliminated. The committee report on the excise tax legislation that year stated:

> Consumers of the taxed products where the tax is passed forward must pay a premium, over and above the market price, for the taxed items, which consumers of untaxed items do not pay. These selective excise taxes tend to reduce sales and therefore reduce incomes and jobs in the industries which produce the taxed goods. In these ways selective excise taxation results in arbitrary and undesirable distortions in the allocation of resources and in this manner interferes with the free play of our competitive market.

Each time the excise taxes were about to expire, we were told the Government could not afford the loss of revenue. However, the economy is in trouble today and removal of at least this one unfair tax is now considered justified. Perhaps it will set a trend, and we look forward to the elimination of these hidden taxes.

As it stands, what we are doing today will provide a stimulus to the automobile industry and in turn will stimulate the entire economy.

I remember that we once called these taxes "luxury taxes." But can anyone deny that an automobile has stopped being a luxury, that the telephone is a frill, or that a tire is optional equipment for an auto? Of course not.

The auto excise tax is the only one of these whose revenues go into the General Treasury. Their impact is small in comparison to the revenue that will be generated from an economy stimulated by repeal of the tax.

I also am pleased that the investment tax credit is being restored. When Congress repealed the credit in 1969, I was among those who tried to save it for small businessmen and farmers with a credit of up to $30,000. That move failed, and in hindsight, I think we can say the repeal was a mistake. It is the small businessman and the farmer who have suffered the most from the Nation's economic troubles. Happily, we are doing something about that today.

In sum, I heartily support this bill. The good far outweighs the bad. While this is only the first step on the road back to fiscal stability, I hope that future economic decisions will be arrived at in the same nonpartisan spirit as this one was.

Mr. RYAN. Mr. Chairman, our country is indeed in the midst of an economic crisis—a crisis marked by inflation and high unemployment at the same time. Too often this crisis is not understood in terms of the human suffering which results. It means that in this land of incredible affluence, millions of Americans are forced to live in substandard housing. It means that millions of Americans go to bed hungry. It means that millions of Americans cannot find jobs. It means that millions of those who are fortunate enough to have work are continuously frustrated by the inflationary spiral which keeps them on an endless economic treadmill.

We have before us legislation intended to implement the President's tax proposals which are part of his so-called new economic policy—the Revenue Act of 1971—H.R. 10947. But all it does is aggravate the economic crisis.

Perhaps the Revenue Act of 1971 might be better termed the big business bonanza bill, for that is exactly what it is—a multibillion-dollar giveaway to big business at the expense of hard-working men and women.

This legislation is based on economic principles that are both biased and fallacious. The theory that a massive tax giveaway to big business will somehow trickle down and ultimately benefit the working people of this country has not worked in the past and it will not work now. Rather, the real needs of the American people will go unmet.

This bill would drastically slash the money available to the Federal Government over the next decade—money that is desperately needed to face our social needs. This loss of revenue averages over $9 billion every year for the next 10 years. There is no question that the economy would be better served by social spending for job programs, housing, health care, education, aid to our beleaguered cities, a guaranteed annual income for all Americans.

The so-called job development credit is nothing more than a public relations label for the investment tax credit that the Nixon administration abandoned in 1969 as not in keeping with our national priorities. And it is far more likely to increase corporate profits than to create much-needed jobs for the unemployed. Since over 25 percent of plant capacity is now idle, it is consumer demand which needs stimulus, not investment. The tax benefits of this program are, in essence, an increase in corporate profits at a time when workers' wages are frozen. Boosted profits and tax savings for big business do not necessarily create more jobs or higher wages.

Under H.R. 10947 the investment tax credit will cost the Treasury $5.1 billion a year. In addition, this bill writes into law the asset depreciation range—ADR—system of depreciation which the administration already put into effect earlier this year by Executive fiat without congressional authorization. The ADR will cost the Treasury an estimated $3.9 billion a year.

Another serious flaw in this legislation is the "buy American" feature of the investment tax credit which provides that the credit is not to apply with respect to any foreign-produced property acquired before the termination of the 10-percent surcharge which the President has imposed upon imports. Protectionist devices significantly increase the danger of an international trade war—a trade war which would most certainly take its toll on the American consumer.

The provision establishing a system of tax deferral for a Domestic International Sales Corporation—DISC—and its shareholders is at best inefficient and at worst another loophole to help big business. It will cost the Treasury $100 to $200 million a year.

The provisions for individual tax relief that were added to the President's proposal by the committee fall significantly short of overcoming the incredible business bias of this bill. The Revenue Act of 1971 grants some $9 billion a year in tax relief to big business on a permanent basis while providing only a 1-year, one-shot tax reduction for the average taxpayer. For example, a taxpayer earning $9,000 per year with three dependents will receive a tax saving this year of $24, or 7 cents a day.

In writing this legislation the Ways and Means Committee completely ignored the need to close the massive loopholes in the tax laws. The oil industry will continue to enjoy the benefits of the oil depletion allowance. Millionaires will continue to receive tax-free income from State and municipal bonds. Billions of dollars will continue to be lost through the loopholes in the estate and gift tax system.

I have pointed out some of the most undesirable features of this bill, but I would be remiss if I did not comment upon the parliamentary procedure under which this legislation is being considered. The closed rule procedure makes it impossible for any amendment to be offered or debated, denying Members of Congress the opportunity to attempt to improve this bill. I deplore the use of this parliamentary device which means that we are faced with the choice of either taking the bill as reported out by the Ways and Means Committee or leaving it. I choose to leave a bill which will line corporate coffers and divert essential funds from helping to meet unmet social needs.

H.R. 10947 represents upside down priorities which must be reversed if the economic crisis is to be resolved.

I include at this point in the RECORD a statement issued on September 16 by 51 Democratic Congressmen. It was drafted by the Democratic Study Group's task force on economic policy, which is chaired by our distinguished colleague from Wisconsin, Congressman HENRY REUSS, and upon which I am privileged to serve. In this statement we present a constructive alternative to the President's "new economic policy."

The statement follows:

STATEMENT

After two years and nine months of economic failure, the President has now adopted two of the most important proposals consistently made by Democrats—temporary controls on wages and prices and actions aimed at allowing the dollar to reach its true value in international markets.

But the President's price-wage freeze fails to include controls over interest rates and profits, and is therefore justly viewed as inequitable by labor. Moreover, the "New Economic Policy" does little to meet our tragic unemployment problem.

While we favor some elements of the President's economic program, it requires the following changes and additions:

1. The President should use the authority he now has under the Credit Control Act of 1969 to limit increases in interest rates;

2. The "double dip"—the 10% investment tax credit proposal, which will cost the Treasury $4.8 billion in lost revenue in the 1972 calendar year, and the June, 1971, "Asset Depreciation Range" system of accelerated depreciation (still without Congressional approval), which will cost $3.4 billion in 1972—should be substantially curtailed;

3. A considerable portion of the funds made available should be put to better use by expanding the emergency public service and public works jobs programs and by prompt enactment of welfare reform.

4. Additional revenues needed for fiscal soundness can and must be raised by closing the loopholes in the Federal tax system which allow billions of dollars a year to escape for the benefit of special interests;

5. The beleaguered local property taxpayer must be helped by maintaining Federal aids for state and local governments needed to head off further increases in the property tax;

6. Imaginative efforts should be made to get labor and management agreement on effective wage-price controls which protect the interests of all parties—including the consumer.

GENERAL LEAVE TO EXTEND

Mr. MILLS of Arkansas. Mr. Chairman, we have no further requests for time.

Mr. Chairman, I ask unanimous consent that all Members desiring to do so may be permitted to extend their remarks on the bill at this point in the RECORD.

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

There was no objection.

The CHAIRMAN. Does the gentleman from Wisconsin have further requests for time?

Mr. BYRNES of Wisconsin. Mr. Chairman, we have no further requests for time.

The CHAIRMAN. Under the rule, the bill is considered as having been read for amendment. No amendments are in order to the bill except amendments offered by direction of the Committee on Ways and Means.

Are there any committee amendments?

COMMITTEE AMENDMENT

Mr. MILLS of Arkansas. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. MILLS of Arkansas: Page 69, after line 12, insert the following new subsection:

"(e) COORDINATION WITH PERSONAL HOLDING COMPANY PROVISIONS IN CASE OF CERTAIN PRODUCED FILM RENTS.—If—

"(1) a corporation (hereinafter in this subsection referred to as 'subsidiary') was established to take advantage of the provisions of this part, and

"(2) a second corporation (hereinafter in this subsection referred to as 'parent') throughout the taxable year owns directly at least 80 percent of the voting power of all classes of stock, and at least 80 percent of each class of the nonvoting stock, of the subsidiary,

then, for purposes of applying subsection (d)(2) and section 541 (relating to personal holding company tax) to the subsidiary for the taxable year, there shall be taken into account under section 543(a)(5) (relating to produced film rents) any interest in a film acquired by the parent and transferred to the subsidiary as if such interest were acquired by the subsidiary at the time it was acquired by the parent."

Mr. MILLS of Arkansas (during the reading). Mr. Chairman, I ask unanimous consent, in view of the fact that the amendment is quite technical, that the committee amendment be considered as read, and printed in the RECORD. I will take time to explain the committee amendment.

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

There was no objection.

Mr. MILLS of Arkansas. Mr. Chairman, it has come to our attention that inadvertently the bill may prevent a subsidiary formed by a movie-producing company from qualifying as a DISC. This is because most of the subsidiary's income would be film rentals which constitute personal holding company income and a personal holding company is not eligible to be a DISC.

If the movie-producing company had not formed a DISC but had itself exported a film it produced, the film rentals received by it from the lease or rental of the film would not constitute personal holding company income.

It is, therefore, appropriate to correct this inadvertent obstacle to qualifications as a DISC. The committee amendment, in effect, provides that rents from films produced by the parent company and leased or rented by its DISC subsidiary are not to be considered as personal holding company income, if the rents of this type constitute at least half of the subsidiary's gross income. Consequently, these rents will not cause the subsidiary to be treated as a personal holding company and thus make it ineligible for DISC treatment.

The CHAIRMAN. Are there any further committee amendments?

Mr. MILLS of Arkansas. Mr. Chairman, there are no further committee amendments.

Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CABELL, 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. 10947) to provide a job development investment credit, to reduce individual income taxes, to reduce certain excise taxes, and for other purposes, had come to no resolution thereon.

LEGISLATIVE PROGRAM

(Mr. BOGGS asked and was given permission to address the House for 1 minute.)

Mr. BOGGS. Mr. Speaker, I take this time to announce an addition to the program, House Resolution 597, which is a travel resolution for the Committee on Ways and Means, to be considered following the vote on the tax bill.

GENERAL LEAVE

Mr. MILLS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the bill, H.R. 10947.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PERSONAL EXPLANATION

(Mr. PETTIS asked and was given permission to extend his remarks at this point.)

Mr. PETTIS. Mr. Speaker, due to an important meeting concerning an emergency in my district, I was unable to be present for the vote on House Concurrent Resolution 374. If present, I would have voted "aye."

It was very gratifying to see that the House unanimously passed this resolution which incorporated the provisions of my Concurrent Resolution 140. It is imperative that the North Vietnamese and their allies be continuously aware that the American Congress demands the humane treatment and release of our brave prisoners of war.

ILLEGAL ALIENS

(Mr. WHITE asked and was given permission to address the House for 1 minute and to revise and extend his re-

marks and include extraneous matter.)

Mr. WHITE. Mr. Speaker, at a time when this Nation is battling rising unemployment, illegally entered aliens are taking the jobs of taxpaying Americans.

At a time when Congress, and stricken cities and States, are struggling for survival against mushrooming welfare rolls, illegal aliens are going on welfare, adding to our tax burden and bleeding the Nation's economy.

At a time when the American dollar is fighting for stability and our dollar outflow exceeds the inflow, illegal aliens are taking American jobs and sending their earnings out of the country.

At a time when Americans are deploring wages below the poverty level, illegal aliens are undercutting Americans and forcing them onto welfare rolls.

Some subversives of various nationalities have unimpeded access to our interior.

This is not a border problem, it is a Nation problem.

In Dallas, 9,500 illegal aliens were apprehended last year.

In Chicago, the apprehensions grew from 1,500 in 1965 to 6,500 last year.

In New York City, border patrol officials estimated they could pick up 30,000 known illegal aliens at once if they had the manpower and funds.

There are over 100,000 illegal aliens estimated in New York City alone.

These conditions exist principally because the directors of the immigration and nautralization service and border patrol have by dereliction of duty or by incredible ignorance of the facts, failed to ask for sufficient funds from Congress, and Congress has not appropriated sufficient money to enable the men in the field to do their duty in protecting America.

Morale in the immigration and naturalization service and the border patrol among the dedicated men in the ranks is about the lowest in the history of their services.

No one knows accurately how many illegally entered aliens are in this country.

Figures presented to the immigration subcommittee, House Judiciary Committee, range from 1 million to 10 million.

When you consider the number who have been captured and deported, or released for voluntary departure, a figure of 2 to 3 million seems a reasonable estimate.

In the southwest region of the United States, in fiscal 1968, 151,705 aliens were apprehended for violation of the immigration laws. In 1969, the figure rose to 201,636. In 1970, it was 220,000. Realistic estimates for the number of apprehensions for 1971 are around 350,000.

How many are still in the United States? A high immigration service official estimated to me that there are 30,000 illegally entered aliens in New York City that are known to the service. They could be arrested quickly, if the manpower were available to do the job, and the transportation available to return the aliens to their home country. Beyond this, enough employees could go on and on, arresting and deporting thousands and thousands.

In Dallas, a detail of 10 officers, in 12 working days, rounded up 1,728 illegal aliens. Apparently they had only scratched the surface, because more aliens were captured on the last day than on the first. Unfortunatley, funds did not permit this sustained effort, but the Dallas office picked up 9,500 persons for violating the immigration laws last year. Because he so often enters the United States by wading, or swimming the Rio Grande, the illegal alien is popularly known as a "wetback," but the day has passed when the "wetback" is content to work on a southwestern farm or ranch. Like many of our own farm and ranch workers, he has heard the lure of the big cities, the promise of more money. He has quickly learned the value of American social security and is working himself into jobs where he can get a social security number. The word spreads fast. John Holland, District Director of the Immigration and Naturalization Service in San Antonio, was quoted in the Christian Science Monitor as saying:

> Nearly every one we get is headed for Chicago.

Mrs. L. W. Herney, head of the Chicago Immigration Service, says 1,500 aliens were arrested in that area in 1965, and 3 years later the number had grown to more than 6,500.

There were reports of these illegally entered aliens headed by the thousands for steel mills and meatpacking industries. Wherever they go, they take away jobs that should be held by American citizens. How many jobs? Let us accept for example, the low estimate of 1-million jobs. A million jobs at a mere $40 a week would be $40 million every week, or more than $2 billion a year. A great portion of this $2 billion is sent back home to the families of these unfortunate workers, lured into this country by promises of far higher pay than they could command in their own country. It seems a conservative estimate that $1 billion a year of our balance-of-payments problem is attributable to the illegal alien, sending his money back home.

The illegal alien contributes to our welfare problem in two ways. He, himself, becomes a public welfare charge when the rosy dreams of an easy life in this country do not pan out. We are a humanitarian Nation. We cannot let him starve or suffer, and we do not have the enforcement personnel or the funds to apprehend him and send him back home. The other contribution he makes to our welefare roles is in depriving our own citizens of employment and forcing them to accept public welfare. By reliable estimates, at least a million of our unemployed—all over the Nation—are victims of a lax law enforcement system that permits illegally entered aliens to replace them.

A pertinent example of the welfare demands attributable to illegally entered aliens is found in a recent report by R. E. Thomason General Hospital in El Paso, Tex., on its "bad debt accounts" for a 10-month period in 1970 and 1971. Services provided to patients giving an address in Mexico totaled $115,339.40. It is undoubtedly true that a great many others, unable to pay their hospital bills, had given addresses in El Paso, although they were actually illegal aliens. These examples from my home city, I am sure, could be multiplied many times over, and would be concentrated in those cities where welfare problems are the greatest.

Aliens will accept substandard wages and working conditions, and those who exploit them are confident that a threat to turn them over to immigration authorities would effectively curb any desire to protest. These aliens, whether employed or unemployed, are among the neediest members of our society. They have been ruled eligible to receive food stamps. They are given public health cards entitling them to treatment at our public hospitals. They enjoy the benefits of unemployment compensation as well as public welfare, and surely comprise a weighty part of the burden on welfare agencies of most of our States.

In dealing with such unfortunates, there are inevitably those who would prey upon their condition. Widespread reports throughout the Immigration Service tell of large scale smuggling operations, bringing in aliens who are willing to commit as much as $300 of their future pay to the agent who smuggled them into the country. With the criminal element involved in alien smuggling, it can be anticipated that the smuggling of illegal goods, including narcotics and dangerous drugs, may go along with the smuggling of human cargo.

The lax enforcement of our immigration laws becomes still another cause of crime when destitute aliens are apprehended, taken from their jobs, and simply ordered to leave the country, because the border patrol lacks the funds to deport them. They become desperate men, and even if they had not previously been criminally inclined they are often driven to law-breaking in order to make a living.

Rising unemployment, burgeoning relief rolls, a rising tide of crime—these are among the major problems of America today, and every one of them is being aggravated by the silent invasion of millions of illegal aliens.

One would expect that the Immigration and Naturalization Service, charged with guarding the security of our borders, would have beefed up its efforts to curb this rising tide of illegal entrants. Instead, it has curtailed almost every phase of its operations.

Despite the indisputable evidence of a greater need for law enforcement by our border patrolmen, the Immigration and Naturalization Service is trying to get along on 1,000 less personnel than it had 5 years ago. There are only 1,400 border patrol agents in the entire Nation, 1,200 immigration inspectors and 780 criminal investigators.

Not only is this tiny force called upon to do an impossible job of law enforcement, they are curtailed at almost every step in their operations. A few months ago, the border patrol grounded the last of its planes used for transporting illegal aliens back to the border—after having allowed two other planes to become inoperable through lack of maintenance. The border patrol tried to replace this transport system with a grossly inadequate system of bus transportation, quot-

ing, as 1971 justification, a GAO study dated 1968. The inadequacy of transportation for illegally entered aliens is illustrated by events in San Antonio this week. According to the Associated Press, San Antonio policemen have been ordered to stop arresting illegal aliens because of the expense of handling the large numbers they have apprehended in recent weeks. Police Inspector Marion Talbert said the U.S. Immigration Office advised police officials it will not pay the bill for housing aliens in the county jail as in the past. If any illegal aliens are picked up, Inspector Talbert said, they will be released by immigration officials, and given a paper telling them to return to Mexico.

This situation is duplicated in many other cities. In New York, the immigration subcommittee was informed, there are only two investigators to work all information received from all over the United States and other points concerning illegal aliens in the Nation's largest city. Many who have sent information there in the past now do not bother, simply because the information is seldom worked, due to the fantastic overload.

In my district some weeks ago, I began to get reports that, not only had the planes been grounded but border patrol cars were out of gasoline because the funds had run out. I immediately contacted the White House and was informed that the Office of Management and Budget had released additional funds the previous night. Inquiry by the press brought forth the statement that the funds had never been impounded. Nevertheless, funds were made available, and the cars were running again.

Such reports of penury on the part of the Immigration Service have come to me from all over the country. Here are a few examples: In Yuma, Ariz., where normal usage of gasoline for patrol cars has been 225 to 250 gallons per day, the service was rationed to 105 gallons a day, at 35 gallons per 8-hours shift. Sunday and holiday time was cut to the point that only three men were left to work 65 miles of border, normally worked by 30 to 33 border patrolmen. Patrolmen were reduced to siphoning gasoline from abandoned and confiscated cars to continue operation.

Orders went out to stations in the Pacific Northwest to discontinue farm and ranch surveillance and other search details for which alien travel and detention funds were not already on hand. El Paso, Tex., agents reported that farm and ranch surveillance had been discontinued, tracking of illegal aliens in the sandhills has been discontinued. Patroling back roads to apprehend smugglers evading the traffic check point has been discontinued, spotter planes have been grounded, and city patrols in the city of El Paso have been discontinued.

Service officers in El Paso received a call from Parker, Tex., from a citizen who reported he has previously called both the Dallas and San Antonio offices to report the presence of 168 illegal aliens and that nothing had been done about it. The caller said two officers had gone to the location and verified the fact that the aliens were there—but with no transportation to take them to the border, and no funds to detain them, they were not apprehended.

In Del Rio, Tex., officers were instructed to cut their vehicle mileage by 50 percent, and were limited to 21 miles per shift per vehicle on the river units.

This limit put two well established alien crossing points well beyond the 21 mile limit. Aliens crossing at these two points are unrestricted in their movements.

These restrictions have been imposed under conditions where the rising tide of illegal immigrants is everywhere present and the need of effective enforcement is greater than ever before. For the first 8 months of calendar 1971, the El Paso sector of the U.S. Border Patrol apprehended 43,732 aliens, compared with 34,692 in the same period last year. In July, the total was 6,228, and in August it was 7,942. This is no time to reduce forces and let the cars run out of gas for lack of funds. In July there were 28 arrests for smuggling, and in August there were 52. In the 2 months these smugglers were caught bringing 427 aliens into the country. In the same period, seizures of marihuana, LSD, and pills totaled $172,-145 in value.

Our border patrolmen belong to an organization long respected for its high morale and devotion to duty. Obviously, such morale suffers when our Government seems to take a deliberately penurious attitude and fails to give them the support they need.

I call upon this Congress, because every part of our Nation is affected, to do two things. First—call upon the Immigration and Naturalization Service to request more funds for its border patrol operations, and second, to appropriate all the funds requested. It has not been Congress which has reduced border patrol funds. The administration has simply failed to request the funds that are needed to do an adequate job. The information I have given you here today is in the possession of the Immigration Service. It is no secret, and it is no secret that the presence of millions of illegal aliens in this country is costing us billions of dollars. Sufficient appropriations for curbing this menace would be a wise investment in the economic welfare and the security of this Nation.

We should either have immigration laws, and enforce them, and give our Government agencies the means to enforce them, or we should let down the barriers.

INTERNATIONAL DAY OF BREAD

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

Mr. SEBELIUS. Mr. Speaker, I would like to take this opportunity to discuss the significance of today's ceremonies throughout America and around the world as we observe the annual "Day of Bread."

The celebration of the International Day of Bread as part of Harvest Festival Week is most significant. At this point in history, peoples of the world come together in spirit and not only express thanksgiving for the annual harvest in their native lands, but also commit themselves to achieving a better tomorrow through cooperation and understanding.

Bread has been utilized to fight hunger for 6,000 years. Today, I want to pay special tribute to the growers, millers, bakers, and related industries who have made this effort so successful and who will continue to enable us to make this fight.

In utilizing our agriculture abundance to fight hunger and malnutrition and to hopefully lay the foundation for world peace, we must not overlook the needs of the man who will enable us to win—or to lose—the fight—the American farmer.

Today I was honored to share the stage at the Department of Agriculture "Day of Bread" observance with the distinguished Secretary of Agriculture Clifford M. Hardin. His comments reflected his quiet, but determined dedication to eliminate hunger and malnutrition. As man cannot live by bread alone, neither can the bread industry accomplish these objectives without full cooperation from other segments of our economy, particularly American labor.

The Secretary's recognition of the plight of the grower and President Nixon's Day of Bread statement regarding American agriculture and the bread industry hopefully will mean we will soon see a decent income for the American farmer.

In reviewing these comments, I am hopeful each of us individually and collectively can go forward with a new sense of commitment to achieve these goals so necessary in building a better America—for that is what the Day of Bread is all about.

I ask unanimous consent to insert these comments in the RECORD to dramatize what has been done and more importantly, what we can and must do in the future.

NATIONAL DAY OF BREAD, 1971

The real wealth of a nation can sometimes be measured by what it takes for granted. In America, there is no better example of this than our abundant food supply. As we celebrate the National Day of Bread this October 5, I welcome the opportunity to pay tribute to the hard work and resourceful spirit which has brought forth our immense harvest.

Only in the last century has it been possible for entire nations to ensure adequate food for their people. In too many lands men, women and children are sadly still desperately undernourished. But in America, our agricultural industry has provided us with an assurance of plentiful food of high quality, wide variety, and reasonable cost.

Moreover, it has enabled us to share this blessing with other countries in time of need. And by its extraordinary productivity, it has made it possible to launch an unprecedented program in the United States to assure better nutrition through school lunches, food stamps, nutrition aides, and other measures—all directed toward our ultimate goal of wiping out hunger in America.

On this National Day of Bread, I salute the farmers, millers and bakers of America and all who assist them in their important continuing contribution to our economy and to our well-being as a people.

RICHARD NIXON.

REMARKS BY THE HONORABLE CLIFFORD M. HARDIN, SECRETARY OF AGRICULTURE

Once again our Nation is blessed with a year of agricultural bounty, assuring a continuation of food abundance which through the ages has been symbolized by bread.

America's farmers are reaping unequaled harvests of wheat and grain in a new demonstration of their matchless productivity. Even though they all too often have gotten far too little net return, farmers have built a bulwark against inflation, have strengthened our balance of payments, and have fed this Nation well. This year is no exception.

Our superabundance has enabled us to move in a dramatic way, in the words of President Nixon, "as no nation in the world has been able to move, to provide for those who cannot provide for themselves."

Through direct distribution to 3.5 million persons and a sharp expansion of the food stamp program to encompass 11 million recipients, a total of 14.5 million needy people are being assisted in the campaign to eliminate hunger and malnutrition. Additionally, some 7.3 million needy children are receiving free or reduced-price meals in school, an increase of 82 percent in the past year.

Not only is America attacking poverty-based hunger on a scale without parallel in the history of this or any other country, but is doing so in innovative ways that have long-range significance for the health and well-being of all people. Of special importance, for example, is the work of 10,000 nutrition aides recruited from urban and rural communities, given paraprofessional training, and assigned to low-income areas to teach essential facts on the proper purchasing, storing, and preparation of nutritious foods.

Meanwhile, through the plentiful foods program of the Department of Agriculture, the benefits of the best food values are extended to all consumers at the same time, farm products are given extra impetus on their way to market. The biggest-volume food purveyors—supermarkets, commercial food services, institutions—cooperate in buying commodities that come into abundant supply with turns of the seasons or the fortunes of harvest.

Another distribution mechanism, which like the plentiful foods program has marked a quarter century of service, is the school lunch program. Today 24.1 million children throughout the United States are reached with a school meal. This vast sharing of abundance has been achieved by unsurpassed farm production and the cooperation of local, State, and Federal governments, dedicated school officials, and concerned local citizens.

Yet the benefits of our plenty go even farther—to countries the world around, in increasing amount. Last year the foreign business of American agriculture set a triple record, in total volume of farm exports, in total value of exported farm products—amounting to $7.8 billion—and in sales for hard dollars.

The efforts of the Foreign Agricultural and Export Marketing Services to develop and serve growing trade outlets overseas, to negotiate concessions gaining greater access for American products to foreign markets, and to support promotional and sales activities—these are of paramount importance to farmers and all Americans.

Last year, more than half of all our production of wheat, soybeans, and rice went to foreign markets. The overseas market potential is growing, and this means many opportunities for American producers, if our trading partners show a willingness to ease their protective practices and if our own dock workers and longshoremen will quit their labor feuding and move the goods.

We are pausing today to pay tribute to the bounty of food produced by the nation's farmers. There is a harvest-time satisfaction in their success. Farmers can feel proud. Yet, this is also a sad day. A sad day for farmers.

We are at this moment engaged in a great national effort to halt inflation and strengthen the nation's economy. It is an historical time as we deescalate a long war with its inflationary excesses and return to a peace-time without inflation so that we can build our nation at home.

Yet we meet here while the testimony of a prominent labor leader reverberates across the land demanding that labor should get what its leaders want, seemingly regardless of whether it is inflationary—and seemingly without regard for what it does to the rest of society.

We also meet at a time when the ports of the nation are closed tight. The greatest trading nation in the world is on its knees, it's overseas market outlets idled to a standstill.

This is a sad day, and a painful day for the nation's farmers. They are hurt in several ways:

No. 1: The inflation that is triggered by this kind of unrestrained, use of power pushes farm costs higher and higher and grasps farmers tight in a cost-price squeeze. The farmer's business suffers; and his family living suffers.

No. 2: Costs of getting farm products to their important foreign outlets are increased. This makes farm products less competitive, loses sales for farmers, harms our national balance of payments, and hurts our nation.

Meantime, while the docks are tied up, farm products are backing up clear to the farm gate. Many markets, as a result, are demoralized. Just when we have a bountiful harvest to move, it isn't moving. The abundance that farmers have produced for this country and for the world becomes for our farmers a nightmare—with farmers and their families distressed by low prices, distressed by seeing their markets lost, distressed by seeing the upward march of their costs, distressed by the lack of statesmanship on the part of some labor leaders.

This nation, and the nation's farmers, deserve better on this Day of Bread.

Through the genius of cooperative effort—farmers, millers, bakers, distributors—our Nation of consumers can be assured its daily abundance of the energy and satisfaction derived from the partaking of good, nourishing bread.

So as we break bread together in the tradition of fellowship and thankfulness, let this Day of Bread also be an occasion for a renewal of the spirit that has made America a great and good land.

CAMPAIGN TO PROMOTE AMERICAN-MADE PRODUCTS

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

Mr. EDWARDS of Alabama. Mr. Speaker, the battle to revive the interest of American consumers in American-made products has been an uphill struggle for much too long a time. Foreign manufacturers have been able to flood the American market with their own brands at less cost because they have always been able to operate with a cheaper labor force.

To help thwart even more this vicious dilemma of low-wage competition from foreign imports, the employees and management of Vanity Fair Mills, Inc., of Monroeville, Ala., located in the First Congressional District which I represent, will join with other Vanity Fair personnel throughout the Nation on October 8, 1971, in a campaign to promote American-made products. They will accomplish this through distribution of bumper stickers which read—"Does the Label Say, Made in the U.S.A.?"

So that all Members of Congress may avail themselves of the opportunity to take part in this dramatic appeal to American consumers, I am sending out this week to all Members one of these bumper stickers.

Mr. Speaker, I believe it is high time we ask the U.S. consumer to take a look at the label to see if their purchase is helping or hurting their fellow American employees.

BLACK LUNG BENEFITS

The SPEAKER. Under a previous order of the House, the gentleman from West Virginia (Mr. HECHLER) is recognized for 1 hour.

Mr. HECHLER of West Virginia. Mr. Speaker, the Congress took a bold step forward in 1969 toward protection of the coal miners of this Nation. The passage of the Federal Coal Mine Health and Safety Act of 1969 constitutes a landmark law. Now the task yet remains to insure that this law is enforced effectively for the benefit of the coal miners it is designed to protect.

During the debate on the 1969 law, I raised some questions concerning the identification of pneumoconiosis and the manner in which disability from that dread disease could be established in assessing the eligibility of coal miners for "black lung" payments under title IV of the 1969 act. The legislative history established at that time is significant, reflecting as it does the comments of the chairman of the subcommittee which handled hearings on pneumoconiosis, the gentleman from New Jersey (Mr. DANIELS). The following colloquy is reprinted from the October 29, 1959 CONGRESSIONAL RECORD:

BENEFITS FOR PNEUMOCONIOSIS

Mr. Chairman, I would like to use just 1 minute of my time to establish an intelligible, legislative history on that wonderful provision of this bill that was written in with the assistance of many Members concerning benefits for those afflicted by pneumoconiosis.

I would like to ask the gentleman from New Jersey (Mr. DANIELS), the chairman of the Select Subcommittee on Labor, two questions. I am sure the gentleman from New Jersey appreciates the fact that this measure is a giant step in the right direction and one which is fully justified by the circumstances. On behalf of thousands of West Virginia coal miners, we thank the gentleman from New Jersey, the Gentleman from California (Mr. BURTON), the gentleman from Pennsylvania (Mr. DENT), the gentleman from Kentucky (Mr. PERKINS), and all others who have participated in bringing this provision out in the bill.

There are some cases which the provisions of this bill do not seem to cover, and I would like to ask the gentleman from New Jersey whether in his opinion it would be justifiable to measure the incidence of pneumoconiosis through pulmonary function tests as well as simply and strictly by X-rays?

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

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

Mr. DANIELS of New Jersey. Mr. Chairman, I appreciate the gentleman from West Virginia (Mr. HECHLER), asking that question,

and I say to the gentleman that the impact of this legislation is that when diagnosis is made by means other than X-rays or biopsy that, under section 112(b)(iii), complicated pneumoconiosis can be demonstrated by a substantial loss of pulmonary functional capacity even though there was a lesser degree of X-ray abnormalities than that described in section 112(b)(i). In fact, diagnosis of complicated pneumoconiosis should include several factors:

First, significant exposure to coal dust;

Second, evidence of lung pathology; and

Third, symptomatology and impairment of pulmonary functions.

Mr. HECHLER of West Virginia. Mr. Chairman, I would further like to ask the gentleman from New Jersey if it is not true that there are many coal miners who may have serious discomfort and disability caused by pneumoconiosis whose X-rays for some strange reason do not clearly indicate the recognition of that disease?

Mr. DANIELS of New Jersey. If the gentleman will yield further, that is very true. As a matter of fact, we have had several doctors testify before our committee, Dr. Raymond Moore of the Environmental Control Administration of the Department of Health, Education, and Welfare, as well as Dr. H. A. Wells, Dr. Andrew Henderson, Dr. I. E. Buff, and Dr. Donald Rasmussen, physicians from coal mining regions with extensive experience in pulmonary diseases, who testified to the effect that X-ray is not the ultimate. It must be included as part of the diagnostic test. But the complete gamut of function tests, good, simple exercise function tests, can be performed simply, along with the physical examination periodically on these men.

Mr. HECHLER of West Virginia. I appreciate the answer of the gentleman from New Jersey. I would like to quote at this point the following letter from Dr. Donald Rasmussen, pulmonary specialist at the Appalachian Regional Hospital in Beckley, W. Va., who wrote as follows to Hon. JOHN DENT:

OCTOBER 6, 1969.

Hon. JOHN DENT.

DEAR REPRESENTATIVE DENT: I write this letter as a desperate plea on behalf of many thousands of coal miners disabled from respiratory diseases of occupational origin who will be denied rightful benefits under the present provisions for compensation in the pending coal mine health and safety bill. The restrictions limiting compensation only to those miners with "complicated pneumoconiosis" are unwarranted. No more than a minority of those severely disabled miners of this area would qualify for such benefits.

I am aware that most of the testimony and additional opinion upon which this decision was based supported the concept that disabling pulmonary insufficiency is encountered only in those miners with advanced X-ray changes. It must be emphasized that these opinions were based almost entirely upon European experience. Occupational health programs with periodic medical and X-ray examinations have been in operation in coal mines for over 20 years in some European countries. Miners showing early X-ray evidence of pneumoconiosis have been removed from dusty areas. In addition, dust suppression has been employed in most European coal mines. Thus the risk to the European miner has been significantly reduced.

You are aware of the total lack of periodic examinations of American miners and the relative lack of dust suppression in coal mines in this country. Not a single miner of the more than 4,000 evaluated in this laboratory has had periodic chest X-rays. These differences in conditions may be sufficient to explain the apparent differences between European miners and miners at least in the Southern Appalachians in this country. We have observed a number of miners who were known to have X-ray evidence of pneumoconiosis for 10 to 25 years before our evaluation. These men continued working without symptoms until perhaps the last 2 to 4 years. Most showed clear-cut evidence of significant pulmonary insufficiency on testing in the laboratory. In only a small number did the chest X-rays reveal more than simple pneumoconiosis. In reviewing the laboratory studies of large numbers of miners and excluding all cases with significan bronchitis it is apparent that those miners with complicated pneumoconiosis on the average show somewhat more impairment than miners with only simple pneumoconiosis. There are wide variations in both groups, however. Many miners with minimal X-ray abnormalities have impairments of pulmonary functional capacity equal to or exceeding that of miners with advanced X-ray changes. On what basis, therefore, can one arbitrarily judge the miner with simple pneumoconiosis and severe incapacity to be ineligible for compensation?

I firmly believe that in addition to miners with complicated pneumoconiosis those with lesser degrees of X-ray abnormalities but with substantial loss of pulmonary functional capacity be considered eligible for compensation under the new bill.

I urge the Members of the Committee to give the above suggestions most thoughtful consideration. Without the additional inclusion the bill will provide relief far short of its intended goals.

Respectfully,

DONALD RASMUSSEN, M.D.

I commend the gentleman from Kentucky (Mr. PERKINS), the chairman of the Committee on Education and Labor, for his persistent leadership in bringing justice to the coal miners and their families. A series of circumstances have prevented the House from considering the bill sponsored by the gentleman from Kentucky, H.R. 9212, on which hearings were held by the General Labor Subcommittee chaired by the gentleman from Pennsylvania (Mr. DENT). This bill, which makes a number of clarifying improvements in the black lung benefits procedure, is now scheduled for October 18. I hope it will continue to receive strong support. We now have the necessary experience with the 1969 law to see the strong need for the clarifying amendments included in H.R. 9212.

As of October 4, I am advised by the Social Security Administration that there have been 324,903 claims filed under title IV. Of these claims filed, 301,898 have been processed. Of the claims processed, 148,081 claims have been awarded, and 153,817 denied. This breaks down to a percentage of 48 percent of the processed claims approved, and 52 percent denied. Claims are being paid to 82,159 miners and 65,922 widows, with additional dependents of 85,187, or a total of 224,869 beneficiaries. The monthly payments now amount to $26,144,614. Denials of the claims of 117,609 miners and 36,208 widows have been registered; the Social Security Administration has no record of the number of dependents of those denied claims.

In the State of West Virginia, 61,877 claims have been filed, of which 57,341 have been processed. Claims have been awarded to 25,780 West Virginians, of whom 15,715 are coal miners and 10,065 widows of miners. With the addition of 20,933 dependents, there are 45,508 beneficiaries, drawing a total monthly pay of $4,905,695. But 31,561 West Virginians—25,469 coal miners and 6,186 widows, and no one knows how many dependents in addition, have been denied payment. This means that only 44 percent of the West Virginia claims have been allowed, and 56-percent denied—as against the Pennsylvania average of 68-percent awards and only 32 percent of those applying being denied benefits.

As I commented in my testimony before the General Subcommittee on Labor on May 19, 1971—

The burden of proof is put almost exclusively on the miners and the widows. The technical and medical facilities are simply not available close by for them to get the proper type of examination. Too much emphasis is placed on the exclusive use of X-rays, which may only depict one section of a lung. Many doctors examining these X-rays have historically down through the years been individuals who have denied that pneumoconiosis as a disease actually exists. There has been disagreement between doctors and radiologists reading the same X-rays.

For all these reasons, it is unfortunate that there have been denials of too many cases by the Social Security Administration.

When the President signed the Federal Coal Miner Health and Safety Act of 1969, it will be remembered that he signed the measure with a great deal of reluctance. There were threats openly expressed on the floor of the House of Representatives that the President would veto the bill if the black lung payments provision was included in the bill. A motion to recommit the bill to strike out this black lung payment provision was made, obviously with the encouragement of the White House, and the motion was defeated on a record vote prior to final passage of the bill.

Following Congressional action on the Federal Coal Mine Health and Safety Act of 1969, there was a long delay while the bill remained on the President's desk, and there appeared to be serious doubts whether he would sign it because of his objections to the black lung payment provisions. Finally, on December 30, 1969, the President signed the bill without any public ceremony or witnesses, and at that time the President issued a public statement which bowed to public opinion in briefly acknowledging the need for the legislation. But then the bulk of the President's statement criticized the bill and the black lung provisions.

I can only conclude that some type of an order came down to the Social Security Administration to administer this new law in a restrictive fashion, and in particular to avoid the liberal interpretation of the law to favor the applicants for black lung benefits.

I have never seen this order in writing, but it seems to me that, when you have this kind of repeated denial of applicants who are short of breath, and obviously disabled, who cannot qualify, that such an order must have been handed down, because otherwise we would have had the provisions of the act carried out in accordance with the intent of Congress.

At this point, I believe it is illuminating to point out that the regulations under which the Social Security Administration is operating actually create a definition of "total disability" which is more restrictive than section 223(d) of the Social Security Act which deals with the general definition of disability.

ILLUSTRATIONS OF HOW BLACK LUNG REGULATIONS CREATE A DEFINITION OF "TOTAL DISABILITY" WHICH IS "MORE RESTRICTIVE" THAN THE DEFINITION UNDER SECTION 223 (d) OF THE SOCIAL SECURITY ACT

Three cases of retired coal miners, who have simple pneumoconosis but whose Fed-

eral Black Lung claims have been denied due to the fact that their cases were evaluated on the question of total disability under the breathing tests required by Section 410.403(b), demonstrate that the definition of total disability is more restrictive under the Federal Black Lung Program than under the Social Security Act. In determining the question of "total disability due to pneumoconiosis", the Social Security Administration as a matter of practice does not consider the *actual* inability of the claimant to work due to his lung condition, as would be done under Section 223(d) of the Social Security Act (and under the relevant regulation 20 CFR Section 404.1502(b)). Rather, in the three cases the fact *by itself* that the claimant's breathing tests (the FEV_1 and MVV tests) did not register the values specified in the second paragraph of Section 403(b) was used, without further consideration whatsoever of lay or medical evidence, to infer that the claimants were not "totally disabled."

First Case:

80 year-old house-bound black lung claimant with at least 35 years employment in underground coal mines.

Presently being treated for:

Arteriosclerotic cardiovascular disease.

Generalized rheumatoid arthritis.

Peripheral neuritis of the right forearm and hand.

Pulmonary fibrosis and emphysema.

Experiences shortness of breath on slight exertion, has a history of pneumonia, and suffers from strokes and arthritis.

Reason for denial (quoted from claim file): "Pulmonary function studies (even with poor effort) show an FEV one of 2.54 and an MVV of 118. The remaining lung function is sufficient to allow the claimant to engage in any activity in accordance with his vocational background."

Conclusion. Had this case been evaluated under Section 223(d) of the Social Security Act the *actual* effect of the pneumoconiosis on the ability of the claimant to perform basic job-related functions, such as "moving about, handling objects, hearing, speaking, reasoning, and understanding" (20 CFR Section 404.1502(b)) would have been considered. On the other hand, under the more restrictive Federal Black Lung Regulations, there was no consideration whatsoever of the *actual* effect of pneumoconiosis on the ability of the claimant to perform work-related functions. Rather, the results of the two simple breathing tests were used as the sole basis for inferring that the claimant was not "totally disabled."

Whether or not the claimant would be ultimately found to be totally disabled, the fact is that the *method* under which this case has been evaluated is significantly narrower than the method provided under the Social Security Act in that the method excludes from consideration the actual inability of the claimant to work—until a certain level of physiological abnormality is established. In so limiting consideration of relevant evidence of actual inability to work, the method of evaluation of total disability under the Federal Black Lung Program creates a definition of total disability more restrictive than that under Section 223(d) of the Social Security Act.

Second case:

54-year-old retired coal miner with 26 years experience in underground mining.

Presently being treated for a pulmonary problem and "nerves" (family doctor states he is "totally disabled").

Experiences shortness of breath on slight exertion, has to stop once or twice when climbing flight of stairs, has difficulty keeping breath at night.

Reason for denial (quoted from claim file): "Results of ventilatory studies indicate essentially normal pulmonary function with an FEV_1 of 3.4L. Consequently, the claimant's pneumoconiosis does not prevent him from engaging in substantial gainful activity."

Conclusion. Again no consideration was given to the respiratory symptoms of this claimant or to the assertion of his family doctor that the man was totally disabled. The fact alone that one breathing test did not register the correct numbers was used to deny his claim. No consideration whatsoever was given to his *actual* inability (or ability) to work, as would have been done under Sections 223(d) and 1502(b), cited above.

Third case:

57-year-old retired coal miner with 21 years experience in underground coal mining.

Presently being treated for chest pains, loss of breath, and nerves.

Can only walk about ¼ mile on flat ground before "giving out," has difficulty sleeping.

Reason for denial: "Although chest x-rays taken 8/4/70 show simple pneumoconiosis, PFS findings on 9/5/70 were normal, i.e. FEV_1 of 3.07, an MVV of 123.9. There is no conflicting evidence in file. Since any impairment which claimant may have is not due to disabling pneumoconiosis, he is not totally disabled according to regulations of Section 410.402 and the claim is denied."

Conclusion. As in the other two cases, this case illustrates the fact that *actual* inability to work received no consideration when the claimant was denied, because the threshold requirement of a specified degree of physiological abnormality was not established. Under Section 223(d) and 20 CFR 404.1502(b) there is no such requirement that a certain level of severity be established before the *actual* inability of the claimant to work is considered.

Of course, the eligibility for Federal Black Lung Benefits must be based on pneumoconiosis being a primary cause of disability. Nevertheless the inability of claimant to work due to pneumoconiosis should be decided on the facts of each case rather than on the basis of breathing alone. Such determination could be made by an evaluation in each case of how and to what extent the respiratory impairment caused by pneumoconiosis interferes with the work-related functions described above.

It is further interesting to note that the practice of the Social Security Administration, as seen in these three cases, is to evaluate the question of disability under Section 410.403(b). Apparently it is not the practice of the Social Security Administration to order tests which could be used to establish eligibility under 410.403(a), tests which would evaluate lung functions in more detail or document complications of black lung. Nor is it the practice of the Social Security Administration to suggest to claimants that they themselves could obtain such further tests.

The mechanistic analysis encouraged by Section 403(b) also overlooks the need for especially careful development of the medical background of black lung cases due to the fact that old medical records and treatment histories will in all probability not discuss a diagnosis for treatment for a disease (pneumoconiosis) which was not then recognized, has only been recently recognized, and the existence of which is still questioned by many physicians (especially in the coal mining regions by physicians who have long-standing relationships with coal companies).

With reference to H.R. 5702 which would liberalize the definition of "total disability" to mean the inability to return to substantial, gainful activity *as a miner*, rather than in any employment theoretically available in the "national economy" the so-called "national economy" or "national employability" test:

Why should coal miners be favored by special, less restrictive definition of "total disability" under Section 402(f) of the Federal Coal Mine Health and Safety Act, while other workers under the Social Security Disability Insurance Benefits Program are not so favored?

(A) Coal miners are discriminated against by the national employability test because:

(1) Generally, as a class, coal miners are immobile and unable or unwilling to move to other areas of the nation to find jobs which generally do not exist in the Appalachian region;

(2) Even if they did move to other regions, the coal miners usually, due to advancing age and a characteristic degree of illness and disability, present poor employment prospects to employers who are concerned with production and who prefer to hire younger and healthier men in the interest not only of production but of keeping Workmen's Compensation and private insurance accident and disability ratings low;

(3) Most of the skills acquired in coal mining are non-transferrable and, accordingly, even if the miner does have some "skills" he will be considered, if at all, only for a low-paying, unskilled position.

(B) There is no reason for consistency in the definition of "total disability in the different Social Security Disability Insurance Benefits and Federal Black Lung Benefits Programs. The Federal Black Lung Benefits Program is a special limited-purpose program, applicable only to a narrow class of workers and is funded through general revenues; while the Social Security Disability Insurance Benefits Program is a broad program, applicable to all types and classes of employees and self-employed persons and is funded through ear-marked payroll deductions. In the Social Security Disability Insurance Benefits Program there is arguably some reason to attempt to treat all contributors equally, by requiring all that they be unemployable on a national scale. On the other hand, the attempt to impose a national standard of disability on Appalachian coal miners is not required by the interests of fair treatment to all workers on a national level.

(C) Disabled coal miners in many cases are going to receive some form of income maintenance benefits from federal transfer payment programs (public assistance, veterans' benefits, Social Security, Medicaid) any way. If they are ineligible for Federal Black Lung benefits they may well be eligible for other benefits at nearly the same expense to federal transfer payment programs. Accordingly, the payment of income maintenance benefits to disabled coal miners can most efficiently and effectively be made by a program such as the Federal Black Lung Program which is especially designed to meet a major disability problem of this special class of workers.

(D) The restrictive national employability test of the Social Security Disability Insurance Benefits Program should be changed anyway to require that the applicant only be unable to engage in his old occupation or other jobs reasonably available to him.

