The Clerk will report the remaining resolution.

The Clerk read as follows:

Resolved, That as a further mark of respect the House do now adjourn.

The resolution was agreed to.

ADJOURNMENT

The SPEAKER. Pursuant to the provisions of House Concurrent Resolution 415, 92d Congress, the Chair declares the House adjourned until 12 o'clock noon on Tuesday, October 12, 1971.

Thereupon (at 1 o'clock and 1 minute p.m.), pursuant to House Concurrent Resolution 415, the House adjourned until Tuesday, October 12, 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:

1193. A letter from the Assistant Secretary of the Navy (Installations and Logistics), transmitting notice of the proposed transfer of the 36-foot motor launch, hull No. 24690, to the Maine Port Authority, Portland, Maine, pursuant to 10 U.S.C. 7308(c); to the Committee on Armed Services.

1194. A letter from the Attorney General, transmitting a draft of proposed legislation to permit suits to adjudicate disputed titles to lands in which the United States claims an interest; to the Committee on the Judiciary.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DELLUMS:

H.R. 11146. A bill to amend the National Housing Act to authorize the insurance of loans to defray mortgage payments on homes owned by persons who are temporarily unemployed; to the Committee on Banking and Currency.

By Mr. DENT:

H.R. 11147. A bill to amend the Land and Water Conservation Fund Act of 1965, as amended, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. FRELINGHUYSEN (for himself, Mr. BIESTER, Mr. BURKE of Florida, Mr. BURTON, Mr. COTTER, Mr. COUGHLIN, Mr. DELANEY, Mr. DINGELL, Mr. FASCELL, Mr. FORSYTHE, Mr. HARRINGTON, Mrs. HECKLER of Massachusetts, Mr. HICKS of Washington, Mr. MAILLIARD, Mr. NIX, Mr. PEPPER, Mr. RANGEL, Mr. REES, Mr. ROE, Mr. SARBANES, Mr. SAYLOR, Mr. STOKES, and Mr. WYMAN):

H.R. 11148. A bill to provide a system for the regulation of the distribution and use of toxic chemicals, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HAMILTON:

H.R. 11149. A bill to impose an excise tax on automobiles based on their horsepower and emission of pollutants, for the purpose of financing programs for research in, and Federal procurement of, low-emission vehicles; to the Committee on Ways and Means.

By Mr. HANLEY (for himself, Mr. BRASCO, Mr. UDALL, Mr. CHARLES H. WILSON, Mr. GALIFIANAKIS, Mr. MATSUNAGA, and Mr. MURPHY of New York):

H.R. 11150. A bill to amend title 5, United States Code, to protect civilian employees of the executive branch of the U.S. Government in the enjoyment of their constitutional rights, to prevent unwarranted governmental invasions of their privacy, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. HANNA:

H.R. 11151. A bill to amend the Internal Revenue Code of 1954 to provide a tax credit for the expansion of employment; to the Committee on Ways and Means.

By Mr. McMILLAN:

H.R. 11152. A bill to authorize the Commissioner of the District of Columbia to permit certain improvements to a business property situated in the District of Columbia; to the Committee on the District of Columbia.

By Mr. RONCALIO:

H.R. 11153. A bill to amend the Wild and Scenic Rivers Act of 1968 by designating a river and its tributaries in the State of Wyoming for potential addition to the national wild and scenic rivers system, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. SISK (for himself, Mr. COLLINS of Illinois, Mr. FISH, Mr. GUDE, Mr. HALPERN, Mr. HAWKINS, Mr. HAYS, Mr. MADDEN, Mr. MARTIN, Mr. MAYNE, Mr. MEEDS, Mr. MOSS, Mr. OBEY, Mr. PERKINS, Mr. REES, Mr. ROSENTHAL, Mr. TALCOTT, Mr. UDALL, and Mr. VAN DEERLIN):

H.R. 11154. A bill to amend the act entitled "An act to protect trade and commerce against unlawful restraints and monopolies", approved July 2, 1890; to the Committee on the Judiciary.

By Mr. TEAGUE of Texas:

H.R. 11155. A bill to amend title 38 of the United States Code to liberalize the provisions relating to payment of pension, and for other purposes; to the Committee on Veterans' Affairs.