Mr. Speaker, it is also illuminating to include the testimony of several West Virginia coal miners and other witnesses, including the pioneer lung specialist in the field of pneumoconiosis, Dr. Donald L. Rasmussen of the Appalachian Regional Hospital, Beckley, W. Va.:

STATEMENTS OF ARNOLD MILLER, PRESIDENT, WEST VIRGINIA BLACK LUNG ASSOCIATION; ACCOMPANIED BY LEE LANE, KNOX COUNTY, KY.; MRS. CLARA CODY, FAYETTE COUNTY, W. VA.; VERLAN GOLDEN, KNOX COUNTY, KY., ECONOMIC OPPORTUNITY COUNCIL; CLIFFORD LANE, KNOX COUNTY, KY.; STEVEN CLARK, MOUNTAIN PEOPLES RIGHTS, INC., HEIDRICK, KY.; AND JAMES HAVILAND, APPALACHIAN RESEARCH AND DEFENSE FUND, CHARLESTON, W. VA.

Mr. MILLER. Mr. Chairman, and honorable members of the committee, I have six witnesses whom I will introduce. I would like to make a statement before I introduce them.

Mr. HAWKINS. Would you then proceed in that order?

Mr. MILLER. First, I want to say that the coal miners of this Nation have suffered from

this dreaded lung disease. Many of them, in fact, have died as a result of it. Many more have lived the last few years of their life in poverty.

All of this because medical authorities and other people in the position to know simply did not want to recognize this problem. We work with medical authorities in the State of West Virginia in dealing with this problem. We were shown a great lack of concern and a lot of bias.

In 1969, the miners in West Virginia decided they would do something about it. I am sure everyone here is aware of what happened in 1969. Much of what we have done was because the medical authorities we went to for this lung problem referred to it as miners' asthma or anything that wasn't compensable.

We are appreciative, the miners in West Virginia and the country in general, of what Congress has done in 1969 recognizing the problem. We have worked with the Social Security people and their administration of this program. And we feel that since they are going back to the same people that we had to deal with in the beginning in trying to get someone to recognize this problem, and their recognitions are more restrictive than the intent of the law, that something has to be done about the way the program is being run today.

The feeling in general, among miners in the four States I have traveled much in, are that we will be back in the same circumstances we were before 1969 if some changes are not brought about.

All the miners today in this country are aware of this problem. And they want something done about it.

This concludes what I wanted to say.

I will introduce the witnesses now, or should I wait for questions?

Mr. HAWKINS. Would you proceed to introduce your witnesses?

Mr. MILLER. The next witness is Mr. Lee Lane from Knox County, Ky.

Mr. LEE LANE. Mr. Chairman, I have some doctors' reports here from 1965 to 1971. And I have got them from a TB hospital in London, Ky., from Dr. Biggs, and I won't go over it all. He gave me silicosis, bad heart.

Then I went up to Dr. Bushey. He gave me fibrosis, and two-plus silicosis with a bad heart. Total permanent disability.

And I run it on up to Dr. Bushey, same thing, in 1971.

Dr. Crowler gave me the same thing, that is in 1966. Then I have Dr. Webb who gave me fibrosis, silicosis, two-plus, with a total disability. And this doctor here, Wells, told me that my right lung was going to explode and I was going to have to have it took out. And I don't draw any social security, got no medical card, and don't draw no black lung among these reports.

I live on $55 a month food stamps.

Mr. HAWKINS. Thank you, sir.

Were you through, sir?

Mr. LEE LANE. Yes, sir, I am through.

Mr. MILLER. The next witness will be Mrs. Clara Cody, from Fayette County, W. Va.

Mrs. CODY. I am here in behalf of a large number of people in our community—mostly widows come to me for aid. And I only have one case here that I want to talk about.

Her name is Evie Watkins. She is 69 years old and she gets $100 a month. Her husband died in 1962 after 42 years in the mines. He has a death certificate of coronary thrombosis, but he did have a bad breathing problem, such as he couldn't climb steps, he couldn't work in the garden anymore, and any exertion at all would affect his breathing.

She was denied on the basis of this death certificate. So she went to Social Security and asked for reconsideration. I didn't go with her there and I don't know what happened, but she came to me for assistance. And I got a medical report from Oak Hill Hospital, Beckley Hospital. And, by the way, Social Security hasn't said yet whether they would reimburse for the fee for searching the records and compiling them.

Mr. BURTON. Excuse me, ma'am. At this point the law is absolutely clear. Social Security must reimburse for the cost of preparing the medical aspects of these claims.

Go on.

Mrs. CODY. The reason that I came, well, it is just this: that I don't believe that Social Security is doing a fair job to aid these people. Widows like Mrs. Watkins are the difficult. It is hard to prove anything in their cases. Social Security hasn't so far rendered much assistance to them. And in some instances there is no medical reports. I realize that. But in others there are, they just don't have—these are people that you are dealing with just—we feel that Social Security could do a better job to help them, talk to them and try to get information out of them as to where these medical reports are and that is the biggest trouble that I have found: that Social Security really isn't doing the job that they are supposed to do. Otherwise, why should they come to me for help?

Mr. HAWKINS. Thank you, Mrs. Cody.

(The following supplemental statement was submitted for the record:)

The purpose of this extension of remarks is to provide further details of the case of Evie Watkins, discussed by Clara Cody before the Subcommittee on May 19, and to emphasize that the case of Evie Watkins is representative of a broad group of cases which are not receiving adequate assistance from the Social Security Administration. These remarks conclude with several specific changes recommended in the hope of making the Federal Black Lung Program more responsive to the needs of this particular class of beneficiaries.

The information provided herein, in response to the request of Representative Burton made during the hearings and to the request of a member of the committee staff made after the hearings, is tendered in the hope that it will not be accepted as proof merely of one irregularity, but will be accepted by the Committee as representative of the lack of assistance many claimants for black lung benefits are receiving. The witnesses, a person with special training in assisting people with Federal Black Lung claims and a licensed attorney, are now handling the development of the claim of Mrs. Watkins and feel that they can do so adequately.

I. The Case of Evie Watkins

The facts of the case of Evie Watkins are as follows:

1. Evie Watkins, age 69, Route 2, Box 107, Fayetteville, West Virginia, unremarried widow, husband—Henry Watkins, Social Security Account No. [redacted], date of death: May 23, 1962, at age 75—Mrs. Watkins' present income: $136.00 per month in Social Security Retirement benefits.

2. Mrs. Watkins applied for Federal Black Lung Benefits in April, 1970, at the Beckley District Office of the Social Security Administration. Later on December 14, 1970, she was called in for what was apparently a very complete interview which included an exhaustive summary of the places Mr. Watkins had received medical attention and the places where medical reports describing his condition might be available. Subsequently the claim was denied at the initial consideration stage. On January 26, 1971, Mrs. Watkins and another woman saw a representative of the Social Security Administration at a field office of the Social Security Administration in Fayetteville, West Virginia, which interview took about five minutes. Mrs. Watkins asked that her claim be reconsidered and the representative asked Mrs. Watkins if she had any new evidence. She replied that she had no new evidence and the representative asked her why then was she applying for reconsideration. The reply of Mrs. Watkins was that her husband was suffering from shortness of breath when he died.

At this interview the representative of the Social Security Administration did not suggest any further steps which Mrs. Watkins could take, nor did he offer any explicit forms of assistance. On April 16, 1971, Mrs. Watkins came to Mrs. Clara Cody for help with her claim at a local meeting of the Association of Disabled Miners and Widows. Mrs. Cody interviewed Mrs. Watkins and proceeded to search out additional evidence concerning the cause of death of Mr. Watkins. Mrs. Cody was finally able to obtain reports from the Oak Hill (W. Va.) Hospital which indicate, among other things, that Mr. Watkins was suffering from an advanced pulmonary condition and had "nodulations" on his lungs.

3. Mr. Watkins worked for fifty (50) years in the coal mines of West Virginia performing numerous jobs from hand loading to supervision. He developed difficulty breathing and suffered from shortness of breath. The shortness of breath was marked upon exertion, such as climbing stairs, etc. Due to his declining health, Mr. Watkins had to curtail his gardening work and finally had to give up gardening. At night, he would suffer from coughing spells and chest seizures and would have to get out of bed and go outside to catch his breath.

4. In order to establish her eligibility for Federal Black Lung Benefits, Mrs. Watkins must prove that her husband's death was "due to pneumoconiosis." This can be proven under § 411(c)(2) of the Federal Coal Mine Health & Safety Act by showing that Mr. Watkins worked ten (10) years in the nation's underground coal mines and that his death was due to a "respirable disease." The problem in this case, and apparently the reason why the claim was denied initially, is that the death certificate of Mr. Watkins gives as the cause of death "coronary occlusion." When Mrs. Cody obtained the reports from the Oak Hill Hospital, she was told that the same reports had not been requested or submitted to the Social Security Administration previously, in spite of the fact that the evidence was probably known to the Social Security Administration or should have been known, given the lengthy initial interview performed at the Beckley District Office. It was apparently only through Mrs. Cody's efforts that the report from the Oak Hill Hospital suggesting that Mr. Watkins was indeed suffering from a "respirable disease" that created any hope in this case.

When Mrs. Cody went to the Beckley District Office of the Social Security Administration on April 27, 1971, she asked to see the claim file of Mrs. Watkins' claim but was told that the file was in Baltimore. No attempt was made to inform Mrs. Cody that as a representative she had a right to see the claim file or that the office would expedite any request she might have to see the claim file. Mrs. Cody submitted the medical reports she had obtained for Mrs. Watkins and discussed further points with the representative of the Social Security Administration. Ultimately, she was told by the representative that she was "meddling" in the case of Mrs. Watkins and that the representative would rather see Mrs. Cody submit any further reports to the Social Security Administration using envelopes he provided her with rather than having her come into the office and continuing her "meddling."

II. The general need of applicants for federal black lung benefits not now being met by the Social Security Administration

Mrs. Cody, who has received special training from the Appalachian Research and Defense Fund of Charleston, West Virginia, in helping other persons with their Federal Black Lung claims, has been in contact with hundreds of widows and has provided individual counseling to more than 100 widows throughout Fayette County and nearby counties in West Virginia. Based on this experience, Mrs. Cody feels that the case of Mrs.

Watkins is representative of what is happening in many cases where widows have claims which require some "digging" to secure the required evidence. The claimants are not informed of the need to get other evidence or what the other evidence should show and apparently the Social Security Administration is not doing the type of digging required.

The Appalachian Research and Defense Fund has found it necessary to offer training to volunteers from coal mining communities who help persons back in their own communities with problems arising from their Federal Black Lung claims. Clara Cody is one such traineee. James Haviland in his work as a staff attorney for the Appalachian Research and Defense Fund represents more than thirty black lung claimants on an individual basis and has counseled other numerous groups and individuals concerning certain aspects of the Federal Black Lung Program. The training and individual counseling has consisted primarily of encouraging claimants to identify the reasons they have been denied and to gather needed, relevant evidence. This type of assistance and training is necessary because a substantial number of people who are denied benefits do not, on their own, undertake a course of rational claim analysis; nor do they effectively receive such needed assistance from the Social Security Administration, despite assertions of the Administration to the contrary. In many cases the only post-denial assistance rendered by the Social Security Administration consists of helping claimants to execute an appeal form—as was done in the above-described case of Evie Watkins.

The fact that the training offered by the Appalachian Research and Defense Fund has been so well received and is in such demand, and the fact that the assistance needed in the individual cases which Clara Cody and James Haviland counsel, proves that there is a demand for advice and assistance among many miners and widows who have been denied Federal Black Lung benefits, which need is not now being met by the Social Security Administration.

III. Changes in Social Security Administration policy and in the Federal Coal Mine Health and Safety Act necessary to remedy problems discussed above

A. *Recognition by the Social Security Administration that many Federal Black Lung cases are not receiving adequate assistance and an affirmative program to disseminate to all Federal Black Lung claimants information to raise their level of understanding of the black lung process to an acceptable level.*

Rather than treating the problems raised by testimony and statements of representatives of the Black Lung Association as isolated individual cases, the Social Security Administration should recognize that a significant number of Federal Black Lung claimants in Appalachia are not adequately informed and do not understand several essential concepts necessary to minimal claim preparation. A representative list of these problems follows:

1. Many claimants in Appalachia are unable to rationally analyze the reason they have been denied to the end that they can recognize the needed, relevant types of proof necessary for successful claim development. Despite the accuracy of the boiler plate type of notice provided by the Social Security Administration to claimants of the reason they have been denied, it is our experience that numerous claimants with limited education and experience in dealing with government do not, in fact, understand which eligibility criterion or criteria they do not need; and, accordingly, they do not identify and obtain relevant forms of proof.

2. Federal Black Lung claimants should be specifically and effectively informed that ultimately it is their own job to win their own claims. It is not questioned that the usual representation by the Social Security Administration that it will "help" a black lung claimant is not made in good faith, rather the problem is that many claimants who are not accustomed to legal or administrative procedures do not really understand the significance of their bearing the burden of proof.

3. Claimants should be informed that they will want to be selective in seeking out the all-important medical evidence of the separate questions of the existence of black lung and the presence of "total disability." If the Social Security Administration is to continue to require the quantity and fineness of medical evidence, which it is now requiring, claimants should be informed of the fact that medical evidence is basically opinion evidence and that in developing their own claims they would naturally be well advised to appreciate the well known and established fact that doctors have different leanings and opinions. For example, claimants should be informed of the radiologist who consistently "over read" or "under read" chest X-rays. Claimants should be informed of the completeness or lack of completeness of different breathing tests that are available. The fact that the claimant can prove "total disability" with blood gas studies and other sophisticated medical tests under 20 CFR 410.403(a) should be spelled out effectively to claimants. Claimants should also be informed of the completeness of such tests, the differences of administration of these tests in the few pulmonary laboratories which exist in Appalachia, and the leanings of the physicians who administer the tests.

In most cases when the claimant is represented by a private attorney, the chief benefit of representation is that the attorney knows the best sources of medical evidence and will see that the claimant approaches traditionally favorable physicians and testing facilities for needed medical evidence. There is no reason why the Social Security Administration should not compile and make available such information to claimants.

4. The Social Security Administration should aggressively inform the claimants of basic rights essential to adequate claim development and the Administration should develop procedures to effectuate rather than defeat several of the claimant's basic rights. For instance, some of the more important rights which are not now adequately explained to claimant's, or adequately appreciated by claimants are as follows:

(a) The right of the claimant to select a physician and testing facility of his own choice; and

(b) The right of the claimant to request reimbursement for reasonable medical expenses.

The statistics of the Social Security Administration, detailing the millions of dollars expended for medical tests, while impressive by themselves, are used to cover up the failure of the Administration to inform claimants of the need to exercise the above two rights in conjunction with each other. That is, claimants should have medical tests performed by a physician of their choice and paid for by the Social Security Administration. These two rights used in conjunction should be used to encourage claimants to obtain their own tests. The Administration has paid millions of dollars for medical tests, but the tests have been performed by physicians and facilities of the Administration's own choosing on claimants who have no idea whatsoever that they can request reimbursement for examination by doctors of their own choice.

(c) The right of the claimant to *prompt* access to his claim file so that he himself may analyze his case as fully as possible.

5. If the claimant does not appreciate the importance of the above considerations, or if the claimant feels he needs assistance with his claim, then the Social Security Administration should inform him specifically of the services which it can and cannot render, and the services which a qualified attorney or other qualified representative can and cannot render. The Social Security Administration at that time should also inform the claimant of the benefits which private representation has (obtaining an experienced representative who is obligated to pursue only the interests of his client) and the detriments, i.e. the cost of representation. In the case the claimant does express an interest in obtaining private representation, then the Administration should further inform him of the nature of the attorney-client relationship, including the fact that the claimant can terminate the relationship and can negotiate the fee.

B. The Federal Black Lung Regulations promulgated by the Secretary of Health, Education, and Welfare should be reformed to reduce the excessive and unwarranted reliance on medical evidence.

C. The Social Security Administration should assume an active role in making available facilities which can administer the more advanced multiple exposure chest X-ray and blood-gas breathing procedure not required, but acceptable and necessary in proving many Federal Black Lung claims.

The position of the Administration thus far has been that adequate facilities are available. However, this means only facilities which administer the single X-ray and simple ventilation tests required under 20 CFR 404 (a) and 403(b) on a mass, impersonal basis, and not facilities such as the X-ray and pulmonary laboratories at the Beckley Appalachian Regional Hospital (West Virginia) which administer more sophisticated and valuable medical tests.

Mr. MILLER. Mr. Chairman, the next witness will be Mr. Verlan Golden, from Knox County, Ky.

Mr. GOLDEN. Let me start from the experience that I have had with black lung. When black lung was established by law, I met with eight social security men from OEO all around the Nation. They told us some tips that the Social Security would attempt to do before this ever happened.

Some of the experiences that I have had is I first started signing people up on black lung, approximately 400 people, and four of them out of 400 in my knowings have received black lung benefits. Two of them died; one of them died within 2 days after he got it. One of them died within 4 weeks.

I have visited several people that have black lung applications that have been turned down for several different reasons. I have visited people and got their names that are on public assistance from having black lung in the second degree measuring a diameter of 2.1, 2.3. The papers stated that they were denied because they didn't meet the guidelines set forth in the law that it required that you had silicosis in the third degree.

I have with me a piece of paper that I signed up eight self-enrollees for black lung, who had worked 25 and 35 years in the coal mines. The Social Security Office informed them that they were not eligible to process their claims because they worked for a mainstream program.

I got on the phone and called the Social Security Office and he tells me a different tale. We people that go down to the Social Security Office are misled, abused, lied to, and you name it we can furnish it.

First of all, I would like to state this—and this is my personal opinion—that my experience with this committee should have been held in the southern part of Kentucky and West Virginia coalfields to really give black lung consideration of what it needs because the people that really have been done bad on black lung couldn't be here today because they are in too bad a shape.

Now, you were talking about the permanent total disability from coal mines. I have clients that have four and five per-

manent total disabilities and states on the diameter of the black lung and they have been turned down for the reasons that they don't meet the qualifications under the black lung law for two and three different reasons. And there is nobody that I have been able to find that can really come up with what the Social Security means when they are talking about total and permanent disability. And this is one of the faults that has never been clarified for the people.

When you talk to them they don't know what Social Security really wants and I don't think the Social Security really knows itself what they want.

And for my personal feeling and the people that sent me here as a representative to them, we don't aim to put up with it. And we are going to take every effort and step to change some of the laws that are made or some of the people of the offices behind it.

Now, we feel that we have been done dirty in Kentucky. We held a meeting with approximately 400 people, and out of the 400 people there had been only four people that had received black lung. The rest of them had been turned down for some reason or another.

Their hospitals are not equipped to take tests; they run them through like stock and this can be proved. They don't give them time to take X-rays. And I have a man that told me that he went and was X-rayed and turned down. The doctor told him he had two perfect lungs. He said, "Doc, did you see the 18-inch scar on my back that I had one of my lungs removed?" That this is the type of thing that you have got going on in the black lung services and this has come from the Social Security Administration.

They may not be aware of this. But there is one place they can be aware of this and I think it is this committee's place and duties to take steps to see that the Social Security Administration enforces the law that is already applied.

And I thank you for being here and thank you for hearing our case.

Mr. HAWKINS. Thank you, Mr. Golden.

Mr. Miller, would you present your next witness?

Mr. MILLER. The next witness, Mr. Chairman, will be Mr. Clifford Lane.

Mr. LANE. One thing I would like to talk about that was talked about earlier this morning of how they do it at the Social Security Board in our community. I happened to be one of them that went to the hospital for tests. They stood about 60 of us back in the hall so they would take 10 at a time. Say, "Boys, get your shirts off, get your shirts off." And I would be safe in saying that 10 or 11 minutes they would X-ray the 10, then bring in 10 more. And it was the same way all day I was there.

I am safe in saying that they X-rayed 70 within 5 hours. So we go back to the Social Security Board. They say, "well, boys, they have turned you down. You have got to do this, you have got to get your medical reports." So the majority of the people in that county just aren't able to pay a doctor $50 or $60 or maybe $100 for a physical examination that is required for black lung.

So that is their big problem down there.

Mr. BURTON. Mr. Chairman?

Mr. HAWKINS. Mr. Burton?

Mr. BURTON. It was precisely because we believed this would be a problem that poor people simply cannot afford to make their case, if you will, by getting enough medical data that the Social Security Office, social security people are clearly and flatly required to pay for all reasonable expenses incurred or obligations incurred in developing the medical aspect of the claim.

There may be some misunderstanding. I do have trouble believing that Social Security is rejecting these claims, although that is something I think the staff should look into.

I do fear the possibility that a lot of people are enough uncertain about it that they are unwilling to take the chance, that Social Security will assume this debt if they incur it by getting examinations.

But the law is clear and I would hope Social Security would make some efforts to see that that is made clearer in terms of the people who think they have got a valid claim.

But the law is clear in that respect. I would hope Social Security is not rejecting any such claims and I think there may be some misunderstanding in terms of the applicants and potential beneficiaries under this bill.

Mr. HAWKINS. Mr. Lane, what office of the Social Security are you referring to?

Mr. CLIFFORD LANE. Corbin, Ky.

Mr. ERLENBORN. Mr. Golden, did you want to add something?

Mr. GOLDEN. Lane, in his statement, I think left out something that is vitally important. Mr. Lane is retired as a social security black lung.

Mr. HAWKINS. Is that so, Mr. Lane?

Mr. CLIFFORD LANE. Yes; they took me out of the mine in 1961 with black lung. They have taken me to the miners' hospital. I stayed there a couple of weeks and I really wanted to go back to work. I didn't see how I could make it on a social security check. They told me to go home and try a week and not try to go back to work, just fool around at home and come back. So when I came back to the hospital they brought a man from Knoxville to take a stereo picture of my lungs and gave me a blood test and they gave me the whole works, that was all, and they told me they said you might just as well go home and forget about work. You will never work no more.

Now, so this black lung has denied me for it, which they cut me out in 1961 with a total disability.

Mr. BURTON. Have you told your Congressman that?

Mr. GOLDEN. What Congressman?

Mr. BURTON. Well, I would hope the staff would get your name and address so that we can see that this specific matter is at least pursued.

Would you object to giving us your name and address now?

Mr. CLIFFORD LANE. No.

Mr. BURTON. What is your name?

Mr. CLIFFORD LANE. Clifford Lane.

Mr. BURTON. What is your mailing address, Mr. Lane?

Mr. CLIFFORD LANE. Route 2, Corbin, Ky.

Mr. BURTON. We will pursue your individual case. That is maybe nice for you, and hopefully you are successful, but it doesn't help the general problem much, but at least we will go to work on that.

Mr. MILLER. The next witness is Mr. Steven Clark, lawyer for the Mountain Peoples Rights, Inc., in Kentucky.

Mr. CLARK. For the last two or so years I have been representing miners in various types of disability claims, primarily before welfare agencies and also involving social security matters.

It appeared to us when social security decisions began to come down that a vast number were being denied. And it appeared that we had on our hands a crisis situation. This was confirmed when congressmen began making statistics available and it appeared that Kentucky had the lowest rate of awards of any of the States that were reported.

I believe the current figures are that Kentucky's proportion of awards is somewhere in the neighborhood of 25 percent, whereas the national average is 50 percent.

Recently, the Social Security Administration had statements in the press to the effect that this does not necessarily mean there is a crisis. This may mean that there are fewer eligible miners in Kentucky. I think these statements beg the issue.

I feel that the characteristics of the population there may have a little to do with what is causing the denials. I think the factors that are causing denials are the way the law is being administered at the local offices in part, and also the problem results from the lack of adequate medical testing facilities. You have heard of some of the miners speak of some of the problems they had had.

Congressman Burton said it was quite clear that social security is to pay for medical examinations. I do not know a single miner, and I have been in contact with many, to the best of my knowledge, who has received any reimbursement. Now, maybe some day ultimately some of these people that I have talked to will receive reimbursement. People do not know that they should be requesting it in many cases.

In any event, the policy of the administration, the thrust of the policy has been that we will supply you with an examination at Government cost. Why worry about the doctor of your choice in a sense is what they are saying.

Mr. BURTON. At this point may I request the staff to direct a letter to HEW that addresses itself to the points made, the number of requests by applicants for the payment directly to the provider of the service or reimbursement of the cost of the service and the rightful acceptance or rejection of those requests. And also, the total amounts paid by the Social Security Administration to either providers of service or by way of reimbursement to the claimants.

Mr. HAWKINS. Without objection, the staff is directed to direct that inquiry to the Department of Health, Education, and Welfare.

Mr. CLARK. I hope I can provide further detail and clarity in a written statement at a later time on that particular issue.

In any event, what I have addressed myself to is that there have been problems in the administration, among them are those which have been mentioned.

I might explain that Mr. Golden was talking about denial of men in the mainstream program. There have been precedents in the courts on social security claims saying that this activity is not substantial gainful activity, yet the men seem to be denied on this basis.

Also miners have called to our attention where claims have been withdrawn. There is one instance where it appears, I can't document this yet because I haven't got the record from Social Security, where the claim was withdrawn without any clear expression of intent by the miner to have it withdrawn. It appears that where there is a questionable claim where the miner is working, a withdrawal is being solicited. I can't tell you the magnitude of this. I know that this just seems to be happening.

It may be true that the miner, you know, is free to pursue his claim. He is not told always that he absolutely can't. But the facts are presented in such a way that he is told that the administration doesn't have time to process his claim. He is discouraged, whether it is done intentionally or not.

Mr. BURTON. Is your statement that a miner currently working who files a claim is encouraged to withdraw the claim?

Mr. CLARK. Yes.

Mr. BURTON. The entire purpose for permitting a claim to be filed, even though a man may be earning an amount under the retirement test that invalidates his receiving benefits, I would hope would be self-evident. In a situation as you stated the claim can be approved because the man has in effect total disability but he is out of the ball game just temporarily so long as his earnings preclude him from receiving a benefit. This was the only way to achieve what I suspect is one of the primary reasons for the differing results in Pennsylvania and other places.

In Pennsylvania they had a law that provided a benefit. So people could at an earlier point in time file the claim and, therefore, accumulate medical records before they were lost. Whereas in Kentucky and West Virginia, you didn't have such a law. So these

medical records were lost, and the basis upon which you could prove your claim. And the whole point was to get those records into a safe place, if you will, so that no one ma, be ineligible to receive payment because he is still working and his earned income is such that the payments are reduced to zero. We wanted those claims to be valid and view the point in time of 4, 5, or 6 years from now when that man, the pneumonconiosis may set into the point where that man can no longer work. So these men are being given very bad advice as it affects themselves. And these claims, in effect, should stay on file with the medical reports.

Mr. CLARK. All too often, though, it appears that the records are either not gathered or they are gathered to a certain point but not really adequately gathered and adequate tests aren't given and the man will ultimately withdraw his claim without understanding what has happened because he has not been so advised.

Turning away from the procedural problems that miners have been having—and I don't think I have given you really an accurate representation of the full picture. There are many more problems that we have heard of and I will communicate them with you later in writing, if that is all right.

In Kentucky, we have a difficult problem scheduling adequate medical exams. We heard earlier today from one of the Congressmen from Pennsylvania that doctors are paid by the State to do evaluations for coal workers pneumoconiosis. I do not know exactly how that works there. But I know in Kentucky there are very few doctors whose salaries are provided by the State and the few that are say that they will not be able to make a diagnosis of pneumoconiosis. I think we have to consider factors like this when we want to understand why the award rate is so low in Kentucky.

I do not think it is enough to say that the miners there are younger and therefore less likely to have black lung. I do not think it is enough to say that the miners there have worked in less mechanized mines because it is not quite clear that the mines in Kentucky are any cleaner than they are elsewhere. It wasn't clear in the case of the Finley mines in Hyden where the explosion took place around New Year's.

So I feel that the claims by miners have to be given careful consideration. Maybe there is no systematic way to do this. But I think you will find, if you really want to find out how this law is being administered, that the miners would be able to give you an awful lot of information as to how the law is actually working.

Thank you for your time.

Mr. HAWKINS. Mr. Miller?

Mr. MILLER. The last witness will be Mr. James Haviland, lawyer for Appalachian Research and Defense Fund in Charleston, W. Va.

Mr. HAVILAND. Mr. Chairman, I would like to join in Mr. Clark's remarks and say that my experience in West Virginia in the last 3 years dealing with disability insurance benefit cases and then Federal black lung cases is very similar to his in Kentucky.

So as not to repeat Mr. Clark, I would like to make a few remarks on H.R. 43 dealing with the offsets. The Black Lung Association favors H.R. 43, but would ask that it be expanded to prohibit offsetting Federal black lung benefits and State workmen's compensation benefits where the State——

Mr. BURTON. May I interrupt you at this point?

Mr. HAVILAND. Yes, sir.

Mr. BURTON. For a whole variety of reasons that isn't going to be a successful avenue. Our dilemma was to come to grips with the gaps in coverage. The thrust of the representation was you have not only an uneven gap but an inadequate level. As to our colleagues, this would be the last time in their political lives that they would accept a similar kind of effort, if we then start switching signals on them and eliminated the workmen's compensation offset.

But we made it perfectly clear without any possibility of doubling back, if you will, that if they gave us this benefit—and it is now, what, $250 to $300 million a year, so it is not a minor benefit item. Our colleagues did provide it on the assurances we weren't going to change the signals and eliminate the offset.

Whether or not I am in agreement with you is not the point I am making. It is just a practical matter that is one we are not going to be able to do much business on.

Perhaps you could spend some time in some other point.

Mr. HAVILAND. Thank you, sir.

Well, the Black Lung Association favors without qualification H.R. 18 and 42. I would like to take some time discussing H.R. 5702. In answer to a problem that was raised this morning, the first part of 5702 deals with the definition of total disability and would make it so that a man would be considered to be totally disabled only if he could not return to his former work as a coal miner.

It was suggested that this provision would create an inequity because between the treatment of coal miners and persons in other professions and occupations.

On the face of it, it certainly does seem to create an inequity, but there are several reasons why there really isn't an inequity.

First of all, the test of total disability we are talking about says that there is a definition of 223(d) of the Social Security Act and it says that a man is totally disabled if he cannot engage in substantial work in any job theoretically, theoretically available in the national economy.

This so-called national employability test discriminates against Appalachian coal miners for several reasons. And it is for these reasons that the definition of the total disability can and should be changed.

In the first place, Appalachian coal miners are very immobile. They are not likely to move to other regions of the country where employment is more likely to be available. Other forms of employment in the Appalachian hills and mountains are not generally available for persons without advanced education. Coal miners, by and large, have non-transferable skills. So they can't move, in addition to being unable to move physically to another part of the country, they cannot move their skills to another part of the country and make a living.

Also, coal miners who are disabled tend to be of advancing age and diminished physical capacity. And they present a very, very poor prospect to prospective employers who would possibly be faced with workmen's compensation or private insurance costs.

Finally, I would like to point out that the change in the definition can be made consistent and it is not inconsistent with the social security program because the Federal black lung program is a special purpose program financed from general revenues, whereas the social security program is financed from payroll deductions and there is more reasons in that program for making the standards uniform. The Federal black lung program is special purpose legislation.

The next point I would like to make with regard to 5702 concerns the policy of 5702 that a negative X-ray cannot provide a basis for denial of a black lung claim. The problem here is not that there shouldn't be some medical basis for the finding of disability, but the problem is, rather, that with all due respect to the Social Security Administration, based on my experience with them, I think their determinators at all levels are obsessed with proof of disability by some very objective means such as a line on a graph or a spot on an X-ray or certain laboratory findings. And in many cases disability simply cannot be determined this way.

Finally, I would like to make one closing remark about the thrust of 5702 and try to tie in some of the remarks that were made earlier.

On the whole, I think all of us can only have admiration for the fine job that the Social Security Administration does in handling their complex and demanding work. My admiration does not extend, however, to what I characterize as a difficult or hard case, the hard disability case. Disability can be very, very difficult to prove. You have conflicting medical reports, conflicting doctor's theories, and so forth.

It is my feeling that in these cases the Social Security Administration is not providing adequate assistance to disabled coal miners in the Appalachian region.

Many disabled coal miners in Appalachia, I do not think, are adequately prepared to deal with a large bureaucracy and a complex determination process. And I think more assistance should be provided.

Thank you.

Mr. HAWKINS. Thank you, sir.

Mr. MILLER, does that conclude your witnesses?

Mr. MILLER. Yes, sir.

Mr. BURTON. Mr. Chairman?

Mr. HAWKINS. Mr. Burton?

Mr. BURTON. I would like to commend the witnesses and urge particularly if there are bills of particulars, to send them to our subcommittee so that we can examine any of the particulars or a class of problems or a specific, individual case. We will work at processing them.

I think, by and large, the Social Security Administration has done quite well even though there are whole areas of the administration that I think we may well quarrel with. The fact of the matter is that I, for one, am delighted that all of you came this distance to tell us how this law is working.

I truly hope the worst of the fears of my distinguished colleagues from Illinois are fulfilled, that in time to come our colleagues will do something that will be deemed as a workmen's compensation precedent and we will be able to take a meaningful national step so that all persons who have been robbed of some part of their full life will have some tangible recompense to take care of that situation.

But send us those letters with the particulars. It is a lot easier for us to follow up after these public sessions with the points that you have raised.

Mr. HAWKINS. Mr. Erlenborn?

Mr. ERLENBORN. Let me ask the last witness, Mr. Haviland, in referring to, I think it was 5702, you take issue with the observation I made this morning that the test of the total permanent disability should be uniform. I am just curious as to how different the problem of one with asbestosis, black lung disease, silicosis, the lung problems, the talc miners, many other types of diseases that cause disability that are compensated under the social security disability laws, is really from that of the pneumoconiosis sufferer?

Mr. HAVILAND. Well, I don't think the point is whether the other possible respiratory diseases are more or less serious. The problem I was trying to address myself to was the class of beneficiary and the problems that he faces are unique.

Mr. ERLENBORN. I wonder if they really are. Do you think that the talc miner who spends his life in a talc mine has a different kind of a problem from the coal miner or the one who has worked in a sandpit all of his life or one, for that matter, who has worked in the clothing business, the cotton and textile industries and contracting a lung disease?

Mr. HAVILAND. Well, my experience has been and I think the experience of areas in the country which receive the outmigration from Appalachia has been that many people who leave Appalachia to live in other parts of the country and try to find jobs simply can't find them. There is simply no work available.

Now, that may be the case of people afflicted with other kinds of diseases, but I think the problem of the Appalachian coal miner is especially marked.

Is that responsive?

Mr. ERLENBORN. I think it is. I think I might make the observation that your concern is directed to them and that might in some way lead you to feel that they should be treated differently. But I am not so certain that that is a valid reason.

Mr. HAWKINS. Mr. Erlenborn, would you yield to the Chair?

Mr. ERLENBORN. Yes, sir.

Mr. HAWKINS. I notice that our colleague, Mr. Thompson, is in the room and has a group with him. I would like to defer to him at the moment to introduce his group that has come to the Congress to see a committee in session.

Mr. Thompson?

Mr. THOMPSON. Thank you, Mr. Chairman. This is a group of students from Trenton, N.J., from Holy Cross School, who have come down annually. This is very lucky for us. I have just explained the subcommittee process and wanted them to see the full committee room. So they have had an opportunity of seeing actually a subcommittee in session on a very important piece of legislation, which, incidentally, I favor rather strongly.

With that, I will take them out.

Mr. HAWKINS. Maybe the record should show that this gratuitous support has been given to the pending bills.

We are very delighted to have your group, Mr. Thompson.

Mr. THOMPSON. Thank you very much, Mr. Chairman.

Mr. GOLDEN. You have got me curious when you talk about the disability from the coal miners. You know Social Security is talking about you have to be a permanent and total disability from the mines to draw black lung. Well, if any of you all knew coal miners when they retired, they are short lifed. There are many jobs that these coal miners could do with light work and still be eligible for black lung if the law was right. And in justification, I don't go with the permanent and total disability from all of the other types of work, because when you retire a coal miner that has put 45 to 50 years in the coal mines, he is used to work and he is short lifed. Another thing is on the disability, they are not getting adequate consideration under the circumstances that exist now because our doctors are not equipped with the right equipment to give a complete examination. I think that it should be established in all States that there are places set up to send these men with the right equipment to examine them and give them a reasonable examination instead of running them through like a bunch of stock. You know, I don't think and you don't think that one X-ray really shows up black lung. And I don't think that breathing tests shows up black lung because you might have a case of asthma when you go in and you put it down black lung. He may not have black lung and I don't think any coal miner wants the black lung benefits without his good, but I think he does want it if he is good.

And I think the only way the coal miner is going to get justice is for the Social Security Administration to establish adequate equipment in these hospitals to take the tests.

Thank you.

Mr. ERLENBORN. I might make one further observation. When we began to consider this law we found there was very little in the way of research that had been done in this country as far as pneumoconiosis was concerned and its relationship to the existence of coal dust and certain concentrations in the coal mine.

So we went to the one country that had done considerable research over the course of years, England. We were advised by the experts there that simple pneumoconiosis was—and this is the international classification. I think there is A, B, C, and 1, 2, 3 within each one of the categories—simple pneumoconiosis was not disabling, complicating pneumoconiosis was not disabling, but massive fibrosis, the third stage, was.

What we did as a result of that medical evidence, when we passed the bill in the House, and by the way when it passed in the Senate, was take the lesser test, that is category B, complicated pneumoconiosis, which was not considered to be, by the medical experts in England, disabling and make that compensable if the person was in fact disabled and had evidence of complicated pneumoconiosis. And then a very strange thing happened between the passage in the House and the Senate.

In the conference committee any reference to complicated pneumoconiosis was taken out and, in contradiction to the rules of the House, we made any pneumoconiosis, even simple pneumoconiosis, compensable.

Now the medical testimony that we had—and I have never heard it really controverted—was that there is no way of identifying coal miners' or coal workers' pneumoconiosis without an X-ray; that you cannot distinguish it from other diseases without an X-ray in the living miner, short of an autopsy, of I suppose an autopsy would be the only other way.

So that is why the X-ray is included in the test. It does not make the sole test, but to exclude the X-ray as a test makes it impossible, really, I think, to diagnose pneumoconiosis.

Mr. GOLDEN. Can I ask one more question? When a guy goes and has an X-ray made and he is turned down on black lung, and the Social Security sends him back the second time or even the third time, does he have to pay for his medical reports and X-rays the second and third time?

Mr. ERLENBORN. I think that as long as he has a valid application pending or an appeal from a denial, under the law that Congressman Burton has already referred to, his reasonable medical expenses are to be reimbursed.

Mr. GOLDEN. Even for the second and third time?

Mr. ERLENBORN. As long as there is a valid claim pending.

Mr. BURTON. As long as there is a reasonable basis for it. It doesn't have to be a valid claim. You don't do it ad infinitum, obviously.

Mr. ERLENBORN. The law says reasonable medical expenses and that would leave it to their judgment.

Mr. HAWKINS. Thank you, Mr. Miller.

The chairman would like to commend you and the witnesses for your presentation. I think they have been most helpful. And I want to assure them the full consideration of this legislation by this subcommittee. I think that your mere presence has certainly given weight to the importance of this subject. This committee will surely give every possible consideration to all of the requests that have been made.

I see that you do have a statement which will be entered into the record at this point.

(The statement follows:)

STATEMENT OF ARNOLD MILLER, PRESIDENT OF THE BLACK LUNG ASSOCIATION

I thank this committee for inviting us here today. Our organization has active chapters in four states. We have worked long and hard to insure that coal miners receive their just due.

Gentlemen: This program is not being administered in the way that Congress intended. The facts speak for themselves: The percentage of people paid in Pennsylvania is twice as large as in West Virginia and three times as large as in Kentucky.

Why are West Virginia coal miners receiving 2nd class treatment?

Why are Kentucky coal miners receiving 3rd class treatment?

Several reasons are quite apparent to us: Miners in West Virginia and Kentucky are *not* receiving complete and impartial examinations.

(a) Properly equipped clinics that have the ability to administer fair and complete test are virtually non-existent. The only clinic in the area is located in Beckley Appalachian Regional Hospital.

(b) The major medical examination now employed by Social Security is the x-ray. In addition to the unconclusive diagnosis that this provides the actual administration of the test, in many cases in mobile units, is not adequate to provide a competent diagnosis.

(c) The evaluation of the applicant's claim now based on one x-ray is not only unfair but unjust.

(d) Cracker box breathing tests used in cases of simple pneumoconiosis measure only blockages to breathing and not as proper tests for black lung.

(e) We can document a number of doctors who have been in the employ or who themselves are stock holders in coal companies who are being used by Social Security to conduct examinations. There's an obvious conflict of interest.

Gentlemen: If we lived in Pennsylvania our chances for payment would be doubled. Because Pennsylvania has had a good Workmen's Compensation law, doctors there adequately provide the technical medical analysis and information on a claimant. In our area (West Virginia and Kentucky) this is not the case. The way this program is being run must reflect our regional problems so that we in Kentucky and West Virginia will receive proper consideration.

In addition to shoddy medical administration of the program by the Social Security Administration the local staffs of Social Security have not, we feel, treated us fairly or courteously.

We have not received proper assistance in filing and processing claims:

(a) Only through pressure on local offices have we been able to examine our claim file. In some local offices miners who request to see their files are given a run-around or refused.

(b) The denial letter sent to us does not explain in terms we can understand what evidence is needed for us to prove our claim.

(c) The program is grossly underadministered. Social Security admits that their administrative costs are running at 4 & ½% (this compares with a 5 & ½% rate for the Social Security Disability Programs.) Many applicants have waited over one year for a decision, while existing on little or no income.

(d) Social Security is not paying for additional medical evidence from doctors of our choice that the applicant needs to prove his claim. The majority of claimants are disabled and retired miners who cannot afford to feed their families let alone pay for additional medical evidence.

(e) Many decisions in the program are being made on incomplete information. Many of our Association's members when reviewing claim files find them to be incomplete. There are no guidelines that we know of to insure that a file is complete before a decision is rendered.

Gentlemen: The law states that payments will be made to claimants who suffer from Black Lung. In order for a man to prove his claim he must deal with unsympathetic bureaucracy that treats him like a dog rather than a human being.

We know that we have Black Lung. We have to stop often when we climb a set of stairs, we cough up black phlegm in our sleep and we fear colds the way you fear cancer—a simple cold can kill us.

We support the amendment now before the committee and ask your consideration of our testimony.

STATEMENT OF THE APPALACHIAN RESEARCH AND DEFENSE FUND, INC.[1] ON BEHALF OF THE BLACK LUNG ASSOCIATION CONCERNING INEQUITIES IN THE ADMINISTRATION OF THE FEDERAL BLACK LUNG PROGRAM [2]

The meager allowance rate and the high denial rates applicants for Federal Black Lung benefits from Kentucky and West Virginia experience, as compared to applicants from Pennsylvania, may be explained by two factors particularly related to the circumstances of disabled coal miners and the widows of disabled coal miners from Kentucky and West Virgina.

I. Development of the difficult or close Black Lung case requires a degree of sophistication in dealing with government and an ability to maneuver which many hard working coal miners and widows from West Virginia and Kentucky do not possess. The procedures of the Social Security Administration are not designed to provide the kind of service that these cases require.

II. Regulations enacted by the Secretary of Health, Education and Welfare require "objective" testing procedures such as chest X-ray and certain limited breathing tests. The facilities where these tests can be administered and the supply of physicians in West Virginia and Kentucky to administer these tests is very limited.

The Social Security Administration has advanced reasons for the disparity in the treatment for Kentuckians and West Virginians as compared to Pennsylvanians, which reasons relate primarily to the age of applicants and the length and nature of their exposure to coal dust.[3] Regardless of the validity of that position, it is contended that the above two factors are much more significant in creating the disparity.

Procedures of the Social Security Administration are not adapted to a fair and full consideration of difficult or close black lung case

Many of the Black Lung claims which have been denied present "close" and difficult questions of eligibility which require more counseling, analysis, and gathering of evidence than the Social Security Administration is apparently providing to such claimants. The competence or good faith of the Social Security local office personnel or their training is not necessarily here questioned, rather the problem is the non-recognition by the Social Security Administration of the great difficulty many claimants with close cases face in recognizing the fine points of proof of "Black Lung," and "total disability." [4]

The eligibility criteria and procedures for effectuating claims determination adopted by the Social Security Administration are apparently well adopted for deciding on a mass basis the types of cases where the eligibility or non-eligibility relatively clear. However, such procedures are not well adapted where the question of eligibility is not clear or is close. Disabled miners and widows of disabled miners who have confronted the hard realities of supporting families on the earnings from dangerous, disabling, and frequently unsteady employment in coal mines in many cases cannot reasonably be expected to grapple with concepts and problems such as:

The fact that it is the claimant who must prove his case (He has the "burden of proof");

The varying weight accorded to different forms of medical evidence;

The need to maneuver in obtaining favorable medical evidence and in securing payment by the Social Security Administration for favorable medical evidence; and

The bureaucratic jumble claimants must go through in enforcing simple rights, such as their right to see their own claim files; and so forth.

That these cases are not receiving adequate attention can be seen in the fact that the Administration has allocated a smaller percentage of the total costs of the Black Lung program for administrative overhead, 4¼ per cent than it pays for administrative overhead in the already established disability insurance benefits program, 5½ per cent. In view of the fact that the scheme of federal compensation for Black Lung is one of limited duration, that the program started up quickly, and particularly in view of the special class of beneficiaries, it would seem that the administrative costs of the Federal Black Lung Program would be considerably higher than those of the on-going Social Security Disability program which applies to all classes of workers.

II. The chest X-ray and simple breathing tests required by regulations of the Secretary of Health, Education and Welfare make the claims of many miner's and their widows difficult or impossible to prove

While the Federal Coal Mine Health and Safety Act does require that the existence of Black Lung be "medically determinable," [5] there is no requirement in the Act that Black Lung must be proven exclusively by chest X-ray evidence.[6] Regulations adopted by the Secretary of Health, Education and Welfare under authority of the Act require as a practical matter that the existence of Black Lung be established by chest X-ray evidence,[7] and that requirement has caused, to a significant degree, the higher denial rate in Kentucky and West Virginia. Some of the reasons for this higher denial rate merit discussion: (1) The facilities for adequately testing so many miners on a mass basis do not exist in the Southern Appalachian Mountains; (2) Many of the physicians who administer and interpret the X-ray films were in the forefront in opposing the reform of 1969 of the West Virginia Workmen's Compensation law, due to their non-recognition of Black Lung as being either a disease entity, as being occupationally related, or as being diagnosable.[8] (3) The procedure for administering X-rays is loaded against claimants. The Social Security Administration is requiring that only one film be taken and in most cases only one film is used to decide a case; however, few physicians would disagree that as a technical matter Black Lung is very difficult to detect in a single X-ray film.

The requirements of proof of Black Lung by chest X-ray instead of laying to rest the problems of medical proof which created the need for the federal program in the first place, simply raise again the thorny medical problems of diagnosis at the expense of the disabled coal miner. The liberal provisions of the Federal Black Lung Program have demonstrated in the clear intent of Congress that questions of medical science and testing procedure should not stand in the way of compensation has been frustrated by the regulations enacted by the Secretary of Health, Education and Welfare which require evaluation of practically every case by chest X-ray and then evaluation of the question of disability in many cases by breathing tests.[9]

FOOTNOTES

[1] The ARDF staff has represented numerous low income persons in obtaining Federal Black Lung and closely related Social Security disability benefits.

[2] Benefits under Title IV of the Federal Coal Mine Health and Safety Act of 1969, 30 U.S.C. 901 *et seq.*, ("The Act").

[3] Statement of Mr. William Rivers, Executive Officer, Bureau of Disability Insurance, Social Security Administration on April 29, 1971, to representatives of the Black Lung Association at Charleston, West Virginia, to the effect that the higher allowance rate and lower denial rate in Pennsylvania as compared to Kentucky and West Virginia could be explained by: 1) the age, coal mining experience, and exposure to hard coal of applicants from Pennsylvania; 2) the fact that since Pennsylvania had its own compensation program which was more liberal and enacted earlier than other state programs, many applicants who did not benefit under the state program may have been discouraged and did not apply under the federal program.

[4] 20 C.F.R. 410.403(b) and 403(a) and Appendix to sub-part (d). The position of the Social Security Administration that their work is efficient and helpful as seen in the high rate of allowances, especially widows' allowances, does not in any way respond to the problem of the "close" case. See Haviland and Glomb, "The Disability Insurance Benefits Program and Low Income Claimants in Appalachia," West Virginia Law Review (1971) (to be published June 1971).

[5] The Act, rather than defining proof requirements for the all-important term, "total disability," delegates this crucial problem to the definition and proof requirements of "total disability" of the Social Security Disability Insurance Benefits Program of Section 223(d) of the Social Security Act, 42 U.S.C.A. 423(d); Section 411(a) and Section 402(f) of the Act.

[6] The Federal Coal Mine Health and Safety Act on its face did not require the proof of Black Lung (pneumoconiosis) exclusively by chest X-ray evidence, or by any other exclusive-means.

[7] Under Section 411(b) of the Act, the Secretary of Health, Education and Welfare has the authority to adopt regulations defining the methods of proof, and in regulations adopted pursuant thereto, he has as a practical matter required that pneumoconiosis be established in living miners by the existence of X-ray evidence. The regulations also permit proof of pneumoconiosis by tissue sample (biopsy in the case of living miners) but as a practical matter tissue samples are not taken due to the severity of the procedure. 20 CFR Section 410.404(a) and (b).

[8] That is not to impugn the qualifications, professional competence, or good faith of any physician. However, it is quite significant that the Social Security Administration is, in effect, asking many of the physicians to perform examinations, which physicians have previously denied the existence of Black Lung or its occupational relationship.

[9] See Sections 401 and 411(c) of the Act.

FEDERAL BLACK LUNG STATISTICS AS OF MAR. 10, 1971 [1]

	Claims filed	Allowed	Denied	Pending
Pennsylvania	92,069	52,460 (miners—29,415, widows—23,045).	20,715	19,894.
		55 percent of all filed	22 percent of all filed	23 percent of all filed.
West Virginia	59,300	17,108 (miners—10,789, widows—6,319).	18,540	23,652.
		29 percent of all filed	31 percent of all filed	30 percent of all filed.
Kentucky	34,695	6,657 (miners—3,960, widows—2,697).	15,900	12,138.
		16 percent of all filed	46 percent of all filed	38 percent of all filed.
National	268,224	109,960 (miners—63,700, widows—46,260).	96,780	61,484.
		41 percent of all filed	36 percent of all filed	23 percent of all filed.

[1] Figures rounded off.

REDTAPE AND INJUSTICE STRIKE AGAIN

Almost two years ago, Congress made compensation for Black Lung a law. Ever since then people have had to struggle every inch of the way to get what is their's by right and law. One of the chief problems has been the regulations that HEW sent down and which the Social Security Administration has complicated even more through red tape and stalling. We have met with Social Security officials and presented our problems—but they refuse to change. We have come to Congress to ask that these matters be investigated *at once*.

The Black Lung Association has received hundreds of letters from across the American coalfields that testify to these injustices. We would like for some of these letters from miners and widows to be put into the records as evidence of the disservices we are getting from HEW and the Social Security Administration.

From Hinton, West Virginia, a miner writes, "Dear Sir & Brother, To night I am writing you in regards to being turn down on my Black Lung Application, I have been advised to write to you all for a appointment to see you people. I am sending you a copy of my denial letter. I have x-rays showing definitely that my lungs are black. My Doctor also told me that I had the worse case he doesn't allow me to even do anything at all on the account of I can't breathe. I never was given a breathing test to start with. . . .

From Hazard, Kentucky, ". . . I am writing you about my Black Lung I got turned down on it Jan. 12th and I have got papers from two doctors saying I have got it. I would like you to write and tell me what to do about it. . . .

From Big Stone Gap, Virginia, a widow writes, ". . . My husband worked in the mines 42 years. . . . He dug coal all his life. He had an x-ray made 2 years prior to his death. They have been misplaced—there should be a reading of it at the General Hospital. . . . I took them to there and they seem to have gotten lost. . . . I have been denied the Black Lung benefits. The only report they have is an heart attack. Which is right, but the black lung caused the attack. He died in the year of 1952. . . . If there is anyway I could get the pension I need it so badly. I am 78 years old, and still working for a living.

From Rowe, Virginia. . . . "I need assistance help about my Black Lung claim. I filed my claim in Jan. 1970 was turned down in Nov. 1970. I have took a redetermination on my claim and sent x-ray reports Feb. 15, 1971, that I had the Black Lung in both lungs also enlargement of the heart caused by this. I am in bad condition don't look like I am going to be able to make it long the condition I'm in I wish that they wood make up their mind to pay me while I can use a little of my pay. I sure do need it. I worked in underground coal mines 39 years then was beat out of my pension and Hospital card from miners welfare I think us old miners have been treated unfair. We was the one that got the union started. . . . now we are kicked out no pay no Hospital and looks like trying to beat us out of our Black Lung pay. I sure wish you would help me I haven't heard anything since I filed the last time in Feb. 15, 1971 please help. . . .

From Fimball, West Virginia, ". . . I have silicosis and my breathing is so bad I had to quit working Christmas 1959. I was paid for silocosis but the federal government say I am not completely disabled I tried to get them to get my record from Va. hospital they sent me medicine all the time for my lungs and I don't have TB can you get my record for me please. . . .

From Barboursville, Ky. ". . . I am a miner and at present disabled I have been injured in the mines and have a lung condition which impairs my breathing unable to walk any distance or do any kind of work I am seventy six years old. And have been denied black lung benefits for miners passed by the law of 1969 . . . any information received will be gratefully appreciated. . . ."

From Crumpler, West Virginia, ". . . I would like to know if you can help me get an appointment with the State Compensation Commission at Charleston for an examination for Black Lung. Two doctors have told me that I have Black Lung and asthma. Mr. Neal at Beckley said that it would taken nine months before I could get an appointment, would it be possible for me to get it sooner. I would like to know all the steps that it would take in getting my examination. Anything that you can do will be appreciated. . . ."

From Welch, West Virginia, ". . . Wodd send contribution but sir I only get $154.50 a month disabled S.S. total disability can't breath at all 30 years work in these Dusty Dangerous mines in McDowell County. Haven't collected no Black Lung benefits as yet. Looking to be turned down after the Nov. 3 election because I was turned down for silicosis 9 years ago. . ."

ASHLAND, KY., *March 26, 1971.*

BLACK LUNG ASSOCIATION,
Charleston, W. Va.:

Thank you so very much for sending me the Black Lung Bulletin, the Black Lung is a great concern of mine, due to the fact that my husband had BL.

I have filed for B.L. Benefits but I know I will not receive this Benefit. My husband passed away 1 year ago leaving me a widow at 31 with 2 boys 14 and 5 and a daughter 21 months old to raise alone. On my husband's autopsy his lungs were found to be black on cut section with granular anthracotic pigments embedded in the main lobes of his lungs. However, our Doctor cannot pinpoint exactly how much of a factor this had in causing his other problems, he had shortness of breath his last month of life he lived in the hospital under oxygen he coughed large blackish clots of blood, had chest pains, weakness and could not work, he developed a viral pneumonia, had 3 blood clots go into his heart and died of a Myocardical Infarction. However my husband had less than 6 years in the mines so I knew I will be denied but I hope some how I can in some way contribute to helping some one else left in my position to obtain the Benefits. If I can help by contacting my Congressman Carl D. Perkins in any way I will do so.

Please mail me a copy of the "Black Lung Bill Battles Social Security" and I have enclosed check also to cover my subscription to B.L. Bulletin.

Any way I may assist in the fight for B.L. please notify me and I will do so in any manner and seek assistance from my many friends.

Thank you,

——— ———.

BERWIND, W. VA., *March 22, 1971.*

(Attention Mr. Arnold Miller).

DEAR SIR: I receive your letter and I answer the questions you sent. I sign up on Black Lung 1–5–70. I did not here anything from them until 7–8–70 and they sent me to Bluefield to a Mobile Unit. Then six weeks later I was called to Doctor Memorial Hospital for one more X-Ray.

Then the 26th day of November I received a letter saying that I was not eligible for Black Lung Benefits. I went back to the Social Security Board on the 12–22–70 and appeal my case. Then I went to Beckley to the Appalachian Regional Hospital on my own expense.

And took 5 X-Rays and five days later I got my reports back and any reports show that I had Pneumoconiosis Black Lung.

Then I took that report back to the Social Security Board. And that has been 3 months today I have not heard one thing from them. I have been Total Disabled for 10 years and In 1943 I was turn down from Military Service because I had Black Dust than. When I signed up on Social Security I took one Breathing test at Blufield Sanatorium and then took one more Breathing Test at Doctor Memorial Hospital in Welch. And I was not able to take it. The Doctor said that he would put me through the breathing test the best he could. That I was not able to take any more Breathing Test.

And that could be the reason that they have never called me up for a Breathing test. I am Short of Breath and my Chest hurts all the time. I have no Medicine to take and no way to get any.

And it looks like a coal miner should be paid the best in the state. But it looks like the disable Miner's is least thought of than anybody. We will notified you if we think we need a Lawyer.

Thank you.

DEC. 23.

DEAR SIR: I am 52 yrs. old and was a coal miner for about 25 years. I was cut off from my job as a loader operator in 1968 because I collected 20% for Silicosis. That was what they paid me for but my records showed I had pneumoconiosis.

I took two tests from Dr. Rasmussan, one in 1966 that showed I had 45% pneumoconiosis and the other in 1969, showing 60–65%. All my records from him show I have "black lung." I also have a heart murmer that Dr. Harold D. Warren said was caused by my difficulty in breathing. I had to hire a lawyer to get on disabled social security even though I had black lung, a heart murmer and arthritis of the neck and spine that was caused by a mine injury.

I applied for Black Lung benefits from the Federal government after the recent bill was passed. I was turned down by them because they said I wasn't totally disabled. I immediately appealed at the Social Security office. I found out at that time they had failed to get my report from Dr. Rasmussen. I had given them permission when I applied to get my records but all they had was Dr. Warren's report. After I appealed I gave them permission to get them again. I believe a big factor in the failure of some miners to get their rightful benefits is caused by the Social Security office not getting their records.

I talked to Dr. Rasmussan and he suggested I write to you and send you a copy of my records. I am also sending a copy of their denial of my claim. He also said I should have no trouble getting my benefits. He said you may be able to help speed things along for me.

I can't do any work even if I am still young. It seems so unfair to see men in a lot better physical condition than I am getting their benefits when I was turned down and have to fight for mine.

I have been taking breathing medicine since 1966 and carry nitro glycerine tablets everywhere I go.

I would appreciate anything you could do for me.

Thank you.

BLUEFIELD, W. VA.,
October 6, 1970.

THE BLACK LUNG ASSOCIATION,
Charleston, W. Va.:

Sir I'm sending to your Office A copy of the Letter That I sent to this Mr. Elliot Richardson in Washington D.C. Corning My Black Lung Claim that I did File with the Social Security Benefits for This Much Dreaded Disease that I. Has Now here it is to you in full as I sent it to him in Another Letter on the 26th of Last Month. This is it in full (I

worked for the Gary Company at Gary West Virginia, for 22. Years and The Doctors at the Grace Hospital Told Me at

This Time on May, the 2nd, that the shape of my Lungs was so Bad with this Disease That I would be better off to go on and retire on My Disability of the Lungs so I started out the filing of same the next Day so on october the 14th. My Claim had gone through the proper Channels for my to Collect My Social First Disability Check for the Social security Check for the sum of $8.05.00 And was told that the rest of my Life I would get the sum of $1.15.00 Per month For the rest of my Life but as you and I know that these things get change since That time and so to me getting any other Benefits from any other Plan but just the U.M.W.A. Retirement funds I hasent goten any thing else and so when this Law was passed in December of 1969. I was so Very glad for I made sure that this Would give me A better Chance to live some better then I had been so I filed for The Black Lung Benefits on January 5th. 1970 and at this social security Office In Bluefield West Virginia, and Since October the 14th. 1962 I had been Drawing My disability Benefits form this Pay Center in Baltimore Maryland and this Mr. Ball The Commissionor There Know All About this Matter and as he has all the Proof on This Matter I know that there is no use of him giving no such thing as I do need Any more Proof for me to get this claim comeing my way, and any way I'M giving You A completely Picture of this thing as it is of now, so one more thing is that I want to call your Attention to is this, there is some of the Miners all around me Here that thay filed thay Claims the same date of the same month that I did and They was payed for thay Claims and dident have to go no where to Get no Proof of Eligibelty for t. get it comeing to them So I'M saying right here that this Mr. Robert M. Ball Knows All About these Matters as he has records right There At his Finger tips for to check so this makes Me feel like that I'M being given some Discrimination on getting my Claim Settled, and too on the same date that Given Me A write up here at this Office in Bluefield was July the 16th 1970 so With the Out Lined Information I has given to you and to mr. Elliot Richardson, In Washington D. C. I know it time that some one should be leting my Know Jome Think About this Claim and To my Patience has Worren completely out on this thing, And I want some Actions as these other mens has goten here in my Town, I could Give you the Names and Addresses of same but that no use of that, so let me hear From you on this Matter as soon as possible thank you so Very Much for same I'm

Sign yours,

Very sincerely,

——— ———.

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APRIL 6, 1971.

BLACK LUNG ASSOCIATION,
Charleston, W. Va.

DEAR SIRS: I need some advice concerning Black Lung. I made application for Black Lung through Social Security. They sent me to have X-rays made which showed positive. They stated that it had not developed to a state of total disability. The X-ray was the only test I was given. Even though I am working I do have a breathing problem. I have no choice but to work or starve. Would you advise me where to have additional test made and the doctors who I should see. Also, the correct procedure to use in appealing this denial. I am enclosing a photo copy of the decision that I received from Baltimore. I will appreciate any advice and if there is any cost for your help please advise and I will mail you whatever the cost.

P.S. Enclosed is a dollar money order mailing cost.

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
SOCIAL SECURITY ADMINISTRATION,
Baltimore, Md.

NOTICE OF DETERMINATION ON CLAIM FOR BENEFITS UNDER THE FEDERAL COAL MINE HEALTH AND SAFETY ACT

Name and Address of Claimant:----------
Social Security Number: [redacted]LM.

THE DECISION

After carefully studying the evidence we have received in your case, we have determined that you are not entitled to black lung benefits under the Federal Coal Mine Health and Safety Act, because you do not meet the requirements of the law.

THE REQUIREMENTS

The law provides for the payment of benefits to a miner if

1. He has pneumoconiosis, *and*
2. His pneumoconiosis arose out of employment as a miner in the Nation's underground coal mines; *and*
3. He is totally disabled because of pneumoconiosis. (See other side for further information about this requirement.)

REASON FOR DENIAL

Under the law, a miner who is working in substantial gainful activity may not be found totally disabled unless he has pneumoconiosis which is shown medically to have reached an advanced stage commonly referred to as "complicated pneumoconiosis." In your case the evidence we received, including chest X-ray, shows that while you have a lung condition it has not advanced to the stage specified under the law. In addition, the work you are doing shows you are able to engage in substantial gainful activity. Since you do not meet the requirements of the law, your claim must be denied.

YOUR RIGHT TO QUESTION THE DECISION

If you have any questions about this determination they can be discussed with any social security office by telephone. When you telephone, please have this notice nearby so you may refer to it. Please take this notice with you if you visit an office.

If you believe this decision is not correct, you may request that your claim be reconsidered. Such a request must be made in writing not later than six months from the date of this notice. You may make your request through any social security office.

Issued by: Division of Evaluation and Authorization, Bureau of Disability Insurance.

Authority: Federal Coal Mine Health and Safety Act of 1969, Sections 402, 411, 413(b), 426(a) and 508; Subpart D of Social Security Administration Regulations No. 10.

March 24, 1971.

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RAMAGE, W. VA.

BLACK LUNG ASSOCIATION,
Charleston, W. Va.

DEAR SIR: I have received the Black Lung Bulletin that you sent to me and am very glad to get it,

Yes I am enclosing $2.00 for the paper each 12 months period. I am sorry that I do not have money to send you to help in your good work, but I do send my prayers and best wishes to you and to yours.

I only draw $127.50 from the S.S. and the D.P.A. now gives me $32.00 that gives me A total of $159.00 to keep A family of 5 on so you see I am just not able to help with money. I signed up for Black Lung in Feb. this year and then filled out the papers that the S.S. asked me to in Aug. 21 this year.

So far I have heard nothing from them, I am expecting to hear at anytime.

There is so many people in the same boat as I am in, I only hope that it don't sink with us.

I received my S.S. on my lungs, and can't understand why that I have not heard from them yet.

I have already been through the clinic in Beckley at hospital there; Dr. Rassmussion was the Doctor that give me the test. Also Doctor Buff had me under his care for some time other Doctors has turned me down for any kind of work.

I did have A Lawyer to help me get the S.S. and he has my records there, I asked for them one time but they would not give them to me.

His name is Franklin Kerns of Charleston, maybe you could help me to get them for this case if I have to have them.

May God bless you in this work that you are doing and give the wisdom to overcome them that would try and stop the good work that you are doing.

——— ——— O.D.

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CARRETTA, W. VA.,
December 14, 1970.

BLACK LUNG ASSOCIATION:

I am writing this letter. To see if you can help me, or tell me why I haven't received my Black Lung Benefits. I am a widow. My husband died May 14, 1970 and I sign up for Black Lung May about the last part of May. He spent 23 yrs. in the mines working under ground.

The papers were sign for attosipoty. As of now I haven't heard anythink. I get a small check of 75.00 dollars a month. Widow & S. Benefit, its been 7 mos now and haven't heard anything. Please write back and let me know whats the hold up and what must I do.

——— ———.

———

HARRISVILLE, W. VA., *January 11, 1971.*

I am writing you in regard to the Black Lung disease which concerns Buster Blankenship.

The first time he was pronounced having this disease was in 1960. He went to Charleston for X-Rays. To the Medical Arts Center. He was paid one thousand dollars. He has followed up this with X-Rays at the Health Department at Harrisville, W. Va. located in Ritchie County. In the beginning he went once a year for these X-Rays. And now he has to take them every six months. And he also has to send sputum test to Charleston twice a year.

The Dr. who comes from Charleston to the Health Department in Harrisville told my husband that he was eligible for the Black Lung Benefits. He also told the Health Department to furnish any papers or information that would help Buster in any way. And they did. We turned all of these papers over to the Social Security Board in Parkersburg, West Virginia.

Along with the papers from the Health Department we also sent the papers we had gotten from the Medical Arts Center in Charleston. They sent him to Fairmont, W. Va. in September for a "breathing test." And this was all they did. They didn't call him in for any X-Rays or anything else. And he signed up for this in January of 1970. According to all the other Drs. who have taken X-Rays and talked to Buster they don't see how it is possible to deny him these benefits.

But we got a letter from Baltimore, Maryland denying him these benefits. These papers stated that we had 6 months to do something about this. Now it stands to reason Buster was paid one thousand dollars in the beginning of 1960 for this disease. You know yourself this disease doesn't get better it gets worse with our age. So it has been 11 years. And we know from the X-Rays and Dr. he still has this. The Drs. have told him to keep going although he is a very sick man. When he walks he has to walk slow and when he walks up a hill he has to take it slow. He takes muscle spasms and can't move.

Dr. Hatfied at Harrisville, W. Va. has to give him shots to get his muscles to work again.

We are not *rich* people. We need this money very much. Because he isn't able to work any more after spending between 22 and 24 years in the Coal Mines. I am working myself because there isn't any other way.

In 1963 he went to Charleston for an operation on his back. He went to the Dr. and got a slip to go back to work. And the Superintendent wrote on the back of this slip "which we still have" that he had no work for this man nor never would have any work for this man in the condition he was in.

If there is anything you can do for us, or anything else we can do for ourselves. It would be deeply and very Sincerely appreciated by both of us. If you would let us know at once. So we can start doing what ever you tell us too.

We would like to attend some of your meetings but we live so far away we can't. But our hearts are with this organization we know you are trying to help the people that no longer can help themselves because of their conditions.

Mr. HAWKINS. Again, I would like to thank you and all of your witnesses for having appeared.

Mr. MILLER. Mr. Chairman, on behalf of the witnesses I want to thank you and the members of this committee for having us here.

Mr. HAWKINS. Thank you. Without objection, the statement will be inserted into the record.

STATEMENT OF STEVEN CLARK ON BEHALF OF THE KNOX COUNTY BLACK LUNG ASSOCIATION, KENTUCKY MOUNTAIN BLACK LUNG ASSOCIATION, AND DISABLED WORKER'S ASSOCIATION OF CLAY COUNTY

I am an attorney working with Mountain People's Rights, Inc., a nonprofit legal program near Barbourville in Knox County, Kentucky. For the last two years I have been engaged in a project representing coal miners in disability claims before the Social Security Administration as well as the State welfare agency. I had hoped I would also be handling claims for Black Lung Benefits. But the magnitude of denials makes this seem a futile gesture.

We have little hope for meaningful change through representation in individual cases when our State has a denial rate nearly twice the national average, three times that of Pennsylvania. In our State only 25% of the claims were paid as of April 24, 1971, while 43% were paid on the national average, and Congressman Flood says 82% were paid in his district in Pennsylvania. We have 19,000 miners and widows who have been denied and 5,195 more who have not even received an initial decision on claims filed as long ago as January, 1970. As I sat in my office listening to the stories of miners who had been denied, my impression was that the situation was grave. The statistics confirm that we do indeed have a crisis on our hands in Kentucky.

What factors have brought about this crisis whereby miners in Kentucky end up with less than one third the chance of getting benefits of a miner in Pennsylvania, with only half the chance of miners on the national average? Social Security sources have "leaked" findings to the press in an attempt to explain the disparity of denials in Kentucky (*The Mountain Eagle*, May 6, 1971, p. 1; *The Courier Journal*, May 13, 1971, p. 1). These findings suggest Kentucky miners have less substantial cases and refuse to recognize any failures by the Social Security Administration. An effort has been made to preserve the image of the Social Security Administration, to suggest it has done all it can to help miners in Kentucky. We feel this attitude, the attempt to belittle claims of Kentucky miners, indicates an effort to remain complacent about a crisis. Social Security has chosen to talk about the relative youth, clean working conditions, and poverty of the average miner in Kentucky. No mention was made to the press of the results of studies of quality of X-rays in Kentucky, nor are we aware of any admission to your Committee that procedural problems or lack of medical facilities are hindering claims in Kentucky. Therefore, I feel it behooves us to detail some of the real factors responsible for the disparate number of denials in our State.

First, miners face numerous procedural problems in obtaining adequate assistance at our Social Security Local District Offices. The first problem I will discuss involves payment for medical expenses. The law provides for reasonable medical costs incurred in establishing a claim, but miners have been systematically channeled to consultants selected by Social Security and not informed of their right to reimbursement to see a consultant of their own choice. The claims manual used at local offices gives a directive to caution miners about gathering their own evidence unless requested to do so by the local office, because they might not be reimbursed if they do it on their own. If the miner is so rash as to see a doctor without permission, then the local office is told to accept a copy of any bill. Whatever justification for allowing use of the physician of a miner's choice only as a last resort, we find it has been very effective in keeping Kentucky miners from benefitting under the salutory provision for reimbursement. We find many miners who have incurred expenses and are unaware of their reimbursement rights. We did not know of any who were given examinations at a doctor of their own choice until I returned from Washington and saw the first authorization sitting on my desk. The consequences of this practice must not be underestimated since it may be critical to full case development and have a substantial impact on denial rates. The miner has the burden to produce adequate medical proof of disability. But the Administration tells him what doctor to see, what tests he will get, and tells him if he does anything further he cannot be assured of reimbursement. So the miner is given the burden of proof without the freedom to meet it in the way most advantageous to his claim.

The second procedural problem I wish to discuss involves withdrawal of claims. Mr. Golden has told you in oral testimony how miners enrolled in the Mainstream Program have been denied because participation in the program has been deemed "work," hence disqualifying the claim. But the men are often in fact disabled and are given extremely light tasks to justify their welfare level stipends. Courts have held that mere enrollment in these programs is not evidence of work ability under the Disability Insurance Benefits program, yet it is being used to deny Black Lung Benefits claims. But the problem does not end with this substantive error. Substantial numbers of men in these programs have been contacted and asked to withdraw their claims because of the futility of pursuing a claim while "working." The withdrawal is not necessarily at the written request of a miner. I was contacted by one miner who was denied because he allegedly withdrew his claim. Yet he still has the unsigned withdrawal request the District Office prepared for him. Not only does Social Security solicit withdrawals, but they seem to be approving them without full explanations, without adequate confirmation of the miner's intent to withdraw, and even without a simple X-ray which might show the miner is entitled despite work activity. Certain types of cases are being singled out for inadequate development and withdrawal. The claims manual itself provides for "curtailing development" and the experience of miners as related to me confirms the withdrawal practice. I have been waiting six weeks to see the file in one of the withdrawal cases, and I expect I would ordinarily have to wait six more to see the file in order to be able to fully document any abuse.

This brings me to the third problem I wish to discuss, disclosure of files. Miners are not informed that they are entitled to see the medical reports in their claims files. If they do request a look, they have to wait substantial periods before the file will be made available at the local office, and when it arrives they may be told they cannot examine records gathered as part of their file for Disability Insurance Benefits. It is no answer to say miners cannot understand complex medical data in their files—they can tell when their own doctor's report is missing, and with proper assistance they will understand what type of reports they will need to establish their claim.

Lawyers face similar disclosure problems. I requested a copy of the claims manual and was told I could see it at the Local District Office and copy pages at 50¢ a page. It would cost me about $150.00 to obtain the full manual I had requested. Public Assistance agencies furnish their corresponding documents without cost. Why is the veil of secrecy so difficult to pierce when it comes to Social Security?

Whatever steps are taken to assure adequate assistance from local Social Security offices, Kentucky miners are still hindered by the lack of adequate medical facilities in their State, particularly in the eastern part where most miners live. Congressman Flood stated that Pennsylvania provides free facilities for evaluating Black Lung. The situation in Kentucky is markedly different.

We have one State Hospital in our area, but it has refrained from performing Black Lung evaluations and the State has talked about closing it completely. So a principal source of X-rays for our miners has been eliminated. Instead of using the State facility miners are sent to private hospitals which had not always been concerned with this disease previously. We find alarming numbers of miners are asked for repeat films apparently because the first film was of such poor quality. This is not surprising in view of the assembly line procedures discussed by Congressman Perkins and Mr. Lane in oral testimony. We have been told that lack of quality X-rays is a substantial reason for our disparate share of denials by sources within the Social Security Administration, but we have not seen the results of any quality surveys which I am sure they must have conducted with their panel of specialists in Baltimore.

If a miner cannot establish his claim by X-ray, existing standards permit use of a test called the Blood Gas Study. According to a recent survey, more miners could qualify this way than by X-ray alone. However, we do not know any miners given this test at government expense in the absence of a specific request. This is not surprising. To our knowledge, there is only one facility in our area which offers this test. We do not know of any facility here which gives this test with sufficient exercise to meet standards acceptable to Social Security medical staff.

We do not intend to quarrel with the doctors and hospital administrators over how they run their treatment facilities. They have accepted overwhelming caseloads. Until recently they had no critical need for a testing facility because there was no benefit program geared to it. Social Security created this need. Social Security requires miners to gen-

erate numbers on medical tests to get benefits. Social Security has failed to supply facilities capable of generating the essential numbers. Social Security has chosen to clog existing facilities and cut corners on its administrative budget in making new facilities available. Instead of responding to our needs, it has stood by and profited while denigrating the claims of Kentucky miners. So it is Social Security whom we blame.

Social Security has attempted to justify Kentucky denial rates with theories that fewer Kentucky applicants are disabled by Black Lung. One theory is that since unemployment is high in Kentucky, the miners there are forced to apply because they are unemployed instead of disabled. I resent, both individually and in behalf of the Black Lung Associations I represent, this use of the claim that Kentucky miners have less substantial cases because they have the misfortune of living in a region of low employment. Kentucky miners are poor. They have few job opportunities. Black Lung Benefits do hold out the only hope for survival for many Kentucky miners. Otherwise there would be no Black Lung Associations. But to seize upon these conditions as a justification is to remain complacent about eligibility tests which refuse to recognize these conditions and discriminate against the Kentucky miner.

Present eligibility tests require miners to prove they are disabled not only from jobs in the region where they live but also from jobs available elsewhere in the national economy. Parking lot attendants, elevator operators, night watchmen—these jobs, like so many others, are virtually non-existent in areas where Kentucky miners reside. Since the jobs do not exist in the realm of the miner's experience, he cannot try them out and thereby demonstrate his disability. Instead he is expetced to disprove his ability to do jobs conjured up by expert witnesses. This theoretical framework overwhelms many lawyers, much less miners. The miner may be denied no matter how unrealistic his employment potential. He can't turn to the jobs he is deemed capable of if he is denied. By definition these jobs do not even exist where he lives. Standards assure miners will get neither benefits nor jobs. Mr. Popick wants to make it more profitable to work than to receive benefits—but some miners cannot get either work or benefits. The rules compel this result, I'm not talking about errors, but what happens when present criteria are applied.

How can we avoid complacency about denial rates by the Social Security Administration? Mr. Popick said in the hallway after the hearings that he hopes he could visit us in Kentucky. This might be fruitful. Members of our staff have met with his staff before with no perceivable change in results. Miners have held public hearings and invited his central office staff, but Social Security officials would not come to such a meeting despite requests from Congressmen that they do so. Instead of coming, the Administration responded with press releases informing miners of the vast expenditures the Administration had made on Black Lung Benefits. If Mr. Popick were to come to Kentucky with members of your honorable committee, perhaps a fuller understanding of the problems miners are facing could be obtained. As I hope I have made clear, denial rates reveal only the surface of a very human struggle.

Mr. HAWKINS. The next witness is Dr. Donald Rasmussen, Appalachian Regional Hospital, Beckley, W. Va.

The Chair is trying to take the witnesses in the order in which they appear from geographical distances and my understanding is that Dr. Rasmussen is one of the out-of-State witnesses.

We would like to hear from you at this time, Doctor.

Do you have a prepared statement?

STATEMENT OF DR. DONALD RASMUSSEN, APPALACHIAN REGIONAL HOSPITAL, BECKLEY, W. VA.

Dr. RASMUSSEN. Yes, sir, I submitted a prepared statement.

Mr. HAWKINS. Without objection that statement will be entered in the record at this point.

PREPARED STATEMENT OF DONALD L. RASMUSSEN, M.D.

The Coal Mine Health and Safety Act of 1969 was a long overdue measure which came into being because there were concerned members of the Congress of the United States. The compensation provision for disabling "black lung" diseases has brought much needed relief to many miners and widows of miners in the coal fields. Some recipients have been saved from virtual destitution and a measure of dignity has been restored to all recipients.

Although it is gratifying to note the effects of these benefits, there is a parallel sense of concern for the large numbers of miners whose claims for federal black lung compensation have been denied. Were it obvious that those receiving benefits were more severely disabled than those denied, and if those denied benefits had no significant disability from lung disease, there would be little reason for this concern. The fact is, however, that *there is no relationship between the severity of the lung disease and the granting of awards*. Some miners with little or no impairment are receiving payments, while many of the most severely incapacitated miners have been excluded from benefits. Many many miners have been unjustly deprived of compensation.

The Social Security Administration has functioned under the premise that its methods of evaluation of claimants separated those with occupational from those with non-occupational respiratory insufficiency. To be more specific, they have presumed to separate those patients with disabling coalworkers pneumoconiosis from those without pneumoconiosis, or from those with nondisabling pneumoconiosis.

While this is a laudable endeavor and one which is quite desirable, the current state of medical knowledge does not permit such distinctions, even with the most careful evaluation and sophisticated techniques. By contrast, the Social Security Administration has employed only the simplest and least costly testing procedures in its approach to this very complicated problem. It has, however, adopted certain practices and made assumptions which are often employed by industry-dominated state workman's compensation commissions. The SSA unfortunately has not matched the enlightened progressive and humanitarian efforts of the Congress.

The most unfortunate regulation adopted by the SSA and adhered to in an unaccountably tenacious manner, is the requirement of x-ray evidence of simple pneumoconiosis. By far, this requirement has eliminated the greatest number of applicants from benefits. Among those denied for this reason are many miners who previously had x-ray evidence of pneumoconiosis, and many who are severely disabled. The SSA has experienced many of the technical problems which mark the x-ray as an unreliable diagnostic tool in determining the presence or absence of pneumoconiosis. They have encountered large numbers of films which are technically of too poor quality to allow interpretations, and they have seen the differences of opinion of individual radiologists in interpretations of the same films. Reason would seemingly induce a down-grading of the importance of the x-ray findings in administering of the compensation provision, in light of this experience. To the contrary, the SSA has actually increased its emphasis on x-ray findings. A panel of radiologists, mostly from the Baltimore area, have now begun to reread x-rays previously interpreted by radiologists from the coal mining areas. These Baltimore "experts" apparently are considered superior to specialists with equal training (and considerably more experience) from the coal mining areas.

Aside from the technical difficulties in obtaining the needed quality and precise exposure for adequate visualization, and the differences of interpretation from radiologist to radiologist, it should be noted that impairment in function is unrelated to x-ray findings, and severe pulmonary disability may be present in miners with less than clear-cut evidence of pneumoconiosis.

The SSA has, to date, almost exclusively employed the forced vital capacity as the pulmonary function test to determine the presence of disability, in those subjects whose chest x-ray revealed simple pneumoconiosis. This test has a number of advantages for determining the capacity to ventilate the lungs. It is of little value in assessing the effects of coal workers pneumoconiosis on the respiratory function of coal miners. It is most useful in detecting and evaluating the presence and severity of chronic bronchitis. It can be reasonably stated that those subjects who have been granted federal black lung compensation on the basis of this test have been compensated largely for bronchitis, not from the specific effects of pneumoconiosis. This has been done, however, only in patients whose x-rays reveal simple pneumoconiosis. Those miners with equally disabling bronchitis but without x-ray evidence of pneumoconiosis have been denied benefits. This seems hardly justifiable, since the presence of visible pneumoconiosis had nothing to do with the results of the forced vital capacity test.

Other tests, such as those designed to measure the capacity to transfer oxygen from the lung to the blood during exercise are far more sensitive and show much closer relationship to disabling shortness of breath. These tests are more difficult and do require much more time. Unfortunately, there are too few facilities in the coal mining regions where these studies can be obtained. However, if a realistic evaluation of the lung function of applicants for federal black lung compensation is to be required, these tests are essential. The SSA may plan to employ some test of this nature, but only on patients who have been denied and have asked for reconsideration. There is some reluctance on the part of the SSA to consider such tests in subjects whose ventilatory functions are entirely normal. This reluctance is the result of their adherence to the concept that disabling shortness of breath does not occur in the presence of normal ventilatory capacity. This concept is based only on opinion and is unsupported by medical proof.

The standards set by HEW are the same as for Social Security disability. These standards are unrealistically severe, not only for federal black lung claimants, but social security as well. Although the requirements are the same for federal black lung compensation as for disability under the SS program, the black lung applicant is not provided the same opportunities nor given the same consideration as the SS disability applicant.

The current regulations under which the SSA is operating are grossly unsatisfactory. Any thought of making these the "model" for future state compensation measures is intolerable. The administration of the federal compensation program must be improved measurably before it can be considered even barely adequate.

Compensation for miners disabled by pneumoconiosis will continue to be a problem or even increase over the next 5 to 10 years because of the large numbers of working miners who are now impaired.

Considering our present state of medical knowledge regarding the lung disease of coal miners, a number of changes must be made in the administration of the federal compensation program. The first change should be to recognize that we do not possess the knowledge enabling us to distinguish those lung diseases of occupational from non-occupational origin. With the possible exception of specific infections and cancer, it is impossible to prove that any type of lung disease did not either arise from or was not aggravated by the miners occupation. The full spectrum of coalworkers pneumoconiosis has not been completely outlined and our ability to diagnose this condition is limited. Any disabling respiratory disease of a coal miner should, therefore, be considered to have arisen from this occupation.

The requirements for determining "total disability" should be made more realistic. Any miner who is rendered incapable of performing his usual mining job should be considered "disabled," under the federal black lung compensation provision.

These recommendations, if put into effect, would result in a considerable increase in costs. This increased cost, however, would be fully justified. It would also more accurately reflect the true magnitude of the problem of lung disease among this country's coal miners. This might also serve to stimulate the continued and careful control of working conditions within the coal mines.

Mr. HAWKINS. Would you care to summarize your statement, Doctor?

Dr. RASMUSSEN. In my prepared statement, I gave some of the reasons that I object quite strongly to the regulations under which the Social Security Administration has administered the Federal black lung compensation provisions.

Now, my full-time job for the past several years has been doing pulmonary functions, evaluation of coal miners, coal miners with varying degrees of shortness of breath.

The very reason that my job exists and that this is a full-time job is primarily because the test which has been used by the Social Security Administration as the means of distinguishing those who are disabled from those who are not, simply has no bearing on coal workers pneumoconiosis.

We encountered many, many coal miners with shortness of breath that was so severe that these men were incapable of anything but sedentary activities and in spite of this, the test for breathing ability or the ability to move air in and out of the chest might be entirely normal, or only minimally abnormal. Many of these miners had only simple pneumoconiosis by X-ray and there were certain numbers of them in whom definite pneumoconiosis could not be seen by the X-ray. It soon became quite apparent that what we were seeing was not what was described in the textbooks, that somehow the problem was entirely different.

When we proceeded to do additional kinds of studies in these men we did find very clear-cut abnormalities in lung functions by proceeding along other more time-consuming lines. We found that, without regard to X-ray findings, we could find distinct abnormalities in at least 98 percent of those men who presented symptoms of shortness of breath.

In our opinion, then, the use of these tests alone is inadequate. Our experience with the chest X-ray leaves us to conclude, again, that pneumoconiosis of coal workers is difficult to identify. There is so much variation dependent upon the quality of the X-ray and even beyond just quality, the actual very slight variations in voltage and so forth can obliterate or make the pneumoconiosis visible.

Mr. BURTON. Doctor, would you, for the record, establish your credentials? Where did you receive your degree? How long have you been practicing? How much time have you spent in the coal field areas?

Dr. RASMUSSEN. Yes, sir. I graduated from the University of Utah College of Medicine in 1952. I had internship in internal medicine at the University of Minnesota. I had residency training in internal medicine at the University of Utah hospitals, and at Letterman General Hospital in San Francisco, and pulmonary diseases residency at Fitzsimons General Hospital in Denver, Colo. I was subsequently assistant chief of tuberculosis section at Fitzsimons and later chief of the chest disease service at Brook Hospital at Fort Sam Houston, Tex.

I arrived in Beckley, W. Va., in 1962 and since 1963 and 1964 I have been engaged primarily in physiologic testing of coal miners. I was the chief medical officer of the Appalachian Coal Miner Research Unit of what was then the Division of Occupational Health for the U.S. Public Health Service for 2 years between 1964 and 1966. And since 1966 I have operated the cardiopulmonary laboratory at the Appalachian Regional Hospital in Beckley.

We have to date evaluated something in the neighborhood of 5,000 coal miners.

Mr. BURTON. Doctor, have you had occasion to visit your counterparts in Great Britain?

Dr. RASMUSSEN. I have not visited Great Britain. I have had a number of discussions with the British observers.

Mr. BURTON. Here is the heart of the issue, as I view it. It wasn't so long ago people were unaware of this phenomenon called complicated pneumoconiosis, or at least its causes. The representations made, as I understand them, by the Social Security Administration are that there isn't credible medical expertise that can justify a practice differing from the one they are utilizing. No one on this subcommittee could qualify by any standard as a medical expert. I desperately would like to believe you are right. Your counterparts in times past, when this dreaded diseases was in effect, discovered or identified. Given the time frame of this it is going to be a little late for somebody from Social Security to tell us 3 years from now, "We are surprised. Rasmussen was right." Because the time frame would have passed unless they file a claim before the end of 1971 or they die and their widows afterward file a claim as the bill provides.

What tests would you invite to challenge the procedures or the yardsticks utilized by the Social Security Administration? You get our dilemma. You appear to be a rational man.

What tests would you invite, because we have only got 7 months to win this fight? What forum would be sufficiently objective for one to admit that not that a majority of those practicing in this area would concur that the admission would have to be made that this is sufficiently defensible from a viewpoint of medical or physiological analysis that it cannot be denied.

Dr. RASMUSSEN. Well, I think it depends on how precise you want to be in terms of the kinds of medical proof that your are requiring. Now the thing which lung disease does which causes the inability of a person to engage in normal activity or to work is shortness of breath. And I think I would certainly begin with some assessment of the degree of shortness of breath that an individual might complain of.

This is a thing which is done by the average physician in his taking of a medical history. And there are certain clues in medical history which can lead you to feel very confident that this man does indeed suffer from severe shortness of breath.

Now this, of course, would not give any kind of objective evidence of disability. But it might be as accurate in the long run as most anything else that we show you in terms of testing.

Mr. BURTON. Has there been a test by any scientifically objective standards or any objective forum of your assertions? Have you been permitted, if you will, to have your point of view brought to bear, vis-a-vis, the medical adviser or advisers of the Social Security Administration in some objective forum, or have they been proceeding at one level and you at a parallel but different level and the two lines have never had the opportunity to join with one another?

Dr. RASMUSSEN. I have had the opportunity to present my views to the Social Security Administration and to the medical profession in general, as well. And the findings of pulmonary function studies that we have obtained have been published in the medical literature. And I must say the data that is there is pretty solid data.

Mr. BURTON. How many men in the practice of medicine have the kind of expertise that you would think useful to you? Is this a very limited number or percentage or professionals or isn't this an area of significant specialty?

Dr. RASMUSSEN. Very definitely. The type of, well, setup that I have and even what I do is probably fairly unique. But it certainly is not available to the average clinician, the average practitioner, or the average specialist.

Mr. BURTON. Do you have in your area of specialty a subgrouping in the AMA or is there an organization, if you will, of medical men in this specialized area?

Dr. RASMUSSEN. Not a complete organization limited so strictly. There are a number of specialty groups concerned with lung diseases, for example, but not specifically with the type of physiologic studies that we perform.

Mr. BURTON. It is very important that there be something better than a majority vote in this respect and we never intended it to be a majority of those who are M.D.'s that are going to make this judgement.

On the other hand, how could any Congressman on an objective basis say that your viewpoint is not a solitary one? I don't think the point of view that you take has to be a majority one, nor a dominant one, nor a 42-percent one, if you will. But the Social Security Administration would probably be ill-advised, all things being considered, to take a single opinion. You see—and I am probing—because we have got 7 months and 10 days or thereabouts to lick this thing. What mechanism could we urge upon the Social Security Administration to review their standards?

You needn't come up with this this second, but if you have got one you would be very well advised to let enough members of this committee be aware of it so that we can at least pursue that.

Dr. RASMUSSEN. I think that the Social Security Administration has available sufficient backlog of actual studies that they could certainly review these and compare them with, let's say, the X-ray evidence in the case, the cases, and others, whatever other criteria they wish to employ, to certainly point to the fact that there are large numbers of miners who have disabling lung diseases that just don't happen to fit into the pattern that the British have described. And the Social Security Administration, I am sure, has an ample number of these on hand at the present time.

Mr. BURTON. Is there any other recognized authority in Great Britain that either concurs with you or say that they cannot reject your conclusions?

Dr. RASMUSSEN. Well, I don't know any who can say flatly that they reject my conclusions, because I think if you examined carefully the basis on which they have formed their conclusions, you would find that this was a very limited study, a single study. It wouldn't be difficult to make some observations about the validity of that particular study.

Mr. BURTON. Do you agree with the notion that a death certificate saying in effect heart failure is hardly worth the paper it is printed

on for purposes of rejecting the claim of a widow whose husband worked in the mines for 20, 25 years?

Dr. RASMUSSEN. Well, if it said heart failure, that would lead me to ask whether it was right ventricular or left ventricular failure.

Mr. BURTON. Part of my point is that I suspect a significant reason why in Pennsylvania you have a higher rate of approval was that there were a reason for examining men more carefully; there was a reason for preserving the record, because there were benefits that might be triggered off as a result. That was not an operative situation in Kentucky and West Virginia and there was no need to indulge at what might be abstract research. I do not know, but I heard some testimony today that left me with the impression that if the medical report said heart failure is the cause of death that might be a basis for overcoming the rebuttable presumption which is built into the law and I can't see how that can be the case at all, particularly anything related to the heart function.

Isn't a lung function and heart function so interrelated that such a reason for death has to be taken, if you will, can't be used to refute a presumption running in support of a claimant if the miners worked in the field for x number of years?

Dr. RASMUSSEN. I think this, that there are certain conditions, fatal conditions, of the heart which so far as anybody knows have no bearing on the lung itself. On the other hand, the lung disease can cause heart failure of one particular type.

The only trouble with the death certificate is while a man may, for example, have died of a coronary artery occlusion which we think would be unrelated to the lung disease, this does not tell us how much impairment in lung function or how much disability from lung disease the man had before he died. He may have been totally disabled as a result of lung disease but then died of this coronary artery occlusion. The death certificate in most instances does not reflect his disabling lung disease. I don't think that this is any different in Pennsylvania than it would be in Kentucky. I think that the Social Security Administration has made efforts to look deeper into the history besides just the death certificate. These efforts, I think, not through, necessarily, the fault of the Social Security Administration, have not really been adequate.

I have observed, for example, in our own hospital the way in which the records are searched. They are not searched by qualified people who know what they are reading about. They are seeking only very limited bits of information. So that many of the records that do exist have been inadequately evaluated.

But, again, as I say, this is not what the Social Security Administration has done, but this is the way it has been carried out in different hospitals.

Mr. HAWKINS. Mr. Burton, we do have another witness, but time will be running out on the other witness, I am afraid, if we don't try to move along.

Mr. BURTON. If I have to stay here until midnight, at least one member will stay here.

Mr. HAWKINS. Could I interrupt just 1 minute to have Mr. Landgrebe introduce his group. I see another colleague of ours on the committee is present with a group. It seems to be an afternoon for visiting.

Mr. LANDGREBE. Thank you, Mr. Chairman. I have some newlyweds here from my district. Mr. and Mrs. Ron Culp; and also Attorney and Mrs. Joseph Bumbleburg, also good friends of ours.

Mr. HAWKINS. Very pleased to have you visit us, Mr. Landgrebe.

Mr. LANDGREBE. Thank you very much.

Mr. BURTON. This suggestion won't be very useful until we get to around the 1st of November, but from that point on I would encourage you to induce every coal miner that comes within the range of your voice to file a claim, because this law is constructed that a claim can be filed now and that claim, is then on the records for purpose of preserving his and his widow's rights under the first section of this bill. It would be counterproductive now because the Social Security Office would be flooded with claims, it may not be at this point, where they are rip. To preserve their interest and their rights I would urge starting about November 1 you get on your horse and see that everybody has complied with this condition precedent to them either receiving benefits under the lifetime payment provision of this law or for that matter their widows.

It is another part of what I thought was a very carefully drafted piece of legislation that I think is very important that it be understood.

We have not mentioned this yet publicly because we have not wanted to, if you will, have the currently rip claims lumped in with these others and therefore slow down, if you will, the process of the filings in the determination of eligibility. But please do remember that.

Dr. RASMUSSEN. I will do so. And I appreciate that comment because there are many, many, many miners who are now working who, while not totally disabled, will become so over the next 5 to 10 years regardless of how clean the mines are made.

Mr. BURTON (presiding). That really is the point to preserve their right and then that determination can be made. They could make it once and then they can appeal it, but it is our understanding that once you filed that claim you have protected your right for the rest of your life. It was the only way out.

Is there anything else you would like to tell the subcommittee apart from another suggestion that you do communicate with us if there is some way that you can think of that will cause, if you will, an adjustment of how the Social Security defines its yardsticks?

Dr. RASMUSSEN. I want to make one comment about the X-ray criteria. I am certainly not alone in criticizing the X-ray for being the imperfect tool that it is. This is well known and statements have been made by expert radiologists regarding the requirements, the high requirements for the technical excellence and so forth. And also you can find many witnesses who will concur that while the X-ray may not be positive, the likelihood of an autopsy or biopsy data showing definite pneumoconiosis is very high.

Mr. BURTON. One final point that occurs to me because it is also important. I think there is some misunderstanding at the executive level of the Social Security Administration. It is obviously very possible for a person to be totally disabled and still working. I am reminded of a woman who could do little more than move her chin about a quarter of an inch, a paraplegic, who was disabled but ineligible for benefits under our State public assistance laws because she was a telephone operator. So the finding of disability is not precluded by the mere fact that you happened, by some inordinate dint of effort or will, to be putting in a substantially full workweek. It was to anticipate that problem and eliminate it that we geared these earnings as a mechanism to bring you down to zero benefit level, but we did not view the fact that you were working as any evidence, per se, that you didn't come within the total disability parameters. It is a subtlety but it is really quite important.