H.R. 11156. A bill to amend title 38 of the United States Code to liberalize the provisions relating to payment of pension, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. SMITH of Iowa:

H.J. Res. 922. Joint resolution to direct U.S. officials to take the necessary action to establish certain rights of migration for citizens of any country; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 4 of rule XXII,

274. The SPEAKER presented a Memorial of the Legislature of the State of California, relative to establishment of a national park in the area of the Santa Monica Mountains and the shores and waters of the Santa Barbara Channel and Santa Monica Bay, which was referred to the Committee on Interior and Insular Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. VEYSEY:

H. Res. 640. Resolution to refer the bill (H.R. 10477) entitled "A bill to clear and settle title to certain real property located in the vicinity of the Colorado River in Riverside County, California" to the Chief Commissioner of the Court of Claims; to the Committee on Interior and Insular Affairs.

By Mr. CHARLES H. WILSON:

H. Res. 641. Resolution to refer the bill (H.R. 10478) entitled "A bill to clear and settle title to certain real property located in the vicinity of the Colorado River in Imperial County, California" to the Chief Commissioner of the Court of Claims; to the Committee on Interior and Insular Affairs.

SENATE—*Thursday, October 7, 1971*

The Senate met at 10 a.m. and was called to order by the President pro tempore (Mr. ELLENDER).

PRAYER

The Reverend Clement Ockay, pastor, St. Joseph's Roman Catholic Slovak Church, Bayonne, N.J., offered the following prayer:

God saw all He had made, and indeed it was very good.—Genesis 1: 31.

Almighty God, You created, brought into existence from nothing, the universe and everything in it. You created man as the master of the visible creation and gave him, as our Founding Fathers so wisely noted, the right to life, liberty, and the pursuit of happiness.

Since we cannot conceive of Your bringing into existence anything that is not good, everything in this universe, since it was brought into existence by You, is good and Your plan for its use is good. Evil, then, is the misuse, the abuse of a good thing—evil is the misuse, the abuse of Your creation.

Man, however, is the only creature on earth that has free will and, therefore, can choose to misuse or abuse Your creation and cause evil. You guide man in the use of Your creatures by his voice of conscience and by the directions and decisions of Your religious and secular spokesmen.

This august body, the U.S. Senate, has as its prime objective the determination and declaration of Your plan for the use of Your creatures.

As we open today's deliberations we humbly ask You, our Creator and Guide, to inspire with Your divine spirit these our Senators so that their decisions may coincide with Your plans—plans that envision our attainment of relative happiness here on earth in preparation for the perfect happiness that we are destined to enjoy with You in the next life forever. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of

Wednesday, October 6, 1971, be dispensed with.

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

ADJOURNMENT OF THE HOUSE FROM OCTOBER 7 TO OCTOBER 12, 1971

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Chair lay before the Senate a message from the House of Representatives on House Concurrent Resolution 415.

The PRESIDENT pro tempore laid before the Senate House Concurrent Resolution 415, which was read by the assistant legislative clerk, as follows:

H. CON. RES. 415

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

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to its immediate consideration.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the concurrent resolution was considered and agreed to.

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 on the Executive Calendar, beginning with Calendar No. 284 but not including Calendar No. 295.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDENT pro tempore. The nominations, on the Executive Calendar, beginning with Calendar No. 284 but not including Calendar No. 295, will be stated.

FEDERAL MARITIME COMMISSION

The second assistant legislative clerk read the nomination of Clarence Morse, of California, to be a Federal Maritime Commissioner for the term expiring June 30, 1976.

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

DEPARTMENT OF DEFENSE

The second assistant legislative clerk read the nomination of Dudley C. Mecum, of Massachusetts, to be an Assistant Secretary of the Army.

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

U.S. ARMY

The second assistant legislative clerk proceeded to read sundry nominations in the U.S. Army.

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

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

U.S. NAVY

The second assistant legislative clerk proceeded to read sundry nominations in the U.S. Navy.

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

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

DEPARTMENT OF COMMERCE

The second assistant legislative clerk read the nomination of Harold B. Scott, of Connecticut, to be an Assistant Secretary of Commerce.

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

NOMINATIONS PLACED ON THE SECRETARY'S DESK—IN THE ARMY, IN THE NAVY, AND IN THE MARINE CORPS

The second assistant legislative clerk proceeded to read sundry nominations in the Army, in the Navy, and in the Marine Corps, which had been placed on the Secretary's desk.

The PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc; and, without objection, the President will be immediately notified of the confirmation of these nominations.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

A GOOD IDEA FROM TIME MAGAZINE

Mr. SCOTT. Mr. President, I congratulate Time, Inc., for its continuance of a policy of inviting from abroad prominent and leading industrialists in high executive positions in their countries to come to the United States and discuss the relationship of their problems to ours.

These are men of the highest responsibility. In the course of their meetings in this country, they met during the past several days in New York, and at Dartmouth College in Hanover, N.H.; and this morning they met with the distinguished majority leader and myself here in the Capitol for a most interesting exchange of views.

Mr. President, I ask unanimous consent to have printed in the RECORD a list of those who were present.

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

BREAKFAST, THURSDAY MORNING, OCTOBER 7, 1971, SPONSORED BY TIME, INC.

Senator Mike Mansfield, Senator Hugh Scott.

ENGLAND

Sir Eric Drake, C.B.E., Chairman and Managing Director, British Petroleum Company, Ltd.

Sir Reay Geddes, K.B.E., Chairman, Dunlop Holdings Ltd.

Evelyn de Rothschild, Director, N. M. Rothschild & Sons Ltd.

Sir Arthur G. Norman, K.B.E., D.F.C., Chairman, The De La Rue Company, Ltd.

GERMANY

Dr. Paul Dax, Executive Vice President, Siemens A.G.

Mr. Eberhard von Kuenheim, Chairman of the Executive Board, Bayerische Motorenwerke A.G.

Dr. Joachim Zahn, Chairman of the Executive Board, Daimler-Benz A.G.

Dr. F. Wilhelm Christians, Member of the Executive Board, Deutsche Bank A.G.

Dr. Konrad Henkel, President, Henkel & Cie.

FRANCE

Georges Galichon, Chairman of the Board, Air France.

Alain Chevalier, Managing Director, Moët-Hennessy.

BELGIUM

Comte René Paul Boël, Honorary President, Solvay et Cie.

Baron Edouard-Jean Empain, Chairman, Electro-Rail, S.A.

Fernand Josef Collin, Chairman of the Board, Kredietbank, N.V.

SWITZERLAND

Giuseppe Bertola, Member of the Board, Brown Boveri & Cie.

Dr. Alfred Schaefer, Chairman of the Board, Union Bank of Switzerland.

Pierre Waltz, General Director, Société Suisse pour L'Industrie Horlogère.

NETHERLANDS

Alfred H. Heineken, President of the Board of Managing Directors, Heineken Breweries, Inc.

IR. Frederik J. Philips, President of the Supervisory Board, N. V. Philips' Gloeilampenfabrieken.

Dr. Gerrit van der Wal, President, KLM Royal Dutch Airlines.

Gerrit A. Wagner, C.B.E., President, Royal Dutch Petroleum Company.

SWEDEN

Pehr Gustaf Gyllenhammar, Managing Director, AB Volvo.

Folke Lindskog, Chairman, AB Svenska Kullagerfabrieken.

ITALY

Arv. Unberto Agnelli, President, Fiat.

Count Theo Rossi di Montelera, Chairman, Martini & Rossi.

Ing. Nino Rovelli, Managing Director, Societá Italiana Resine Sp. A.

AUSTRALIA

Sir Ian Potter, Chairman, Time-Life Australia (PTY Ltd.)

TIME INC. GUESTS

Ralph Davidson, Associate Publisher, Time Magazine.

Hedley Donovan, Editor-in-Chief, Time Inc.
Murray Gart, Chief of Correspondents, Time Inc.
Henry A. Grunwald, Managing Editor, Time Magazine.
Andrew Heiskell, Chairman of Board, Time Inc.
Henry Luce III, Publisher, Time Magazine.
James R. Shepley, President, Time Inc.
John L. Steele, Senior Correspondent, Time-Life News Service.
Robert W. Ankerson, Public Affairs Director, Time Magazine.
John Austin, News Service, Time-Life.
Charles Bear, Vice President, Time Inc.
Mrs. Irina Bagration, Public Affairs, Time.

HUGH SCOTT STAFF

Bob Hetherington, Martin Hamberger.

ORDER OF BUSINESS

The PRESIDENT pro tempore. Under the previous order, the distinguished Senator from Florida (Mr. CHILES) is now recognized for not to exceed 15 minutes.

(The remarks of Mr. CHILES when he introduced S. 2666 are printed in the RECORD under Statements on Introduced Bills and Joint Resolutions.)