Dr. RASMUSSEN. I am aware that claims of those who are working are not completed. They are not given the same, let's say, even limited testing that the nonworking miner is. However, I understand that people with complicated pneumoconiosis may be allowed to continue working.

Mr. BURTON. Yes, but there is a wage offset to that. In other words, you can earn all of the first $1,650 a year, and half of the next $1,200. And half of the next $1,200 is deducted from your black-lung payment. And beyond that every dollar you earn there is a dollar-for-dollar reduction for your black-lung payment.

Dr. RASMUSSEN. But I point out here that this business of automatic assumption of disability in the case of complicated pneumoconiosis, which is a synonym for progressive massive fibrosis, they are not separate diseases as Mr. Erlenborn had suggested, this holding so firmly to the British concept about this is one of the major reasons for the dissatisfaction in the coalfields because many of those with complicated pneumoconiosis are not significantly impaired and as a consequence of this——

Mr. BURTON. We made the judgment there that that was an absolutely automatically qualifying situation. There were others in addition. We did that, given the nature as we understood it, that this was a one-way street, once you had progressive or once you had complicated pneumoconiosis.

Dr. RASMUSSEN. This, of course, again you might have to look at it in a longitudinal fashion. In other words, this man may be severely disabled in 10 years or something like that. But my point, too, is that given coal miners with qualitatively and quantitatively identical physiologic derangements, it makes no sense to compensate the one with a small lump, let's say, as big as your thumb, and deny compensation to the one who has no lump of that size. This is illogical. While it may be the majority of medical opinion, this is, by and large a result of convention and not actual medical knowledge. This, of course, is the base with the whole concept of the X-ray diagnosis and the clinging to this in industrial medicine.

Mr. BURTON. Well, I think the coal miners are indebted to you. We in the Congress are. You did much to induce and keep alive our interests.

And if you have got this mechanism, please come forward, because it is not going to do much good to argue along parallel lines. We will not pass a law, I don't think, that will substantially change this picture. Maybe we will be lucky enough to do so. But we might possibly, by dint of the validity of what I would hope to be the situation if we can find some forum or arbiter, if you will, that could at least say that your position cannot be rejected immediately, hopefully we could take a little stronger position than that.

Thank you very much, Doctor.

Dr. RASMUSSEN. Thank you.

Mr. Speaker, on July 5, 1971, I wrote to Secretary of Health, Education, and Welfare Elliot L. Richardson, raising a number of questions about the manner in which the Social Security Administration was handling the medical examinations for black lung benefits applicants. On July 15, 1971, I received an acknowledgment, which indicated the questions were being evaluated. Not until today did I receive a response from Robert M. Ball, Commissioner of Social Security. I am including all this correspondence for the RECORD:

JULY 5, 1971.

Hon. ELLIOT L. RICHARDSON,
Secretary, Department of Health, Education, and Welfare, Washington, D.C.

DEAR ELLIOT: I am writing with regards to the current practice of the Social Security Administration in handling the medical examination of an applicant for black lung benefits. The SSA has begun a policy of rereading chest x-rays which have previously been interpreted in the coal fields as being positive for pneumoconiosis.

There have now been instances where a miner's reconsideration has been denied after

the Baltimore experts re-read a film that had previously been read as positive. Further, all of the x-rays that are read as positive are being gathered by the Vocational Rehabilitation people for transmittal to Baltimore. This usually results in the claim being denied.

In light of this trend involving the new policy, I have several questions which I would like for you to look into, including:

How many radiologists read each film?

If more than one, are the interpretations made independently by each radiologist?

Or, do the radiologists sit together and read the films jointly?

If the films are independently interpreted, how often do different radiologists' interpretations disagree?

How are the differences, if any, resolved?

Is inquiry made of each applicant to learn when and where all previous chest x-rays were taken?

Are all available previous films obtained and interpreted in all cases?

In cases where more than one chest x-ray is obtained, what is the policy if some of the x-rays are interpreted as positive and others negative?

Also, I understand that the SSA is going to put on a massive publicity, or should I say "brain-washing" campaign, in the coal fields to inform the miners of the regulations regarding black lung claims. It seems to me that such an expenditure of funds for such a purpose at this time is not advantageous especially in light of the fact the House is going to consider several amendments to the Federal Coal Mine Health and Safety Act of 1969 in the immediate future, probably this month. Thus, the TV spot which says "you must have x-ray evidence of pneumoconiosis" and other similar statements will not be correct if the amendments pass.

I would appreciate your careful and immediate attention to the matters set forth in this letter. Thank you for your cooperation.

Sincerely,

KEN HECHLER.

SOCIAL SECURITY ADMINISTRATION,
Baltimore, Md., July 15, 1971.

Hon. KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR KEN: This refers to your recent letter to me regarding our policies in handling claims for black lung benefits—particularly the new procedures involving the re-evaluation of chest x-rays by our headquarters disability staff. Secretary Richardson also has brought to my attention the letter you addressed to him on the same subject.

The appropriate members of my staff and I are now in the process of giving your questions on the new procedures and their implications the in-depth evaluation and analysis they deserve and I will be in touch with you again as soon as possible. At that time, I will also provide you with information about our current and planned public affairs activities in the area of black lung benefits.

Sincerely yours,

ROBERT M. BALL,
Commissioner of Social Security.

SOCIAL SECURITY ADMINISTRATION,
Baltimore, Md., October 5, 1971.

Hon. KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR MR. HECHLER: I regret very much the delay in giving you a final answer to your letters to me and Secretary Richardson on the review of X-ray evidence in the handling of black lung benefit claims.

I asked Mr. Bernard Popick, Director of our Bureau of Disability Insurance, to look into your inquiry thoroughly and provide me with a report. I am enclosing a copy of his report, which I hope you will find helpful.

Please let me know if we can provide any additional information.

Sincerely yours,

ROBERT M. BALL,
Commissioner of Social Security.

REPORT TO COMMISSIONER OF SOCIAL SECURITY REGARDING INQUIRY FROM REPRESENTATIVE KEN HECHLER

Representative Hechler has inquired about our policy and practice in the review of X-ray evidence in claims for black lung benefits.

Our basic policy is to provide each applicant full opportunity and assistance in submitting all available X-ray evidence from his own medical sources, and this evidence is carefully considered. If it is not sufficient for a proper decision, arrangements are made to have an X-ray taken by an experienced radiologist at Government expense.

Where the evidence obtained is conflicting or otherwise inconclusive, the X-ray films are re-read by an expert radiologist. In some cases, a new X-ray is called for to resolve doubts and assure a sound basis for the decision.

If an applicant's initial claim is denied and he requests reconsideration, in accordance with our established policy his claim is given a complete and independent review, including all X-ray and other medical evidence previously received and any additional evidence submitted. X-ray films not previously reviewed are re-read by a radiologist experienced in reading for pneumoconiosis. Where there was a prior finding of negative X-ray, a careful review is made to determine whether there is any basis for a positive finding. Where the prior evidence in the denied claim showed simple pneumoconiosis, the review of the previous finding through re-reading of the X-ray film provides verification of the determination required by the law of whether the applicant had complicated pneumoconiosis (which is presumptively disabling). As a result of additional evidence received and the re-reading of X-rays in the reconsideration of denied claims, there have been cases of changes from negative to positive findings and the reverse.

To perform the X-ray re-reading, we are employing the services of a group of eminent radiologists with outstanding experience and skill in X-ray classification under the approved classification systems. These radiologists perform this function independent of each other. We have experienced some differences in reading results in this process, but indications to date are that these are not beyond the limits of normal experience among well-qualified and authoritative professionals. Where differences exist on review of the total evidence, a consensus of the independent readings is reached.

With respect to Representative Hechler's inquiry about our public information activities on the black lung program, we have taken action—based on our experience in the administration of the social security program—to promote an understanding of the requirements of the law among potential applicants and beneficiaries. Our local district offices have been the focal point of this activity, through face-to-face discussions and meetings with applicants and other interested parties and through the dissemination of information in pamphlet form and via the press and other media.

We have carried out normal informational efforts to acquaint the public with their rights under the law since its enactment. At that time, of course, we launched a special campaign to encourage filing by all potential eligibles. At the present time, we have no plans for any extraordinary step-up of information activity. Sometime ago we did initiate plans for the preparation of a special television message on the requirements of the law, but this activity was not completed.

BERNARD POPICK,
Director, Bureau of Disability Insurance.

Mr. Speaker, I include at this point excellent articles on the problems of coal miners in establishing eligibility in the Wall Street Journal of September 4, 1971, and the Village Voice of September 23, 1971:

[From the Wall Street Journal, Sept. 24, 1971]

COALFIELD CLASH: BITTER MINERS ASSERT THE "BLACK LUNG" LAW IS FILLED WITH LOOPHOLES—DISABLED MEN SAY BENEFITS ARE DIFFICULT TO COLLECT; "SLIPSHOD" DIAGNOSES CITED—"OUR ONLY WEAPON: A STRIKE"

(By Bob Harwood)

BECKLEY, W. VA.—Peter Bob Gibson, at 67-year-old ex-coal miner, steps onto the treadmill. Blood-sampling needles protrude from his left arm. A rubber mouthpiece and tube connect his respiratory system to a bank of testing devices, while electrodes taped to his chest monitor his heartbeat.

Slight, pale and stooped, Mr. Gibson is obviously tired as he begins a six-minute walk on the treadmill. The testing devices are measuring his ability to breathe and the capacity of his lungs for transferring oxygen to the bloodstream. He is going through two days of tests here at the Appalachian Regional Hospital to find out exactly what 31 years in the coal mines have done to his body.

Mr. Gibson, a resident of Rainelle, W. Va., was forced to retire earlier this year after a stroke. He now complains of constant fatigue and shortness of breath. He contends these maladies are caused by a lung disease named pneumoconiosis, more commonly called "black lung," which is an occupational hazard of work in dusty coal mines. But the federal government has told Mr. Gibson he doesn't have a black lung disability—and, through medical tests, Mr. Gibson is determined to prove the government wrong.

Mr. Gibson isn't alone. In fact, he's one of thousands of coal miners who have lost faith in a program they initially thought was a major legislative victory for the country's underground coal workers. The victory they had hailed was the passage of the Federal Coal Mine Health and Safety Act, signed by President Nixon on Dec. 31, 1969. Besides setting mine-safety standards, the act established a black lung compensation program providing cash benefits ranging from $153 to $306 a month for miners who are disabled by pneumoconiosis resulting from their work and for widows of miners who died of the disease.

BITTERNESS AND FRUSTRATION

On paper the legislation seemed to be a major advancement for the miners. But initial joy in many cases turned to bitterness and frustration. More than half of almost 300,000 miners who have applied for black lung benefits have been rejected by the Social Security Administration, which has the responsibility under the act for deciding, case by case, which miners meet its requirement of total disability stemming from mine-contracted pneumoconiosis. Social Security statistics show that through Sept. 3 of this year, 145,428 claims for benefits have been allowed, while 147,761 have been rejected.

Indeed, the black lung program has proven far more complicated and controversial than anyone imagined in 1969. As the miners disillusionment with the program has deepened, the controversy has led to a campaign in the coalfields, the Congress and the courts to change the program. And there are rumbles of "black lung" strikes if the change doesn't come.

"It may take a shutdown of production to get fair black lung benefits," warns Arnold Miller, a retired miner from Ohley, W. Va., who is now president of the Black Lung Association, a miners' group formed to lobby for such benefits. Strikes, Mr. Miller adds, are "the only real weapon" miners have.

The outcry over the Social Security Administration's black lung rejections has been particularly loud in West Virginia and Kentucky,

due to a noticeable disparity in the rejection rate from state to state. In Kentucky, 68% of 31,694 miners' claims have been turned down; in West Virginia, 54% of the state's 55,549 claimants have been rejected. But, in sharp contrast, some 70% of the 93,854 claims processed in Pennsylvania have been approved.

DIFFICULT TO DETECT

Unhappy miners charge that the rejection-rate disparity isn't caused by chance. Pneumoconiosis is a difficult disease to detect, and the miners claim there aren't enough qualified doctors and properly equipped medical facilities in the isolated mountain regions of Kentucky and West Virginia to permit thorough medical examinations.

The miners further charge that doctors in these mountian regions are often influenced by the views of the coal industry—which stands to inherit a large financial liability when the financing of black lung benefits reverts to state administration (The program will be federally financed at least until Jan. 1, 1973. When the states take over the program, the coal companies will pay costs either through direct assessments or through state workmen's compensation systems.)

Social Security officials say there are other reasons for the disparity. Bernard Popick, director of the Bureau of Disability Insurance, says the Pennsylvania claimants were on average, "significantly older" with a longer exposure to coal dust than claimants in the other states. He adds, furthermore, that black lung is more prevalent among anthracite (hard) coal miners than among bituminous (soft) coal miners, and Pennsylvania still has thousands of retired workers from the once-large but now-dying anthracite industry.

The real battle, however, isn't over state-by-state differences but over methods of testing for the disease. Disgruntled miners contend that the Social Security Administration is rejecting claims on the basis of insufficient and even slipshod diagnoses. And to back up their contention, the miners have marshaled an impressive corps of lung specialists.

CRUX OF THE CONTROVERSY

The crux of the controversy is the government's reliance on X rays as the primary basis for accepting or rejecting a claim. The miners' groups and their supporting medical authorities contend that a single X ray and a simple accompanying breathing test aren't sufficient to prove the absence of black lung. Instead, some miners recommend a series of X rays and a "blood-gas" test, which measures the amount of oxygen absorbed by the blood.

A group of 12 disabled Kentucky miners, aided by a local legal-aid organization, has filed suit in federal district court in Washington, D.C., seeking to eliminate altogether the use of the X ray in determining whether a benefit claimant has black lung. The 12 miners claim to be totally disabled by the disease but have had their benefit claims rejected either because their X rays didn't show spots on the lung or, if they did show spots, a subsequent breathing test ordered by Social Security officials disqualified them.

Some of the plaintiffs claim their examinations were inadequate. Ray Hubbard, a 39-year-old ex-miner from Manchester, Ky., says "a nurse took one picture and I never saw a doctor" during his test at a local hospital. Mr. Hubbard says he's disabled and out of work because of heart trouble and lung impariment; but his black lung claim, he says, was rejected on the basis of that one X ray and one quick breathing test.

Dr. Donald Rasmussen, director of the cardiopulmonary laboratory at the Appalachian Regional Hospital in Beckley, backs up the suing miners. "Many, many miners have been unjustly deprived of compensation," the doctor says, "The Social Security Administration has employed only the simplest and least costly testing procedures in its approach to this complicated problem."

A second court test, backed up by other medical authorities, is being prepared by the Appalachian Research and Defense Fund, a private, nonprofit lawyers' group in Charleston, W.Va. The evidence for this group's case was gathered by 12 doctors from medical schools and in private practice around the country who recently examined about 30 black lung rejectees in Beckley. Following their examinations, the doctors issued a public statement calling the Social Security testing "unduly and unnecessarily restrictive" and recommending more thorough diagnostic efforts, including blood-gas tests.

One of the dozen physicians is Dr. John Rankin, chairman of the department of preventive medicine at the University of Wisconsin. Dr. Rankin says the breathing test used by Social Security only measures the ability of an individual to breathe air in and out—while black lung interferes with the lungs' ability to transfer oxygen to the blood. "A man can have a perfectly normal breathing test and be severely disabled," the doctor says. A blood-gas test, however, detects impairments such as black lung.

Another doctor in the group says that rejections based on the current Social Security tests "should offend us all as doctors." He adds: "The denial of benefits to men too short of breath to walk half a flight of stairs should offend us all as citizens."

On the congressional front, the black lung controversy is spurring an amendment to the 1969 act. The House Labor Committee has passed an amendment sponsored by Rep. Carl D. Perkins of Kentucky that would prohibit rejection of claims solely on the basis of chest X rays and would extend for two years the federal administration and financing of the black lung program.

KEEPING THE HEAT ON

The full House is scheduled to vote on the amendment next week. Passage is considered likely, since little opposition to the change has appeared. Indeed, coal industry interests would welcome a two-year reprieve from shouldering the black lung cost burden. The cost is no small matter. The benefits paid thus far exceed $400 million and are currently running at a monthly rate of more than $25 million.

In the coalfields, the Black Lung Association and its allies are campaigning to keep the heat on the government to improve the medical screening of claimants. "Our goal isn't to see that everyone who files a claim gets paid, but that they get proper consideration," says the association's Mr. Miller.

Mr. Miller's group is widely distributing in mining areas a "how-to-fight-the-establishment" cartoon booklet titled, "Black Lung Bill Battles Social Security." Featuring heavy-handed caricatures (one drawing depicts President Nixon and a coal company man, hand in hand, standing on a pile of downtrodden miners), the booklet advises miners what evidence is needed to prove black lung, how to appeal a rejected claim and how to "play the Social Security game."

Significantly, the United Mine Workers union isn't playing an important activist role in the black lung controversy. The union hasn't joined in the Kentucky miners' suit or aided in the gathering of evidence to back those fighting the Social Security. In fact, the black lung battlers are generally allied with the dissident factions in the union who are at odds with their president, W. A. "Tony" Boyle, and his administration. Mr. Miller charges the union "isn't concerned" with the black lung controversy.

A spokesman for the Mine Workers responds that the union has supported black lung compensation since the early 1950s and, since the passage of the law, has established counselors in each of its district offices to aid miners in filing claims. The spokesman, however, concedes the union won't have anything to do with the anti-Boyle black lung battlers.

Social Security Administration officials also defend their role—although they admit there's room for improvement. To complaints about testing procedures, Mr. Popick counters that "there's a small minority (of doctors) who question the use of the X ray but the predominant medical opinion is that without an X ray you can't prove total disability."

NO BASIC DISAGREEMENT

Mr. Popick adds that he has "no basic disagreement" with critics who say that more thorough testing methods should be utilized and that more medical examining facilities should be made available to miners. But he says that tests other than the X-ray and the simple breathing test currently being used "take sophisticated knowledge, techniques and equipment" that aren't widely available in mining regions for the processing of large numbers of black lung claims.

Mr. Popick further reports that Social Security and the Public Health Service are jointly starting a new pilot program "which will test a few hundred miners whose applications have been denied" to determine what other tests might be used in the future.

Still, Mr. Popick contends, the Social Security Administration is administering the law as passed by Congress. He further asserts that many of the agency's difficulties, and the resulting controversy, stem from "misinformation." For example, he says, miners with disabling diseases other than pneumoconiosis—including emphysema, asthma and broncitis—that may have been aggravated by work in the mines are nevertheless ineligible for black lung benefits.

"It's difficult for a man to understand that he can be totally disabled but not by pneumoconiosis and thus not receive benefits," Mr. Popick says. And, reflecting on the black lung program's many problems, he adds: "We don't have the final answer by a long shot."

Nor does Peter Bob Gibson have his final answer from his tests at the Appalachian Regional Hospital. He, and others like him, continue to wait and hope, ironically, that their diagnostic results will indicate the presence of black lung disease.

[From the Village Voice, Sept. 23, 1971]

"BLACK LUNG" BENEFITS—KENTUCKY'S COAL MINERS: FIGHTING TO BREATHE

(By Paul Cowan)

Down in the coal mines a man becomes a machine tool. After a decade or two many are too worn out to be useful. By then almost no one with power cares about repairing them.

Black lung, caused by the coal dust miners breathe daily, is their most common disease. When a miner has it he wheezes and coughs by day, can barely breathe at night. Sometimes, in the midst of making love, he begins to gasp for air and can't finish the act. When he tries to sleep in a prone position he feels smothered so he must plant pillows beneath his head and back. Then he tosses and turns, searching for a position that will let him breathe. On damp nights he had to get up four or five times to let oxygen into his lungs. Even sleep is rarely rest. It's often interrupted by a pain that feels like two thick hands squeezing against a man's chest.

Until a few years ago doctors didn't even recognize black lung as a disease. Some men who complained of its symptoms were told they had "miners' asthma" and advised to immunize themselves by chewing tobacco and spitting the dust out with the juice. Others were assured, by coal company officials, that the dust was actually good for

them. Now doctors estimate that more than half of the nation's 450,000 active or retired miners have some form of black lung.

It is becoming a hot medical topic. Last week the New York Academy of the Sciences sponsored a week-long conference on the disease. It was a gathering of medical experts from the U.S., Europe, South Africa, and Australia, Nary a miner was invited to the affair.

A few of the guests, like Dr. Donald Rassmussen of West Virginia and Dr. Richard Naeye of Pennsylvania, had worked for years to help miners win black lung benefits. But most of those I listened to seemed more interested in the disease than in the patient. Never mind that 78 per cent of Kentucky's applicants for black lung benefits are turned down, thanks to the state's inadequate medical facilities. Never mind that most doctors—including many at the conference—agree 10,000's of ailing miners are deprived of their benefits by the government's rigid definition of black lung (a definition devised to cut the costs of payments). Those are political questions—doctors might discuss them as individual experts, but almost never as a committed group of citizens. The only urgent pleas at the conference were for more research (and research grants), although all the doctors who attended the final press conference agreed that the tools for abolishing the disease now exist. Black lung was treated as an interesting medical problem, not as the grim result of the coal industry's incredible carelessness.

Some miners did attend one session. Twenty-eight members of Kentucky and West Virginia's Black Lung Association rented a bus and travelled a full day to talk with the doctors. But they were treated more as gatecrashers than guests. Two of their representatives were allowed to read statements, but none of the doctors asked questions, none sought to talk with them about their ailments. The miners are courteous, restrained people, less angry (perhaps because they're less cosmopolitan and savvy) than the miners I met in Pennsylvania last year. They left as soon as they were done, for fund-raising meetings with union leaders and foundation heads. If the doctors had listened to their tales some of what they heard might have shaken their complacency, given their meeting a sense of human urgency.

When Frank Nickels, 50, was a boy in Kentucky his family lived in a "dug-out," an underground burrow which was only lit by two kerosene lamps. That was all they could afford. His father was a miner and most mines were closed during the Depression—he made his money by forging horseshoes in his cave and selling about three of them a day for a quarter apiece. He finally got his job back, but even then his family of 12 was terribly poor. Frank remembers that all his father ate during those strenuous days in the mine was cornbread and salt.

Frank, who stands about five feet five inches, was born with his right arm and leg several inches shorter than his left. But he was the oldest boy so he's been working since he was 10. He never learned to read, write, or tell numbers, so he's unfit for most factory jobs. His deformity makes it impossible for him to hold most laboring jobs—he tried to work in a sawmill once, but couldn't hold the wood as it was being cut. But he does know how to work coal. His father taught him to shovel left-handed, and started him in the mines when he was 14. During the 32 years he worked there he was able to keep pace with the other men.

But there was a toll. Most miners often switch positions when they shovel—now relying on their right hand, now on their left—and that spares their chest and stomach muscles. But Frank's unorthodox style often gave him cramps. Now, he says, his stomach is ruined—from his description it sounds like he's got a severe hernia, though no doctor has produced that diagnosis yet. He says that he can't digest any solid foods, that his weight sometimes dips to 95 pounds.

He also has black lung. Five years ago he was drilling holes in a mine, trying to clear a path for a worker who was loading coal onto a train, when he began to breathe heavily, then pant uncontrollably—and then he fainted. He had to be carried from the mine to the hospital, where he stayed for a month. He hasn't been able to return to work.

He hasn't gotten black lung benefits, though he first applied in 1969, soon after Congress passed them into law. Doctors agree that he has the disease, but according to X-rays it's not severe enough to win him his award. So his family of eight lives on the $103 a month he receives from welfare, plus the $64 his wife gets for taking care of her brother's kids. Food stamps allow them to survive. But survival is increasingly marginal. Mrs. Nickels owes the hospital for two operations; Frank recently traded in his 1959 Ford for $100 so that he could buy coal this winter. Two weeks ago the owners of a strip mine began to shoot dynamite 15 feet from his house, damaging his roof and part of his floor. But they won't agree to compensate him and he can't afford to hire a lawyer, so he'll have to pay for those repairs, too.

Boyd Thornbury, 54, has been working in Kentucky's mines since 1934, but, like Frank Nickels, he's never worked long enough in a union shop to qualify for a pension. In 1963 he had an epileptic seizure. The company doctor told him that it was nothing, he should return to work, but then he had a second seizure so he stayed out of the mines for several months. When he found pills that stabilized this condition he returned to work.

In June 1966, he collapsed in the mines, and doctors discovered he had blood clots in both legs. The clots were removed, but now he has no circulation in the lower part of either leg—they're both flour colored, and feel like flour covered with skin. In 1967 he tried to return to work, but collapsed after half a shift. Meanwhile, his black lung had become so bad that he couldn't walk two blocks without panting (doctors later decided he had silicosis). So he began trying to convince federal and Kentucky authorities that he's a sick man.

He's been refused black lung benefits twice—once, he thinks, because a hospital lost his X-rays. But his most frustrating battle was with Kentucky's state workmen's compensation program. Unlike the Social Security Administration, which provides free examinations, the state obliges miners to pay for all medical tests. Its bureaucracy is so complex that miners must hire lawyers to handle their cases.

Thornbury brought a sheaf of receipts to New York, to show what happened to him. They show that during the 16 months after he applied for his compensation he saw eight different doctors, all on the advice of his lawyer. (Lawyers know that cases are won on the sheer weight of medical testimony; of course they also know that victories fatten their commissions.) Each doctor charged him examination fees, clerk fees, and deposition fees. The depositions, which had to be submitted to the state board, took about 20 minutes of each doctor's time; some cost Thornbury $50, some cost him $100. All were more expensive than the examinations.

His total medical bills ran to $978.95. When he finally won his award of $18,700 he owed 20 percent, or $3,740, for legal expenses. He'd had to spend an additional $264 traveling back and forth to clinics. So his award really amounted to about $13,725, which he'll receive at a rate of $44 per week. In other words, doctors and lawyers cost him and his family 112 weeks of checks.

In October 1950, Jarvis Howard, 64, of Evarts, Kentucky, was running a motor in deep coal, lying down to fit into the space between the coal and the mine roof A rockfall twisted him into the motor. That day he broke his back, both collarbones, punctured his lungs four times, broke six ribs, and ripped all his ribs loose from his backbone.

He was unconscious eight days, hospitalized four months. The only income available to his family of eight was $32 from workmen's compensation. So he sued the company for damages. They not only refused to settle, but retaliated by throwing his family out of its company-owned house. And they saw to it he was cut off workmen's compensation. So his family's sole income was the salary one daughter earned at a five-and-dime store.

Then he won his suit and was granted $10,050 disability. But the company appealed the verdict, and soon his award was reduced to $2400, paid at $6 a month.

When his body mended he looked for another job in the mines, but he was too frail for anyone to hire him. He found work as an ambulance driver for the Evarts Funeral Home, and held the job until 1969, when he had two heart attacks. During the next two years he had four lung hemorrhages. One doctor estimated that his lungs were only functioning at 32 per cent of their normal capacity. He is supposed to take five kinds of medicine each day. But when he went to be X-rayed his doctors told him his lungs were bad all right—rock, coal, and sand were all embedded in them—but not bad enough for him to get his benefits.

His wife died a month ago. That's why he came to New York, he said, even though the 24-hour bus ride played hell with his kidneys and the city's damp air made his lungs feel even worse than usual. He wanted to escape the boredom and the memories. At home now, he spends his days watching TV or hanging around the Evarts Funeral Home, answering the telephone if nobody else is there.

Frank Nickels, Boyd Thornbury, and Jarvis Howard were all deprived of their black lung benefits because of the rigid way Social Security defines the disease. They say it is a specific lung disease whose extreme severity must show up on an X-ray before a patient can get his award; doctors—including many of those at the Waldorf conference—contend that you can't distinguish between black lung and other mine-related respiratory ailments, and that the X-ray is often an inadequate way of measuring the disease.

Last month Congressman James Perkins (Democrat, Kentucky) introduced a bill that would abolish the X-ray as the sole means of determining black lung. It would let doctors cite other tests, like a blood gas test or a balloon that is inserted in a man's pancreas, as proof of a miner's sickness. It would also allow them to support the claim of someone. like Jarvis Howard on the basis of his general physical condition or his over-all medical history.

The measure may sound better in Washington than it does in Kentucky, where many miners are convinced that the coal companies pay doctors to block their benefits and won't be satisfied with anything less than their own clinics. Still, Dr. Lorin Kerr of the United Mineworkers Union estimates that it would extend coverage to about 70,000 new miners (76,000 miners and 60,000 widows now get coverage) and cost the government $250 million. It would also imply a new, liberal definition of occupational diseases which other industrial workers will certainly invoke. For that reason, Kerr says, though the House may pass Perkins's bill, the Senate will most likely kill it. He thinks that public support by a substantial number of respected doctors would improve the bill's chances of success.

But that probably won't happen. Many of the doctors I heard at the conference agreed

with the bill's medical assumptions, but none of the eight I interviewed, except Dr. Rassmussen, was willing to do more than offer expert testimony before the appropriate legislative committee—none would join the miners to participate in lobbying activities or vigils for a political bill. (I asked the questions generally, without specifying Perkins's bill.) The desperate urgency of the miners' demands was not enough to push the doctors they met at the Waldorf over the line between professionalism and humanitarian politics.

Mr. Speaker, at this point in the RECORD, I include a statement by the Appalachian Research and Defense Fund, Inc., of Charleston, W. Va., and summary of the study by a team of 12 doctors who criticized the medical evaluation procedures of the Social Security Administration in the black lung benefit program evaluations. Also appended is a report by the fund on the administration of the program.

Finally, Mr. Speaker, I include abstracts of papers presented at the International Conference on Coal Workers' Pneumoconiosis, at the Waldorf-Astoria Hotel, New York, sponsored by the New York Academy of Sciences, September 13 through 17, 1971:

LUNG SPECIALISTS FIND FAULT WITH BLACK LUNG STANDARDS

BECKLEY, September 12.—A statement issued this morning by a team of 12 doctors, most of whom are lung specialists, severely criticizes the medical evaluation procedures used by the Social Security Administration to evaluate most of the applicants for the controversial federal black lung benefit program.

Most of the more than 200,000 coal miners who have applied for federal black lung benefits are currently evaluated with a single chest x-ray and a simple breathing test. The statement by the specialists labeled these tests as "unduly and unnecessarily restrictive" and called for more thorough medical evaluation of black lung applicants.

The statement stressed the need for medical evaluation of the ability of the miners to "function" (to actually work), rather than the simple evaluation of his ability to breathe gases in and out of his lungs while his body is at rest.

Dr. John Rankin, chairman of the Department of Preventive Medicine at the University of Wisconsin and a specialist in lung diseases said the simple breathing test employed by the SSA often fails to measure black lung disability.

The test measures the ability of a person to breathe air in and out. Rankin added that black lung interferes with the lung's ability to transfer oxygen to the blood, an impairment that does not show up in the simple breathing test. "A man can have a perfectly normal breathing test and be severely disabled," Rankin said.

Pointing to the inadequacy of the chest x-ray, one of the doctors said, "It seems medically unjustified to restrict disability benefits to these coal miners who happen to have acquired a certain kind of abnormal chest film along with whatever other pulmonary diseases they have.

"Solely on the basis of a chest film—without even a history being taken or a physical examination performed—such men are currently being denied, by the hundreds and thousands, the black lung benefits which Congress voted for them. Such practice should offend us all as doctors. The denial of benefits to men too short of breath to walk half a flight of stairs should offend us all as citizens."

Dr. Bertram Carnow, professor of medicine and chairman of the Division of Environmental Health at the Abraham Lincoln School of Medicine at the University of Illinois, in criticizing the medical procedures, said, "You're talking about an x-ray and a number. The sick man gets lost in the shuffle. He added, "There is no single test that will show you anything about large groups of people."

"If a man's whole future life is affected by the outcome, you have to take time to consider the total person." He continued, that the denial of claimants of the basis of a single x-ray is "ridiculous" and said, "I teach medicine and if a student of mine made a judgment on the basis of a single test, I'd knock him in the head."

The findings of the team is likely to add additional weight to critics of the black lung program who charged that high denial rates are due to overly restrictive medical criteria set by the SSA. In West Virginia, 62 percent of the coal miners who have applied for benefits have been denied. The figure is 78 per cent in Kentucky and 72 per cent in Virginia.

The team of doctors traveled to Beckley Saturday from Chicago, Ill., Charlotte, N.C., Boston, Mass., Madison, Wis., Houston, Texas, and Morgantown, W. Va. to examine the miners. Several of the doctors are going on to New York for a week-long conference sponsored by the New York Academy of Sciences concerning coal miners pneumoconiosis. They will discuss their findings of their Beckley examinations with fellow specialists from the United States and Europe.

Congress is scheduled to vote Sept. 20 on amendments to the federal black lung law, one of which would abolish the practice of denying coal miner applicants on the basis of x-ray evidence alone. In a report issued recently, the House of Representatives Committee on Education and Labor stated that the law as originally enacted never intended that coal miners be evaluated with such restrictive tests.

The Appalachian Research and Defense Fund (ARDF) is currently preparing a suit to challenge the x-ray requirement.

The Doctors' trip to Beckley was sponsored by ARDF under the auspices of the Field Foundation in New York.

STATEMENT CONCERNING CRITERIA FOR EVALUATING COAL MINERS' COMPENSIBLE RESPIRATORY DISEASE, BECKLEY, W. VA., SEPTEMBER 12, 1971

Consideration of existing criteria for compensible respiratory disease of coal miners forces us to conclude that:

a. There is a diversity of pulmonary diseases and conditions associated with coal mining for which the rigid definition of "pneumoconiosis" (possessing as its *sine qua non* a radiologic lesion) is not tenable;

b. That disability resulting from work-associated respiratory disease after appropriate review be compensated;

c. That criteria for eligibility for all work-associated pulmonary disease be based upon *functional impairment* rather than solely upon anatomic or radiologic criteria;

d. That eligibility be based upon either total or partial disability and compensation graduated accordingly;

e. In assessing disability consideration must be given the nature of the coal workers experience in which mining is often the only work for which these men are prepared.

We believe that the present regulations and administrative policies are unduly and unnecessarily restrictive:

1. In limiting the initial qualifying diagnostic criteria to x-rays, biopsy, and autopsy evidence;

2. In denying consideration of the data concerning the applicant's respiratory functional status including history, physical examination and laboratory findings;

3. By recognizing primarily spirometry as a measure of disability while excluding equally valid functional measures of disability;

4. By failing to provide a comprehensive medical evaluation as part of the reconsideration and appellate process.

FROM CHARLOTTE, N.C.

Dr. Carl Lyle, associate in internal medicine, former executive secretary of the Health Care Committee on the Appalachian Regional Commission

Dr. William C. Sugg, Jr., internist specialized in lung disease, co-director of pulmonary clinic at Charlotte Memorial Hospital

Dr. William Porter, internist specialized in hematology

Dr. Edward Landis, Jr., internist specialized in pulmonary disease, co-director of pulmonary clinic of Charlotte Memorial Hospital

FROM CHICAGO, ILL.

Dr. Harold Levine, director of Chest Service, Cook County Hospital, associate professor of medicine, Abraham Lincoln School of Medicine, University of Illinois

Dr. Bertram Carnow, professor of preventive medicine, and chief of the Division of Environmental Health, Abraham Lincoln School of Medicine, University of Illinois; medical director of the Tuberculosis Institute of Chicago and Cook County; chest consultant and director of the Respiratory Clinic, Union Health Service, Chicago

Dr. Milton Levine, associate professor of medicine and preventive medicine at Rush Medical School of Presbyterian St. Luke's Medical Center

FROM MORGANTOWN, W. VA.

Dr. Robert L. Nolan, professor of medicine and chairman of the West Virginia University School of Medicine, Division of Public Health and Preventive Medicine

Dr. Walter Morgan, associate professor of public health and preventive medicine, West Virginia University School of Medicine

FROM MADISON, WIS.

Dr. John Rankin, professor of medicine and chairman of the department of Preventive Medicine, University of Wisconsin; specialist in diseases of the lung

FROM HOUSTON, TEX.

Dr. Harry Libscomb, professor of physiology and director of the Xerox Center for Health Care Research at Baylor College of Medicine

FROM BOSTON, MASS.

Dr. Gordon Harper, pediatrician at the Children's Hospital Medical Center

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ARDF PUBLIC INTEREST REPORT NO. 7—OBTAINING BLACK LUNG BENEFITS IN WEST VIRGINIA AND KENTUCKY UNDER THE FEDERAL MINE HEALTH AND SAFETY LAW, A CRITIQUE

I. INTRODUCTION

In the wake of the long overdue recognition of black lung, "pneumoconiosis", as a cause of death and disability in the coal mines, Congress enacted the black lung benefits program "to ensure that in the future adequate benefits are provided to coal miners and their dependants in the event of their death or total disability due to "pneumoconiosis."[1]

The nearly 90,000 coal miners and widows from West Virginia and Kentucky have only one-half as good as chance of winning their claims for the new Federal Black Lung benefits as approximately the same number of applicants from Pennsylvania.[2] Since nearly two-thirds of all black lung claims are filed in West Virginia, Pennsylvania, and Kentucky, the disparity is significant. The need for, and results of, a community aide training program developed by ARDF suggests that the disparity between the treatment afforded miners from the southern Appalachian mountains and those from the coalfields of Pennsylvania was caused in significant part by the failure of the Social

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Footnotes at end of article.

Security Administration to live up to its goal of rendering assistance to disabled coal miners and widows.

Once the first round of denial of black lung lungs was released by the Social Security Administration in the fall of 1970, the ARDF staff was deluged with hundreds of requests for assistance—all of which boiled down to the same basic question: "What do I do when I am turned down?" Responsible leaders of disabled miners groups, such as the Black Lung Association, asked ARDF the same question. Many of these leaders had fought long and hard for state and federal compensation for black lung and were shocked by the number of denials and the seemingly flimsy basis for these denials. ARDF developed a Community Aide Training Program to equip persons from the coal camps and hollows of West Virginia and Kentucky with the skills to counsel their neighbors and friends who had been denied the benefits. 77 persons were trained. A sampling of only seven (7) of these trainees reveals that they have provided counselling to 208 persons, have helped 108 additional persons to win claims, and have on their own conducted training sessions for hundreds more Mountain people.

The purpose of this Public Interest Report is to demonstrate in a spirit of constructive criticism, on the basis of the results of the ARDF Community Aide Training Program, that adequate services to black lung claimants are not being delivered in a substantial number of cases by the Social Security Administration. The Social Security Administration has asserted in a recent report to Congress that it "provides a full measure of assistance to all applicants . . . to provide an extra measure of assistance and counsel to those who are in need of help because of problems of age, impairment, or understanding."

Our experience in training 77 community aides, in handling over 80 individual claims, and in counselling over 200 persons on a short-term basis proves that in a substantial number of cases the "full measure" or "extra measure of assistance and counsel . . ." is not being provided.

II. THE FAILURE TO DELIVER THE "FULL MEASURE" AND "EXTRA MEASURE OF ASSISTANCE" TO BLACK LUNG APPLICANTS

The type of help successfully given to George Workman,[5] a resident of a southern West Virginia coal mining county, by an ARDF community trainee, Paul Davis, is typical of the failure of the Social Security Administration to assist many of the 90,000 applicants from West Virginia and Kentucky.[6] George Workman applied for black lung benefits in January of 1970. At the initial interview, the Social Security official at the local office asked the usual questions; health records, years in mines, dependents, and so forth. George wanted to know if he had to dig up any records. "No," said the lady. "Don't worry about a thing. We'll take care of it."

George was pretty confident that he would win his case. After all, a few years ago a doctor had given him an 85% disability based on his more than 30 years in the mines. While waiting to hear from Social Security, George had a slight heart attack. When he finally got his letter, George was amazed to find out that he had been denied Federal Black Lung benefits.

Of course, one of the first things George did was to go back to the Social Security Administration office to appeal his case. Surely a man who had had a heart attack was considered "totally disabled"?

The Social Security lady wanted to be helpful. She had worked for years helping people with their Social Security claims and now was given the additional job of being an administrator for a completely new and different program. She just didn't know that a heart attack could be caused by poor lungs. The only thing that she could do was to tell George that the heart attack was irrelevant evidence, and that there would be no need to get his new hospital records. His case, as far as she was concerned, was hopeless.

George went to see Paul Davis, a disabled coal miner who had received the ARDF Community Aide Training. Paul knew from the training that poor lungs can cause the heart to work harder and can put a strain on the heart. He also knew that a heart attack could be perfectly legitimate grounds for proving disability in a black lung case, because the heart and lungs work so closely together.

Paul took George to see George's doctor at the hospital. The doctor said that while he would not give the medical records to George, he would be glad to send the records on to Social Security. George's case was reconsidered and in a few months, George received notice that he had won and received his first Federal Black Lung check.

The lady in the Social Security office who tried in apparent good faith to help George Workman was probably flooded with some of the 250,000 black lung cases filed in 1970 as well as her usual Social Security cases. The pressure is on the local office personnel to resolve cases by gathering enough evidence so that the case file will no longer be her responsibility and will be sent to headquarters in Baltimore where a decision is made. She told George Workman "we'll help you" and meant it, but what she meant was that she would gather enough evidence to decide his case—one way or the other.

George did not understand the printed notice he received from Social Security. He was convinced of the rightness of his case. After being treated in a courteous manner by the Social Security office people, and in particular by the lady he had talked to, he felt that the assurance "we'll help you" meant that they would help him win his case. Later when he was turned down, he felt that the Social Security people were like other agencies and other employers he had dealt with who had tried to "beat him out of" what was due him.

The heart of the breakdown in the attempt of the Social Security lady to assist George Workman may be seen in the different meanings of the phrase "we'll help you" to George Workman and to the seemingly helpful lady at the Social Security office. To the Social Security lady, "we'll help you" means we'll gather evidence sufficient for any decision. To George Workman, "we'll help you" means we'll help you win. Community aides and the ARDF staff found that case files of denied claims contain enough reports and facts to make a decision; but usually only enough to decide against the unassisted claimant. The community aides have analyzed each case, and in many successful cases have obtained new evidence which helped get around the particular reason the claimant had been denied.

Once the misunderstanding of the assurance "We'll help you" develops between the Social Security official and the disabled coal miner, several other failures come into play.

(a) The Social Security Administration fails to effectively inform the disabled coal miner or widow of the specific reason he or she has been turned down.

(b) The disabled coal miners and widows are not informed of their "rights", such as the right to see their claim file, the right to obtain medical evidence of their own choice and the right to apply to Social Security to be reimbursed for expenses of medical reports.

A. The failure to explain—how a case can be won

The heart of the ARDF Community Aide Training course was to teach the skill of identifying the exact reason a claimant has been denied and to recognize what evidence, if any, could be used to try to win the case. Proper development of a Federal Black Lung claim requires a detailed understanding of the eligibility standards and the methods of proving each of these eligibility standards. To receive Federal Black Lung benefits, the miner or widow must prove that: (1) the black lung, (2) caused in underground coal mining, (3) contributed to the death of the miner or his "total disability."[7]

In practice, the trainees have found that virtually no one, including themselves, prior to the training, really understands the different eligibility standards or the particular methods which the Social Security Administration requires the different standards to be proven by.[8] As one trainee said:

"They don't—any of them—understand it [the eligibility requirements] at all. I didn't either before I went to school."

Another trainee characterized the hopelessness of many coal miners:

"The people of the coalfields have been run over so much that they just take whatever's put on 'em. As one fella' said, 'I spend 8 hours working, 3 hours resting, 9 hours sleeping. What other time do I have left to think?"

Not only are the form letters used for the first denial not understood, but the Administration has a misplaced confidence in the ability of local officials to explain the reasons for denials to claimants.[9]

One ARDF attorney interviewed more than 45 black lung clients who had already been to a local Social Security office to file an appeal, and none understood why he or she had been denied. The following incidents involving disabled coal miners who went to their local Social Security offices for help after the first denial are representative and instructive.

"They don't tell them anything, just that they can re-apply. They don't tell him that he needs more evidence. They just take the application."

"Any new evidence to submit?"

"No."

"We'll take care of it."

Another trainee described the following treatment:

"They don't explain the law. They say, 'We'll go further if you want' but they don't help get new evidence."

B. The failure to inform black lung applicants of their rights

1. The Right To See a Claim File

Community Aide Trainees have discovered the value of checking claim files to see if all medical reports have been gathered, to see if the reports are complete, to see if the reports say what they are supposed to say, and to see if further reports may be needed. The seven trainees mentioned earlier report a shocking number of incidents of important medical reports known to Social Security not being gathered, or only portions of the reports being obtained.[10]

There can be no question under the United States Constitution or the applicable Social Security rules that, when a miner or widow has a claim pending, he or she has an absolute right to examine the file of that claim.[11] The resistance of Social Security officials to the granting of this unquestionable right has been monumental. When a group of about 100 disabled miners, representing the Black Lung Association, in the winter of 1971 presented oral and written demands, which included a demand of the recognition of their rights to see their claim files, they were told that the demands would have to be forwarded to Baltimore for an answer. Earlier, in the same local office, a representative of a widow had been told that it would not be wise for her to see her deceased husband's records, because he might have had venereal disease.[12] It took a trip by four ranking Social Security officials from Baltimore to Mingo County, West Virginia, a few weeks later to formally recognize the most basic

Footnotes at end of article.

right that an interested citizen has in dealing with his government.[13]

The trainees report continued resistance by local officials to appropriate requests to examine claim files.[14]

"I don't know. I have been offered a summary; I was told only a lawyer could see to it. They don't want to let us see it. They say it's in Baltimore and it will only slow it down to get it."

The frequently used explanation that claim files are essentially located in Baltimore and that claim processing will only be delayed by sending them to local offices for examination is further proof of the confusion of the value of bureaucratic efficiency and the need of claimants to know the precise reason for their denial so that they may get their needed evidence. One trainee has made 20 requests to see claim files at one local office over a period of 8 months, but has only actually seen files on 8 occasions.

2. The Right to Obtain Necessary Medical Tests: Choice of Doctor—Right To Apply for Reimbursement

The Administration has completely failed to inform claimants of the need and the right to obtain alternate medical tests.[15] Since the Social Security Administration requires the proof of eligibility to be established by medical evidence showing the existence of black lung (usually a chest x-ray) and by breathing tests showing that the miner is "totally disabled," the knowledge claimants have of medical testing procedures and their rights in this area is crucial.[16]

Claimants are not told that they have a right to select and submit medical evidence of their own choice. Trainees report difficulty in enforcing their orders to the local Social Security offices that claims not be adjudicated until further evidence is submitted. In a very parental fashion, the Social Security Administration has made "arrangements" for claimants to be examined by doctors of the Administration's own choosing, or to have tests (usually the simple breathing test) selected for the claimant—in both cases apparently without informing the claimant of his right to select the doctor or the test.[17]

Very few Black Lung applicants understand the great practical necessity of obtaining additional multiple exposure chest x-rays, beyond the single exposure chest x-ray films routinely used by the Administration to determine the all-important question of the existence of black lung.[18] It is noteworthy that 62% of all miners who have been denied Federal Black Lung benefits, have been denied because their chest x-rays do not show that they have black lung.[19]

Virtually no one understands that under the regulations enacted by the Administration "total disability" can be proven by sophisticated "blood-gas" tests, in addition to the simple in-and-out breathing test normally "arranged for" by Social Security.[20]

No attempt has been made by Social Security to inform claimants of the existence of blood-gas tests, despite the Social Security Administration's own recognition of the superior value of these tests, as compared to the routinely administered in-and-out breathing test.[21] Aside from simply not informing people of more sophisticated breathing tests, the Administration has done nothing to promote the establishment of facilities in Appalachia which can administer these complicated blood-gas tests.[22] At present there are only 3 such facilities in West Virginia and Eastern Kentucky.

3. The Saddest Failure "To Inform and Assist"

The saddest failure of the Social Security Administration has been to bury the statutory provision allowing for reimbursement to claimants for "reasonable medical expenses incurred by them in establishing their claims" in a bureaucratic dilatory pile. The Administration boasts of the number of x-ray and breathing tests administered in West Virginia (nearly 44,000) "at government expense" to claimants by doctors and facilities of the Administration's own choosing, without mentioning the fact that few, if any, claimants were informed that such tests could (and should) be performed by doctors of their own choosing. The reluctance of the Administration to effectuate this all-important statutory right may be seen further in the fact that no meaningful procedure has yet been established to process or determine claims for reimbursement, and judicial review of reimbursement denials is excluded specifically by the Social Security Administration.[23]

III. CONCLUSION

A. Effect of training—New attitude of social security administration officials towards trained persons

The miner of the southern mountains is not used to being treated with enormous respect by middle-class people. The circumstances of his life forbade education comparable to the better off. He was too often treated with arrogance and contempt by his employer. A miner applying for Federal Black Lung benefits felt the same sort of attitude expressed by the Social Security officials processing their claims as he felt during his many attempts to have contract rights enforced through coal company personnel.