ORDER OF BUSINESS

The PRESIDENT pro tempore. Under the previous order, the Senator from Wisconsin (Mr. PROXMIRE) is recognized for not to exceed 15 minutes.

(The remarks of Mr. PROXMIRE when he introduced S. 2667 are printed in the RECORD under Statements on Introduced Bills and Joint Resolutions.)

TRANSACTION OF ROUTINE MORNING BUSINESS

The PRESIDENT pro tempore. Under the previous order, the Senate will proceed to the transaction of routine morning business for 30 minutes, with a 3-minute limitation on statements therein.

Is there morning business?

BALANCED VIEW OF SOVIET THREAT—ORR KELLY ARTICLE

Mr. PROXMIRE. Mr. President, in the Washington Star for Tuesday, October 5, 1971, Mr. Orr Kelly who is the Star's chief expert on military matters, wrote a very balanced, thoughtful, and objective piece on the strategic relationship between the United States and the Soviet Union. I say this with some feeling, because Mr. Kelly has been very critical of me in the past, and I am sure he will be in the future. But I thought this was an excellent article.

The article was entitled "React Calmly to the 'Red Menace.'" Mr. Kelly cites a number of examples where the press has given unwarranted attention to certain recent Soviet developments. He warns against a sudden public demand to do something about the Russians and then gives this advice:

A much more rational approach—but one that demands continuing public and congressional attention—is to react calmly and cautiously to Soviet defense efforts, with the full realization that the balance of arms between the two superpowers is an extremely complex affair and that the arms race, if indeed it is a race, has more the rhythm of a minuet than of a 100 yard dash.

Mr. Kelly is no dove or unilateral disarmer or antimilitarist. Neither are those of us who have been critical of Pentagon waste and profligacy. Too often the Pentagon defenders make that mistake in their superficial judgments of our motives.

What is important is that we keep this country strong and free. We must recognize that the Soviet Union is a real antagonist and a real threat to the security of the United States and the free world. But we must not react to her real threats in a stupid or hysterical manner. It is as bad to overestimate her strength as it is to underestimate her strength. In the long run our security depends not only on our military weapons, but the strength of our economy to produce, on the health and welfare of our people, and the skills and productivity of our industries and our people.

What we need then are cool, cold, precise assessments of Soviet strength. Our calculations about both the size and composition of our defense forces should be made on the basis of the facts rather than on superficial considerations. Among the latter are the waste and stupidities involved in the military politics of making certain that all three services have a roughly equal role in the strategic deterrent, when it is now clear that manned bombers will shortly be obsolete as weapons to deliver strategic warheads directly over enemy targets, and that our land-based intercontinental ballistic missiles are becoming more and more vulnerable. While I do not want to engage in the oversimplistic answers which Mr. Kelly rightly abhors, it is important to point out that at this point in time our underwater strategic deterrent is invulnerable and that a wise policy would emphasize those strategic deterrent forces which are invulnerable and deemphasize those which are becoming highly vulnerable.

Among the additional superficial considerations and arguments used to support excessive military spending is the argument that "jobs" are at stake. The needs of this country are so great that any policy which continues to build obsolete military weapons instead of transferring funds either to workable weapons or to unmet civilian needs is an unworthy and unworkable one.

I commend Mr. Kelly's article to the readers of the CONGRESSIONAL RECORD for its balance and its good sense. I ask unanimous consent that it be printed in full at this point in the RECORD.

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

REACT CALMLY TO THE "RED MENACE"
(By Orr Kelly)

The current wave of antimilitarism and overemphasis on the costs of defense has barely reached its peak. And yet there already are ominous signs of the next wave—a sudden awakening to the Red Menace.

The signs so far are rather slim, but there they are just the same.

Life magazine, rather dovish in recent years, gave considerable attention to a report on recent Soviet military developments. The New York Times, even more dovish, gave front-page treatment to a story on a new Russian bomber—the same bomber no one got excited about when the late Rep. L. Mendel Rivers was talking about it two years ago.

The news media gave unwarranted attention to the recent report of the Institute for Strategic Studies when it reported—as Pentagon officials had done six months earlier—that the Soviet Union now has substantially more land-based missiles than the United States.

The obvious danger in this kind of thing is that there may be a sudden public demand to do something about the Russians.

A much more rational approach—but one that demands continuing public and congressional attention—is to react calmly and cautiously to Soviet defense efforts, with the full realization that the balance of arms between the two superpowers is an extremely complex affair and that the arms race, if indeed it is a race, has more the rhythm of a minuet than a 100-yard dash.