The "We'll take care of it" attitude is in good measure based on the feeling that the applicants are incapable of acting for themselves. Rather than taking more time with each applicant to explain problems of the claim in comprehensible language, the Social Security official spends less time. Sometimes an effort is made simply to process a person who is in the Social Security office by having the person sign an appeal form, even if the case is not ready for appeal. When reviewing the claim file with the applicant, the bureaucrat keeps the file close by him and reads authoritative-sounding results to convince the applicant of the wisdom of the decision. The applicant is not given the file, and it is never explained to him the new information he can gather. According to one trainee, "Standard practice for the Social Security worker, when a claim file is requested, is to read it off to you. You have to get across the table and reach it from them."

It did not take long before a shift took place in the attitude of Social Security officials toward the trainees. The trainees were addressed in a familiar manner and were treated politely. Whenever they demanded records, records were given. Still, however, the Social Security has changed only in the most bureaucratic way. The trainees, more confident in many ways with the Black Lung Law, were and are in most cases always treated specially. Bureaucrats attempted to move them ahead in line of all those before them. When word got out to one of the trainees of an abuse in the Social Security office, someone would go to the office to ask about the abuse. The treatment of the applicant readily improved after that.

B. The future of the Social Security Administration and disabled coal miners, widows, and other disadvantaged persons

The Federal Black Lung program affords an excellent opportunity to study the ability of the Social Security Administration to work with and help a class of people almost totally unsophisticated in dealing with bureaucracy. If the welfare program is federalized under the Social Security Administration or if further federal workmen's compensation programs, such as the proposed "brown lung" measures are enacted, the role of the Social Security Administration in dealing with special groups will be greatly expanded. It is respectfully suggested that the Social Security Administration adapt its administration of such programs to meet the particular needs of such special groups.

Respectfully submitted,

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*The valuable assistance of Nate Bowles is gratefully acknowledged.

FOOTNOTES

[1] The "Black Lung Benefit Program" is contained in Part B of Title 4 of the Federal Coal Mine Health and Safety Act of 1969, 30 USC Sec. 901 *et seq.* Congress recognized the inadequacy of State Workmen's Compensation Programs for death and disability due to pneumoconiosis and undertook in Title 4 to "insure that in the future adequate benefits are provided to coal miners and their dependants in the event of their death or total disability due to pneumoconiosis." 30 USC Sec. 901.

[2] Department of Health, Education and Welfare, *First Annual Report on Part B of Title 4 of the Federal Coal Mine Health and Safety Act of 1969* (June 1971) (hereinafter Report to Congress), Table 3 of Page 24. Note 3 General Accounting Office, *"Examination into Questions on the Processing of Claims for Black Lung Benefits Under the Federal Coal Mine Health and Safety Act of 1969"* (August pre 1971) contributes the disparity to: the fact that anthracite coal found in Pennsylvania is more likely to cause pneumoconiosis, to the fact that Pennsylvania miners have worked on the average more years in underground coal mining (Pennsylvania miners average 24.6 years in the mines compared to 23.1 years for West Virginia miners), and the fact that Pennsylvania miners are on the average 2.2 years older than West Virginia miners. The GAO Report also notes that the superior Pennsylvania Workman's Compensation Program for coal miners means that Pennsylvania miners and widows have more medical and documentary evidence available to prove their federal claims. It is our opinion that the statistical differences between years of mining and age in coal miners is insignificant. It is also our opinion that the procedures of the Social Security Administration should be adapted to the fact that medical records are less available in West Virginia, rather than using such availability of records in Pennsylvania as an explanation of the disparity. Training sessions ranging from 18 days to 2 days in length were held in Charleston, West Virginia, Hazard, Kentucky, Varney, West Virginia, Vivian, West Virginia, Pike County, Kentucky, and Fairmont, West Virginia from February through September 1971 and are continuing into the future.

[3] The name George Workman is a fictional name used to protect the privacy of an actual Black Lung applicant from the State of West Virginia. The statements quoted throughout this Public Interest Report are actual statements of ARDF trainees whose names have likewise been omitted in the interest of privacy.

[4] Most, if not all, of the cases this Report are based upon concerned claimants who have already been to local Social Security offices and who have received no substantial help at those offices. The staff attorneys involved and trainees have well experienced the syndrome described herein where a claimant goes to the local Social Security office to appeal his case and receives little help beyond filling out an appeal form. The claimant leaves the local office without any understanding of either the eligibility standard or standards which he needs to meet or the methods of proving the eligibility requirements.

[7] Section 411(a) of the Federal Coal Mine Health and Safety Act (hereinafter "the act"), 30 USC Sec. 911(a).

[8] Most claimants think they just have to prove the existence of "black lung." Of the six trainees surveyed, only one felt that anyone he had dealt with understood the three eligibility requirements.

[9] All seven trainees surveyed agreed that no one they had helped understood the denial form used by the Social Security Administration. As one trainee noted, "Most don't know where to start: it's confusing. They might tell you all kinds of reasons why they were turned down before I'd helped explain the letter to them." The inability to understand the denial forms leads many Mountain people to conclude that they have been turned down because of local or administrative politics.

[10] The trainees surveyed found that files did not contain medical records known to the Social Security Administration (as evidenced on one of the initial interview forms contained in the claim file which lists sources of medical evidence) in one-quarter to one-half of all cases they had reviewed.

[11] Fifth Amendment, United States Constitution; 20 CFR Sec. 401.3(a); Social Security Administration, *Coal Miner's Benefits Manual*, Temporary Instruction No. 13, (E)(2).

[12] The office involved was the District Office of the Social Security Administration at Logan, West Virginia. The Black Lung Association has 12 chapters in 5 states and has been very active in lobbying for effective administration of the Black Lung Program. In June of 1971 the Black Lung Association sent 200 disabled coal miners, and, wives and widows, to Washington to lobby for improvements in the Federal Black Lung Program.

[13] Over 1,000 interested persons attended the meeting at the Matewan, West Virginia High School, in part, to hear the affirmation by the four officials of their rights. The formal answer prepared by the Social Security Administration and addressed to the Logan and Mingo Chapters of the Black Lung Association was still grudging in its recognition of the right of claimant to see their claim files. The letter stated that the Administration is "advising all District Office personnel to show black lung medical reports to claim applicants who request it and furnish them copies or summaries of the evidence in their case when desired." Undated letter signed by William A. Chandler, District Manager, Logan, West Virginia.

[14] The trainees surveyed commented that generally the officials of the Social Security Administration attempt to read the contents of the claim file or of a summary to them and that files frequently have to be grabbed.

[15] The tendency of the Social Security Administration is to accept medical evidence at face value and to disregard the fact that medical evidence, as "opinion evidence," frequently requires explanation or the obtaining of further reports. Haviland and Glomb, "The Disability and Insurance Benefits Program and Low-Income Claimants in Applachia," 73 *West Virginia Law Review* 109, 114–127 (1971).

[16] 20 CFR Sections 410.403(a) and (b), and 410.404(a).

[17] Report to Congress, Pages 5 through 6.

[18] The experience of the authors has been that the Social Security Administration orders only single chest x-ray examinations. The average cost of $16.00 per examination (both x-ray and breathing test) suggests also that only the most basic testing procedures are being used.

[19] Report to Congress, Table 5 et. page 25.

[20] See Section 4 (appendix) to 20 CFR Sub-Part D. Of the seven trainees surveyed, only one trainee knew of one person who had any appreciation of the value of a blood-gas test.

[21] Report to Congress, page 19. See also "Statement Concerning Criteria for Evaluating Coal Miners Compensable Respiratory Disease" issued in Beckley, West Virginia on September 12, 1971 which is a statement reached by 12 physicians and after review of medical literature, Federal Black Lung applications who had been denied, and discussion. The doctors concluded that the simple in-and-out breathing test was used to the exclusion of "equally valid" blood-gas test.

[22] In fact, the Social Security Administration has taken the position that "existing facilities (for physiological testing) are adequate based on present published standards for determining total disability." Letter of April 23, 1971 from Edward J. O'Brian, Assistant Director, Bureau of Disability Insurance, Social Security Administration, to James M. Haviland.

[23] Section 413b of the Act, 30 USC Sec. 913b. The proposed Black Lung Benefit Regulations which set forth procedures do not effectuate Section 413b by providing procedures to claim reimbursement. 36 Federal Register 4340 (March 4, 1971). Proposed Section 410.670a rules out the possibility of judicial review of denial of reimbursement requests, thereby giving the Social Security Administration complete discretion in the area of reimbursement for medical expenses.

THE NEW YORK ACADEMY OF SCIENCES: ABSTRACTS FOR INTERNATIONAL CONFERENCE ON COAL WORKERS' PNEUMOCONIOSIS

THE WALDORF-ASTORIA,
September 13–17, 1971.

NOTE—Attention is invited to the following changes in the printed program.

(Gap in numerical sequence indicates abstract not received.)

Paper No. 10 New title.
Paper No. 11 Change in title.
Paper No. 19 New title.
Paper No. 20 Change in title.
Paper No. 26 New title.
Paper No. 29 Change in title.
Paper No. 36 New title.
Paper No. 39 Change in title.
Paper No. 40 Change in title.
Paper No. 46 New title.
Paper No. 49 Change in title.
Paper No. 51 Change in title.
Paper No. 63 Change in title.
Paper No. 25 New title.

2. Recent Advances in the Analysis of Respirable Coal Dust for Free Silica, Trade Elements, and Organic Constituents, by Robert W. Freeman, Ph.D., and Andrew G. Sharkey, Jr., Ph. D., Bureau of Mines, U.S. Department of the Interior, Pittsburgh, Pa.

Respirable coal dust has been analyzed for several constituents which could conceivably be causative factors in the development of coal miner's pneumoconiosis (black lung disease). Free silica as quartz, cristobalite and other crystalline, cryptocrystalline and amorphous forms is determined by infrared and X-ray diffraction spectrometry. Trace elements are analyzed mainly by atomic absorption, optical emission, and spark-source mass spectrometry. Neutron activation analysis, UV-visual spectrophotometry, polarographic, and other types of analysis are employed to check quantitative accuracy. Organic constituents. mainly coal-based polynuclear hydrocarbons, are analyzed by high resolution mass spectrometry. Formulas of major components are deduced up to a molecular weight in excess of 400.

3. Physical and Chemical Characteristics of "Respirable" Coal Mine Dust, by Morton Corn, Ph.D., Felix Stein, M.S., William Bell, Yehia Hammad, M.S., Sarosh Manekshaw, M.S., Graduate School of Public Health, University of Pittsburgh, and Robert Freedman, Ph.D., Health Research Branch, U.S. Bureau of Mines, Pittsburgh, Pa.

Long term goals of U.S. Public Service and U.S. Bureau of Mines epidemiological research related to coal workers pneumoconiosis are the correlations between the physical and chemical properties of "respirable" coal mine dust samples and the incidence of the disease among workers in different mines. The methods developed to characterize the properties of "respirable" dust samples including determinations of weight concentration, aerodynamic size distribution (by weight), projected area size distribution, specific surface area, bulk and specific densities, free silica content and trace metal composition (20 metals) are described. Results of measurements are presented for samples of coal dust from three different seams. Significant variations in dust parameters occur for samples obtained from different mines. (Supported by U.S. Bureau of Mines Grant No. G0101742.)

5. The Lymphatic Drainage of the Lungs in Dust Clearance, by Paul E. Morrow, Ph.D., Dept. of Radiation Biology and Biophysics, Med. Ctr., Univ. of Rochester, Rochester, N.Y.

The lymphatic drainage of the respiratory system has a continuous and vital role in the removal of many intrinsic and extrinsic materials which have made their way into the interstitum. In this regard, lymph contributes prominently to the clearance of inhaled dusts and other non-gaseous substances. Quantitative data on lymphatic function is extremely limited; even animal studies have generally relied upon some indicator of the lymphatic drainage, e.g., the analysis of regional lymph nodes for specific substances. This review is concerned with the mechanism and pathways whereby dusts gain access to the lymphatics, especially those serving the alveolar region. It also considers the anatomy and function of the respiratory lymphatics and lymphoid tissue in terms of three general regions: the supraglottic airways, the subglottic airways and the pulmonary parenchyma, including the visceral pleura. Experimental studies and autopsy data are cited which underscore the role of the regional lymph nodes as repositories for cleared dusts.

6. Observations concerning Alveolar Dust Clearance, by Juraj Ferin M.D., Univ. of Rochester, Sch. of Med. and Dent., Rochester, N.Y.

An attempt is made to review the basic attributes of particle clearance from the alveoli via the respiratory airways. It is that part of lung clearance which depends on the alveolar macrophages coupled to the ciliary-nucous transport process. According to velocity, it may be subdivided into two phases. The onset is immediate (in terms of minutes), overlapping in time with the rapid clearance of particles from the tracheobronchial system, and lasting even under favorable conditions a long time (in terms of weeks and month). The number of exposures (single, several, multiple) is influential on the clearance process and so may be the interval between the exposures. The amount cleared depends, in a certain range, on the lung burden and is probably different in adapted and unadapted organisms. The removal of particles by macrophages via the airways is influenced in the first weeks after exposure more by physiochemical properties of the particles than by their fibrogenicity (e.g. SiO_2 and TiO_2). Environmental and endogenous pathological factors may influence the clearance rate, mostly in terms of impairment.

7. Electron Microscopic Findings in Lungs of Coal Miners by Gladys Harrison, Ph.D., NASA-Ames Res. Ctr., Moffett Field, Calif., and N. LeRoy Lapp, M.D., Appalachian Lab. for Occupational Respiratory Diseases, Morgantown, W. Va.

Biopsy or autopsy specimens were obtained from the lungs of coal miners for study by electron microscopy. All four specimens contained large numbers of particles of various sizes, shapes and densities. Much of this particulate material was seen within cells which were surrounded by connective tissue. The most common type of particle was needle-like and very dense. The smaller of these were often seen lining the inner surface of vesicle

membranes, while the larger ones might appear membrane bound or free in the cytoplasm. Two of the lungs contained moderately dense, rounded particles similar to the particles described as SiO_2 by Schultz. Also seen were asbestos bodies, membrane bound rectangular particles and angular, lightly electron dense particles. In the autopsy material the epithelial layer of the alveolocapillary wall was disintegrated but appeared intact in the biopsy material, indicating that this destruction was a post-mortem finding. All lungs exhibited thickened basement membranes and two contained densely stained vesiculated epithelial lining cells which appeared transitional between Type I and Type II cells.

8. Modification of Fibrosis in Experimental Silicosis by Josef Hurych, Ph.D., Eliska Mirejovska, Ph.D., and Radim Holusa, M.D., Inst. of Hygiene and Epidem., Prague, Czechoslovakia.

The action of chelating agents on the formation of collagen and globular proteins in chick embryo skin slices and in liver silicosis in mice was studied. Salts of EDTA (Ca, Zn, Mn, Mg) inhibited collagen synthesis in tissue slices while synthesis of globular proteins was not affected. The action of EDTA salts differed from that of 1,10-phenanthroline studied earlier. Liver fibrosis in mice (i.v.5mg silica) treated 7 weeks with phenanthroline (1.2-2.5mg weekly) or with Ca-EDTA (40 mg weekly) was inhibited by about 40–50%. In evaluation dose, frequency and beginning of application after dusting had to be considered.

Further experiments on modification of fibrosis were performed with hyperbaric oxygenation. Silica dusted and undusted rats were exposed at 3ATA for 6 weeks in a hyperbaric chambre. In lungs, heart and liver of exposed control rats collagen synthesis was not significantly changed. In silicotic lungs compared with unexposed dusted lungs the decrease in collagen content (25%) was found.

9. Immunologic Aspects of Coalworkers' Pneumoconiosis, by Robert Burrell, West Virginia University Medical Center, Morgantown, W. Va.

The data for considering the immunological components and responses of coalworkers' pneumoconiosis are presented and critically reviewed. Evidence is presented for the demonstration of lung reactive antibodies as distinct from globulin reactive materials, the nature of the antigens involved, the immunoglobulin response, *in vivo* reactions of immune substances, the immune responses in experimental disease, and the participation of lung antibodies in the pathogenesis of the disease. The data indicate that lung connective tissue components (collagen, elastin, and reticulin) are the major antigenic targets of the immune response in coalworkers' pneumoconiosis. The IgA class, both serum and secretory, is the humoral system primarily involved in the response. Such antibodies have been found deposited in pneumoconiotic nodules in human disease and localized in the alveolar septa following their intravenous injection into experimental animals. An enhancing effect on the pathogenesis of tuberculosis by such antibodies has been demonstrated, but their role in pneumoconiosis remains speculative. Current experimental approaches used in the study of this phenomenon are discussed.

10. Pulmonary Dusting and Experimental Infection by Mycobacteria, by Ch. Gernez-Rieux, A. Tacquet, C. Voisin, B. Devulder, A. Tonnel and C. Aerts (Pasteur Inst. Lille, France), and A. Policard, L. Le Bouffant, J. C. Martin and H. Daniel (C.E.R.C.H.A.R., Verneuil-en-Halatte, France).

Series of experiments performed with guinea-pigs have established the following facts:

(1) Dust particles aggravate experimental infection by *Myc. kansasii* and dusting is liable to make pathogenic a certain dose of bacteria which, without dust, would not induce lesions.

(2) There is increased severity of the pulmonary lesions when there is dusting before, but not after the inoculation of an infecting dose of about 5×10^5 micro-organisms.

(3) The absence of increased virulence of the strains after passage and extensive multiplication in dusted animals is confirmed.

(4) There is a linear relationship between the quantity of dust particles in the lungs and the importance of the tuberculous lesions.

(5) Infection by *Myc. kansasii* after a long-term exposure to the inhalation of coal particles induce pulmonary lesions of progressive massive fibrosis.

(6) The role of alveolar macrophage in the development of these lesions is considered.

These surveys are likely to specify the interactions "dust-infection" into lungs.

11. The Role of Quartz in the Development of Coal-Miners' Pneumoconiosis—Experimental Study, by J. C. Martin, H. Daniel, L. Le Bouffant et A. Policard.

Inhalation experiments made on rats exposed to dust mixtures of coal and quartz with different quartz contents led to the following results:

(1) The quartz contained in coal quartz mixtures is less harmful than the same amount of quartz used alone.

(2) This reduction in the fibrosing action of quartz is not due to the coal itself, but to the minerals present, containing in particular alumina silicates.

(3) Over long periods of development, the coal quartz mixtures are however more noxious to the lung than coal alone. The fibrosing action of dust mixtures increases as a function of their quartz content. The lesions, characterized by the proportion of collagen formed, appear to be very small 18 months after the inhalation of dust mixtures with 5% quartz. With quartz contents from 5 to 10% the fibrosing action is three times as great as with coal alone. Above 10% quartz, the formation of collagen is 5 times greater.

(4) The lesions appear earlier in the case of mixtures with higher quartz contents.

12. Inhalation Studies of Coal-Quartz Dust Mixtures, by W. Weller and W. T. Ulmer, Medical Department of the Silicosis Research Institute, Bochum, Germany.

In the field of experimental pneumoconiosis research mostly the following methods are used: inhalation-, injection- and cellular-tests. But only in the inhalation-test the real conditions of deposition, retention and elimination of the dust are present. Besides, for many problems it is of advantage to apply real mine dusts or at least adequately mixed dusts. Rats and monkeys have been exposed in a long-term inhalation test up to 36 months to a mixture of coal quartz in a concentration of 45 mg/m³. We performed examinations of the respiratory and circulatory system, of the dust-content of lungs and pulmonary lymphnodes and histopathological investigations. The investigations show that the results are quite different from the results of injection- and cellular tests. In comparison to the pathological findings in miners with coal workers' pneumoconiosis the performance of long-time-inhalation-tests seems to be the only possible way to study the problems related to pneumoconiosis research.

13. The Pulmonary Response to Coal Dust, by Paul Gross, M.D., Medical University of South Carolina, Charleston, S.C., Daniel C. Braun, M.D. and Robert T. P. deTreville, M.D., D.Sc., Industrial Health Foundation, Pittsburgh, Pa.

Coal dust macules are formed about respiratory bronchioles which may become enlarged and thereby form grossly visible holes of focal emphysema. The dust macules form only when the amount of dust deposition exceeds the pulmonary clearance capability; but even then, the peripheral air spaces are kept clean while the proximally situated alveoli become filled with dust. Coal mine dust may have a varying content of pulverized rock composed of crystalline silica and silicates. This may alter the tissue response from a non-fibrogenic one to a frankly fibrogenic response, depending on the fibrogenic potential and the amount of the associated mineral dust. Coal dust (lignite and bituminous) evokes a non-fibrogenic reaction in normal pulmonary and lymph nodal tissues. When, however, the same tissues are altered by certain systemic diseases, they may respond with a fibrogenic reaction to the same dusts. It is the latter reaction that accounts for the progressive massive fibrosis of the lungs encountered in a small percentage of coal workers.

14. Antagonistic Factors in the Pathogenesis of Coal Workers Pneumoconiosis, by Werner Hilscher, M.D. and H. W. Schlipköter, M.D., University of Düsseldorf, Düsseldorf, West Germany.

I.p. administered quartz in rats is deposited in the lymphatics of the omentum. A massive reaction of microphages at 24 hours and that of macrophages at 48 hours is observed. Around the deposits an extensive fibrosis is observed from 2nd day onwards. A pronounced typical quartz reaction in the form of confluated groups of typical quartz cells in the regional lymph nodes appeared on 4th day. These typical reactions are inhibited by accompanying dusts. The time of inhibition depends upon a close contact of the accompanying dusts with quartz: An artificially produced dust mixture of titandioxide and 3.7% quartz and a dust isolated from a human silicotic lung with 1% of quartz showed significantly earlier reaction of quartz than a mine dust with 3.7% of quartz. The typical quartz reaction in omentum and lymph nodes could be prevented by the injection of polyvinylpyridine-N-oxide.

15. The Appalachian Coal Miner: His Way of Living and Working, by M. H. Ross, Administrator, Fairmont Clinic, Fairmont, West Virginia 26554.

Coal miners, living in isolated mountain communities, often former company towns, developed a rural solidarity and class consciousness rare among American blue collar workers. Decades of sharp labor conflict with widespread violence and family privation molded the outlook of older miners who built the union. Indigenous mountain people, black migrants from the South, southern and eastern European immigrants created a unique folk tradition and life style. Coal miners have a sense of occupational identity and many of them have reasons for enjoying their work despite its obvious dangers. Miners often had an early recognization of black lung when American physicians were still doubtful of the pneumoconiosis disease entity. The generation gap among miners is examined as it relates to safety issues, work attitudes, industry and union developments. The relations of employers, miners and camp physicians in early forms of closed panel, involuntary prepayment are reviewed, along with the present role of the UMWA Fund in medical care.

16. Chronic Respiratory Disease in Mining Communities, by Ian T. T. Higgins, M.D., School of Public Health, University of Michigan, Ann Arbor, Michigan.

Studies of chronic nonspecific respiratory diseases have been carried out in mining communities in England, Wales and West Virginia, U.S.A. Standardized methods have been used to record respiratory symptoms and assess ventilatory lung function. In each community miners and examiners have been compared with nonminers. The influence of pneumoconiosis and dust exposure on respiratory symptoms and lung function has been assessed. A higher prevalence of symptoms

and a lower average forced expiratory volume has been found consistently in miners compared with nonminers. Miners with simple pneumoconiosis have not been found to differ consistently either in symptom prevalence or in lung function from miners without pneumoconiosis. An increasing prevalence of symptoms and decreasing lung function with increasing duration of work either underground or at the coal face has been found in some surveys but not in others. These findings suggest that long term dust exposure cannot explain all the excess of chronic nonspecific respiratory disease found in miners.

17. Epidemiological Problems of Coal Workers' Bronchitis in Comparison With the General Population, by W. T. Ulmer and G. Reichel, Medical Department of the Silicosis Research Institute, Bochum, Germany.

Examinations of the lung function and of the pulmonary circulation clearly show that nearly all the functional impairments of coal workers with signs of coal workers' pneumoconiosis (CWP) depend on bronchitis, emphysema, airway obstruction and cor pulmonale. In this investigation the frequency of bronchitis and airway resistance values in the general population, in none dust exposed workers and in coal miners with CWP depending on age, and smoking habits were studied. Chronic bronchitis, chronic obstructive bronchitis is also none dust exposed population a very common disease. Smoking habits and features of the different professions influence the frequency. We could show that the simple CWP has no influence on the chronic bronchitis, especially not on the chronic obstructive form which alone is of greater clinical interest. Coal miners with CWP with bigger fibrotic lesions show about twice as often than none dust exposed workers' symptoms and measurements of chronic obstructive bronchitis.

18. Development of Patterns of Coal Workers' Pneumoconiosis in Pennsylvania and Its Association with Respiratory Impairment by Paul Dessauer, M.D., E. J. Baier, M.P.H., G. M. Crawford, B.S, J. A. Beatty, B.S., Division of Occupational Health, Pa. Dept. of Environmental Resources.

The magnitude of the CWP problem is shown as compared to occupational safety risks in Pennsylvania. Accident rates in coal workers are about three times those in the manufacturing industries. Studies have shown that CWP risks are several times greater than safety risks among Pa. coal workers. The development of CWP and its association with Respiratory Impairment (RI) is shown comparatively in different geological areas of Pa. The RI is considered as an indicator of the gradual exhaustion of the functional reserves of an individual. Based on these premises a new yardstick has been developed to measure the occupational health of the coal worker and is called the Occupational Health Category (HC). The HC represents in a unit the association of the x-ray diagnosis and the RI Grade. The different aspects of CWP are encompassed in nine HC's, which define Priority Classes of the men having good to fair, or guarded prognosis or who are disabled. A Health Monitoring Scheme of the men at risk is developed based on these concepts. Health Monitoring is in general aimed at preventing disabling impairment.

19. A Comparison of the Prevalence of Coalworkers' Pneumoconiosis and Respiratory Impairment in Pennsylvania Bituminous and Anthracite Miners by W. K. C. Morgan, M.D., R. Reger, D. B. Burgess, M.D., and E. Shoub, Appalachian Lab. for Occupational Respiratory Diseases, West Virginia University School of Medicine, Morgantown, W. Va.

As part of a larger national study, the prevalence of radiographic evidence of coal workers' pneumoconiosis and of respiratory impairment in a group of 1455 bituminous coal miners from six mines was compared to that present in a group of 518 miners from two anthracite mines. The bituminous mines were located in Central and Western Pennsylvania while the latter were located in Eastern Pennsylvania. The prevalence of pneumoconiosis as a whole (60%) and progressive massive fibrosis (14%) was significantly higher in the anthracite miners than in their bituminous colleagues (47 and 2.4%, respectively). In addition, there was higher prevalence of bronchitis in the anthracite miners, and likewise their residual volume was significantly increased. These differences could not be explained by differences in years spent underground or by differing smoking habits. It was concluded that there is an agent, as yet unidentified, in the working environment of the anthracite miner which puts him at a greater risk than his bituminous counterpart.

20. A review of mortality data for American Coal Miners, by Philip E. Enterline, Ph.D., University of Pittsburgh, Pittsburgh, Pa.

There are two main sources of data on mortality rates for American coal miners: data derived from combining counts of coal miners in decennial censuses with counts of death certificates where occupation is recorded as coal miner, and data derived from the experience of life insurance companies with policies issued to coal miners or coal mining companies. Despite defects in these data, they are in general agreement regarding unusually high mortality rates for coal miners. At working ages the most recent data show age standardized mortality rates for coal miners 1.6 to 1.9 times those of all working males, and the coal mining industry with rates 1.4 to 1.5 times that of all industries. Studies are also in agreement in showing greatly elevated death rates for respiratory diseases and accidents. These causes do not account for all of the excess, however, and non work related factors appear to play an important part in the high overall death rate.

21. The Changing Prevalence of Coalworkers' Pneumoconiosis in Great Britain, by Dr. J. S. McLintock, M.B., Ch.B., D.P.H., Deputy Chief Medical Officer, National Coal Board, Great Britain.

In the coal-mining industry there is a need to measure the efficacy of any dust suppression programme both in terms of respirable airborne dust levels and also of the biological effects of that dust on the exposed men. Over the past 40 years in Great Britain, biological data of various types (e.g. certifications for compensation purposes, prevalence at X-ray surveys, differences of prevalence on serial surveys, progression of pneumoconiosis or serial surveys) have become available. No single factor is fully satisfactory; to demonstrate the effectiveness of dust suppression, the best is a progression index based on serial films of a selected sample of men at each colliery and using the extended classifications of pneumoconiosis. However, to achieve meaningful results strict control of film quality and of film-reading standards are necessary.

23. Trends of Coal Workers Pneumoconiosis in Poland, by Witold Zahorski, M.D., Chairman, Department of Medicine and Occupational Diseases, Silesian Medical Academy, Katowice, Poland

Results of 25 years observation of coal workers pneumoconiosis (CWP) among over 200,000 underground miners, employed in extracting coal only, show an average incidence of 1.7% (with a range from 0.16–19%). Most of the mines' staffs were employed just after World War II. Comparison of the incidence of CWP with geological structure shows interdependence with the thickness of exploited layers, it's degree of incline or humidity. The investigations indicated that the linear shadows (Z) of the X-ray pictures were the earliest but unspecific symptoms of CWP. The average rate of development of CWP shows especially small opacities. The massive fibrosis is present only in 8% of cases. Its frequency is double in the CWP with tuberculosis. The 35% of pneumoconiotics were professional active. Average age of retiring is 48.9 years. Average time from beginning of disability to death is 9.2 years with CWP and 6.2 years in CWP with tuberculosis. The mortality of invalids is greater in the first decade after retiring. The comparison of mortality of CWP cases and of general male population is similar and reaches its maximum in the age of 55–64.

24. Prevalence of Coalworkers Pneumoconiosis in Yugoslavia, by M. Saric, M.D., Ph.D., Institute for Medical Research and Occupational Health, Yugoslav Academy of Sciences and Arts, Zagreb.

Studies performed and other available data show that coalworkers' pneumoconiosis exist in Yugoslavia. The majority of cases have been reported from the Zaječar coal fields in Serbia.

The mines in which only sporadic cases of simple pneumoconiosis have been found and no massive pulmonary fibrosis has been recorded are characterized by low free silica content in the dust. These are mainly lignite and brown coal mines with relatively low dust concentration level. Only a few of them are mines of bituminous coal. On the basis of these data the question arises whether the presence of a certain amount of free silica in the dust to which coalworkers are exposed is a prerequisite for the development of massive pulmonary fibrosis or even for the higher prevalence of simple pneumoconiosis.

25. Coal Worker's Pneumoconiosis in South Africa, by B. Goldstein, M.B. B.Ch. F.F. Path and I. Webster, M.B. B.Ch. F.R.C. Path, National Research Institute for Occupational Diseases, South Africa.

The incidence of Coal Workers' Pneumoconiosis in an autopsy series of South African coal miners is 8.9% for Bantu and 14.4% for White workers. There is a high incidence of active and inactive tuberculosis in the Bantu with dust lesions. A relationship between focal and centrilobular emphysema and coal workers' pneumoconiosis was demonstrated but neoplasms of the lung and acute pneumonic infections do not occur with greater frequency. Experimental exposure of monkeys to coal dust from the Transvaal and Natal coal mines showed minimal lung fibrosis after periods up to 3½ years and there was no significant difference between the fibrogenicity of the two dusts. The coal dust is deposited mainly in the perivascular tissues and on electron microscopy coal particles in macrophages appear to lack a surrounding phagosomal membrane.

26. Pneumoconiosis and respiratory disorders of coal mineworkers of New South Wales, Australia, by M. Glick, M.B., F.R.C.S., F.C.C.P., K.G. Outhred, M.B., B.S., F.C.C.P., and H.I. McKenzie, M.B., B.S., F.C.C.P., Joint Coal Board, Sydney, Australia.

Medical and scientific officers in Australia were amongst the early workers to recognize the occurrence of a pneumoconiosis in coalworkers distinct from silicosis.

The present incidence of coalworkers pneumoconiosis in N.S.W. is negligible. This is due to the application of stringent dust prevention and control using bord and pillar mining methods in shallow seams of good thickness low silica coal. In conjunction with the above is the comprehensive medical scheme which, is continuously monitoring the general health of mineworkers with special reference to their occupation. Present work includes epidemiological studies in working and retired miners as well as information obtained from accumulated autopsy material. The association of pathological, clinical, radiological, electrocardiographic and physiological investigation has produced many

interesting clinicopathological associations and correlations which are leading to a clearer understanding of the bronchitis, emphysema, pneumoconiosis complex.

27. The Pathological Recognition and Pathogenesis of Emphysema and Fibrocystic Disease of the Lungs With Special Reference to Coal Workers by A. G. Heppleston, D.Sc., M.D., Univ. of Newcastle upon Tyne.

Coal workers are liable to develop a form of emphysema attributable to accumulation of dust around respiratory bronchioles. These men may, however, contract other anatomical forms of emphysema, such as are commonly seen in the non-mining population. The emphysematous lesions then show incidental pigmentation, though their genesis is independent of dust aggregation. To avoid misinterpretation a 3-dimensional concept of lung architecture is required, thereby permitting the distinction of proximal acinar, panacinar and irregular varieties of emphysema. The anatomical form indicates the likely pathogenetic mechanisms and sometimes the etiological agent.

Fibrocystic disease of the lungs also becomes pigmented in coal workers and must be distinguished from emphysema. The honeycombing is usually of non-specific inflammatory origin, but whether the occupation of mining is contributory remains to be determined.

28. Bronchial Mucous Gland Status in Coal Workers' Pneumoconiosis, by R. C. Ryder, M.B., M.R.C. Path., St. Tydfil's Hospital, Merthyr Tydfil, Wales—J. B. Lyons, M.D., Pneumoconiosis Medical Panel, Cardiff, Wales; H. Campbell, M.A., M.B. and J. Gough, M.D., F.R.C. path., Welsh Natl. Sch. of Med., Cardiff Wales.

There was no significant difference between the Reid Indices (RI) of a group of 211 deceased coal miners and ex-miners, most of whom had been diagnosed as suffering from coal workers' pneumoconiosis during life, and a contrast non-mining population matched for age and sex. There was no correlation between radiological category and RI. There was no correlation between type of pneumoconiosis and RI. There was no correlation between evidence of obstructive airways disease, measured by $F.E.V._{1.0}/F.V.C.$ % and RI. Many cases with higher values of RI had relatively normal values of $F.E.V._{1.0}/F.V.C.$ % and many cases with lower values of RI had impaired values of $F.E.V._{1.0}/F.V.C.$ %. There was no correlation between RI and emphysema in the contrast cases but in the miners there was a correlation which reached a level of statistical significance.

29. Types of Fibrosis in Coal Workers' Pneumoconiosis, by Richard L. Naeye, M.D., Pennsylvania State University College of Medicine, Hershey, Pa.

Coal workers' pneumoconiosis is not a single disease process but is a composite of multiple disorders, each of which may vary in incidence and severity, dependent upon geographic area, exact occupational exposure and apparent individual susceptibility. Quantitative, morphologic studies were undertaken on the lungs of 312 men who mined various types of coal. The volume of collagen in macules and nodules was directly related to silica content of the lungs. Smoking had no influence on this fibrosis. There is evidence that infection and immunologic factors also contribute to pulmonary fibrosis in coal miners. There was a good correlation between the amount of collagen in the lungs of the current workers and the X-ray classification of their pneumoconiosis but a poor correlation between the collagen content of their lungs and chronic dyspnea. Dyspnea in individual cases was best correlated with the degree of emphysema and cor pulmonale.

30. Aetiologicol Factors in Complicated Coalworkers' Pneumoconiosis, by J. C. Wagner, MD., MRC.Path., Medical Research Council Pneumoconiosis Unit, Llandough Hospital, Penarth, Wales.

Due to dust control in the mines and to the increased eradication of tuberculosis, the nature of the lesions in the lungs of coal workers has changed in Britain. The florid massive lesions with active tuberculosis are extremely uncommon and we are now seeing evidence of other aetological agents effecting an older population. The role played by such agents as rheumatoid factor and the opportunist mycobacteria are becoming more prominent, not only in the massive lesions but also in so called "simple pneomuconiosis". The association between the lesions of "simple pneumoconiosis" and pulmonary disability are being reassessed and the significance of interstitial fibrosis and emphysema investigated, as is the vexed problem of chronic bronchitis.

31. Functional Impairment in Coal Workers' Pneumoconiosis, by W. T. Ulmer and G. Reichel, Medical Department of the Silicosis Research Institute, Bochum, Germany.

According to the histological picture of the coal workers' pneumoconiosis (CWP) we would expect that all parts of the lung function should be disturbed. In this investigation the breathing mechanics, the pulmonary circulation, the gas exchange, especially the diffusion capacity in coal miners with CWP stage I and III and normal people were studied. The CWP influences in an essential way from the point of view of the general health condition only rare cases through lowering of the compliance of the lung ($\sim$3%) or impairment of the lung circulation ($\sim$3%). The complaints of the coal workers with or without CWP are in the overwhelming majority related to the amount of the airway resistance. This chronic obstructive bronchitis depends only on coal mining or coal mine dust exposure where these miners developed bigger fibrotic lesions. This statement is important for methods of treating coal miners, who should be treated in the same way as other cases of chronic obstructive bronchitis.

32. Pulmonary Hemodynamics in Coalworkers' Pneumoconiosis, by Kremer, René, M.D., University of Louvain, Belgium.

Among 100 pneumoconiotic patients, correlations have been established betwen pulmonary hemodynamics at rest and during exercise and various parameters such as radiological stage of the pneumoconiosis, spirometric values, arterial blood gases and electrocardiographic criteria of right ventricular hypertrophy. From these correlations, it is obvious that in pneumoconiosis, besides the obstructive syndrome, numerous factors can play a role in pulmonary hypertension: restriction or loss of elasticity of the vascular bed, abnormalities in the ventilation/perfusion ratio or in the alveolarcapillary diffusion. Pulmonary hypertension can be predicted, independently of the X-ray stage, when forced expiratory volume (1 sec) is below 1600 ml or when oxyhemoglobin saturation decreases during exercise. Electrocardiogram has no value in predicting pulmonary hypertension during exercise. Pulmonary hypertension at rest bears a poor prognosis (death rate of 60% within five years when mean pulmonary arterial pressures exceeds 20 mm Hg; 70% within the year when it exceeds 30 mm Hg).

Lung Mechanics in Coal Workers' Pneumoconiosis, by N. LeRoy Lapp, M.D., and Anthony Seaton, M.D., Appalachian Lab. for Occupational Respiratory Diseases, and West Virginia University Medical Center, Morgantown, W. Va.

Lung volumes and mechanics of respiration were investigated in 25 working, nonsmoking, underground bituminous coal miners who demonstrated category 2 or 3 simple pneumoconiosis, and also in six non-smoking controls of comparable age. Analysis of pressure, flow and volume relationships demonstrated that miners as a group achieved lower maximal expiratory flows than the controls at comparable lung volumes and pressures. Although chronic bronchitis was present in 10 of the 25 miners, it did not account for these findings. Reduction in dynamic compliance (C dyn) at faster rates of respiration, a finding that ocurred in 17 of the 25 miners despite the absence of significant obstruction of large airways, appeared to be the result of increased resistance in small, peripheral airways rather than reduction in lung recoil (depriving) pressure. These alterations in lung mechanics did not appear to be closely related to type of opacity (either pinhead or micronodular) seen on the chest radiographs of the miners.

34. Patterns of Physiologic Impairment in Coal Workers' Pneumoconiosis, by Donald L. Rasmussen, M.D., Appalachian Regional Hospital, Beckley, West Virginia.

Disabling respiratory insufficiency among soft coal miners from the southern Appalachians occurs in two general forms: Obstructive ventilatory insufficiency and non-obstructive pulmonary insufficiency associated with impairment in oxygen transfer. Oxygen transfer impairment is found in nearly all symptomatic miners, including those with entirely normal ventilatory function. There is almost no relationship between loss of function and roentgenologic findings. Severe impairment of both types is not uncommon even in miners with no definite evidence of coal workers' pneumoconiosis. No valid data concerning the levels of respirable dust exposure exists for the subjects of this report. It is reasonable to believe, however, that their exposure may have been triple the estimate for mean dust exposure for U.S. miners prior to enactment of the current standards. Despite this extreme exposure, none of those miners had periodic health examinations during their employment. Our observations lead us to conclude that x-ray findings are of no value in estimating functional capacity. Tests of ventilatory function alone are of little value in determining the loss of functional capacity among coal miners.

35. Relation of lung dust content to radiological changes in coalworkers, by C. E. Rossiter M.A., MRC Pneumoconiosis Unit, Llandough Hospital, Penarth CF6 1XW, South Wales, U.K.

In a cooperative study of 145 British miners with simple pneumoconiosis alone, average pneumoconiosis scores based on eleven independent readings were related to the coal, other mineral and iron contents of the lungs after death. Three groups were revealed showing differing relations—those with nodular sized (n(q)) small opacities; those with technically poor films; Scottish miners whose lungs contained soot from 'naked lights'. For the main homogeneous group of 98 miners, the correlation between the simple pneumoconiosis score and the coal and other mineral contents was 0.9. The ratio of their relative contributions was 1:3.8 which is similar to the ratio of their X-ray mass absorption coefficients. The iron content did not add much to the correlation even though, by itself, it was closely related to the simple pneumoconiosis score, indicating that probably most of this relation reflects variation of iron with the coal and other mineral contents. The pneumoconiosis scores for the films with nodular sized small opacities were much higher than predicted from the lung dust, suggesting some response to dust in addition to the X-ray absorption by the dust.

36. Lung Volumes in Working Coal Miners, by W. K. C. Morgan, M.D., A. Seaton, M.D., D. B. Burgess, M.D., N. L. Lapp, M.D. and R. Reger, Appalachian Laboratory for Occupational Respiratory Diseases and West Virginia University School of Medicine, Morgantown, W. Va.

Earlier studies in this laboratory demonstrated that Barnhard's radiographic method of determining total lung capacity is sufficiently accurate for use in epidemiological surveys, and, moreover, is uninfluenced by

the presence of obstructive airway disease or simple pneumoconiosis. Hence, we undertook a study of the lung volumes of over 2,000 working Pennsylvania anthracite and bituminous miners. The effect of increasing radiological category of simple coal workers' pneumoconiosis on lung volumes was investigated. It was shown that the residual volume increased with radiological category and that this occurred whether or not the miners had obstructive airway disease. The presence of obstruction had an additional effect over and above that due to coal dust alone, so that the largest increases in residual volume were found in miners with both obstruction and pneumoconiosis. The implications and possible causes of this change are discussed, with particular reference to the effect of coal workers' pneumoconiosis on the resistance in the distal airways.

37. Roentgenologic patterns of lung changes that simulate those found in coal workers' pneumoconiosis, Eugene P. Pendergrass, M.D., *et al.*, School of Medicine, Univ. of Pennsylvania, Philadelphia, Pennsylvania.

Medical schools allot little time in the curriculum to occupational medicine. There is some lack of knowledge of the various pollutants and the body's response to its deposition in the respiratory tract. The major, minor, and benign pneumoconioses in many instances produce abnormal lung patterns of small and large opacities. In most instances, the pollutant is airborne or exogenous. There are systemic diseases that produce small and large opacities in the lungs which are hematogenous in origin and which may simulate those of some of the pneumoconioses. A few examples of the usual diagnostic problems which include primary lung carcinoma, pulmonary tuberculosis, sarcoidosis, beryllium disease, lipoid pneumoconiosis, Caplan's disease, stannosis, baritosis, graphite and antimony pneumoconioses will be discussed. There are approximately 100 exogenous and endogenous conditions (some esoteric) that may produce similar lung patterns. They will provide interesting homework.

38. Radiographic evidence of disease in miners seeking black lung benefits. By William H. Anderson, M.D., and Emery Lane, M.D., Univ. of Louisville School of Medicine, Louisville, Kentucky.

A standard form and the UICC classification were used in the interpretation of 2,209 chest X-rays of eastern Kentucky coal miners filing a claim under the Federal Black Lung Act. In this group of men, there were 57% without pneumoconiosis, 41% simple and 1.2% progressive massive fibrosis. In viewing the films for evidence of other disease, 7% were suspected of active tuberculosis, 5% inactive tuberculosis and 2% had lesions compatible with carcinoma. Of the 442 (20%) who had cardiac enlargement, 359 had pulmonary congestion. Pulmonary emphysema was suspected in 8% of the group. Since the large number of pulmonary congestion cases suggested medical neglect, we selected at random from our files the records of 97 patients with hypertension, 100 with ASHD and 100 with COPD for evidence of prior treatment. It was found that 17% were receiving adequate prior treatment, 5% partial treatment, 62% no specific treatment and 16% unknown medication. These observations indicate an overwhelming need by the coal miner for a comprehensive preventive medical care program with early and adequate treatment of disease.

39. Roentgen pathologic correlations in coal workers' pneumoconiosis by E. R. Heitzman, M.D., Richard L. Naeye, M.D. and Bedros Markarian, M.D., The State University of New York, Upstate Medical Center, Syracuse, New York and The Pennsylvania State University, College of Medicine, Hershey, Pennsylvania.

A correlative roentgen pathologic study of the lungs of Pennsylvania coal miners was performed to clarify further the specific gross and microscopic pathology responsible for the roentgen appearances of coal workers' pneumoconiosis. The early development of focal dust macules cannot be appreciated on radiographs but otherwise radiography portrays faithfully the gross pathology of nodules, fibrosis and conglomerate masses. Films are less satisfactory for evaluating emphysema and bronchitis in coal workers and it is probably for this reason that radiologic predictions of functional disability in coal workers' pneumoconiosis are generally inaccurate.

40. Validation of classification of pneumoconiosis by Douglas Liddell, M.A., McGill University.

Any diagnostic procedure must be evaluated in terms of sensitivity, consistency and validity, and for the last an external objective criterion is needed. This paper considers the validation of three classifications (sensitivity and consistency having already been examined). For the elaborated classification of small rounded opacities, the criteria of validation came from lung residue material in 61 cases. Canonical analysis indicated which variables could be considered as stimuli and which responses. Thereafter it was possible to study, for each of 12 readers, the relationship between the steps of the classification and an index of "true" stimulus variables. This provides some evidence that each step of the elaboration is meaningful. A further 47 films from the same series was used to study large opacities (PMF). Here, canonical analysis gave some support for the view that PMF is an attack upon simple pneumoconiosis. A system of assessing progression of simple pneumoconiosis was used to obtain an index of progression for each of 24 collieries, based on films taken five years apart. High correlation between this index and exposure (in mg. years/m^3) of airborne dust in each colliery validates the reading system.

41. Present status of the UICC/Cincinnati classification of radiographic appearances of the pneumoconioses: Report of meeting at Pneumoconiosis Research Unit, Cardiff, Wales, April 13–15, 1971 by G. Jacobson, M.D. and J. C. Gilson, M.D.

A review of more than three years experience in several countries with the UICC/Cincinnati Classification indicates that its fundamental goals and aims have been achieved. Periodically changes in the Classification, such as those described in this report, may be required. The following recommendations are made:

(1) The Extended ILO 1968 and the revised U/C Classifications should be made identical and combined. This should be known as the ILO–U/C International Classification of Radiographs of Pneumoconioses, 1971. (2) The Short ILO 1968 Classification should be revised and retained as a subdivision of the proposed ILO–U/C Classification. (3) The ILO and U/C Standard Films should be revised and combined into a single comprehensive set illustrating the proposed ILO–U/C Classification with provision for selection of certain of these films to illustrate the Short ILO–U/C Classification. All Standard Films should be distributed by the ILO. (4) Consideration should be given by the ILO to the collection of typical examples of pneumoconiosis seen in specific occupations. These films should be available on loan or purchase from the ILO.

45. The dyspneic miner and black lung benefits, by William H. Anderson, M.D., and Emery Lane, M.D., Univ. of Louisville School of Medicine, Louisville, Kentucky.