Here, to provide some perspective, is an outline of the way the Soviets stack up against the United States:

Strategic forces. The Soviets are well ahead of the United States in numbers of land-based nuclear missiles—1,550 to 1,068—with a very substantial lead in nuclear megatonnage. The United States is ahead in numbers of warheads, especially in the new independently targetable technology, and in numbers of bombers. The United States also is well ahead in numbers and quality of strategic missile submarines. While the Soviets have now deployed about 20 such subs, the United States has long had a fleet of 41 and is converting 31 of them to carry a much more advanced multiple-warhead missile.

The Soviets apparently have finished work on their older SS9 and SS11 missiles and are deploying a modified version of the older weapons or a new family of strategic weapons. Exactly what the Russians are up to is still in doubt here.

Conventional forces. The Soviet Union has a large standing army and large reserve forces. The invasion of Czechoslovakia showed they are able to move rapidly with impressive coordination—but it also showed that, if there had been resistance or if the operation had continued for a few more days, the Soviet forces would have run out of food and fuel.

Much of the Soviet force is oriented toward China, but the United States considers the total force in computing the possible threat to Western Europe. In comparing the forces of the two sides, the amount the Russians devote to what they consider the threat from China probably should be deducted in the same way the United States tends to subtract the amount being spent in Southeast Asia.

Naval forces. The Soviet navy has grown rapidly in recent years, both in numbers and in quality. Because of its geographic situation, the Soviet Union is forced to maintain four essentially separate fleets, so it is not surprising that it should feel the need for a large navy. The difficulty for U.S. defense planners is that, even if these ships are being built exclusively for defense purposes, they could, if concentrated properly, also form a major offensive threat.

Homeland defense. The Russians have been traditionally defense-minded—apparently believing that the best defense is a good defense. They have built an antiballistic missile system of questionable value to defend the western industrial and population centers of their nation. They have deployed 10,000 surface-to-air missiles—in such profusion that some U.S. experts think they are intended to be part of a more elaborate ABM system. And they have built thousands of short-range interceptor planes.

All of this could be simply defensive. But it also could be part of an elaborate plan to gain world domination—by nonmilitary means if possible; by arms if necessary. Whatever it is, it has not happened so suddenly as to demand a sudden spasm-like response from the United States.

Research and Development. This is the area in which something could happen suddenly. There is a major debate among scientists over the level of Soviet R&D effort. But all the estimates indicate that it is substantial and, given the shield of secrecy behind which Soviet scientists work, it certainly is capable of producing some surprises. The debate is over how big they may be and how many.

The Russians are neither 10-foot giants nor 3-foot pygmies. They are somewhere in between—precisely where, we are not quite sure.

One thing that really would help avoid the dangers of overreaction to some Soviet development—or supposed development—would be for Russia to tell us as much about their arms, their strategies and their intentions as we tell the world about ours. But that's certainly too much to hope for.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum and yield the floor.

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

The second assistant legislative clerk proceeded to call the roll.

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

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed a 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, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following joint resolutions, in which it requested the concurrence of the Senate:

H.J. Res. 915. Joint resolution making a supplemental appropriation for the Department of Labor for the fiscal year 1972, and for other purposes; and

H.J. Res. 916. Joint resolution making further continuing appropriations for the fiscal year 1972, and for other purposes.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills:

S. 646. An act to amend title 17 of the United States Code to provide for the creation of a limited copyright in sound recordings for the purpose of protecting against unauthorized duplication and piracy of sound recording, and for other purposes;

S. 932. An act to amend title 13, United States Code, to provide for a revision in the cotton ginning report dates; and

H.R. 9634. An act to change the name of the "Nebraska National Forest," Niobrara division, to the "Samuel R. McKelvie National Forest."

The enrolled bills were subsequently signed by the President pro tempore.

The message communicated to the Senate the intelligence of the death of Hon. JAMES G. FULTON, late a Representative from the State of Pennsylvania, and transmitted the resolutions of the House thereon.

HOUSE BILL AND JOINT RESOLUTIONS REFERRED

The following bill and joint resolutions were severally read twice by their titles and referred, as indicated:

H.R. 10947. An act to provide a job development investment credit, to reduce individual income taxes, to reduce certain excise taxes, and for other purposes; to the Committee on Finance.