The records of 1700 dyspneic coal miners were reviewed to determine the extent to which the disability criteria established as a result of the Coal Mine Health and Safety Act would apply to these men. Only 225 (13.2%) of the total group met the various criteria for an award. There were 36 (2.1%) with PMF. Of the 994 (58.5%) with simple pneumoconiosis, 110 (11%) met the ventilatory criteria, 40 (4%) the blood gas criteria, none conformed to the standards for diffusion capacity and 39 (3.9%) would receive an award on the basis of heart disease criteria. When one looks at the 670 remaining miners without pneumoconiosis the percentage meeting each of the disability criterion are identical to the group with simple pneumoconiosis. Thus, we are in the position of paying an award where there is no relationship between the two major prerequisites for the man receiving such payment, i.e. pneumoconiosis and the established criteria of disability. In our opinion the law should be changed to an occupational disability act that provides an award to a man who is disabled for work in the mines regardless of the cause of the disability and regardless of the presence of spots on his chest x-ray that can be designated as evidence of pneumoconiosis.

46. Studies of the treatment with polyvinyl-pyridine-n-oxide (P 204) of pneumoconiosis caused by coal-quartz dusts by W. Weller and W. T. Ulmer, Medical Department of Silicosis Research Institute, Bochum, Germany.

In many investigations the prophylactic and therapeutic effect of P 204-injections on the development of silicosis could be demonstrated after intraperitoneal and intratracheal injections of quartz into different kinds of animals. On the basis of these fundamental results, investigations with regard to a possible practical application became necessary. Rats and monkeys have been exposed in a long-term inhalation test up to 36 months to a mixture of coal-quartz dust and P 204 administered either subcutaneously or as an aerosol. In another experiment, we injected rats intraperitoneally a coal-quartz dust with a quartz content between 10 and 100%. The results showed that there were differences of the P 204 effect upon pure quartz and coal quartz dust concerning the prophylactical effect and the effect upon dust elimination. Before a prophylactical or therapeutical treatment of coal-miners can be started, further experimental investigations are necessary.

47. Physiopathological considerations in the treatment of coal workers' pneumoconiosis (CWP) by W. T. Ulmer, G. Baving and G. Reichel, Medical Department of the Silicosis Research Institute, Bochum, Germany.

Up until present time no specific and causal treatment of coal workers' pneumoconiosis (CWP) has been discovered. Whereas the overwhelming majority of those coal miners with CWP which complain about difficulties with breathing all show typical signs of chronic obstructive bronchitis. So the chronic obstructive bronchitis is the most common disease in coal miners. Only the CWP with the bigger fibriotic lesions shows some relationship to the chronic obstructive bronchitis. The treatment of the chronic obstructive bronchitis in miners with CWP follows exactly the same roles as these of patients who do not have CWP. Exact dosage of catecholamines, atropine per inhalation, glucosteroides and sometimes antibiotics is necessary as long term treatment. The results of this long treatment are then also on the chronic obstructive bronchitis of the coal miners with CWP even over many years generally very satisfactory.

48. The recognition and management of complications of coal workers' pneumoconiosis by Robert W. Penman, M.D., University of Kentucky Medical Center, Lexington, Ky.

When respiratory insufficiency occurs in patients with coal workers' pneumoconiosis it is usually associated with symptoms of chronic bronchitis. Thus, in a survey of 54 non-smoking miners with simple CWP who complained of dyspnea, symptoms of chronic bronchitis were found in 43 men (80%) and 6 of these had spirometric evidence of chronic airway obstruction. Since this condition is the common precursor of respiratory

failure, cor pulmonale, and congestive cardiac failure, the recognition of spirometric and blood, gas abnormalities has greater importance than the detection of other complications of CWP.

Apart from the differential diagnosis of progressive massive fibrosis, involving carcinoma and tuberculosis, the major significance of this lesion is its "space occupying" effect. Cor pulmonale complicating this, or simple CWP, is difficult to recognize in its early stages and is best suspected in all cases with severe hypoxemia.

Opening of Discussion after #48, clinical problems of the miner with simple pneumoconiosis, by Murray B. Hunter, M.D., with the assistance of Francisco Barrera, M.D. and Ray Harron, M.D., Depts. of Medicine and Radiology, Fairmont Clinic, Fairmont, West Virginia.

In much of the literature and contemporary teaching with respect to coal workers' pneumoconiosis, the miner or exminer with simple pneumoconiosis has been assumed to be a normal person with a slightly abnormal x-ray and to be at only slightly higher risk of contracting clinically significant respiratory illness than a comparable individual not exposed to the hazards of coal mining. Emphasis has been placed on the miner with complicated pneumoconiosis as the source of the occupational disease problem in coal mining. State and federal laws have been elaborated with this concept as a guiding determinant of policy. Evidence accumulated out of a large clinical experience with American coal miners will be presented to show that the attitudinal and legal bias in favor of the miner with complicated disease and against the miner with simple CWP or with no pneumoconiosis is not justified on clinical analysis. The implications of these findings should influence the clinical stance of physicians vis-a-vis symptomatic miners as well as the assumptions in compensation law.

49. Sampling and evaluating respirable coal mine dust, by Murray Jacobson, Chief, Field Health Group, Bureau of Mines, Pittsburgh, Pa.

The respirable dust standard contained in the Fed. Coal Mine Health and Safety Act of 1969 is designed to prevent disability and death from coal workers' pneumoconiosis. Beginning June 30, 1970, the operators of coal mines were required to maintain the average concentration of respirable dust in the active workings at or below 3.0 milligrams of dust per cubic meter of air. The standard is reduced to 2.0 milligrams per cubic meter after Dec. 30, 1972.

This paper presents the equipment and procedures used by the coal mine operators in implementing the respirable dust sampling program established by the Secretary of the Interior and the Secretary of Health, Education, and Welfare. The system employed by the Bureau of Mines for analyzing and processing dust samples is also presented.

50. Characterization of coal mine dust by computer processing of scanning electron microscope information by E. W. White, Ph. D., Pennsylvania State University, University Park, Pa. and P. B. DeNee, Ph.D., US Bureau of Mines, Bruceton, Pa.

A method has been developed for the quantitative characterization of coal mine dust to yield, particle by particle, measurements of the size, shape, mass and type of particle. This information is calculated by a computer from multichannel recordings on a digital magnetic tape of scanning electron microscope information. The size and shape measurements are generated from the secondary electron image while the type of particle (coal, rock fragment, pyrite, etc.) is identified from the five channels of X-ray signal (carbon Kα, silicon Kα, sulfur Kα, calcium Kα and iron Kα). Integrated X-ray signals for each particle serve as the basis for measurement of the mass of 0.1 μm to 10 μm diameter particles.

Energy dispersive X-ray detection is employed for an arrangement of three detectors optimized for the efficient handling of the five X-ray signals.

Details of the instrumentation will be presented together with examples of analyses on dust samples.

51. Recent progress in dust control in coal mines by Kenneth M. Morse, United States Steel Corporation.

Effective dust control was a major daily effort of mine operators prior to the Coal Mine Health and Safety Act. The Act introduced the first legal national dust standard and the coal mining industry has again demonstrated its advance technology by the degree to which it has successfully complied with the dust standard in such a short period, despite the fact that the standard is the most restrictive in the world. Dust control in coal mining is being obtained by a combination of the following: (1) a split system of face ventilation, (2) the application of water to the coal face and to the broken coal to reduce the generation of dust, (3) water sprays to reduce the dust after generation, and (4) the removal of dust at the face by either the line brattice or exhaust tube system of face ventilation. This paper discusses the results of work on the application of sprays to the cutting drum to supplement the conventional spray system. A total of 83 sprays utilizing 25.3 gals/min. in the conventional system. A dust reduction of 63.6% was achieved in the continuous mining machine operator's exposure despite the fact that the dust concentration was originally in compliance with the standard. A reduction of 77.4%–91/5% was obtained in the dust concentration, as measured behind the line brattice.

52. Recent progress in control of coal workers' pneumoconiosis by Merle Bundy, M.D., United States Steel Corp., Pittsburgh, Pennsylvania.

Beyond any question, the rapid reduction that has occurred in the quantity of dust breathed by the coal miner will in the final analysis make the biggest contribution to the control of Coal Workers' Pneumoconiosis. The industry wide x-ray program currently underway and the inclusion of pulmonary function studies in subsequent x-ray programs will identify the miner who continues to respond adversely to his exposure. From the employee and dependent standpoint, the use of Federal funds in establishing minimum benefits must be considered as recent progress in the control of Coal Workers' Pneumoconiosis. The development of provision for a dust free environment through the use of a cryogenic process of air delivery will make possible the mining of coal in areas where it is not possible to reduce the dust to the standard by engineering or mining means. These four areas represent the major progress in the control of Coal Workers' Pneumoconiosis since the passage of the Federal Coal Mine Health and Safety Act of 1969.

54. Respirator Useage in Coal Mines by Parker C. Reist, Sc.D., Harvard Univ. School of Public Health, Boston, Mass., William C. DeSieghardt and Homer E. Harris, Eastern Associated Coal Corporation, Pittsburgh, Penna.; and William A. Burgess, Harvard Univ. School of Public Health, Boston, Mass.

Factors influencing coal miner acceptance and use of respirators have been determined by field interviews with 83 supervisory and management personnel and 428 mining personnel at 31 different bituminous coal mines in Eastern United States. In addition, a survey has been initiated to determine effective protection factors provided by various respirator designs which are currently in common useage in coal mines. Actual possession of respirators by the underground work force ranged from a high of over 90 percent at one mine to a low of about 40 percent at another mine. In some mines respirators were worn on an intermittent basis by as much as 60 percent of the underground personnel while at other mines the figure was only 20 percent. Respirators were used primarily by miners working near the working face under conditions when there was a heavy concentration of visible dust. Very little training was provided in the proper use of respirators, and maintenance appeared to be erratic and perfunctory, mainly carried out by the individual miner.

56. Perspectives in Current Research for Control of Airborne Dust in Coal Mines by Welby G. Courtney, Ph. D., U.S. Bureau of Mines, Pittsburgh, Pa.

The recent Federal Coal Mine Health and Safety Act of 1969 (Pl 91–173. December 30, 1969) established strict limits on the amount of airborne respirable dust permitted in underground coal mine environments. The Act also directed that research be conducted to develop improved or new technology for reducing the respirable dust. This technology then would assist a coal mine company to meet the limits imposed by the Act. The U.S. Bureau of Mines was assigned the responsibility of designing and implementing a program to develop this advanced technology. This paper presents the general orientation of the Bureau program.

57. Suppression and collection of respirable coal dust using water and steam by Thomas F. Tomb, Physicist, Pittsburgh Field Health Group, Bureau of Mines, Pittsburgh, Pa.

The 1969 Federal Coal Mine Health and Safety Act has caused the Bureau of Mines to focus a major portion of its research on reducing coal mine respirable dust concentrations to established limits.

This paper describes laboratory investigations conducted to study the effectiveness of sprayed water and of low-pressure steam for controlling respirable coal dust. Dust suppression efficiency was determined for water droplets sprayed into an airborne coal-dust cloud traversing a laboratory dust tunnel. A statistical analysis was used to evaluate the effects of droplet concentration, size, and velocity on the suppression efficiency of 1 to 10-micrometer coal particles. To evaluate steam as a dust-control method, low-pressure steam was applied to the area where dust was generated from coal with a circular cutting tool. The effect of steam quantity on the suppression efficiency of respirable coal particles was determined. Comparative tests were conducted using quantities of water equivalent to those of steam. The results and possible mechanisms affecting suppression are discussed.

58. Aerosol deposition on a charged plastic surface by R. L. Stein and W. H. Ryback, Pittsburgh Mining and Safety Research Center, U.S. Bureau of Mines, Pittsburgh, Pa.

A study was made of the concentration decrease of coal and fluorescent pigment aerosols in a polystyrene chamber. Losses to the walls of the plastic chamber were as high as 85 percent for coal (75 percent for fluorescent pigment) in 20 minutes. These losses were shown to be due to electrostatic attraction between the charged aerosol and the natural charge on the plastic surface. Difference in the wall loss rate constant, β_s, were attributed to variation of mobility distribution between the coal and fluorescent pigment aerosols. From these results, qualitative information regarding aerosol charge distributions was inferred.

59. Control of Dust From Continuous Coal Mining Machines by L. Karl Legatski and Jack D. Brady, Pacific Technical Services, Santa Rosa, Calif.

A state of the art evaluation of all types of dust collection equipment that may be applicable to the dust problem created by continuous mining machines was conducted. All known dust collection mechanisms were reviewed and inertial impaction was found to be the only feasible approach. Eight inertial dust collectors were tested with coal dust of a known size distribution. Collection efficiencies were determined as a func-

tion of particle diameter and the operating conditions of the collectors. It was found that the collector performances were well described by the state of the art knowledge of dust collection mechanisms and that the necessary performance on respirable coal dust could be achieved. No commercially available dust collector was found which could satisfy both the physical constraints of the mine environment and the collection efficiency requirements, but our knowledge of dust collection is sufficient to serve as a basis for design of an appropriate collection system.

60. Polymer Augmented Aqueous Foams for Suppression of Respirable Coal Dust by James L. Schwendeman, Chih-ming Sun, Ival O. Salyer, and Alan L. Wurster, Monsanto Research Corporation, Dayton, Ohio.

A laboratory research program to investigate high expansion aqueous foams for suppressing respirable coal dust is described. Various types of surfactants, foaming agents, and water soluble polymers were evaluated to determine their ability to wet coal and to produce high expansion foams of the desired stability. A horizontal boring mill was used as a laboratory coal mining model to generate the coal dust. Foam was applied by spray onto a fly cutter mounted on the boring mill and working directly against a block of coal. In this test, >90% of the dust was suppressed by application of foam with initial coal dust concentration of 10 and 70 million particles per cubic foot of air. An aqueous foam formulation, consisting of a specific non-ionic surfactant and polyelectrolyte (ethylene/maleic anhydride copolymer) was developed which produces high volume of foam, efficiently wets the coal dust, and effectively binds the dust particles together (to prevent reaerosolination). Evaluation of this foam system in full scale mining operations is now in progress.

61b. Australian experiences in coal dust suppression by T. M. Clark, C. Eng., F. I. Min. E., M. Aus. I.M.M., Chief Mining Engineer, Joint Coal Board, Sydney, N.S.W.

The hazards of coal dust to the human lung were recognized in N.S.W. prior to 1939 when a Royal Commission on Safety and Health recommended a temporary standard for airborne dust pending a careful study of the subject.

By 1947 the cost of workers compensation arising from the prevalence of pneumoconiosis was such as to threaten the economic viability of some sections of the industry.

Control measures subsequently introduced into the N.S.W. coal mines which are worked predominantly by the bord and pillar method have been so successful that the Medical Branch of the Joint Coal Board now advise that for practical purposes no new cases of pneumoconiosis are being produced.

Adequate properly placed water sprays with sufficient well directed wide side ventilation to the working face are essential for dust control in bord and pillar mining. Regular policing of standards is also required.

62. Investigative techniques in the laboratory study of coal workers' pneumoconiosis: Recent advances at the cellular level by John S. Harington, Ph.D., Cancer Research Unit of the National Cancer Association of South Africa, Johannesburg.

Cell culture is a convenient technique for measuring the toxicity of mineral dusts to macrophages. Using this method the mode of action of silica has been elucidated and a good correlation found between cytotoxicity and fibrogenicity. The present study has shown by morphological criteria and fluorescence that certain samples of coal dust, although having different effects on man, were inert to cells. This prompted an analysis of the many variables used to assess the cytotoxicity of mineral dusts. A similar problem occurs in work on the cytotoxicity of asbestos where conflicting results indicate that some kind of standardization of cell culture is now desirable. With regard to coal, it is clear that exposure of macrophages should be of long duration and that standard reference samples of coal might be made available by international agreement. It is also clear that cell culture techniques should contribute materially to a better understanding of the pathogenesis of coal workers' pneumoconiosis.

63. Historical perspectives of coal workers' pneumoconiosis by Eugene P. Pendergrass, M.D., *et al.*, School of Medicine, Univ. of Pennsylvania, Philadelphia, Pennsylvania.

The history of Coal Workers' Pneumoconiosis as an entity in the United States embodies a long period of gestation. The first reports of the U.S. Public Health Service and the Bureau of Mines including roentgen-ray observations were made by Lanza and Childs in 1917. The experimental work of Gardner and others added to our knowledge of the pathologic procedures and the work of W. S. Miller on the lymphatic system of the lung has been basic. On 26 February 1936, the National Silicosis Conference was inaugurated by Hon. Frances Perkins, U.S. Secretary of Labor. The first major epidemiologic studies of chest diseases in the U.S. were conducted among anthracite miners of Pennsylvania in 1936 and among bituminous coal miners in 1963 and 1965. The Federal Health and Safety Act of 1969 was enacted by the 91st Congress. The U/C Classification of the radiographic appearances of pneumoconiosis is now largely accepted by the ILO. To familiarize physicians with the new International Classification of the pneumoconiosis and to carry out the provisions of the law it became necessary for the American College of Radiology, as a contractor, to work with the Public Health Service and develop teaching seminars for radiologists and chest physicians.

H.R. 11058: THE TAX REFORM ACT OF 1972

The SPEAKER. Under a previous order of the House, the gentleman from California (Mr. CORMAN) is recognized for 30 minutes.

Mr. CORMAN. Mr. Speaker, yesterday I introduced a bill, H.R. 11058, entitled the Tax Reform Act of 1972. Its enacting clause states:

> To gear the income tax more closely to an individual's ability to pay, to broaden the income tax base of individuals and corporations, and to otherwise reform the income and estate tax provisions.

In short, this is a bill with one major objective: to provide meaningful reform of our tax laws in order to make them more equitable and more productive of revenue.

None of the provisions of this bill is new or novel. Proposals to make our tax laws more equitable and productive have long been proposed and discussed, in and out of the Congress. Some reform in this area was incorporated in the Tax Reform Act of 1969, but it did not go far enough. Events since the 1969 act have made it imperative that the Congress give its attention to further reform. The prospective enactment of the Revenue Act of 1971, our immediate response to the current economic situation, makes long range reform and expansion of our tax base even more essential. Since H.R. 11058 is a lengthy bill, I will insert at the conclusion of my remarks only a summary of its provisions. Copies of the bill itself will soon be available from the House document room or from my office.

A number of my colleagues in the House have indicated serious interest in the legislative proposals of this bill, and I intend to reintroduce it at a later date with cosponsors. I urge all Members to study the proposals, and I would welcome comments and suggestions. The bill is a complex piece of legislation, full of challenging ideas. When the Members have had a chance to examine the bill in light of its purposes, I believe there will be substantial support for most of its provisions.

Let me discuss some of my reasons for the formulation and introduction of the Tax Reform Act of 1972. The heaviest burden of our tax laws falls on the average American who pays personal income tax. This will become even more the case after enactment of the Revenue Act of 1971. In theory, our tax rates are progressive. Tax burdens should vary according to an individual's ability to pay. But it is well known that the reality differs vastly from the theory. In truth, a variety of special exemptions, incentives, and privileged interpretations of complex tax laws make a mockery of the progressive tax theory. Inequities abound, not only in the area of individual income taxation, but likewise in regard to corporation, estate and gift taxes. I feel strongly that the role of the Federal Government, and the role of any Federal tax legislation, should be to produce an equitable tax system. To this end H.R. 11058 is dedicated.

Mr. Speaker, as important as tax equity is the revenue the Treasury would gain from enactment of the bill—revenue that is lost under our existing tax laws, and especially so after enactment of the Revenue Act of 1971. These are funds that the country desperately requires for an accumulation of unmet needs. The list is long, and these needs must be met by an effective income tax system, making possible as little deficit spending as is practical.

H.R. 11058 takes on special meaning at this time because of the expected passage by the House tomorrow of the Revenue Act of 1971. This legislation resulted from recommendations the President made to the Congress in his attempt to solve the current dual problems of inflation and unemployment. These problems have reached crisis proportions as a result of the administration's standpat policies of the past 2½ years. The Ways and Means Committee made significant changes in the President's tax proposals included in his new economic policy, and I applaud these changes. The overwhelming tax break to business, recommended by the President, was reduced. Individual taxpayers, mostly the poor, received some tax benefit but, I would add, not as much benefit for this group of citizens as I had urged.

I hope that the committee bill, when implemented as the Revenue Act of 1971, is effective and produces the desired results, for the problems of inflation and unemployment must be solved if this country is to have a stable economy again. But we must be clear as to the effects that the Revenue Act will have on Federal revenue. A quick glance at the committee report tells us that the Treasury will lose $1.7 billion of tax revenue in calendar year 1971, $7.8 billion in calendar 1972, and $6 billion in calendar 1973, as compared with present

law. These figures, large as they are, would have been even greater but for the committee's elimination of about $2 billion of advantages to business under the asset depreciation range program of the Treasury Department. Over $2 billion of these ADR advantages to business remain, however, and these will continue in future years. The loss in revenue under the Revenue Act of 1971 is substantial, especially when we consider the fact that a conservative recent estimate of the deficit for fiscal 1972 on the administrative budget basis will be over $35 billion.

The President, in his message of August 15 announcing his new economic policy, stated:

To offset the loss of revenue from these tax cuts. . . . I have ordered today a $4.7 billion cut in Federal spending.

The Ways and Means Committee in reporting out the Revenue Act of 1971 has also endorsed this reduction but, in my mind, this endorsement must be regarded as temporary.

First, these spending cuts impose unjustified sacrifices from a segment of the population who should not have to carry the burden of the new economic policy. Ordering a 5-percent reduction in Government employment at a time when the Nation's unemployment rate is 6 percent or more—and in some areas up to 10 percent—and deferring scheduled pay raises for Federal employees, who, living on fixed salaries, are among the principal victims of inflation, cannot be justified. Second, postponing enactment of welfare reform would postpone job training and employment opportunities for those who are able to work and also would postpone adequate income for those unable to work—the old, disabled, blind, and children. These simply are not acceptable ways, in the long term, to compensate for the loss of revenue the Treasury will sustain as a result of the tax reductions, largely for business, provided by the Revenue Act of 1971. Early enactment of a revenue-raising measure such as H.R. 11058 is imperative in order to provide for these and other essential responsibilities of the Federal Government.

Mr. Speaker, H.R. 11058 is not meant to be an alternative to the Revenue Act of 1971. Rather, it is meant to complement that act. It would assure greater revenue in the long run, would reduce our budget deficits, and in times of high economic activity could even help to eliminate a budget deficit entirely. It would strengthen the economy by channeling greater purchasing power to individuals at the lower income levels, who are more likely to spend their earnings than persons with larger incomes. It would remove a number of lower income people from the income tax rolls, even though they would still be responsible for substantial social security taxes. Finally, it would enable us to tackle much more vigorously the great volume of unmet needs which continue to cry for attention and which Government must meet.

The additional revenue provided by the Tax Reform Act of 1972 would help us to begin to rehabilitate our cities, improve our educational system, redevelop the rural areas of the country, meet the Nation's growing health care crisis, provide adequate housing, minimize the condition of poverty in the American scene, and effectively control pollution. We also need to find ways to assist local governments to meet their traditional responsibilities and somehow help to relieve the awesome burden of property taxes on homeowners. At the same time, we must not lose sight of the need for adequate financing of essential ongoing Federal programs.

Very simply, this all takes money, most of which must come from Federal revenue. We must find a way, and the way can be found only by producing revenue for the Treasury, not by reducing it. By a conservative estimate, H.R. 11058 will put $11 billion new revenue into the Treasury for calendar year 1973, and when fully effective by 1980, Treasury will derive in excess of $19 billion a year. When we consider the revenue loss resulting from the implementation of the prospective Revenue Act of 1971, even the conservative figures I have just quoted as additional revenue makes enactment of the Tax Reform Act of 1972 essential. As the economy improves and the expanded tax base produces more than adequate revenue, the Congress can then consider rate reduction—the most desirable end-product of tax reform.

Mr. Speaker, I again urge my colleagues to digest the provisions of H.R. 11058 carefully. It will need support and understanding from every Member of the Congress, as well as from every American taxpayer. Its enactment will help us to find our way back to fiscal responsibility and equitable tax treatment for the average American taxpayer—both necessary ingredients for a stable, prosperous, and healthy economy, which in turn means an America that can be responsive to all its citizens—an America that can achieve its great potential.

SUMMARY OF CONTENTS OF TAX REFORM BILL

SECTION 1. SHORT TITLE

Tax Reform Act of 1972.

SEC. 2. TECHNICAL AND CONFORMING CHANGES

This section provides that the Secretary of the Treasury shall, within 90 days after the date of the enactment of the Act, submit to the Committee on Ways and Means a draft of any technical and conforming changes in the Internal Revenue Code which should be made to reflect the substantive amendments made by the bill. The bill, for example, does not attempt to make all conforming amendments to the cross references provisions within the Code or to the various tables of contents in the Code.

Title I—amendments primarily affecting individuals

SEC. 101. CREDIT AGAINST TAX FOR PERSONAL EXEMPTIONS

This section provides a credit against tax for personal exemptions in lieu of the existing deduction from gross income for personal exemptions. The credit provided is $150 for each exemption. Thus, a single person over age 65, and with no dependents, would have a credit against tax of $300 (two exemptions).

Under present law, a deduction of $750 against gross income for a personal exemption is worth $525 to the taxpayer in the highest bracket, but only $107 to a taxpayer in the lowest bracket. While the $150 credit will be of more benefit to taxpayers in the low brackets than the existing $750 deduction from gross income, it will, of course, be of less benefit than the $750 deduction to taxpayers in the higher brackets. Approximately 30 million taxpayers with adjusted gross incomes below $10,000 will receive a tax reduction under this amendment. But over all, this section of the bill would increase tax revenues by approximately $1.9 billion a year.

This section also provides that if the taxpayer is claiming a child as a dependent (and thereby receiving a credit of $150 against tax) the parent shall include in his gross income any income received by the child during the taxable year from a trust created by the parent, and also any dividends, interest, or royalties received by the child from any property given to him by the parent. Income which is so taxed to the parent would not be taxable to the child. This provision will not apply if the parent does not choose to claim the child as a dependent.

SEC. 102. REPEAL OF $100 DIVIDEND EXCLUSION

This section repeals the provision in present law that allows a taxpayer to exclude from gross income $100 of dividends received on corporate stocks. Present law gives no similar exclusion in the case of interest received on savings accounts, a much more common form of investment by individuals in the lower brackets.

SEC. 103. FLOOR ON CHARITABLE CONTRIBUTIONS

This section provides that charitable contributions by an individual are deductible only to the extent they exceed 3 percent of adjusted gross income. This is the same floor as applies in the case of the deduction of medical expenses. Under the amendment, routine contributions to the church and other charities, like routine medical and dental expenses, would not be deductible, but extraordinary amounts would be deductible when they exceed the 3-percent floor.

SEC. 104. ELIMINATION OF VACATION RESORT HOUSE AS TAX SHELTER

This section eliminates as tax shelters such items as beach cottages, condominiums at ski resorts, mountain cabins, and the like, which the taxpayer uses for pleasure and rents when he can in order to obtain tax deductions greater than the rentals. The amendment would also apply to the rental of a house which is used by the taxpayer as his principal place of residence.

Under the amendment deductions for depreciation, repairs, insurance, agent fees in handling rentals, etc., would be allowed as deductions only up to the amount of rentals received during the year reduced by interest and taxes paid (and deducted) on the rental property. The rentals would not be taxed (except in the unusual case where they exceed all expenses) because they would be offset by allowable deductions; but the excess costs for repairs, depreciation, insurance, etc., could not be used to shelter income from other sources.

SEC. 105. DISALLOWANCE OF EXPENSES ATTENDING CONVENTIONS OUTSIDE THE UNITED STATES

This section disallows expenses of travel (including meals and lodging) of an individual in connection with attending a convention held outside the United States. As a general rule, such expenses are incurred primarily for pleasure rather than business. Thus, expenses of lawyers attending the American Bar Convention in London in 1971 would have been disallowed if the amendment had been in effect. The amendment applies to expenses incurred after the date of the enactment of the bill.

SEC. 106. COMPUTATION OF EARNINGS AND PROFIT ON A CONSOLIDATED BASIS

Some conglomerate companies have been paying dividends which are not fully taxable because the parent company does not

have sufficient earnings and profits to cover the distribution although the consolidated group had earnings and profits during the year greater than the amount distributed. This section of the bill provides that the earnings and profits of a parent corporation for a year shall not be less for dividend purposes than the earnings and profits of the consolidated group for the year.

SEC. 107. DIVIDEND ON CERTAIN SALES OF STOCK

The Tax Court held that if a transaction is described in section 304 of the Code (which can produce dividend income if stock of one controlled corporation is sold to another controlled corporation) and is also described in section 351 (dealing with tax-free exchanges), then section 351 applies and not section 304. This section of the bill changes the rule of the Tax Court case and provides that the tax-free provisions of section 351 do not apply to the extent the application of section 304 produces an amount taxable as a dividend.

SEC. 108. TERMINATION OF STOCK OPTION PROVISIONS

Under present law, an officer of a corporation is not taxed at the time he exercises a qualified stock option granted him for performance of services. If he sells the stock after 3 years, the compensation is taxed only as a capital gain. If he holds the stock until he dies, the compensation is never taxed. This section of the bill provides, in the case of options granted after 1971, that the compensation realized on exercise of a stock option will be taxed at the time of exercise as ordinary income. The enactment of this amendment will be welcomed by many corporate shareholders. The liberal granting in the past of stock options has diluted, in some cases seriously, the equity ownership of shareholders of the companies who grant stock options. With the demise of tax free stock options, management will no longer have to explain or contend to shareholders that authority to grant stock options is necessary to attract or keep "key employees".

SEC. 109. LIMITATION ON DEDUCTION FOR PERCENTAGE DEPLETION ON ROYALTIES

The percentage depletion allowance is intended to provide an incentive for the discovery and development of oil and gas and other minerals. In the case of royalty income, this incentive is generally meaningless. As one commentator asked with respect to the passive owner of an oil royalty: "What perils has he overcome in the quest for oil? To what extent has he been gambling with fate like a tenacious wildcatter?"

This section of the bill provides that the owner of a royalty cannot deduct percentage depletion after he has received depletion deductions in an amount equal to 4 times the amount he expended for exploration and development of the deposit from which he is drawing his royalty. In the usual case of a landowner who rceives royalties from a lessee who did the exploration and development work, this would mean that no percentage depletion would be allowed. But the owner of an overriding royalty may have sub-leased the property after having first made expenditures for exploration and development and he would be allowed percentage depletion on his royalty income until he has recovered 4 times his expenditures for exploration and development. This multiple of 4 times would apply even though the drilling or development expenditures were deducted when incurred.

SEC. 110. DISALLOWANCE OF CERTAIN DOUBLE DEDUCTIONS

Present law provides that the expenses of administering an estate can be deducted by the executor on either the income tax return or the estate tax return, but not on both. The courts have held that expenses of the executor in selling property can be deducted on the estate tax return and can also be used on the income tax return as an offset against the selling price of the property. This section of the bill provides that such selling expenses cannot be used in the income tax return as an offset to the selling price if they are deducted as an expense of administration on the estate tax return.

SEC. 111. TREATMENT OF TRUST INCOME PAYABLE TO CHILDREN OF GRANTOR

Under present law, a father can, in effect, deduct on his income tax return gifts to his children if he makes a gift out of income from stocks and agrees to do so for at least 10 years. To get that result, the parent need merely transfer stock to himself as trustee and agree to pay out to his children the income from that stock for 10 years, at which time the stock will be returned to him free of the trust. Use of short-term trusts in this manner is commonplace with affluent taxpayers who can afford to give some of their dividend income to their children.

This section of the bill provides that the income of such a trust will be taxed to the grantor (if he has a reversionary interest) so long as the income is payable to a child who is under the age of 21 or who is attending college and is a dependent of the taxpayer for purposes of the credit for personal exemptions.

SEC. 112. REPEAL OF EXEMPTION FOR EARNED INCOME FROM FOREIGN SOURCE

Under present law, citizens of the United States can exclude from gross income certain amounts of income they earn in foreign countries if they are present in the foreign country for 17 out of 18 months or if they become a bona fide resident of the foreign country. The exclusion is $20,000 a year if the taxpayer meets the 17 out of 18 month test and is $25,000 a year if he is a bona fide resident of the foreign country. This section of the bill denies such exclusion from gross income in the case of taxable years beginning after the date of enactment. The foreign tax credit will prevent double taxation of the income if the foreign country also taxes the earned income.

SEC. 113. NONTAXED CAPITAL GAINS: CARRYOVER OF BASIS AT DEATH

Under present law, on the death of an individual his property receives a new basis for tax purposes—the fair market value used for purposes of the estate tax. Unrealized capital gains are, therefore, not taxed when the executor or the heirs sell any appreciated property held by the decedent. This section of the bill provides for a carryover of the decedent's basis if the decedent's gross estate exceeded $60,000. The decedent's basis in appreciated property is increased by its proportionate share of Federal and State estate taxes attributable to the amount of the appreciation. This section would apply to decedents dying after June 30, 1972.

SEC. 114. REPEAL OF ALTERNATIVE CAPITAL GAINS TAX FOR INDIVIDUALS

This section repeals the alternative capital gains tax for individuals. The tax was partially repealed by the Tax Reform Act of 1969. With this amendment, one-half of all long-term capital gains (not offset by capital losses) would be taxed to the individual as ordinary income.

SEC. 115. CAPITAL LOSS CARRYBACK FOR INDIVIDUALS

This provision grants relief to an individual who has an unused capital loss of at least $10,000 by allowing him to carry it back (as can a corporation) to the 3 preceding taxable years. Cases have arisen where a large capital gain in one taxable year is followed by a large capital loss in the following year which may never be utilized even with the unlimited carry forward.

The carryback is elective with the taxpayer. This will make the provision less of an administrative burden on the Internal Revenue Service, for in many cases the taxpayer would rather not file a claim for refund (and audit) of taxes paid in a prior year if the loss can be used on a carry-forward. Moreover, if the taxpayer elects to treat a net capital loss as a carryback, the entire capital loss is treated under the amendment as a long-term capital loss even though it is made up completely or in part from short term losses.

The carryback cannot be used to offset ordinary income, although a carryforward can offset ordinary income up to $1,000 a year, and the carryback cannot produce or increase a net operating loss for a preceding taxable year. In the case of the death of the taxpayer a net capital loss for the year of his death can be carried back even though the loss is less than $10,000.

SEC. 116. REPEAL OF CAPITAL GAIN TREATMENT FOR PATENTS

Under existing law, capital gain treatment is granted on the sale by an individual of a patent even though he is a professional inventor. This section of the bill repeals this provision, so that sale of a patent by the person whose personal efforts created the property will produce ordinary income, just as the sale of a copyright does under existing law.

SEC. 117. INCOME TAX TREATMENT OF CERTAIN GIFTS TO MEMBERS OF FAMILY

It has become fairly common for an individual who has produced a copyright or a literary or musical composition which is producing royalty income to give it to his children or to a trust so that the income will be less heavily taxed. This section of the bill provides that where there is a gift of such property by the taxpayer to a member of his family, to a trust for the benefit of any member of his family, or to a corporation more than 50 percent owned by the taxpayer or his family, the taxpayer will be treated as having received ordinary income at the time of the gift in an amount equal to the fair market value of the property at that time.

SEC. 118 FARM LOSSES

The excess deductions account with respect to farm losses, adopted by the Tax Reform Act of 1969, applies only if the taxpayer has nonfarm income in excess of $50,000, and even then a farm loss is taken into account only to the extent it exceeds $25,000. This section of the bill reduces the $50,000 figure to $30,000, and reduces the $25,000 figure to $10,000.

SEC. 119. TRANSFERS TAKING EFFECT AT DEATH

Before the enactment of the 1954 Code, if a taxpayer transferred property to a trust which provided that the income should be accumulated during the grantor's life and upon his death the trustee should pay the corpus and accumulated income to his children, such a transfer was included in the decedent's gross estate as a transfer taking effect at death. The 1954 Code provided that such a transfer will be included in the gross estate only if the decedent retained a reversionary interest equal to 5 percent of the value of the property. This section of the bill strikes out the 5-percent reversionary interest test since it is completely a non sequitur in a statute which imposes an estate tax on a lifetime transfer of an interest which can be possessed or enjoyed only by surviving the transferor. This amendment would apply to transfers made after December 31, 1971.

SEC. 120. LIFE INSURANCE INCLUDED IN GROSS ESTATE

Prior to the 1954 Code, life insurance on a decedent's life was includible in his gross estate to the extent he paid the premiums on the policy. In such a case it was immaterial whether he had given the policy to members of his family before his death. This section

of the bill restores the premium payment test in the case of life insurance, so that the insurance will be included in the insured's gross estate in the ratio that the premiums paid by the decedent on the insurance policy bears to all premiums paid on that policy. In applying this rule the premiums paid by the decedent before July 1, 1971, shall not be included in the numerator of the fraction but would be included in the denominator.

SEC. 121. CHARITABLE DEDUCTIONS IN THE CASE OF ESTATE TAX

The first amendment made by this section of the bill provides that a charitable bequest will be deductible for estate tax purposes only if it is to be used predominantly within the United States or its possessions. Under present law, a citizen of the United States can give his entire estate to a church located in Germany or to an orphanage in Israel and no Federal estate tax will be imposed on his estate.

The second amendment places a limitation on the charitable deduction for estate tax purposes, similar to what we have for the income tax. Under present law, a decedent can give his entire estate to a private foundation created by his will, and no Federal estate tax will be imposed. This amendment states that the aggregate charitable deduction shall not exceed 50 percent of the gross estate reduced by the debts of the decedent and the expenses of administration.

The third amendment deals with the interplay of the charitable deduction and the marital deduction for estate tax purposes. The marital deduction cannot exceed 50 percent of the adjusted gross estate (gross estate less debts, losses, and expenses of administration). Cases have arisen where executors have claimed, in order to raise the amount of the adjusted gross estate for purposes of the marital deduction, that transfers made to charities during the decedent's lifetime were includible in the gross estate. Increasing the gross estate for such lifetime transfers produced no estate tax for the charitable deduction was increased by the same amount, but a larger maximum deduction was allowed for bequests to the surviving spouse. This amendment provides that in computing the adjusted gross estate there shall be excluded any transfer made by the decedent during his lifetime if an estate tax charitable deduction is allowed for that transfer.

SEC. 122. UNDERPAYMENTS OF ESTIMATED TAX

This section provides that an individual cannot base his estimated tax payments on the prior year's tax (or at the current year's rates applied to the prior year's facts) if in any one of the 3 preceding taxable years the tax shown on his return was in excess of $100,000.

SEC. 213. JOINT VENTURES FOR DRILLING OIL WELLS OR DEVELOPMENT OF OTHER MINERALS

Under present law, drilling funds are being peddled as tax shelters for affluent taxpayers. The general technique is for the taxpayer to make an investment as a limited partner under an agreement which provides that the entire amount which he invests will be deductible by him in the same year as intangible drilling costs. The amendment made by this section of the bill would put a stop to this tax shelter by providing that any unincorporated organization which has more than 5 members and which is formed or created after January 1972, for the primary purpose of exploring for or developing oil or gas wells or other mineral properties, shall be treated for the purposes of the Internal Revenue Code as a corporation. It is also provided that subchapter S (election to treat a corporation like a partnership) will not apply to a corporation if it has more than 5 shareholders and the deductions for intangible drilling or mine development costs exceed its net income from mineral properties, computed without regard to the depletion deduction and the deductions for drilling and development.

SEC. 124. INCOME ACCUMULATED IN FOREIGN CORPORATIONS FOR UNITED STATES CITIZENS

Under present law, a citizen of the United States, by use of a foreign corporation, can accumulate a fortune while living in the United States without the payment of any income tax (by himself or the corporation) to the United States on the accumulated fortune. If the foreign corporation is engaged in shipping, no income tax will be paid by the corporation on the shipping profits to any country. The United States citizen will not be taxed on undistributed profits of the foreign corporation because it will have enough business income to avoid being treated as a foreign personal holding company. This section of the bill provides that after a United States citizen's share of the accumulated earnings of a controlled foreign corporation (or a group of controlled corporations) exceeds $1 million, from then on the individual will be taxes on his share of 70 percent of the current earnings of the foreign corporation even though the earnings are not distributed. This rule will apply only if the individual has an interest of 10 percent or more in the controlled foreign corporation.

Title II. Amendments primarily affecting corporations

SEC. 201. DEPRECIATION DEDUCTIONS NOT TO EXCEED BOOK DEPRECIATION

This section provides that a corporation cannot take depreciation deductions for a taxable year in an aggregate amount in excess of the depreciation taken into account in reporting profit or loss for the year to shareholders. This amendment would greatly reduce the revenue loss over the next decade of approximately $40 billion which will result from the Treasury's recent ADR regulations (Asset Depreciation Range), since it is not likely that many publicly held corporations would be willing to report to shareholders the reduced earnings which would be created by computing book depreciation in accordance with ADR. In the case of an affiliated group of corporations, regulations will prescribe whether the report by the common parent corporation to its shareholders, rather than the report of subsidiaries to the parent, will be taken into account for purposes of this amendment.

SEC. 202. LIMITATIONS ON DIVIDENDS RECEIVED DEDUCTION

Subsection (a) of this section of the bill provides that the dividends received deduction cannot exceed 85 percent of taxable income (computed without regard to the net operating loss deduction or to any capital loss carryback). The chief effect of this is to change present law which allows a full deduction for 85 percent of dividends received if this deduction will produce or increase a net operating loss for the taxable year. The amendment also provides that any amount disallowed for the taxable year because of the net income limitation shall be allowed as a deduction for the following taxable year if there is sufficient taxable income in that year. This gives the taxpayer a carryover which he does not have under present law.

Subsection (b) provides that dividends received from an unaffiliated corporation shall be reduced (for purposes of the dividends received deduction) by the amount of any interest on indebtedness incurred or continued to purchase or carry the stock of the unaffiliated corporation. An unaffiliated corporation is any corporation except one that is a component member of a controlled group of corporations which includes the taxpayer.

This section of the bill also provides that if the aggregate amount of dividends received during the year from unaffiliated corporations (after first being reduced by any interest paid as provided in the preceding paragraph) exceeds the amount of dividends paid by the corporation during the taxable year, no dividends received deduction shall be allowed with respect to the excess. Thus, if no dividends are paid by the taxpayer, no dividends received deduction can be claimed for dividends received from unaffiliated corporations. However, the amount which is so disallowed shall be treated as a dividend received in the following year for purposes of the dividends received deduction. Moreover, if dividends paid during a taxable year exceed the dividends received during the year from unaffiliated corporations, the amount of the excess will be treated as a dividend paid in the following year for purposes of the dividends received deduction.

SEC. 203. DIVIDENDS IN PROPERTY TO FOREIGN CORPORATIONS

This section provides that a dividend in property paid to a foreign corporation shall be the fair market value of the property, instead of the adjusted basis in the hands of the distributing company. The Internal Revenue Service says that this result is reached under present law, but the Courts disagree. The amendment is prospective only, but it is provided that no inferences shall be drawn, in the case of past distributions, from the fact that the amendment is not retroactive.

SEC. 204. USE OF APPRECIATED PROPERTY TO REDEEM STOCK

Under present law, if a corporation redeems stock with appreciated property, gain is recognized except in certain cases. One of the exceptions is where stock or securities are distributed pursuant to a court proceeding under the antitrust laws. This section provides that the stock or securities must have been acquired before January 1, 1970, in order for the exemption to apply. It is not believed corporations which had violated the antitrust laws should have a tax benefit not available to other corporations who distribute appreciated securities.

SEC. 205. DENIAL OF TAX-FREE EXCHANGES IN CASE OF INVESTMENT COMPANIES

In 1966 tax-free exchanges of appreciated stock for shares of mutual funds (so-called swap funds) was brought to an end by an amendment which provided that section 351 of the Code would not apply to transfers to an investment company. This amendment did not complete the job. For years the Massachusetts Investment Trust, and other mutual funds, have been issuing their shares to acquire all of the stock or assets of family held personal holding companies, and these exchanges are treated under section 368 as tax-free reorganizations. This is nothing but swap funding to obtain diversification plus a readily marketable security. The amendment would make such exchanges taxable and it would also make mergers of two investment companies taxable.

SEC. 206. CERTAIN TRANSACTIONS DISQUALIFIED AS REORGANIZATIONS

This section of the bill provides that there cannot be a tax-free reorganization if the shareholders of the smaller company involved in the transaction end up with less than 20 percent of the voting stock of the surviving corporation in a merger or of the acquiring corporation in the case of a so-called B reorganization (stock-for-stock) or a so-called C reorganization (stock-for-assets). If a conglomerate company whose stock is listed on the New York Stock Exchange issues less than 20 percent of its voting stock to acquire the stock or assets of a company whose stock is not listed, it is more realistic to treat the shareholders of the unlisted company as having sold out for a marketable security rather than having taken part in a reorganization of their company. A similar provision was contained in the House version of the Internal Revenue Code of 1954.

SEC. 207. REPEAL OF SPECIAL TREATMENT OF BAD DEBT RESERVES OF FINANCIAL INSTITUTIONS

This section of the bill provides that banks and other financial institutions who now are allowed to take special deductions for reserves for bad debts will, in the case of taxable years beginning after 1971, compute any addition to a reserve for bad debts on the basis of the actual experience of the taxpayer, the rule which is applied to all other corporations.

SEC. 208. REPEAL OF DEDUCTION FOR WESTERN HEMISPHERE TRADE CORPORATIONS

This section of the bill repeals the special deduction now allowed domestic corporations who obtain most of their income from foreign countries in the Western Hemisphere.

SEC. 209. INVOLUNTARY CONVERSIONS

This section provides that if gain on an involuntary conversion of property is not recognized because the taxpayer purchases stock of a corporation owning property of the kind which was converted, the basis of that property in the hands of the corporation shall be reduced by the amount of gain not recognized on account of the purchase of the stock.

SEC. 210. COMPUTATION OF UNDERPAYMENTS OF ESTIMATED TAX

This section of the bill provides that a corporation cannot compute its estimated income tax payments on the basis of the prior year's tax (or on the basis of the prior year's facts and the current year's rates) if in any one of the 3 preceding taxable years the tax shown on its return was in excess of $360,000.

Title III—Amendments Affecting Individuals And Corporations

SEC. 301. REPEAL OF EXEMPTION FOR INTEREST ON NEW ISSUES OF STATE AND LOCAL BONDS

This section of the bill provides that interest on State and local bonds issued after December 31, 1972, will not be exempt from Federal income taxation. In the case of interest on State and local obligations issued before January 1, 1973, such interest will continue to be exempt from taxation, but section 401 of the bill provides that such interest will be treated as an item of tax preference for purposes of the minimum tax.

SEC. 302. DEDUCTION FOR DEPRECIATION BASED ON EQUITY ON RENTAL REAL ESTATE

This section provides that in the case of a building which the taxpayer rents to others, the deduction for depreciation cannot exceed the taxpayer's equity in the building and the land. That is, no additional deductions for depreciation will be allowed (including existing buildings) to the extent it would reduce the adjusted basis of the building below the unpaid balance of the mortgage on the land and building (minus the tax cost of the land). However, until the depreciation deductions equal the equity, the depreciation would be computed on the entire cost of the building and not on the amount of the equity. This amendment would not apply to a building if the primary use is by the taxpayer and not by tenants. This amendment would practically eliminate real estate ventures as tax shelters for investors.

SEC. 303. CHARITABLE GIFTS OF APPRECIATED PROPERTY

Under an amendment made by the Tax Reform Act of 1969, if capital assets which have appreciated in value are given to a private foundation, the charitable deduction is reduced by one-half of the capital gain the individual would have had if he had sold the property at fair market value. This section of the bill extends this rule to gifts of appreciated property to any charity.

SEC. 304. COMPUTATION OF NET OPERATING LOSS DEDUCTION

This section of the bill overrules a decision of the Tax Court which held that a net operating loss which is carried back or forward does not have to be reduced by long-term capital gains in an intervening year if the alternative tax was paid on the capital gains. This amendment provides that capital gains are taken into account, for this purpose, in the same manner as other gains. Prior to the Court decision, capital gains have never received preferential treatment for net operating loss purposes. The amendment applies only in computing deductions for taxable years ending after the date of the enactment of the bill, but it is provided that in the case of earlier taxable years no inferences shall be drawn from the fact that the amendment does not apply retroactively.

SEC. 305. CAPITAL EXPENDITURES IN PLANTING AND DEVELOPING FRUIT AND NUT GROVES

Present law requires the capitalization of expenditures incurred in planting citrus or almond groves. This section of the bill would extend the rule of capitalization to any fruit or nut grove planted after June 30, 1971.

SEC. 306. LIMITATION ON AGGREGATE DEDUCTIONS FOR PERCENTAGE DEPLETION

This section of the bill provides that the aggregate deductions of a taxpayer for percentage depletion on oil and gas and other minerals cannot exceed one-half of the taxpayer's taxable income from all mineral properties, computed without regard to percentage depletion and as if all the properties (whether or not in production) were a single property. By comparison, Canada grants a percentage depletion deduction of ⅓ of the aggregate net income from all mineral properties, without a limitation based on separate properties. This amendment does not disturb the existing limitation that percentage depletion in the case of a mineral property cannot exceed 50 percent of the taxable income from that property. The amendment is a limitation on the aggregate of the percentage depletion deductions, first computed separately for each property.

SEC. 307. REPEAL OF CAPITAL GAIN TREATMENT FOR TIMBER AND FOR COAL AND IRON ORE ROYALTIES

This section of the bill repeals the provision of existing law which grants capital gain treatment on the cutting of timber and for coal and iron ore royalties.

SEC. 308. REPEAL OF TAX EXEMPTION FOR SHIPS UNDER FOREIGN FLAG

This section of the bill repeals the provisions of existing law which state that a non resident alien or a foreign corporation (even though 100 percent owned by a U.S. corporation or an American citizen) is not taxable on income derived within the United States from the operation of ships documented under the laws of a foreign country which grants an equivalent exemption to United States citizens or corporations.

SEC. 309. LIMITATIONS ON FOREIGN TAX CREDIT

The first amendment made by this section of the bill provides that a foreign tax credit shall not be allowed for any foreign tax on income which is excluded from the taxpayer's gross income so far as the Federal income tax is concerned. In addition, any foreign income tax paid on a gain realized by an individual or domestic corporation which is not recognized under the Internal Revenue Code would likewise be a non-creditable tax. The basic rationale for this amendment is that the foreign tax credit is supposed to eliminate double taxation on income. If the United States does not tax the income, there is no reason to give a credit for the foreign tax paid on that income by the taxpayer.

The second amendment made by this section provides that the foreign tax credit shall be subject to both the per country limitation and the overall limitation. This was the applicable rule from 1932 to 1954.

The third amendment made by this section provides three new rules with respect to the treatment of capital gains for foreign tax credit purposes. The first rule is that in computing taxable income for purposes of the per country and overall limitations, there shall be excluded any capital gain which is treated as income from sources outside the United States unless the gain is taxed by a foreign country. Most capital gains are not taxed by foreign countries and treating such capital gains as foreign income for purposes of the limitations can result in a reduction of the tax which the Federal Government receives on income of the taxpayer from United States sources.

The second new rule is that there shall be excluded, in computing taxable income for purposes of the limitations, any long-term capital gain which is from sources within the United States. This change operates only in favor of the taxpayer. Under present law, if a corporation pays a foreign tax of 48 percent on the income earned abroad, the per country limitation will not allow a full credit for the tax if there are long-term capital gains in the United States, since such gains are taxed at less than the 48 percent rate.

The third rule added by the amendment is that for purposes of the limitations the United States tax (against which credit can be taken) shall be reduced by the United States tax on any capital gain excluded from taxable income under the two rules described above.

SEC. 310. HOLDING PERIOD OF CAPITAL ASSETS

This section provides that a capital asset must be held for more than 12 months, rather than 6 months, to qualify as a long-term gain. This provision was in the Tax Reform Act of 1969 as it passed the House.

SEC. 311. GAIN FROM THE SALE OF CERTAIN PROPERTY BETWEEN RELATED PERSONS

This section expands the scope of section 1239 of the Code which now treats as ordinary income any gain on the sale of depreciable property between a husband or wife or between one individual and a corporation which is more than 80 percent owned by that individual (or by his spouse and minor children and grandchildren). Section 1239 was designed to prevent a step-up in basis of property subject to depreciation by paying only a capital gains tax on the amount of the step-up.

This amendment expands section 1239 so that it applies to sales between a trust and the grantor or beneficiary of the trust, and to sales between corporations which are component members of the same controlled group of corporations. It also covers a sale where several individuals as co-owners sell property to a corporation which they control.

The amendment also extends the scope of section 1239 to sales of land, if the land is held by the purchaser for sale to customers in the ordinary course of a trade or business. At the present time a taxpayer can sell land which he holds for investment to a wholly owned corporation for subdivision and sale to customers, and the corporation receives a step-up in basis (for purpose of computing ordinary income on sales) at a cost to the seller of only a capital gains tax. This amendment would treat the seller's gain as ordinary income.

SEC. 312. RECAPTURE ON SALE OF PURCHASE PRICE PREVIOUSLY DEDUCTED

Section 1245 now provides for recapture of depreciation previously deducted (after 1961) on personal property if the property is sold at a gain. That is, the gain to the extent of the prior depreciation deduction since 1961 is treated as ordinary income rather than capital gain.

This amendment provides the same rule of recapture if the taxypayer deducted the purchase price of the property as an expense when he acquired it. Thus, if a lawyer deducts the purchase price of periodicals and other books as he acquires them, any gain on the subsequent sale (to the extent of the amount previously deducted) would be ordinary income. Likewise, if the lawyer gave the books to a charity, the charitable deduction would be reduced by the amount of ordinary income he would have had if he had sold the books. This reduction would occur under the existing provisions of section 170(e) of the Code, taking into account the amendment of section 1245 by this section.

SEC. 313. RECAPTURE OF DEPRECIATION ON SALE OF REAL PROPERTY

This section of the bill provides that if depreciable real property is sold at a gain, the gain shall be treated as ordinary income to the extent of depreciation taken on the real estate for periods after June 30, 1963. This provides for real estate the same rules that are applied under existing law for recapture of depreciation on personal property which is sold at a gain, except that all depreciation deducted after 1961, instead of June 30, 1963, is taken into account in the case of personal property.

SEC. 314. GAIN FROM DISPOSITIONS OF CERTAIN MINERAL PROPERTIES

Under present law, a taxpayer can deduct the intangible drilling costs on a lease, and if the drilling is successful he can sell the lease and receive capital gain treatment on the entire gain. This provision would recapture as ordinary income the deduction taken for intangible drilling and development costs if they were incurred 10 years before the sale of the lease. The amendment also would apply to development expenditures deducted in the case of a mine.

The recapture provisions are similar to those now provided under section 1245. However, the amount to be recaptured for intangible drilling or for development costs would be reduced by the amount (if any) of any additional depletion deductions the taxpayer would have received if the costs had been charged to capital account.

Title IV—Amendments of minimum tax on tax preferences

SEC. 401. MINIMUM TAX

Although the Tax Reform Act of 1969 adopted a minimum tax on tax preferences, it remains possible for individuals with very high economic incomes to pay, literally, no Federal income tax. This is possible primarily because State and municipal bond interest and intangible drilling costs are not treated as tax preferences under existing law for purposes of the minimum tax. The amendments made by this section of the bill, together with section 301 of the bill which repeals the exemption for State and municipal bond interest, will insure that no one with a high income can continue to avoid payment of Federal income taxes.

This section makes a number of amendments to the existing provision of the minimum tax. First, it repeals the provision of existing law that allows regular income taxes to be deducted from the items of tax preferences.

Second, the $30,000 exemption for tax preferences is reduced by the bill to $12,000.

Third, the following items are added to the list of items which constitute tax preferences:

(1) Deduction of intangible drilling and development costs for oil and gas wells.

(2) Deduction of development costs in the case of mines.

(3) Tax-exempt interest on State and local bonds (issued before January 1, 1973).

(4) Credit allowed for foreign income taxes.

(5) Credit allowed for the investment credit on depreciable property.

(6) Deduction of charitable contributions to the extent attributable to appreciated property.

(7) The amount of farm losses.

(8) The amount of amortization for coal mine safety equipment.

Another provision is added to avoid a tax on an item of preference if the taxpayer obtained no tax benefit from the item. This provision will permit a taxpayer to elect to waive the deduction of an item of tax preference, or to treat a capital gain as ordinary income, in which case the item would not be taken into account for the minimum tax. However, such waiver can be made only at such time, and subject to such terms and conditions, as may be set forth in regulations promulgated by the Secretary or his delegate.

Finally, this section of the bill strikes from existing law the provisions which treat tax preferences attributable to foreign sources more favorably than preferences attributable to sources within the United States.

ADMINISTRATION OF THE PUBLIC LAW 480 AID PROGRAMS IN PAKISTAN AND INDIA

The SPEAKER. Under a previous order of the House, the gentleman from Arkansas (Mr. ALEXANDER) is recognized for 30 minutes.

Mr. ALEXANDER. Mr. Speaker, in recent days copies of documents have come to my attention which raise some questions about the wisdom of actions taken by some of our own executive branch officials. I wish to report to my colleagues that I have requested the Committee on Government Operations—of which I am a member—to ask the Government Accounting Office to investigate these recent activities.

Specifically, I refer to the administration of the Public Law 480 aid programs in Pakistan and India for which the Department of State, the Agency for International Development, and the Department of Agriculture have primary responsibility.

For nearly a year, I have sought the basic reasons for the administration's decision to supply large quantities of wheat and only moderate quantities of rice as emergency aid to victims of last year's cyclone and of the civil strife in East Pakistan.

Rice is basic to the diet of the people of Pakistan. It is particularly true for the people of East Pakistan. This is a fact of which those responsible for the programs have long been aware.

The people of any nation who are hungry, I am sure, would be glad to receive food aid from any friend. We in the United States have a desire to do our part to help feed the hungry people of the world. Fortunately, this great country can provide a bountiful supply of all foods that are digestible by the people of India and Pakistan.

During a conference with me last December, Pakistan's Ambassador Ahga Hilaly, reconfirmed my impression that rice is a staple in his country. He also recalled the tragic situation which developed in his nation in 1945 as a result of famine. He said that Great Britain furnished many tons of wheat as emergency aid. The Ambassador said that thousands of people died as a result of adverse physiological effects after consuming wheat to which they were not accustomed.

The Ambassador also told me that his nation expected to be short 2.3 million tons of rice during the 1970–71 crop year as a result of the poor crop yields, flood damage, and cyclone losses.

With this as background, I would like to turn to the documents which I mentioned earlier.

On July 9, 1971, the Department of State here in Washington received a cable from our Embassy in New Delhi, India. That message has been marked by the Department of State officials as for "Limited Official Use."

I would like to quote from the second paragraph of that cable. The refugees referred to are from Pakistan:

> In all recent conversations with Secretary of Food Mathrani on supplies for refugees, he expressed to Mission Director (Agriculture) Attache and others appreciation for U.S. assistance, but has stressed the need for rice and not wheat. This is based primarily on the difficulty of getting the distraught refugees in an abysmal environment to use food to which they are unaccustomed. (Parenthesis supplied.)

I would also like to quote at this time from another Department of State document. It is entitled "A Report on the Food and Transportation Situation in East Pakistan," and is dated June 3–21, 1971. Section VI of this report deals with the cyclone affected areas. Under a heading of General Situation on pages 21 and 23 is found this paragraph:

> One problem in Patuakhali is that while almost half existing stocks are rice, the district administration has received authorization to make additional distribution only of wheat. Unless authority to make addition distribution of rice—a more desired, but more expensive commodity—is received soon, relief distribution in many areas will have to be reduced in the near future.

Now, let us turn to two other documents. Both are from the Department of Agriculture's Export Marketing Service. Both set out the food grains to be supplied to Pakistan under Public Law 480 agreements with the United States. The first was signed August 6, 1971, not even a month after the arrival of the cable from New Delhi, India.

This agreement calls for the United States to supply 150,000 tons of food grains. Two-thirds of this was wheat, and a third rice.

The second USDA/EMS report deals with an agreement with Pakistan signed on September 10, 1971. It calls for the supply of 500,000 tons of food grain. Inconceivable as it may seem, every ounce of the grain involved—$30.5 million worth—is wheat.

The situations and documents I have discussed with you today raise a number of critical questions.

Why are officials of the administration apparently urging that a nation whose people are accustomed to rice, accept another commodity? I find this especially disagreeable as it comes at a time when the rice farmers of our Nation are being told the demand for their produce is diminishing at such a rate as to require new acreage allotment cuts.

Why would any administration official, charged with objectively seeking to

protect and promote the interest of all the people of our Nation, apparently give preferential treatment to a single segment of our agricultural industry?

How much money has the Federal Government put into the loans and credit purchases of wheat for Pakistan and India in the last 4 years? EMS reports which have on agreements signed with Pakistan since May 16, 1968, call for shipment of 2,722,000 metric tons of wheat. The maximum market value is listed at $156.2 million.

How much of this wheat has actually been consumed by the people for whom it was intended?

Is this a matter of favoritism in government? Would one commodity be favored over another commodity?

Is rice being discriminated against?

Wheat is a fine staple. It is one that we eat in this country, and if the people of India and Pakistan can use this commodity, I say that's fine. My basic question is whether or not the full use of American taxpayers' money which has gone into subsidy for gifts of wheat to India and Pakistan is being received?

I believe that the American people, the Congress, and the Committee on Government Operations deserve to have complete and honest answers to the questions I have raised. It is for this reason that I have asked for a complete and thorough investigation of the Public Law 480 food grain program as it relates to Pakistan and India.

BILL TO SIMPLIFY APPLICATION FOR ABSENTEE BALLOT

The SPEAKER. Under a previous order of the House, the gentleman from New York (Mr. ROBISON) is recognized for 10 minutes.

Mr. ROBISON of New York. Mr. Speaker, the 26th amendment to the Constitution promises to create an impact both at the polls and in the courts, as State balloting statutes throughout the country are being challenged to allow students to vote in their college communities. As we well know during this period of postcensus redistricting, State statutes hold the balance of power when it comes to deciding who is to represent what area, and how he is to be elected.

Yet, a brief review of the election laws of the 50 States and the District of Columbia reveals an unrelated and seemingly unending string of categories, qualifications, and requirements. And invariably the most abstruse category in the collection of these statutes is the section on absentee registration and balloting. Seemingly, no two States have agreed on when, and under what conditions, an individual is qualified to register as an absentee voter. It is no wonder, then, that when a citizen finds himself away from his home precinct or, much worse, out of his home State, he is often thoroughly confused and subdued by administrative detail when he seeks to vote by absentee ballot.

The hot tempers on either side of the student-voting issue have not sufficiently considered the fact that many voters, young and old really wish only to vote in their home precincts. And yet, on every election night our precinct workers report that 20, 30, or even 40 percent of the eligible voters they have contacted did not vote because they were not registered or had failed to register absentee. These people become the statistics in what is often considered a disgracefully high percentage of "no-show" eligible voters.

What we used to attribute to common laziness or inexplicable political apathy is now increasingly recognized as primarily a reaction to confusing and often illogical voter registration statutes. If we are to conscientiously uphold the principle that every individual has the right to vote, might we not take that proposition one step further, and adhere to the individual's right to register both for regular and absentee ballots in the simplest and most expeditious way possible?

Thus far, the single force for order, uniformity and simplicity in State absentee balloting statutes has been the "Federal Absentee Voting Assistance Act." This act recommends legislative and administrative action to the States which simplifies absentee balloting requirements for members of the Armed Forces, merchant marine, and citizens temporarily residing outside the territorial limits of the United States. Almost every State has incorporated some portion of this act into its election laws, so that persons covered by its provisions can apply for absentee registration and ballot by using a postcard format described within the Voting Assistance Act.

I am most familiar with the operation of this simplified registration procedure within the Armed Forces, and it is such an easy requirement, taking just a few minutes to complete a postcard application in the presence of an authorized witness, that one immediately asks why it remains so difficult to apply for absentee registration in most States. If students could apply for absentee registration and ballot under the simple provisions of the Voting Assistance Act, it is quite probable that their response would considerably alleviate the fears in many areas of a student political "takeover." If all citizens had access to this simplified application, voter participation—the lifeblood of our democracy—would certainly show direct and significant increases.

The bill I am introducing today can accomplish these ends. By expanding the Voting Assistance Act to include every citizen who must be absent from his or her place of voting during a primary, special or general election, we can extend the voting rights of those citizens who are now disenfranchised by the manifold and troublesome requirements of many State election laws. My proposal would similarly extend the cooperation of the Federal Government to meet the needs of every citizen who wishes to apply for absentee registration and ballot, so that the simple postcard application would be made available through various local representatives of the Federal Government.

Mr. Speaker, the Federal Absentee Voting Assistance Act, which I seek to amend, provides a clear description of the procedures now in effect for those who are qualified to register as absentee voters under its provisions. I will insert both the existing act and my proposed amendment for the information of my colleagues:

FEDERAL ABSENTEE VOTING ASSISTANCE ACT OF 1955

SUBCHAPTER I. RECOMMENDATION TO STATES

§ 1451. State enactment of absentee voting legislation.

The Congress expresses itself as favoring, and recommends that the several States take, immediate legislative or administrative action to enable every person in any of the following categories who is absent from the place of his voting residence to vote by absentee ballot in any primary, special, or general election held in his election district or precinct, if he is otherwise eligible to vote in that election:

(1) Members of the Armed Forces while in the active service, and their spouses and dependents.

(2) Members of the merchant marine of the United States, and their spouses and dependents.

(3) Citizens of the United States temporarily residing outside the territorial limits of the United States and the District of Columbia and their spouses and dependents when residing with or accompanying them.

(Aug. 9, 1955, ch. 656, title I, § 101, 69 Stat. 584, amended June 18, 1968, Pub. L. 90–343, § 1, 82 Stat. 180.)

AMENDMENTS

1968—Pub. L. 90–343 consolidated into par. (3) the provisions of former pars. (3) and (4) and, in such consolidated par. (3), substituted provisions which served to extend the recommendations to the states as to absentee voter registration so as to include citizens of the United States temporarily residing outside the territorial limits of the United States and the District of Columbia and their spouses and dependents when residing with or accompanying them for former provisions of par. (3) which served to include civilian employees of the United States and the District of Columbia and their spouses and dependents when residing with or accompanying them, whether or not subject to the civil service laws and the Classification Act of 1949, and whether or not paid from funds appropriated by Congress, and provisions of former par. (4), which served to include members of religious groups and welfare agencies assisting members of the Armed Forces, who are officially attached to and serving with the Armed Forces and their spouses and dependents.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1452, 1454 of this title.

§ 1452. Balloting procedures.

To afford ample opportunity for persons covered by section 1451 of this title to vote for Federal, State and local officials and to use the absentee balloting procedures to the greatest extent possible, it is recommended that each of the several States—

(1) accept as applications for absentee ballots under such States' absentee balloting laws, as applications for registration under such States' election laws, and as sources of information to implement State absentee balloting laws, the form of post card (when duly executed by a person covered by section 1451 of this title) provided pursuant to this chapter;

(2) waive registration of persons covered by section 1451 of this title, who, by reason of their service, have been deprived of an opportunity to register;

(3) accept the post card application provided pursuant to this chapter as a simultaneous application for registration and for ballot;

(4) if a special application is required for

registration by mail, provide that the necessary forms will be sent with the absentee ballot and may be returned with it;

(5) make provision for persons eligible to register and qualified to vote, who have been honorably discharged from the Armed Forces or have terminated their service or employment, too late to register at the time when, and at the place where, registration is required, to vote at the election next ensuing after such discharge or termination;

(6) authorize and instruct the State or local election officials, upon receipt of the post card application provided pursuant to this chapter, to mail immediately to the applicant a ballot, instructions for voting and returning the ballot, and a self-addressed envelope;

(7) provide that there be printed across the face of each envelope in which a ballot is sent two parallel horizontal red bars, each one-quarter inch wide, extending from one side of the envelope to the other, with an intervening space of one-quarter inch, the top bar to be one and one-quarter inches from the top of the envelope, and with the words "Official Election Balloting Material—via Air Mail", or similar language, between the bars; that there be printed in the upper right corner of each such envelope, in a box, the words "Free of U.S. Postage,, Including Air Mail"; that all printing no the face of each such envelope be in red; and that there be printed in red in the upper left corner of each State ballot envelope an appropriate inscription or blanks for return address of sender;

(8) provide that the gummed flap of the State envelope supplied for the return of the ballot be separated by a wax paper or other appropriate protective insert from the remaining balloting material and that there be included in State voting instructions a procedure to be followed by absentee voters, such as notation of the facts on the back of envelope duly signed by the voter and witnessing officer, in instances of adhesion of the balloting material;

(9) reduce in size and weight of paper, as much as possible, envelopes, ballots, and instructions for voting procedure;

(10) for the purposes of this chapter, authorize oaths required by State law to be administered and attested by any commissioned officer in the active service of the Armed Forces, any member of the merchant marine of the United States designated for this purpose by the Secretary of Commerce, the head of any department or agency of the United States, any civilian official empowered by State or Federal law to administer oaths, or any civilian employee designated by the head of any department or agency of the United States;

(11) include in State voting instructions express information concerning the type or types of writing instruments which may be used to mark the absentee ballot, preferably pen or indelible pencil; and

(12) provide that absentee ballots will be available for mailing to the applicant as soon as practicable before the last date on which such ballot will be counted.

(Aug. 9, 1955, ch. 656, title I, § 102, 69 Stat. 584, amended June 18, 1968, Pub. L. 90–344, § 1 (1), 82 Stat. 181.)

AMENDMENTS

1968—Cl. (10). Pub. L. 90–344 added heads of departments or agencies of the United States and civilian employees designated by the head of any department or agency of the United States to the recommended list of persons authorized to administer and attest to oaths as required by state law.

§ 1453. Statistical data.

It is recommended that each of the several States make available to the officer designated by the President under section 1461 of this title appropriate statistical data to assist him in compiling comprehensive information of operations under this chapter. (Aug. 9, 1955, ch. 656, title I, § 103, 69 Stat. 584.)

§ 1454. Personnel residing on military installations; acquisition of legal residence for voting purposes.

It is recommended that each of the several States permit any person covered by section 1451(1) of this title who is otherwise fully qualified to register and vote in the State to acquire legal residence in that State, notwithstanding his residence on a military installation, and to register and vote in local, State, and national elections. (Aug. 9, 1955, ch. 656, title I, § 104, as added June 18, 1968, Pub. L. 90–344, § 1(2), 82 Stat. 181.)

SUBCHAPTER II.—RESPONSIBILITIES OF FEDERAL GOVERNMENT

§ 1461. Presidential designee to coordinate and facilitate actions to discharge Federal responsibilities; report.

The President is authorized to designate, with provision for redelegation, the head (hereinafter referred to as the Presidential designee) of any executive department or agency to coordinate and facilitate such actions as may be required to discharge Federal responsibilities under this chapter. The Presidential designee is authorized to request from other executive departments and agencies such assistance as he deems necessary to effectuate the purposes of this chapter, and shall submit a report to the President and to the Congress in odd-numbered years. Such report shall cover the administration of Federal responsibilities authorized under this subchapter, the progress of the States in carrying out the recommendations contained in subchapter I of this chapter, statistical data relating to absentee voting, and such information as the Presidential designee may consider appropriate. (Aug. 9, 1955, ch. 656, title II, § 201, 69 Stat. 585.)

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1453 of this title.

§ 1462. Current absentee voting information.

The Presidential designee shall request, annually or more often when appropriate, each State to furnish him with current absentee voting information for such State. Such information shall include election dates, officers to be elected, constitutional amendments, and other proposals to be voted on, absentee registration and voting procedures, and other relevant data. As soon as possible after receipt of such information, he shall furnish it to the departments and agencies of the executive branch affected by this chapter. Such departments and agencies are authorized to reprint and distribute such information to the extent necessary. (Aug 9, 1955, ch. 656, title II, § 202, 69 Stat. 586.)

§ 1463. Cooperation of Government officials; drafts of state legislation; printing and transmitting of post cards.

All Government officials shall, to the extent practicable and compatible with their primary responsibilities, cooperate with the Presidential designee in carrying out the purposes of this chapter. All such officials shall, as far as practicable, take all reasonable measures to expedite, transmit, deliver, and return post cards, ballots, envelopes, and instructions for voting procedures mailed to or by persons to whom this chapter is applicable. In addition, and as requested by the Presidential designee, it shall be the duty of—

(1) the Attorney General to cooperate and advise with the Council of State Governments in the formulation of drafts of State legislation designed to implement the recommendations for State action contained in this chapter;

(2) the Administrator of General Services to cause to be printed and distributed post cards for use in accordance with the provisions of this chapter. Such post cards shall be delivered by the department or agency concerned to persons to whom this chapter is applicable for use at any general election at which electors for President and Vice President or Senators and Representatives are to be voted for. For use in such elections, post cards shall be in the hands of the persons concerned not later than August 15 before the election if they are outside the territorial limits of the United States and not later than September 15 before the election if they are inside the territorial limits of the United States. To the extent practicable and compatible with other operations, post cards shall also be made available at appropriate times to such persons for use in other general, primary, and special elections; and

(3) the Postmaster General and the heads of the departments and agencies concerned, where practicable and compatible with their operations, to facilitate the transmission of balloting material to and from persons to whom this chapter is applicable. Ballots executed outside the United States by persons to whom this chapter is applicable shall be returned by priority airmail wherever practicable, and such mail may be segregated from other forms of mail and placed in special bags marked with special tags printed and distributed by the Postmaster General for this purpose.

(Aug. 9, 1955, ch. 656, title II, § 203, 69 Stat. 586, amended June 18, 1968, Pub. L. 90–344, § 1 (3), 82 Stat. 181.)

AMENDMENTS

1968—Cl. (2). Pub. L. 90–344 substituted provisions that post cards shall be delivered and in the hands of the persons concerned not later than August 15 if they are without the territorial limits of the United States and not later than September 15 if they are within the territorial limits of the United States for provisions that such post cards, shall, wherever practicable and compatible with other operations, be made available to the persons concerned by the specified dates.

§ 1464. Form and content of post card application.

The form of the Federal post card application shall be as follows:

(a) The cards shall be approximately nine and one-half by four and one-eighth inches in size.

(b) Upon one side, perpendicular to the long dimension of the card, there shall be printed in black type the following:

Fill out both sides of card.

Post card application for absentee ballot.

State or Commonwealth of (Fill in name of State or Commonwealth).

(1) I hereby request an absentee ballot to vote in the coming election:

(General) (Primary) * (Special) election (Strike out inapplicable words)

*(2) If a ballot is requested for a primary election, print your political party affiliation or preference in this box ☐

(If primary election is secret in your State, do not answer)

(3) I am a citizen of the United States, eligible to vote in above State, and am:

a. A member of the Armed Forces of the United States ☐

b. A member of the merchant marine of the United States ☐

c. A citizen of the United States temporarily residing outside of the territorial limits of the United States and the District of Columbia ☐

d. A spouse or dependent of a person listed in (a) or (b) above ☐

e. A spouse or dependent residing with or accompanying a person described in (c) above ☐

(4) I was born on (Day) (Month) (Year).

(5) For ____ years preceding the above election my home (not military) residence in the above State has been (Street and number or rural route, etc.).

in the county or parish of _____. The voting precinct or election district for this residence is (Enter if known).

(6) Remarks:

(7) Mail my ballot to the following official address: For those assigned in the U.S.: (Unit (Co., Sq., Trp., Bn., etc.), Govt. Agency, or Office) (Military Base, Station, Camp, Fort, Ship, Airfield, etc.)

For those assigned elsewhere. (APO or FPO number).

(8) I am NOT requesting a ballot from any other State and am not voting in any other manner in this election, except by absentee process, and have not voted and do not intend to vote in this election at any other address.

(9) (Signature of person requesting ballot).

(10) (Full name, typed or printed with rank or grade, and service number).

(11) Subscribed and sworn to before me on (day, month, and year). (Signature of official administering oath).

(Typed or printed name of official administering oath).

(Title or rank, service number, and organization of administering official).

INSTRUCTIONS

A. Before filling out this form see your voting officer in regard to the voting laws of your State and absentee registration and voting procedure.

B. Type or print all entries except signatures. Fill out both sides of card.

C. Address card to proper State official. Your voting officer or commanding officer will furnish you his title and address.

D. Mail card as soon as your State will accept your application.

E. No postage is required for the card.

(c) Upon the other side of the card there should be printed in red type the following:

Fill out both sides of the card.

Free of U.S. postage including air mail.

Official mailing address.

Official election balloting material—Via Air Mail.

To: (Title of Election Official); (County or Township); (City or Township); (City or Town, State).

(Aug. 9, 1955, ch. 656, Title II, § 204, 69 Stat. 586, amended June 18, 1968, Pub. L. 90-343, §§ 1 (4)—(6), 2, 82 Stat. 181, 182.)

A BILL TO AMEND THE FEDERAL VOTING ASSISTANCE ACT OF 1955 IN ORDER TO ENLARGE THE CLASS OF PERSONS PROVIDED THE OPPORTUNITY TO VOTE IN FEDERAL, STATE, AND LOCAL ELECTIONS BY ABSENTEE BALLOT

Whereas every citizen of the United States should be able to vote in local, State, and Federal elections with the least possible hindrance; and

Whereas present State elections laws vary widely in their requirements for absentee registration and voting; and

Whereas a simplified, uniform procedure for absentee registration and balloting would greatly facilitate both administration and compliance with State absentee balloting laws,

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 101 of the Federal Voting Assistance Act of 1955 (50 U.S.C. 1451) is amended by adding at the end thereof the following new paragraphs:

"(4) Any citizen of the United States who is unable to register to vote, unable to vote, or unable to both register and vote, because—

"(A) of illness or other disability;

"(B) he resides at a location which is 10 or more miles from the nearest authorized registration or polling place; or

"(C) he is enrolled at and attending an educational institution not within his voting precinct or election district.

"(5) Any citizen of the United States who, though registered, is unable to vote because he—

"(A) is required under the tenets of his religion to attend religious services on election day, or is forbidden by such tenets to travel to a polling place on such day;

"(B) resides in a voting precinct or election district in which there will be, by operation of state law, no polling place open on election day by reason of an insufficient number of registered voters; or

"(C) expects to be absent from his voting precinct or election district on election day."

SEC. 2. Section 102 of the Federal Voting Assistance Act of 1955 is amended—

(1) by amending paragraphs (2) and (3) to read as follows:

"(2) waive registration of persons who by reason of their service (in the case of persons who are covered by section 101(1), (2), or (3)), or by any reason set forth in section 101(4) have been deprived of an opportunity to register;

"(3) accept the post card application provided pursuant to this Act—

"(A) as a simultaneous application for registration and for ballot in the case of persons covered under section 101(1), (2), or (3);

"(B) as an application for registration, or for ballot, or for both, as the case may be, in the case of persons covered under section 101(4); and

"(C) as an application for ballot in the case of persons covered under section 101 (5);".

SEC. 3. Section 204 of the Federal Voting Assistance Act of 1955 is amended—

(1) by amending the first sentence thereof to read as follows:

"(2) The form of the Federal post card application for persons covered under section 101(1), (2), and (3) shall be as follows:";

(2) by striking out "(a)" and "(b)" respectively and inserting in lieu thereof "(1)" and "(2)"; and

(3) by adding at the end thereof the following new subsection:

"(b) The Presidential designee shall determine the form and content of the Federal post card application for persons covered under section 101(4) and (5) using the form and content of the application set forth in subsection (a) of this section to the maximum extent practicable."

WE ARE ABOUT TO HAVE A SECOND-CLASS NAVY AND THIS WE CANNOT AFFORD

The SPEAKER. Under a previous order of the House, the gentleman from Florida (Mr. SIKES) is recognized for 30 minutes.

Mr. SIKES. Mr. Speaker, the subject on which I shall treat today is one of very great concern to many thinking Americans. It has to do with an important part of the defense of America—the U.S. Navy. I expect to show that the Navy, despite the best efforts of dedicated and conscientious personnel, is steadily falling behind in its capability to meet a serious threat such as that which could be mounted by the U.S.S.R. I am convinced that we are rapidly approaching the time when we shall have only the second best Navy in the world. I do not think we can afford to be second best. We are not facing up to the facts. Most of us do not even know them and maybe there are some who do not want to know the truth about our Navy's problems. I think I can show that those problems are real and I think I can indicate quite clearly what must be done to correct this dangerous course.

It will be obvious that I have called upon Defense sources for much of the material which I use. That does not alter its validity. I hope those who hear or read this will take it to heart—and act.

Americans are beset today by domestic and foreign problems which place unprecedented demands upon the energies and resources of our Government. Many issues are heavily publicized, and therefore well known to us. I want to speak to you today of a trend that is not well known and not clearly understood—the declining balance of naval strength of the United States when compared with Soviet Russia.

The military and maritime situation of the United States is changing. It is vital that we in America understand the nature and the extent of the change and its implications for the future welfare of our country.

Soviet naval and maritime power is on the increase, and it represents a new dimension in world affairs. Few Americans have sensed that it has already changed the secure viewpoint from which we have observed world affairs from 1945 until recent months.

The Soviet Union emerged from World War II as the greatest of the European land powers. When the Soviets shortly thereafter tried to capitalize on their power by acquisition of European and Middle Eastern territory, we and our allies undertook to halt the Soviet spread through a series of mutual defense agreements. NATO was the foremost of them. These agreements were backed by American industrial strength, our Navy and our nuclear power. They served to counter the Soviet thrusts and are responsible in large part for western strength and prosperity today.

They were maritime alliances in the sense that they depended upon the United States to be able to freely use the seas to support its allies and to prevent them from being encircled from the sea. Their maritime nature can best be demonstrated by considering the relative positions of our friends and our potential opponents. Almost all of our allies are overseas. Soviet allies for the most part border on Soviet territory. By the same token, the potential opponents who could threaten our naval interests are overseas, while the principal threats to their vital interests are overland.

The President noted the maritime position of the United States in 1970:

> One other point I would make briefly is this: What the Soviet Union needs in terms of military preparedness is different from what we need. They are a land power primarily, with a great potential enemy on the East. We are primarily of course a sea power and our needs, therefore, are different.

Commercially, we are also more closely oriented to the sea than the Soviets, as is indicated by comparison of seaborne trade. But note that their ocean trade is growing faster than ours.

CHART 1

SEABORNE TRADE

[Millions of long tons]

	1958	1968
United States	274	418
U.S.S.R.	26	118

Thus it has been that since World War II, the balance of world power has depended upon a series of countervailing Western alliances which in turn depended to a great extent upon the magnificent U.S. Navy which was a product of that war.

Before proceeding to a discussion of changing circumstances which are affecting the Navy, we should enumerate the functions and capabilities which we expect to be provided by our investment in a Navy:

First, in this nuclear age, it must contribute to deterrence of nuclear war.

Second, it must be able to control the areas of the sea that we wish to use.

Third, when it is our national policy to do so, it must be able to project U.S. power ashore on foreign soil and against opposition.

Fourth, in peacetime it must manifest an overseas presence demonstrating to our allies and possible adversaries that a challenge to our overseas interests or those of our allies will involve confrontation with U.S. Armed Forces.

These are the functions that we expect in a Navy. There are also four factors in today's environment which bear heavily upon our need for and our capability to perform these functions

NUCLEAR PARITY

The first of these factors is nuclear parity. Superior nuclear arms and naval strength were the military factors which tipped the balance in our favor in the 1950's and 1960's. Today, we no longer possess superiority in nuclear arms. Soviet arms are on a par with ours, and we are involved in a nuclear standoff where neither nation dares to use its nuclear capability for fear of devastating reprisal.

The main effect of this standoff is that the United States must look once again to conventional forces to provide the means of protecting our national interests. Without strong conventional forces we have only two options where our interests are threatened: engage in nuclear war, or back down.

The President had this to say about options and capabilities:

The growth of Soviet power in the last several years could tempt Soviet leaders into bolder challenges. It could lead them to underestimate the risks of certain policies. We, of course, continue to weigh carefully Soviet statements of intentions. But the existing military balance does not permit us to judge the significance of Soviet actions only by what they say—or even what we believe—are their intentions. We must measure their actions, at least in part, against their capabilities.

And I would add to this, in light of nuclear parity: The capabilities and readiness of our conventional forces are now of greater importance because for the foreseeable future it will be conventional rather than nuclear forces which will be the deciding factors where United States and Soviet interests conflict.

THE NIXON DOCTRINE

The second factor, the Nixon doctrine, is a recent major change in foreign and military policy. It stresses increased self-reliance on the part of our allies and infers reductions in overseas bases and forces. As such it contains important naval implications:

First, if we are to reduce overseas forces and bases, it is essential to the strength of our alliances that we maintain a demonstrable capability to return in force if needed.

Second, our commitments demand adequate sealift. Even with the availability of the newest cargo aircraft, over 90 percent of overseas military cargoes must travel to their destinations on the surface of the oceans. For this reason, basic to any decision to deploy U.S. forces overseas must be the assumption that we will be in control of the sea lines of communication.

Finally, we must maintain an independent U.S. capability to prevent an effective challenge to our free use of the oceans and of international air space. There will be times when we will be called upon to go it alone—Cuba was one such instance: Jordan was another.

GROWTH OF THE SOVIET NAVY

The third factor I have mentioned previously—Soviet naval and maritime expansion. Since we no longer possess nuclear superiority, Soviet naval expansion threatens to negate our sole remaining capability to support our alliances and to protect our commerce.

This Soviet naval growth can be traced directly to the Cuban missile crisis of 1962, when the weakness of the Soviet Navy forced them to back down in the face of a U.S. show of strength.

Since then, the Kremlin has allocated vast resources to naval programs. To illustrate, between 1966 and 1971, when the U.S. produced 88 combatant and amphibious ships, Soviet shipyards produced over 200.

CHART 2

UNITED STATES VERSUS U.S.S.R. GENERAL-PURPOSE NAVAL SHIP CONSTRUCTION, 1966–70

	United States	U.S.S.R.	U.S.S.R./United States (percent)
Major combatants	9	20	222
Minor combatants	28	138	490
Amphibious ships	24	10	42
Attack submarines	27	41	152
Total	88	209	237

The Soviet fleet now approaches the U.S. fleet in total numbers of combatant ships.

Two of the products of their development and shipbuilding directly threaten the ability of the United States to use the seas. These are the expanding Soviet antiship missile and submarine forces. They exist and are increasing in such quantity as to make the adequacy of our counterforces questionable.

CHART 3

GROWTH IN SOVIET MISSILE LAUNCH PLATFORMS

	1960	1970
Major missile warships	6	20
Missile patrol boats	6	160
Cruise missile submarines	0	65
Soviet naval aviation (SNA) Badger Aircraft	145	300+
Total	157	545+
Long range aviation (LRA) Bear aircraft		75

Antiship missile launching platforms have increased fourfold since 1960. The Soviet submarine force numbers over 300 attack and cruise missile submarines as compared to the 57 which the Germans had at the beginning of World War II. Not counting ballistic missile types, the Soviets passed us in total nuclear submarines in 1963.

Do you see what such naval strength means to our continued use of the seas? This is what causes our naval planners the greatest concern—not that we would lose a battle if it occurred between the two fleets; but that we could be denied the use of the seas for commerce and sealift. This could not come about without open conflict. As soon as they are reasonably sure of the outcome, the Russians are free to try a Cuba in reverse, possibly in the Mediterranean.

I might also add that the Soviets have already passed us in total number of merchant ships and are overtaking us in terms of total tonnage.

More than half of the Soviet merchant fleet is less than 10 years old—over half of ours is more than 20 years old. And the Soviet merchant fleet is centrally controlled and coordinated by the state. Therefore, it is completely responsive to foreign policy and available to bolster the navy. This is far different from our situation where there is an independent merchant marine, high operating and construction costs, and frequent labor problems.

We know that the Kremlin can pull all the elements of its maritime strength together. Just last year they conducted a worldwide naval operation, including coordinated attacks on simulated U.S. carriers, antisubmarine operations, amphibious movement and landings, and underway replenishments. These occurred simultaneously in the Atlantic and Pacific Oceans, the Seas of Okhotsk and Japan, the Barents, Norwegian, North Philippine, Mediterranean, Black and Baltic Seas.

Nowhere has the influence of the Soviet naval buildup been more markedly demonstrated than in the Mediterranean and Indian Ocean. In the Mediterranean the Soviet naval ships, now categorized as the Soviet Mediterranean Fleet, surpassed the 6th Fleet in total annual ship days within the area by mid-1969.

The increasing presence of Soviet ships has contributed to a demonstrable change in the political alinements of the region. With their maritime forces playing a major role, the Soviets have exploited the insurgency movements and the local antagonisms of the eastern Mediterranean. They have made clients of certain Arab nations. By means of these client relationships and their newly developed naval presence, they have leapfrogged NATO's southern flank and have sought to establish increasing political leverage along the African and Asian littorals of the Mediterranean. The sensitivity of the situation in the eastern Mediterranean was noted by President Nixon in his foreign policy statement on February 25, 1971, when he said:

The Middle East is heavy with the danger that local and regional conflict may engulf the great powers in confrontation.

And in the Indian Ocean a similar situation is developing. The Soviet naval presence there became continuous in 1969. Now it exceeds ours by a factor of two. Coupled with numerous port visits and displays of naval strength have been offers of technical and construction assistance to Sudan, Somalia, South Yemen, India, Ceylon, and Singapore.

For starters, the Soviets have achieved and are seeking additional base rights and privileges in the eastern Mediterranean and Indian Ocean. Their base developments have been reported in Alexandria and Mersa Matruh in Egypt; in Port Sudan; and in Berbera, Somalia. Overtures to India, Ceylon and Singapore have also been reported. In contrast, we have just been told to keep out of an Indian port. The Russians using anchorages in the vicinities of Socotra, Seychelles, Maldives and Mauritius. If they are able to acquire the bases they seek, they will be astride the oil supply lines of Europe and Japan. The volatile politics of the area are ripe for exploitation—witness the recent abortive coup in Sudan, the left wing uprising in Ceylon, and the planned withdrawal of the British from the Persian Gulf area this year. Somalia and South Yemen already have pro-Communist regimes. "East of Suez" is target for the continued expansion of Soviet influence to outflank what they perceive as their other principal adversary, Communist China. And the Soviet Navy is initially an ideal instrument for the purpose.

REDUCED NAVY RESOURCES

In the face of the Soviet naval expansion, our own Navy is encountering a reduction in strength and resources. This is the fourth of the factors I mentioned and one which inhibits restoration of a satisfactory balance of naval power.

If we express the Navy budgets of the past 11 years in terms of fiscal year 1972 dollars, the situation is easily seen. It shows that, while an estimated $3 billion per year is needed for shipbuilding to maintain our fiscal year 1971 naval strength, we did not approach that amount for 8 years. Naval budgets increased in the Vietnam years, but the increases did not cover the full annual costs of Southeast Asia operations. Consequently, shipbuilding allocations were pared down to compensate. In essence, the Navy was accepting obsolescene and eating down its stores to finance the war.

CHART 4.—U.S. NAVY BUDGETS FISCAL YEARS 1962-72
(IN FISCAL YEAR 1972 DOLLARS)

[Excludes U.S.M.C. appropriations]

Fiscal year	Navy budget (TOA)	Shipbuilding
1962	$20.9	3.4
1963	20.8	3.5
1964	19.9	2.8
1965	18.8	2.7
1966	23.4	2.4
1967	25.3	2.7
1968	23.3	1.4
1969	23.3	1.2
1970	22.7	2.7
1971	20.8	2.7
1972	21.5	3.3

Note: The replacement value of fiscal year 1971 naval forces is estimated at $75,000,000,000, predicated on a 25-year average shiplife, the annual investment in shipbuilding (exclusive of conversion) should be about $3,000,000,000.

Since fiscal year 1968, Navy budgets declined as defense matters have been accorded less precedence in national planning. This is not readily apparent, because in absolute dollars an increase of 7 percent seems to have taken place. But when the budgets are expressed in terms of fiscal year 1972 dollars to leaven the effects of inflation, a decline in buying power of 11 percent is seen.

CHART 5.—NAVY BUDGET—1965, 1968, AND 1971

[Excludes USMC appropriations]

	1965	1968	1971+
Current year (billions)	$13.7	$18.2	$19.6
Percent		100.0	107.0
Constant fiscal year 1972 (billions)	$18.8	$23.3	$20.8
Percent		100.0	89.0

The upshot of all this is that for almost a decade our naval modernization has been held back—first by a war and later by the debilitating effects of inflation.

The end result of successive reductions in annual buying power has, predictably, been reductions in naval forces. Short-term cutbacks in funding cannot be assimilated in long-term procurement, development, and capital investment programs. The Navy was forced to center its cuts in personnel and operations where the earliest return was greatest. And these reductions were, in turn, centered in the fleet because of first-year closing-out costs attendant to cutbacks in short facilities.

The effects of recent budget cuts on naval forces is demonstrated in force data comparisons between 1965—prior to the Vietnam buildup—and 1971. Since 1965, the Navy has been forced to reduce 25 percent of its ships, 20 percent of its combat aircraft, and 7 percent of its total personnel. Reflecting the inertia attached to consolidation of the shore establishment, civilian personnel of the Navy have increased by 4 percent in the period.

CHART 6.—NAVY STRENGTHS—1965, 1968, AND 1971

	1965	1968	1971
Ships	936	976	710
Percent	(100)	(104)	(75)
VF/VA/HS/VP aircraft squadrons	138	135	110
Percent	(100)	(98)	(80)
Military personnel	671,000	765,000	623,000
Percent	(100)	(114)	(93)
Civilian personnel	315,000	395,000	329,000
Percent	(100)	(125)	(104)

The combat commitments of the Navy at the time the reductions were carried out affected the nature of force reductions. Because our projection forces—carriers and amphibious—were heavily involved in Southeast Asia between 1968 and 1970, force cutbacks in those years were largely concentrated in the less committed sea control forces. Since then, in 1971, and in 1972 planning, efforts have been made by Navy planners to balance reductions between the two force categories so as to retain some sort of an overall naval balance in the face of Soviet capabilities.

But balance in depleted existing forces alone is not sufficient. New initiatives to consolidate, to simplify, and to increase force effectiveness were ordered by Admiral Zumwalt, who led off the batting order with a large list of his own. Some of these new initiatives are worthy of your attention and will give you an idea of the scope of the effort.

MULTIPURPOSE FORCES

Operational evaluations are now in process on the carrier *Saratoga* to operate strike, antiair, and antisubmarine aircraft simultaneously for prolonged periods. The concept, if successfully implemented, will increase the combat options available in our radically reduced carrier force.

Marine fighter/attack aircraft will supplement short-supply Navy squadrons on carriers. This Marine augmentation will provide welcome relief in peacetime for deployment-weary naval aviation personnel. However, in war, the Marine aircraft will return to the Marine divisions to which they are permanently assigned, leaving us with the prospect of empty decks in the early stages of a conflict until reserve squadrons are activated.

SUBSTITUTIONS

Merchant marine ships are under consideration as emergency underway replenishment ships and for rapid mobilization for sealift.

Allies are being encouraged to substitute their naval forces for ours where mutual interests are involved.

Naval reserve force readiness is being improved to provide on-call combat capability.

OFFSETS TO SOVIET CAPABILITIES

In a variety of programs:

Sensor-carrying helos are being added to surface ships to expand detection/attack ranges.

Worldwide surveillance systems are being developed and improved to partially offset smaller forces.

Antiship missile and missile defense systems are being developed under high priorities.

Secure long range communication and electronic warfare systems are being developed at an accelerated rate.

Newer and better guns, missiles, mines, and torpedoes are en route to the fleet.

Advanced ship and aircraft propulsion systems are in research and development.

And management initiatives are also being emphasized, particularly in the reduction support overhead and the retention of trained military personnel.

But all of the Navy initiatives taken together do not offset the effects of recent force reductions in the face of the onrushing Soviet naval expansion.

It is axiomatic that there is a cutoff point where mere quality of fighting forces will not suffice—where numbers are required in addition to quality. This discussion is unclassified and I am, therefore, not at liberty to elaborate. But I can assure you that adequate forces must be available in advance to sustain the first onslaught of a naval war. Following this, the surviving units must be in numbers sufficient to sustain our national effort to destroy enemy forces and to maintain movements of men and supplies overseas.

In light of the kinds of forces we need, what is the adequacy of our Navy today?

Admiral Zumwalt, in testimony before the Congress, has described our sea control forces as "high risk baseline forces from which we must build." And he noted a vastly reduced margin of adequacy in connection with naval projection forces in a war with the Soviets.