H.J. Res. 915. Joint resolution making a supplemental appropriation for the Department of Labor for the fiscal year 1972, and for other purposes; and

H.J. Res. 916. Joint resolution making further continuing appropriations for the fiscal year 1972, and for other purposes; to the Committee on Appropriations.

The PRESIDENT pro tempore. Is there further morning business?

QUORUM CALL

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

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

The second assistant legislative clerk proceeded to call the roll.

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

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

DISAPPROVAL OF PRESIDENT'S PAY ADJUSTMENT PLAN—UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when Senate Resolution 169 is laid before the Senate at the conclusion of morning business, the time be equally divided between the distinguished Senator from Utah (Mr. Moss) and the distinguished Senator from Hawaii (Mr. FONG), the time to be 1 hour on each side, under the law.

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

QUORUM CALL

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

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

The second assistant legislative clerk proceeded to call the roll.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ELLENDER, from the Committee on Appropriations, without amendment:

H.J. Res. 916. Joint resolution making further continuing appropriations for the fiscal year 1972, and for other purposes (Rept. No. 92-391).

By Mr. MAGNUSON, from the Committee on Appropriations, without amendment:

H.J. Res. 915. Joint resolution making a supplemental appropriation for the Department of Labor for the fiscal year 1972, and for other purposes (Rept. No. 92-392).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. CHILES:

S. 2666. A bill to provide special advisory and counseling assistance to veterans at institutions of higher education and to authorize, on a trial basis, a special program to aid veterans with academic deficiencies to gain entrance to institutions of higher education. Referred to the Committee on Veterans' Affairs.

By Mr. PROXMIRE:

S. 2667. A bill to establish a Wage-Price Review Board to promote wage and price stability with maximum reliance upon voluntary compliance by the various sectors of the economy in furtherance of the national interest. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. PROXMIRE:

S. 2668. A bill to assist in the provision of housing for low- and moderate-income families by authorizing FHA mortgage insurance and VA guaranteed and direct loans for modular or industrialized housing meeting applicable code requirements but having less living space than is required under existing programs administered by the Department of Housing and Urban Development and the Veterans Administration. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. BELLMON:

S. 2669. A bill to amend the Social Security Act so as more effectively to assure that certain children, who have been abandoned by a parent, will receive the support and maintenance which such parent is legally required to provide, and otherwise to enforce the duty of parents to provide for the support and maintenance of their children. Referred to the Committee on Finance.

By Mr. GRAVEL:

S. 2670. A bill for the relief of Juan Clemente Hernandez. Referred to the Committee on the Judiciary.

By Mr. CHURCH (for himself and Mr. JORDAN of Idaho):

S. 2671. A bill to amend section 8c(2) of the Agricultural Adjustment Act, as reenacted by the Agricultural Marketing Agreement Act of 1937 and subsequent legislation, so as to make potatoes for freezing, canning, and other processing subject to marketing orders; and

S. 2672. A bill to permanently exempt potatoes for processing from marketing orders. Referred to the Committee on Agriculture and Forestry.

By Mr. THURMOND:

S. 2673. A bill to amend section 1086 of title 10, United States Code, to permit a retired member of the uniformed services the right to elect whether he will receive health benefits under such section or under part A of title XVIII of the Social Security Act when he qualifies for benefits under both. Referred to the Committee on Veterans' Affairs.

By Mr. ANDERSON:

S. 2674. A bill to remove a cloud on the title to certain lands located in the State of New Mexico. Referred to the Committee on Interior and Insular Affairs.

By Mr. RANDOLPH (for himself, Mr. WILLIAMS, Mr. BYRD of West Virginia, and Mr. HARTKE):

S. 2675. A bill to amend certain provisions of the Federal Coal Mine Health and Safety Act of 1969 relating to payment of black lung benefits. Referred to the Committee on Labor and Public Welfare.

By Mr. GRIFFIN:

S.J. Res. 164. Joint resolution proposing an amendment to the Constitution of the United States relating to the assignment and transportation of pupils to public schools. Referred to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. CHILES:

S. 2666. A bill to provide special advisory and counseling assistance to veterans at institutions of higher education authorize, on a trial basis, a special program to aid veterans with academic deficiencies to gain entrance to institutions of higher education. Referred to the Committee on Veterans' Affairs.

Mr. CHILES. Mr. President, I am today introducing a bill to create a veterans educational advisory and assistance program. I was extremely sorry to learn that the House conferees on the draft bill deleted my amendment adopted by the Senate to H.R. 6531. This amendment contained the provisions of the legislation I am introducing today.