Other individuals of varying backgrounds have expressed their estimates in less restrained terms:

Raymond V. B. Blackman, editor of Jane's Fighting Ships, writing in the 1971–72 edition, says:

> The situation for the U.S. Navy is serious. By any standards, the Soviet fleet now represents the supernavy of a superpower.

The supplemental statement to the President submitted by seven members of the Blue Ribbon Defense Panel stated:

> The Soviet naval buildup . . . is a major element in the shifting balance of military power. Although not itself a direct threat to the United States (except the submarines), the new and growing Soviet naval strength affects adversely the diplomatic and economic position of the United States throughout much of the world. It also threatens an historic American policy, namely, freedom of the seas.

The Joint Committee on Atomic Energy made up of nine Senators and nine Congressmen has issued an ominous warning:

> The United States, unless it moves quickly to counter a rapidly expanding Soviet naval threat, faces a future in which it will have to surrender to the Soviets on all issues or risk nuclear annihilation. Any delay may mean "no future".

In addition to the above, foreign writings have noted the shifting balance of naval power and have expressed concern over the future of their alliances.

In my opening remarks, I said that Americans must understand the nature and extent of changes in our military and maritime situation and also their implications with regard to our welfare.

No one can foresee the future. But there are certain assumptions which can be drawn from the facts as they are known today:

For instance, it is generally considered that, so long as an approximate parity in nuclear delivery and defense systems exists between the U.S.S.R. and the United States, nuclear war is not likely between them. The awful results to the populaces of both nations would make initiation of nuclear attack an irrational act.

If we concede the irrationality of a nuclear war between the United States and the U.S.S.R., we are further drawn to hypothesize the improbability of a NATO war. Because of the enormous importance of the outcome of a NATO conflict, we have tied our nuclear commitment to NATO for the past 25 years. The likelihood of a NATO war triggering a nuclear exchange is recognized by both parties. For this reason, it is logical to assume that both parties will avoid circumstances which could lead to a NATO war.

The Kremlin may, therefore, be expected to seek to achieve its objective short of nuclear war. And, for the first time in modern history, the door is ajar for Russia to break free of the entanglements of encircling land alliances and to spread power and influence toward historical objectives in the Middle East, Asia, and even in Europe.

In the past two centuries, Russian objectives of territorial expansion were forestalled by the British, the Japanese and, most recently the U.S. fleets. Throughout the 19th century, the might of the British fleet lay behind and gave substance to a series of European land alliances which held Russia in check. The decisive defeat of the Russian fleet by the Japanese at the turn of this century prevented the earlier development of Russia as a naval power. And subsequent to World War II, the U.S. fleet has been the guarantor to ourselves and our allies that a flow of seaborne commerce and strategic material was assured and that our alliances were underwritten in naval strength.

But, to return to my previous statement—the door is ajar for the Soviets to break free. Stung by their impotency in the face of the U.S. Navy to force a successful conclusion to the Cuban missile crisis, they have forged an unprecedented naval expansion. They have chosen their weapons well. The Soviet Navy thus far is designed not to overpower us on the surface of the sea and to attack our shores, but to deny us the use of the seas and to drive us from the positions from which we support our alliances. The large Soviet submarine and missile fleets are admirably suited to the task.

The once Great British and Japanese fleets, as well as those of other allies, have declined to relative insignificance against this new threat, incapable of holding open even their own vital oil supply lines from the Middle East. But what is of inestimable importance to the success of Soviet objectives is that at the same time Americans are engulfed in a wave of introspection and neo-isolationism which has manifested itself in a reduction of nearly one-third of the U.S. fleet.

What can we expect the Kremlin to do under such circumstances?

They will avoid nuclear war.

They will continue their buildup of strategic nuclear weapons for psychological effect.

They will continue their naval expansion in blockade and missile forces.

They will attempt to capitalize on political unrest in Eurasia and Africa.

They will increase "showing the flag" and continue "gun boat diplomacy" in Eurasia and Africa.

They will foster communism worldwide through aid and subversion.

When they are ready, they will confront us with superior force in a non-NATO area like Israel or Korea and we will be forced to back down.

If I have shocked you by saying that this great Nation of ours is approaching a point where it could be faced down at sea, such was not my objective. But I feel that you must understand the situation.

In the final analysis, the Navy is the deciding military factor which enables the United States to be an international power.

This is not to belittle the vital contributions made by the other services to the combatant strength of the country. On the contrary, their contributions are willingly conceded.

But, it is the unique role of the Navy which permits the United States to be an international power. This is simply because America is an island continent.

The ability to move commerce across the earth's surface, and, if need be, to project power beyond national boundaries, are essential determinants of a nation's international importance. For the United States, both of these factors entail movement over the world's oceans.

The elements of national power are clearly understood by both our allies and our enemies. Today, our allies and the uncommitted nations of Eurasia and Africa see themselves as increasingly encircled by offshore Soviet naval might. The frequent Soviet naval exercises in the Atlantic and the continuous Soviet naval presence in the Mediterranean Sea and Indian Ocean are, in their eyes, directly related to what they discern as a growing distaste in the United States for overseas commitments.

Their natural interpretation of what they see is that they may soon be left to fend for themselves.

Their natural reaction can be expected to be an increased accommodation to Soviet power, with the attendant dissolution of NATO and the other alliances which have been held together by U.S. maritime power.

The United States would then be an island, standing alone.

It is late—very late. We are not moving to meet the threat. Congress can set the needed programs in motion.

Will we have the courage to do so?

REPORT OF SPEAKER CARL ALBERT ON AUGUST 6–21 ASIAN TRIP

(Mr. ALBERT (at the request of Mr. BOGGS) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ALBERT. Mr. Speaker, on August 6, I led a 24-Member congressional delegation on a 20,000 mile goodwill trip to the Republics of Korea, China, and the Philippines. The trip was in response to long-standing invitations from the governments of the three allied nations to visit their countries, and the August recess afforded the first opportunity to do so. Included in our party were Representatives W. R. POAGE, Democrat of Texas; MELVIN PRICE, Democrat of Illinois; WILLIAM G. BRAY, Republican of Indiana; EDWARD P. BOLAND, Democrat of Massachusetts; SILVIO O. CONTE, Republican of Massachusetts; CORNELIUS GALLAGHER, Democrat of New Jersey; DELBERT L. LATTA, Republican of Ohio; JOSEPH P. ADDABBO, Democrat of New York; RICHARD T. HANNA, Democrat of California; JOHN M. MURPHY, Democrat of New York; EDWARD J. PATTEN, Democrat of New Jersey; JAMES H. QUILLEN, Republican of Tennessee; TIM LEE CARTER, Republican of Kentucky; JOHN C. CULVER, Democrat of Iowa; ELIGIO DE LA GARZA, Democrat of Texas; JOHN J. DUNCAN, Republican of Tennessee;

THOMAS S. FOLEY, Democrat of Washington; JAMES H. SCHEUER, Democrat of New York; J. WILLIAM STANTON, Republican of Ohio; LESTER L. WOLFF, Democrat of New York; ROBERT D. PRICE, Republican of Texas; LARRY WINN, Jr., Republican of Kansas; and FRANK E. DENHOLM, Democrat of South Dakota. We were 15 Democrats and nine Republicans, representing the East, South, Midwest, and Far West, and ranging in service from an 18-termer to a freshman Member. Fifteen of the House's standing committees were represented in the delegation.

Our schedule enabled us to stop over first in Hawaii to participate in the welcoming ceremony for the Apollo 15 astronauts on their return to American soil. I was honored to be invited to deliver remarks, along with Governor Burns, Senator FONG, Senator INOUYE, Dr. Gilruth of NASA, and Admiral McCain, and I took the occasion to invite the astronauts to address the Congress at their earliest opportunity, an invitation they fulfilled on September 9 before a joint meeting in the House Chamber.

Our first stop in Asia was South Korea, where we had been invited by that country's National Assembly to renew the interparliamentary exchange initiated in 1969 when I headed a similar delegation on behalf of Speaker McCormack.

Our program in the Republic of Korea consisted of official meetings with members of the Assembly and other high Government officials. We learned immediately—as we did at every stop on our itinerary—that President Nixon's pending trip to mainland China was the major topic of concern and speculation. Our trip, which had been planned some time before the President's dramatic announcement, thus assumed an unanticipated timeliness, and editorial comment preceding our arrival in each capital centered on the hope that the delegation would offer reassurances of American support for its allies and shed light on the recent thaw in U.S. relations with the People's Republic of China. Because of this timing, our trip took on far greater significance than most such congressional factfinding visits abroad, and every Member accompanying me displayed an awareness of the importance attached to our presence in nations with which we have enjoyed such long-term friendship and mutual good relations.

In addition to formal and informal conferences with legislators in Korea, we had been invited to attend plenary session of the National Assembly. Speaker Paik Too Chin had also requested me to address that body, and the full text of my remarks follows:

It has been two and one-half years, Mr. Speaker, since we last met in this chamber. At that time too, the National Assembly was our gracious host and made our visit an unforgettable experience. That same year we in the Congress were pleased to be able to welcome a group of National Assemblymen to Washington. I mention these things partly because the remembrance of them is pleasant—they are a part of the common memory of our two legislative bodies. I mention them also because at the time of our last visit we were looking at what you had done as a people, as a nation. We were looking at the foundations you had laid in the ashes of war and in your time of national suffering. We were impressed. This time we are naturally interested in the accomplishments of Korea since our last visit. But we also want to know more about your hopes, and your aspirations as you face a less uncertain future.

On behalf of my colleagues I would like to congratulate each of you on your recent election to the National Assembly. Both our national legislatures are practical testimony to the grand concept that free men through their elected representatives should govern themselves. Too frequently this concept and the equally significant role of a free press are taken for granted by democratic peoples. They should never be so regarded by any generation. For along with the other essential institutions of democracy, they require constant and vigilant attention so that they may continue to be truly free. Much the same can be said about the role of the opposition party in the legislature. For myself and my colleagues in the Democratic Party, we seldom have to remind ourselves that a capable and watchful Republican minority sits in our midst and must be heard and, indeed, that the relative positions we occupy can be reversed very quickly. The two party system has just demonstrated vitality and a strong base in the Republic of Korea, and a vigorous minority party sits in this chamber with its government colleagues. It is incumbent upon majority and minority parties to recognize that their responsibilities to country and nation override party obligations. It is mutual respect and tolerance which gives a common bond to democratic legislative bodies around the world and makes possible the kind of exchanges our two legislatures have carried on over the past few years without regard to party. Again I congratulate you. I know this Assembly will have important business to conduct with respect to the nation's welfare and prosperity, and that it will dispose of its responsibilities in accordance with the highest traditions of representative government.

The astonishing story of Korean economic recovery is well known throughout the entire world. But while building your economy you have not forgotten the educational and social requirements of the country. A significant percent of the national budget, I understand, is now devoted to education and 30,000 students graduate from universities each year. There is a school in every village area and literacy is almost universal. Korea, which has one of the greatest population densities in the world, is taking a strong interest in family planning, and population experts from all over Asia have studied the Korean experience. I know that the continued concern for the welfare of all the people will be an important part of the work of this body as it is of any democratic legislature.

On the international scene Korea's reputation has also continued to grow. The Asian and Pacific Council which was established at your initiative is a significant multinational Asian forum. In a host of other international bodies, also, Korea's voice is heard with respect. Your diplomatic and consular representation continues to increase, a sign of Korea's enlarging interests and the skill of its diplomatic missions and consular posts.

We recognize that Korea's international interests are wider than diplomatic and commercial contacts. You continue to station some 47,000 troops in the Republic of Viet-Nam at the request of that nation. We know that you did this because you desired to help prevent a communist effort to take over an Asian state and because you desired to express your appreciation for what had been done for Korea in 1950 by the United States and the members of the international community of nations. Korea can take satisfaction in what its Armed Forces have accomplished in Viet-Nam.

It is difficult to see how your plans and goals for development can be anything but successful. You have behind you the resolution of many difficult problems. No doubt there will be others but increasingly they look to be the problems of prosperity and achievement, the kinds of problems many nations would regard with some envy. As I noted when last I stood on this platform, the United States Congress is deeply gratified that the resources they have been able to provide have been used so well by the Korean people. But your achievements are the product of Korean energy, intelligence, and perseverance. They are also the story of the close association of the Korean and American peoples. Koreans and Americans have been partners in time of war and time of peace; in adversity and prosperity. We take satisfaction from having helped provide assurance of security against another attack from the north and the military and economic assistance which enables Koreans to build up their own defenses and develop their own country. Since we were last in Korea the Republic of Korea Army has assumed complete responsibility for guarding the southern side of the 155-mile long Demilitarized Zone. For nearly 20 years troops of our two countries have stood on that line, maintaining the peace. And now as we both look with pride to Koreans manning the entire line, we know that this redeployment was accomplished without impairing your security. We hope there can be lessening of tension everywhere in the world during this decade. Particularly is it the earnest wish of my country that this be so on the Korean peninsula, and we trust that the recent reductions in our force levels in Korea will be a step in this direction. But we have no illusions about the difficulties which stand in the way. We are well aware of the hostile nature of the forces on the other side of the DMZ. I note that at the recent ROK–U.S. Security Consultative Meeting here in Seoul that Secretary of Defense Laird assured the Minister of National Defense that the United States would render prompt and effective assistance in accordance with the Mutual Defense Treaty in the event of armed attack against the Republic of Korea. That Treaty remains together with the strong armed forces of the Republic of Korea a convincing deterrent to any aggression. Your greatest asset remains, of course, a steadfast, united and confident people with courageous and intelligent leaders. You may be sure that the United States retains its concern for the security of the Republic.

We have had over the years faith in you and you have had faith in us. This has provided the basis for an enduring friendship and mutual understanding. We expect that faith and understanding to continue. Mr. Speaker, we see now in Korea a strong and loyal friend. We have been committed to the same goals. That commitment remains. We have accomplished much together. We still have much to achieve. Together, in partnership and strength we shall go forward.

We were also given a comprehensive briefing by the American Embassy staff under the direction of Ambassador William J. Porter, soon to depart to head up the American delegation at the Paris peace talks. The presentation emphasized that South Korea's economic development had allowed virtual termination of American assistance, with military support now the primary aid we offer to the Republic. The growth of Korean GNP and foreign trade were analyzed, along with the steady advance toward industrialization. We were also briefed on political problems, with emphasis on the frequent infiltration activities from North Korea.

In fact, South Korean concern over possible withdrawal of American support

was the major theme of all meetings between our delegation and Korean officials. It was impressed upon us that defense needs continue to occupy a major part of South Korea's resources and that continued American military assistance is vital to allow further economic development. Discussions also touched on the possible imposition of American trade restrictions that might limit Korea's growing export trade.

A highlight of our Korean visit was a private conversation between myself and President Park Chung Hee, following which President Park met with the entire delegation in the Blue House. President Park, now in his third term, is given much of the credit for South Korea's dramatic progress, and I had the opportunity once again to note the outstanding qualities of statesmanship which make him such an effective leader of his people and nation.

Not the least of the gestures of hospitality and friendship toward us was the awarding of an honorary Doctor of Humane Letters degree to my wife by Ewha Women's University, believed to be the largest women's university in the world and a major contributor to the nearly universal literacy of the Korean people.

Another noteworthy part of the program was a visit to the Panmunjom truce meeting site, where continuing border incidents illustrate the uneasy peace prevailing between the two Koreas. We had been advised of the deep concern over the recent withdrawal of 20,000 American troops from South Korea, but we saw the Republic of Korea Army manning the 155-mile demilitarized zone (attesting to their growing ability to defend their country from the threat from North Korea.

In both editorial comment during our stay and in talks with Republic of Korea officials we found an acceptance of the opening of dialog between the United States and mainland China but deep concern that such talks might have unforeseen effects on our relations with our South Korean allies. I expressed my own conviction that the United States would not abandon the interests of South Korea in the formulation of a new Asian foreign policy, and I feel certain that I reflect the sentiments of the entire delegation in my belief that bulwarking the security of South Korea until it attains self-sufficiency in the coming years should be a cornerstone of our policy vis-a-vis that nation. Several Members of our delegation had in fact fought with distinction in the Korean war, and their presence in South Korea as official representatives of the Congress was a reminder of our deep involvement in and commitment to the survival of the Republic of Korea.

Those of us who had been in Korea only 2 years before noticed the abundant signs of progress over that short interval. New highways, building construction, and river development—indeed South Korea's rapid advance toward modernization has been called the Miracle on the Han—were the most evident.

We were impressed not only with the economic advancement of this allied nation but also with encouraging signs that participatory democracy is a reality there. In its unicameral National Assembly of 204 seats, 89 are held by a vigorous opposition party, a clear sign of the viability of democracy and freedom in this country of 32 million people. We left with high hopes for the future of this progressive Republic, and the mutual sentiments of our meetings were summed up in a joint communique released before our departure:

The Speaker of the United States House of Representatives, Carl Albert, and a delegation from the House of Representatives visited the Republic of Korea from August 9 to 13 at the invitation of the Speaker of the National Assembly of the Republic of Korea. This was the third such meeting of parliamentarians of the United States and the Republic of Korea. The meetings were inaugurated when a United States delegation visited Korea in March 1969. This initial exchange was followed by a visit of Republic of Korea Assemblymen to Washington in July of the same year.

On behalf of the people of the Republic of Korea and the National Assembly, Speaker Paik extended a sincere and warm welcome to the U.S. Congressional Delegation.

The United States and Korean legislators held discussions and exchanged views on a wide range of subjects of mutual interest. These exchanges were beneficial and enabled each side to have a better appreciation of those matters which are of particular concern to the other.

The delegations discussed the new international developments aimed at lessening tensions in Asia. They agreed that efforts to reduce tension in the Korean Peninsula should continue to be made while recognizing the difficulties involved in view of the belligerent attitude of the North Korean communists.

Both delegations took note of the intention of the United States to seek rapprochement in Asia without abandoning old friends, and to maintain its commitments in the region.

The American delegation was impressed by the seriousness of the efforts on the part of the Government and people of the Republic of Korea to achieve a greater degree of self-reliance in the defense of their freedom. The United States delegation assured the Koreans of the intention of the United States to continue its support of these Korean endeavors.

The members of the United States delegation were greatly impressed by the progress and development evident everywhere they visited. They expressed their deep appreciation for the hospitality extended to them by the National Assembly and by the people of Korea.

Speaker Albert expressed his intention to invite a Korean delegation to visit the United States at an appropriate date.

Our next stay, in Taiwan, was brief but timely. We were the first official American delegation to visit the Republic of China since President Nixon's Peking announcement. Editorials in Taiwan's major newspapers speculated before our arrival on what light we would shed on the new administration policy toward mainland China, and they were unanimous in proclaiming opposition to the President's proposed trip while at the same time affirming their faith in continued good relations between our two nations.

The latter theme dominated the 2 days of constant meetings between our delegation and the top officials of every branch of the Nationalist Chinese Government. In addition to a detailed political and economic briefing conducted by Ambassador McConaughy at the Embassy, our program included discussions with Vice Premier Chiang Ching-kuo and other high-ranking members of the executive branch. We were also the guests of the legislative Yuan, Taiwan's counterpart to Congress, which I had been invited to address. The text of my brief remarks follows:

Mr. President, members of the Legislative Yuan of the Republic of China, my colleagues who have accompanied me:

First of all, may I express on behalf of our entire delegation our gratitude for the invitation we received several weeks ago formally, and many months ago informally, to visit your Republic.

Our invitation, both formal and informal, preceded by a considerable period the events which seem to concern you most at the present time.

We accepted your invitation to come here as friends visiting your legislative body and your Republic, and the people of your Republic, as friends. The fact that there have transpired events of which we had no knowledge at that time has not changed our purpose. We come today not to lessen, but to strengthen the friendship between the Republic of China and the United States of America.

We will not—and on this I speak as the elected leader of the people's body of the government—we will not abandon old friends.

We have treaties with, and commitments to, this Republic; we will never shirk from the responsibility of keeping them.

I do not think I need to defend the central history of my country. From the time George Washington raised his first sword, we have been in the forefront of the battle for freedom among men.

In recent decades and in the Pacific, we have a new commitment. We have a commitment not only to the obligations that we have made, not only to our national security, not only to the principles in which we believe, but to the nearly 100,000 American boys who have died for freedom on the coast of Asia since World War II.

Although it is well known in my country, and probably well known among you, that the President of the United States and I belong to different political parties, that the executive branch of the government is controlled by one of our great parties, several of whose members are in this delegation with me, the President has authorized me—at a breakfast on the day when we left the United States—to give my reassurance, and his reassurance that we will not forget our commitments and that we will not abandon old friends.

We are impressed by what we have seen. We are impressed by the fact that out of your labor and your skills you have converted an economy that was basically lagging to one with one of the strongest general growth periods found anywhere in the world during the last few years. You have converted an island with limited resources to the showplace of the world so far as economic growth and educational opportunities for your people are concerned. For this, we congratulate you.

More than that, we congratulate you on the resolution which you have shown, the character which you have displayed during the unsettled years which have followed World War II.

And may I add in conclusion, that as a fellow legislator who must be responsible to those whom he represents, and as a fellow believer in the principle of human freedom, I am grateful, as are all of my colleagues, for the hospitality which you have shown us. May our friendship endure forever.

The delegation was also honored to

meet with President and Madame Chiang Kai-shek at their summer residence near Taipei. The Generalissimo, now 84 years old, appeared to be in good health, and he articulated his country's hopes for the future by tracing Sino-American relations back to the turn-of-the-century intervention by the United States which prevented the partitioning of China by European colonial powers. We in turn affirmed American friendship for the Chinese people and our conviction that the interests of such longtime friends would not be sacrificed as a part of any new Asian policy. It was an impressive meeting with the Generalissimo, who has been on the center stage of world history for half a century and who has outlived his contemporaries—Roosevelt, Churchill, and Stalin with whom he shared the making of great decisions.

We were also impressed by the evident affluence and busy commerce in Taipei. Nationalist China's foreign trade now exceeds $3 billion a year, with an annual economic growth rate of 10 percent that enabled us to terminate American economic aid in 1965 after more than $1.5 billion in grants and loans had helped put the Republic of China on the road to self-sufficiency. What was primarily an agricultural economy two decades ago has shifted dramatically to an industrial base, with chemicals, electronics, plastics, and textiles contributing 75 percent of Taiwan's exports for a $34 million trade surplus in 1970. The vigor and confidence of the people of the Republic of China are a credit to them and the crucial factors in the country's having progressed so remarkably in such a short time.

The Nationalist Chinese were cordial and thoughtful hosts, and I am certain that my press conference departure statement summed up the sentiments of our entire delegation:

> We deeply appreciate the gracious hospitality afforded our delegation throughout our visit to the Republic of China. We are honored to have had the opportunity to meet with so many leading figures of your country and are particularly grateful for the privilege of having been received by President and Madame Chiang.
>
> Our visit here as elected representatives of the American people and your kind and courteous treatment of us demonstrate the continuing vitality and strength of the long-standing ties of friendship between our two peoples and countries. I have taken the occasion of this visit to reaffirm our full commitment to the strength of our alliance and to the active defense of freedom in Asia.
>
> We have been greatly impressed with the success of the Republic of China in building a modern, prosperous, and harmonious society. This great achievement is a tribute to the wisdom and farsightedness of your leadership. We return to the United States with renewed admiration for the dedicated leaders and people of the Republic of China and with confidence in the durability of the ties that bind us together as peoples and nations.

Our third stop on the itinerary was Hong Kong, which was included for the most authoritative briefings available in that part of the world from the China experts assigned to our consulate. We also sought information on the reputed heavy narcotics traffic through the port of this teeming commercial center, and several Members had planned a flight into Vietnam for the same purpose. Other arrangements were being made for visits to the border of China, but most of these activities were canceled out by the arrival in force of Typhoon Rose and the subsequent shutting down of most transportation services.

On August 17 we arrived at Manila International Airport where we were welcomed by my counterpart in the Philippines, Speaker Cornelio Villareal, and other government dignitaries. I found the traditional warmth and hospitality of the people of the Philippines to be as great as I remembered it from several prior visits. The fact that President and Mrs. Marcos invited some of us to be their guests in the Malacanang Palace was evidence of the closeness they still feel toward us. Alone among the countries of the western Pacific area, the Republic of the Philippines was at one time an integral part of U.S. territory.

President Marcos and the First Lady took a complete day off from their busy schedules to escort our group to historic Corregidor and Bataan, where Filipino-American relations had been cemented in blood and sacrifice, and it was especially poignant to listen to President Marcos discuss those tragic events in which he was a participant. We were accompanied on this trip by many of our host country's Senators, Congressmen, and Cabinet ministers, enabling us to cover a wide range of topics of mutual interest, including problems connected with U.S. military bases, trade agreements, and Asian political developments.

During our 3-day stay we were also shown some of the cultural projects attributed to the dedication and vision of Mrs. Marcos, a remarkable woman in her own right who is tremendously popular among the people and an invaluable asset to her husband.

We found the Republic of the Philippines to be an exemplar of the possibilities of democracy in Asia, enjoying a way of life which needs and deserves our continuing support. Their government is modeled on our own, and their liberties are patterned on the example we set during the period when the United States governed the Philippines. Thus we have an enduring legacy in this Pacific nation, probably the one country in Asia that is most like our own and which is still struggling against insurrectionary forces for its survival. Not the least of the Philippines' assets are their gracious President and First Lady whose zeal to serve their people to the best of their abilities sets a high example for us all.

We learned in the Philippines what we had in South Korea and Taiwan previously, that growing advancing nations on the periphery of the Asian mainland still rely heavily on American material and moral support. I came away convinced that any diminution of our commitment to these free emerging nations with which we have had such enduring good relations would be a tragic blow to the spread of self-determination and freedom in that part of the world. Our ongoing commitment to our friends is urgently desired and deeply needed. It is my conviction that American foreign policy vis-a-vis Asia needs to change with the times to reflect new realities in that part of the world, but that every effort must be made to maintain the diplomatic and person-to-person closeness with our allies that characterized our 2-week trip. We have no better friends anywhere in the world, and I feel that we have an abiding moral commitment to help strengthen these freedom-loving peoples who look so much to us for guidance and support. Our national interests and their are closely intertwined.

POSITIVE ACTION TO INSURE THE RETENTION OF THE REPUBLIC OF CHINA IN THE UNITED NATIONS IS ESSENTIAL.

(Mr. STRATTON asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. STRATTON. Mr. Speaker, when President Nixon, on July 15th, announced his intention to visit Red China he initiated what is in fact a very profound and very dramatic turn in American policy in Asia. Although the President said that this action was not being taken at the expense of any of our allies, the fact of the matter is that the very announcement of the trip itself constituted very severe damage to the Republic of China and its ability to retain its membership in the United Nations, and also to Japan and to the cordial relationships we have built up with Japan in the years since the end of World War II. Just the mere surprise announcement of the Peking visit served to pull the rug sharply from under Premier Sato, the strongest and most prominent pro-American political leader in Japan today, and who can only be replaced by individuals much more hostile to the United States.

Mr. Speaker, while I favor the effort to get better acquainted with Red China, and have said so on a number of occasions, I must say that as one who has been a student of Asian policy for nearly 30 years, I am greatly disturbed by the implications of what is obviously a major switch underway in our Asian policy and the consequences of some of the changes that are now occurring.

Moreover, Mr. Speaker, I am concerned because this major policy shift is taking place without any substantial discussion or debate, either here in the Congress or in the news media, and, speaking frankly, as far as I can see, it is also taking place without any clear idea in the Executive Department as to exactly where we are headed or what are likely to be the long-range implications of this policy.

As far as the Congress is concerned, the absence of debate is perhaps explained in part by the fact that at the very outset the Republican members were directed by the President to say nothing about his Chinese trip at all and they have, most of them, complied very meekly and completely. As far as the Democrats are concerned, most of the leading Democrats have long been critical of Mr. Nixon because they felt he was being too tough in dealing with the Communists anyway, so that now that he has

suddenly done an about face with respect to the Communist Chinese they find themselves blocked from saying anything critical, although I think it is obvious to almost everybody that this major switch in policy has not been carefully thought through, and in spite of its sweeping implications, is being improvised and developed on a strictly day-to-day, catch-as-catch-can basis.

A day or two after the President's announcement was made invitations were extended to a number of members of the House to meet with Dr. Kissinger to be briefed on what was projected for this tour in the Far East. But then suddenly this invitation was withdrawn—presumably because Dr. Kissinger was suffering from another stomach upset—and it has never been renewed, so that Congress remains totally in the dark as to what is projected or exactly what the administration really has in mind from a long-range point of view.

Mr. Speaker, I am not trying to be partisan or picayune in any way. As a matter of fact the record shows that I have supported the President more strongly on questions of Far Eastern military and foreign policy than probably any other member of my party in either this House or the other body. What concerns me here, however, is that we are getting into something whose depth I do not think we really appreciate and one can only remain silent under these circumstances at the peril of his country.

Consider this fact for example: here we are disrupting and perhaps permanently damaging our relationships with two very important and powerful allies, Japan and Nationalist China, with whom we have worked and cooperated for more than 25 years, and all of this in the interests of a casual and still ill-defined effort to establish some kind of harmony with a nation that not only has been a sworn enemy of ours for more than 20 years, but is still so secretive, so unpredictable, and so unstable that for the past 2 weeks it has been tied up in the throes of a grave national crisis and yet no one on the outside still has the slightest idea about what is going on. Yet simply to visit this kind of a country at some future date we are now in the process of destroying relationships that have been carefully built up and nurtured in the past. What kind of a rational swap is that, I ask?

Although our Government is already on record in support of giving the Chinese seat in the Security Council to the Communists, this agreement is part of an overall "package" resolution that also provides for retaining the membership of the Nationalist Chinese in the General Assembly, the so-called two-China policy.

Current reports from the United Nations, however, suggest that the part of the American resolution dealing with the retention of the Nationalist Chinese in the General Assembly may be in trouble. If it fails when put to a vote, then clearly the package deal is off, and we are at liberty to act as we see fit. If our persuasive efforts prove inadequate to retain the Nationalist Government in the General Assembly, we still have the power to block any change in membership in the Security Council with our veto and we certainly ought to use it.

This will help take care of the damage we have done, Mr. Speaker, to our faithful friends and allies in the Republic of China, by the announcement of our projected overtures to Peking. But what about our ally in Japan? I believe that regardless of what happens on the China question, the United States ought also to propose Japan as a new permanent member, meaning a veto power, in the United Nations Security Council.

Not only would this step be a good deal more in accord with the real situation that presently exists in Asia, but it would also have the virtue of going a major part of the way toward restoring some of the very grave damage that has occurred to Japanese-American relations since the July 15 anouncement by the President of his trip to Peking.

I believe Japan is entitled to a permanent seat on the United Nations Security Council because she is the third greatest industrial nation in the world and far more than Red China is the real Asian superpower today and in the future. The real key to peace and stability in Asia lies far more in a healthy and a productive relationship between the United States and Japan than it does in our relations with Red China.

Mr. Speaker, many persons have already pointed out the risk that we are running in having delivered two very severe blows to Japan within the past couple of months. Necessary as either one of them may have been we cannot allow our relations with Japan to deteriorate. I believe we must act and act quickly to restore those relationships, and action within the United Nations Security Council to give Japan a permanent veto power there would not only be a positive gesture toward Japan, even more helpful than the President's visit to the Emperor in Alaska, but it would also serve to restore some of the balance in the Security Council that is needed as far as Asian nations are concerned.

Under leave to extend my remarks, I include an article that appeared in the Washington Post today by Evans and Novak:

[From the Washington Post, Oct. 4, 1971]

ROWLAND EVANS AND ROBERT NOVAK—JAPAN'S OMINOUS FUTURE

TOKYO.—The most ominous development in this transition period of Japanese history is the success of Communist China, unwittingly assisted by President Nixon's sudden shifts of policy, in isolating and dividing Japan.

With astonishing speed, China has neared two primary objectives: souring the U.S.-Japanese relationship and creating internal cleavages in Japan, thereby threatening political arrangements prevailing since World War II. The short-term impact may well be Japanese accommodations with China, which is precisely what Peking wants. But the longer-term possibility has revived Japanese nationalism in a form nobody can now accurately predict.

Both the short-term and long-term prospects obviously imperil U.S. interests in the Western Pacific, pointing up the imbalance of Mr. Nixon's policies. While preoccupied with a romantic China courtship that cannot be consummated for many years, he has neglected the vital U.S. relationship with Japan. Indeed, Mr. Nixon has given precedence to China, still an undeveloped giant, over Japan, an economic superpower vastly more important than China in today's world.

Actually, China's charges of Japanese militarism are pure propaganda. Japan spends only 0.8 per cent of its gross national product on defense, and any increase would be massively unpopular here. The recent midair collision of an airliner and a military jet trainer was followed by the government banning military training flights for two months, an anti-military gesture unthinkable in Washington, Moscow or Peking.

What really underlies Premier Chou En-lai's assaults on Japan is big power rivalry. Much more quickly than Washington, Peking has perceived Japan's return as a world power. To neutralize that power, the Chinese are sowing discord between Japanese and Americans as well as between Japanese and Japanese. Washington, seemingly unaware of the high stakes game, responds by nagging Japan about textile-imports. The result here: anti-American resentment and mass demands for closer relations with China.

Accordingly, Premier Eisaku Sato, perhaps the last unequivocally pro-American post-war leader here, may lose office long before his scheduled retirement a year hence. What's more, Sato has been so damaged by China's attacks on him and by the new Nixon policies that he may be unable to name his successor. For once, Japan does not know who its next Premier will be, opening the door to potential instability unprecedented since the tragic 1930s.

The situation is underscored by Sato's recent decision, under intense Washington pressure, to co-sponsor U.S. resolutions retaining Taiwan's seat in the United Nations. Sato acted against the political consensus, highly unusual in Japan, and against the better judgment of his chosen successor, Foreign Minister Takeo Fukuda. He thereby hurt Fukuda's chances against his chief rival within the ruling Liberal Democratic Party, Pasayshi Ohira, who advocates closer ties with Peking.

In this political climate Japanese are pondering what response to make if the U.S. totally withdraws its military power from Asia. Considering the vulnerability of the densely populated Tokyo megalopolis to Chinese nuclear attack, many here feel the only choice is to accommodate to Peking's demands.

But Japan's fearful uncertainty, now a force for accommodations with China, might well change in the future to anger and a new Japanese nationalism. The danger could come when the present generation of Japanese leaders, the last with deep personal recollections of World War II, have gone.

This was vividly brought home to us when a Japanese official, assuming national guilt for the war, asserted the futility of military armaments today. His younger aide was silent until the official left, then told us: "I don't agree. Those of us under 50 do not feel guilt and do not rule out the option of rearmament, if the Americans leave the Far East."

Anti-militarist though it is now, Japan certainly has the nucleus for rearmament. The 240,000-member armed forces contain a superb officer corps. Instead of buying American, Japan is developing its own military technology, including space and civilian nuclear programs, providing the basics for nuclear missilery.

The real question is the durability of Japan's post-war democratic institutions. Will the Liberal Democratic Party and the political systems generally, their stability shaken by U.S. and Chinese policies, gradually lose the confidence of Japan? Even now, police officials say privately that they could easily handle leftist terrorists were it not for the democratic constitution imposed on Japan by the Americans—thoughts that never would have been expressed just weeks ago.

It is, then, entirely possible for Chou En-lai's anti-Japanese propaganda to become a self-fulfilling prophecy unless Washington belatedly recognizes that vastly more than textile imports are at stake here. In brief,

Japan, dwarfing China in terms of U.S. self-interest, ought to be Mr. Nixon's first priority in the Orient.

TAKE PRIDE IN AMERICA

(Mr. MILLER of Ohio asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

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 people who daily endeavor to make America great represent a conglomerate of backgrounds and family origins. One third of the Nation, or 75 million persons, identify themselves with one of seven ethnic groups. Those of English and German origin are most numerous, with each comprising about one-tenth of U.S. population. There are about 11 million foreign born living in the United States.

DEPARTMENT OF LABOR'S BUREAU OF LABOR STATISTICS REORGANIZING

(Mr. ROUSH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ROUSH. Mr. Speaker, the Washington Post carried an article stating that the administration was "reorganizing" the Department of Labor's Bureau of Labor Statistics. What that euphemism apparently means is that the experienced career economists now serving there are to be displaced by handpicked political appointees who can, apparently, construe labor data so as to reflect more perfectly the Nixon administration's rosy forecasts. In short, the administration has now decided to use the statistics coming from that division in the same vein as the man Andrew Lang described who "—uses statistics as a drunken man uses lamp posts—for support rather than illumination."

I question the value of such gerrymandered statistics from this point on. For fiscal 1972, Congress appropriated $35,500,000 for this Bureau, and there is now in the mill an administration request for a supplemental in the amount of $1,800,000. Of what value is this research if, as we now have reason to believe, the findings there are only to be used for political gain?

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. MITCHELL (at the request of Mr. BOGGS), for today, on account of official business.

Mr. BYRNE of Pennsylvania (at the request of Mr. BARRETT), for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. FRENZEL) to address the House and to revise and extend their remarks:)

Mr. ROBISON of New York, for 10 minutes, today.

Mr. MILLER of Ohio, for 1 hour, on October 6.

(The following Members (at the request of Mr. MCKAY) to address the House and to revise and extend their remarks and include extraneous matter:)

Mr. GONZALEZ, for 10 minutes, today.

Mr. SIKES, for 30 minutes, today.

Mr. MITCHELL, for 10 minutes, on October 6.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. ROUSH and to include extraneous matter.

Mr. CAREY of New York to revise and extend his remarks on H.R. 10947.

(The following Members (at the request of Mr. FRENZEL) and to include extraneous matter:)

Mr. MCCLOSKEY.
Mr. HOSMER.
Mr. HARVEY.
Mr. PRICE of Texas.
Mr. WYMAN in two instances.
Mr. SHRIVER.
Mr. GROSS.
Mrs. HECKLER of Massachusetts in three instances.
Mr. QUIE.
Mr. TALCOTT.

(The following Members (at the request of Mr. MCKAY) and to include extraneous matter:)

Mr. MITCHELL.
Mr. HARRINGTON in three instances.
Mr. GARMATZ in three instances.
Mr. SCHEUER.
Mr. RANGEL.
Mr. RARICK in three instances.
Mr. CELLER.
Mr. ECKHARDT.
Mrs. GRIFFITHS.
Mr. GONZALEZ in three instances.
Mr. PEPPER in two instances.
Mr. KARTH.
Mr. ADAMS.
Mr. DOWNING in two instances.
Mr. SYMINGTON.
Mr. DOW in two instances.
Mr. FRASER.
Mr. DONOHUE in two instances.
Mr. WOLFF in four instances.
Mr. RYAN in three instances.
Mr. JACOBS in two instances.
Mr. WALDIE in two instances.
Mr. ANDERSON of California.
Mr. MOLLOHAN in five instances.
Mr. CAREY of New York.

ENROLLED BILL SIGNED

Mr. HAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 8866. An act to amend and extend the provisions of the Sugar Act of 1948, as amended, and for other purposes.

ADJOURNMENT

Mr. MCKAY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 51 minutes p.m.), the House adjourned until tomorrow, Wednesday, October 6, 1971, 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:

1190. A letter from the adjutant general, Veterans of Foreign Wars of the United States, transmitting an audit report of the books of the quartermaster general of the VFW for the fiscal year ended August 31, 1971, pursuant to Public Law 630, 74th Congress; to the Committee on Armed Services.

1191. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders entered in the cases of certain aliens found admissible to the United States, pursuant to section 212(a)(28)(I)(ii) of the Immigration and Nationality Act; to the Committee on the Judiciary.

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. SMITH of New York: Committee on the Judiciary. H.R. 10575. A bill to amend section 2401 of title 28, United States Code, to extend the time for presenting tort claims accruing to persons under legal disability (Rept. No. 92-549). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. SMITH of New York: Committee on the Judiciary. H.R. 2828. A bill for the relief of Mrs. Rose Scanio (Rept. No. 92-544). Referred to the Committee of the Whole House.

Mr. DONOHUE: Committee on the Judiciary. H.R. 4497. A bill for the relief of Lloyd B. Earle; with an amendment (Rept. No. 92-545). Referred to the Committee of the Whole House.

Mr. SMITH of New York: Committee on the Judiciary. H.R. 4779. A bill for the relief of Nina Daniels; with amendments (Rept. No. 92-546). Referred to the Committee of the Whole House.

Mr. SMITH of New York: Committee on the Judiciary. H.R. 6739. A bill for the relief of Cpl. Michael T. Kent, U.S. Marine Corps Reserve; with an amendment (Rept. No. 92-547). Referred to the Committee of the Whole House.

Mr. FLOWERS: Committee on the Judiciary. S. 654. An act for the relief of Frederick E. Keehn (Rept. No. 92-548). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON of California:

H.R. 11084. A bill to increase the Government National Mortgage Association purchase limit in high-cost areas; to the Committee on Banking and Currency.

By Mr. ASPIN:

H.R. 11085. A bill to prohibit the transportation in other than vessels of the United States of Alaska crude oil and products made therefrom; to the Committee on Merchant Marine and Fisheries.

By Mr. ASPIN (for himself, and Mr. BADILLO, Mr. BINGHAM, Mrs. CHISHOLM, Mr. CONTE, Mr. DENT, Mr. DRINAN, Mr. GIBBONS, Mr. HALPERN, Mr. HANLEY, Mr. HECHLER of West Virginia, Mrs. HECKLER of Massachusetts, Mr. KOCH, Mr. LENT, Mr. MATSUNAGA, Mr. MORSE, Mr. PIKE, Mr. ST GERMAIN, Mr. STOKES, and Mr. TIERNAN):

H.R. 11086. A bill to prohibit the export of domestically extracted crude oil, and any petroleum products made from such oil, unless Congress first approves such exportation; to the Committee on Banking and Currency.

By Mr. BENNETT (for himself, and Mr. FISHER, Mr. FULTON of Pennsylvania, Mr. BARING, Mr. PERKINS, Mr. HALEY, Mr. FASCELL, Mr. QUIE, Mr. DENT, Mr. NIX, Mr. DANIELS of New Jersey, Mr. NELSEN, Mr. UDALL, Mr. GIBBONS, Mr. MATSUNAGA, Mr. CARTER, Mr. DUNCAN, Mr. VIGORITO, Mr. BLACKBURN, Mr. BRINKLEY, Mr. GALIFIANAKIS, Mr. BIAGGI, Mr. CHAPPELL, Mr. MCCORMACK, and Mr. BAKER):

H.R. 11087. A bill to provide Federal grants to assist elementary and secondary schools to carry on programs to teach moral and ethical principles; to the Committee on Education and Labor.

By Mr. EDWARDS of Alabama:

H.R. 11088. A bill to amend title XI of the National Housing Act to authorize mortgage insurance for the construction or rehabilitation of medical practice facilities in certain areas where there is a shortage of doctors; to the Committee on Banking and Currency.

By Mr. EDWARDS of California (for himself and Mr. DELLUMS):

H.R. 11089. A bill authorizing the Secretary of the Army to establish a national cemetery at Camp Parks, Calif., for northern California; to the Committee on Veterans' Affairs.

By Mr. FUQUA:

H.R. 11090. A bill to repeal the manufacturers excise tax on farm trucks; to the Committee on Ways and Means.

By Mr. GOODLING (for himself, Mr. DINGELL, Mr. KARTH, Mr. MCCLOSKEY, Mr. CONTE, Mr. NEDZI, and Mr. MOSS):

H.R. 11091. A bill to provide additional funds for certain wildlife-restoration projects, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. HALEY:

H.R. 11092. A bill to provide for reconveyance of the original Indian donors, their heirs, or devisees, of lands that are surplus to tribal needs, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. HALL:

H.R. 11093. A bill to amend section 403(b) of the Internal Revenue Code of 1954; to the Committee on Ways and Means.

By Mr. KEE:

H.R. 11094. A bill to amend the tariff and trade laws of the United States to promote full employment and restore a diversified production base; to amend the Internal Revenue Code of 1954 to stem the outflow of U.S. capital, jobs, technology, and production, and for other purposes; to the Committee on Ways and Means.

By Mr. MIKVA:

H.R. 11095. A bill to amend the District of Columbia Unemployment Compensation Act in order to conform to Federal law, and for other purposes; to the Committee on the District of Columbia.

By Mr. PEPPER (for himself, Mr. BEGICH, Mr. BRADEMAS, Mr. BRASCO, Mr. DELLUMS, Mr. EILBERG, Mr. FORSYTHE, Mr. HANNA, Mr. HARRINGTON, Mr. HAWKINS, Mr. HORTON, Mr. KEE, Mr. METCALFE, Mr. MITCHELL, Mr. MOSS, Mr. RANGEL, Mr. ROSENTHAL, Mr. ST GERMAIN, Mr. SCHEUER, and Mr. CHARLES H. WILSON):

H.R. 11096. A bill to promote the public welfare; to the Committee on Rules.

By Mr. PRICE of Texas:

H.R. 11097. A bill to amend section 103 of the Internal Revenue Code of 1954; to the Committee on Ways and Means.

By Mr. ROBISON of New York:

H.R. 11098. A bill to amend the Federal Voting Assistance Act of 1955 in order to enlarge the class of persons provided the opportunity to vote in Federal, State, and local elections by absentee ballot; to the Committee on House Administration.

By Mr. WALDIE:

H.R. 11099. A bill to provide for the care, housing, education, training, and adoption of certain orphaned children in Vietnam; to the Committee on the Judiciary.

By Mr. BOB WILSON:

H.R. 11100. A bill to amend the Public Buildings Act of 1959, as amended, to provide for financing the acquisition, construction, alteration, maintenance, operations, and protection of public buildings, and for other purposes; to the Committee on Public Works.

By Mr. WYATT (for himself and Mr. ESCH):

H.R. 11101. A bill to amend the Economic Stabilization Act of 1970 to permit the maintenance of prices, rents, wages, and salaries at levels contracted for prior to August 15, 1971; to the Committee on Banking and Currency.

By Mr. DELLUMS:

H.R. 11102. A bill to ban the manufacture and the military use and procurement of napalm and other incendiary weapons; to the Committee on Armed Services.

H.R. 11103. A bill to suspend the production and deployment of multiple independently targetable reentry vehicles (MIRV's), antiballistic-missile systems (ABM's), and related site construction until the conclusion of the strategic arms limitations talks (SALT); to the Committee on Armed Services.

H.R. 11104. A bill to amend the Voting Rights Act of 1965 to provide for the registration of students at the institutions of higher education where they are in attendance; to the Committee on House Administration.

H.R. 11105. A bill to amend the National Traffic and Motor Vehicle Safety Act of 1966 to require the establishment of certain standards with respect to light banks, governors, and speed-control panels; to the Committee on Interstate and Foreign Commerce.

H.R. 11106. A bill to ban from commerce toys which are copies of or resemble firearms or destructive devices; to the Committee on Interstate and Foreign Commerce.

H.R. 11107. A bill to amend section 402 of title 23 of the United States Code relating to informational, regulatory, and warning signs, markings and signals; to the Committee on Public Works.

H.R. 11108. A bill to increase servicemen's group life insurance coverage to a maximum of $50,000, to liberalize coverage under the GI life insurance programs, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. MIZELL (for himself and Mr. THOMPSON of Georgia):

H.J. Res. 914. Joint resolution authorizing the President to designate the first week in March of each year, as "National Beta Club Week"; to the Committee on the Judiciary.

By Mr. PRYOR of Arkansas:

H. Con. Res. 416. Concurrent resolution extending congratulations and greetings to the University of Arkansas on its 100th anniversary; to the Committee on the Judiciary.

SENATE—*Tuesday, October 5, 1971*

The Senate met at 9 a.m. and was called to order by the President pro tempore (Mr. ELLENDER).

PRAYER

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

Our Father God, on this International Day of Bread, we thank Thee that in the creative process fertile fields have brought forth grain and grain has been transformed into flour and flour into bread, the staff of life from the beginning even until now. We thank Thee for the bread of history, for the bread of daily ration, and for the bread of hope.

As Thou didst send manna to Thy people in the wilderness long ago so in the wilderness of this present world with its anxiety, its fear, its want, and its war, send mankind bread from heaven. May we pray as the Galilean taught "Give us this day our daily bread" and give bread to those who do not have it. While we eat the bread which sustains the body may we be fed in spirit by one who said "I am the bread of life, he that cometh to Me shall never hunger."

In the name of the Divine Provider. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Monday, October 4, 1971, be dispensed with.

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

COMMITTEE MEETINGS DURING SENATE SESSION

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

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

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations placed on the Secretary's desk, under New Reports.