There was some concern that this particular amendment be struck from the conference report. That concern as expressed by the House conferees was that the proposal should have the benefit of public hearings in both Houses. I trust and hope that their position was sincere.

I am now offering my proposal as a separate bill, in the hope that Congress will deal with the facts of the situation. The fact is, 1 million veterans a year have been returning to civilian life. These young men, many of whom faced enemy fire in Vietnam and many of whom show the scars and wounds of this military action, are being dumped on a market with an excess of 6-percent unemployment. The fact is that the unemployment rate of veterans is considerably higher than civilians in the same age group. Colleges and universities are finding veteran enrollments increasing, with inadequate counselors to fill their needs. Men who have served this great country of ours, who have the desire but not the full academic requirements to enter college, are being forced to join the ranks of the unemployed.

Unfortunately, the fact is, if a cycle of disadvantagement and unemployment exists before military service, the 1 million men separating from the service each year seem to perpetuate that vicious cycle. Middle- and upper-middle class individuals, more likely to have obtained college deferments for 4 years or longer, often escaped the draft entirely. If they served at all, generally it was in a special, technical field, not in actual combat. But the more disadvantaged men were usually drafted into combat ground or support units, the infantry, the Marine Corps. When the men return to civilian life, the more advantaged have less difficulty obtaining employment. The less advantaged encounter great difficulty and often become embittered about their experience in this unpopular war. Worst of all, they become frustrated with society's lack of interest in them and in their problems. Their greatest skill is often violence—a danger not only to themselves, but also to society.

My amendment to the draft bill, which my colleagues accepted many weeks ago by amendment to the draft bill, would seek to turn these facts around by producing a plan to assist these men. It is my sincere hope that the Senate Veterans' Affairs Committee will consider this new proposal and conduct hearings. This type of legislation is long overdue. It is needed. Now is the time when we must give our help—not later when the vast majority of these men have given up any hope.

We have the opportunity to help these men, to give them educational guidance, counseling, and academic direction. Both the executive and legislative branches have recommended that much more be done for the veteran. We have the opportunity to secure educational benefits for the veteran to encourage him to continue his education.

On many campuses, aside from a minimal handling of GI bill paperwork, the registrar's office deals with veterans already enrolled or soon to be enrolled because they meet college requirements. These local offices on college campuses have no authority to deal directly with the Veterans' Administration. Their only function is to answer questions and attempt to direct student veterans with specific problems to the proper office or agency for assistance.

Though a special obligation to veterans has always been recognized by the American people, still there has been no concentrated effort on the part of the Executive or the Congress to deal with their unique problems.

This is especially true with respect to the veterans from the Vietnamese war. We had much more concern for the world war, the cold war, and the Korean war veterans. But somehow the veterans from the Vietnamese war have become victims of that war.

In addition to the problem of physical handicaps, the Veterans' Administration estimates that seven times more veterans than those who are disabled and entitled to compensation carry the invisible handicaps of inadequate or defective education and training.

Using a measure of a lack of a high school education, 16 percent of the Vietnam veterans now being released from service are educationally disadvantaged. They do not have the benefit of a high school education. And yet even this percentage does not reflect the full measure of veterans with educational deficiencies.

Ironically, participation in the GI bill education benefits is inverse to need according to available survey data. Almost 50 percent of the veterans with some college education at the time of discharge seek to upgrade their education under the GI bill. Yet those with serious education deficiencies show a participation rate as low as 10 percent.

Those who really have the advantage of some college are the ones who take advantage of this. However, the ones who need the help are the ones who are not getting the information or the help. They are the ones who need the actual upgrading.

My bill would try to change this. It would give the Administrator of Veterans Affairs the authorization to make grants to any participating institution of higher learning and would authorize the Secretary of Health, Education, and Welfare to carry out a special trial-basis program for veterans with educational deficiencies at participating institutions. It is fully realized that not every veteran wants, needs, or could successfully earn a college degree. But it is also felt there is a need for this type of program to enable veterans who could not otherwise enroll under restricted ceilings on admissions an opportunity to compete, perform, and prove themselves to be college-level material.

We now have a set score that they must achieve on a test in order to be entitled to enter a university. Yet in those same universities for members of the minority races we are allowing a deviation from that score. We are doing nothing like that for the veterans, although we are allowing these people to upgrade themselves a few points so that they can qualify. However, those who have gone to serve their country previous to obtaining an education or have not achieved high school equivalency while in the service miss an opportunity for that training.

At present, education benefits are proportionately far below the World War II level. If there is indeed universal agreement among all Americans that our returning veterans deserve the very best we can give them, then at the very least we need to offer them the increased educational benefits this legislation outlines.

Passage of this bill would serve the dual purpose of placing a central coordinating office to serve the entire spectrum of veteran problems on a university or junior college campus, and also give the veteran with certain academic deficiencies and opportunity to meet standard admission requirements.

One million veterans a year have been returning to civilian life. Again, I urge the Senate Veterans' Affairs Committee to conduct hearings on this legislation, or any similar legislation. These young men have given too much of themselves to their country for us to shirk this responsibility. We simply cannot allow this problem to go unnoticed.

I ask unanimous consent that a copy of this legislation be printed in full at this point.

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

S. 2666

A bill to provide special advisory and counseling assistance to veterans at institutions of higher education and to authorize, on a trial basis, a special program to aid veterans with academic deficiencies to gain entrance to institutions of higher education

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Administrator of Veterans' Affairs is authorized to make grants to, or to make con-

tracts with, any institution of higher education for the purpose of assisting such institution to employ a full-time veterans' advisory and assistant officer to counsel and advise veterans on all matters relating to education and career guidance, and to assist and advise veterans on other matters as provided herein.

(b) The office of the veterans' advisory and assistance officer at any institution of higher education shall serve for veterans as a central coordinating office on matters relating to campus orientation, academic and career guidance, counseling, financial assistance, placement planning, registration processing, and tutorial assistance. Such office shall also serve as a central point to counsel and assist eligible veterans who may be interested in pursuing an undergraduate or graduate work on a full-time or part-time basis.

(c) The veterans' advisory and assistance officer at any institution of higher education shall be authorized, in accordance with such regulations as the Administrator may prescribe, to accept and process the claim of any veteran enrolled in such institution for any education and training benefit or for any other veteran's benefit.

SEC. 2. (a) The Secretary of Health, Education, and Welfare is authorized and directed to carry out on a trial basis a special program for veterans who have a high school diploma or the equivalent thereof and who have an academic deficiency which prevents them from qualifying for entrance in any education or training program, under standard entrance criteria, in any institution of higher education. Such program shall be carried out in cooperation with any institution of higher education which agrees to participate in such program (referred to hereinafter as a "participating institution").

(b) Under such regulations as the Secretary of Health, Education, and Welfare may prescribe, after seeking the advice of and consulting with appropriate officials of institutions of higher education, academically deficient veterans who have completed high school or the equivalent thereof shall be permitted to enroll in a participating institution on a one-year probationary basis. No agreement entered into between the Secretary of Health, Education, and Welfare and any participating institution shall require such institution to continue the enrollment in such institution of any veteran who has failed to meet the minimum standards prescribed for all first year students.

(c) In order to encourage institutions of higher education to participate in the trial program provided for under this section the Secretary of Health, Education, and Welfare is authorized to make grants to, or contracts with, institutions of higher education.

SEC. 3. As used in this Act, the term "institution of higher education" means any public or private educational institution in any State which admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate, is legally authorized within such State to provide a program of education beyond secondary education, and provides an educational prgram for which it awards a bachelor's degree or provides not less than a two-year program which is acceptable for full credit toward such a degree.

By Mr. PROXMIRE:

S. 2667. A bill to establish a Wage-Price Review Board to promote wage and price stability with maximum reliance upon voluntary compliance by the various sectors of the economy in furtherance of the national interest. Referred to the Committee on Banking, Housing, and Urban Affairs.

CONGRESS SHOULD ACT ON PHASE II ECONOMIC PROGRAM

Mr. PROXMIRE. Mr. President, tonight at 7:30 p.m., the President will outline his post-freeze anti-inflation program. It is good that he is doing this now—5 weeks in advance of the November 12 price freeze. Among other things, it gives Congress an opportunity to take a look at the program to determine whether we should legislate on it.

Today I am introducing legislation for controlling inflation following the expiration of the freeze on prices and wages ordered by the President on August 15, 1971. The legislation would establish an essentially voluntary program to be administered by a Wage-Price Review Board, although there would be certain sanctions available to the Board and the President.

While administration spokesmen have indicated they do not anticipate legislation to implement phase II of the Government's anti-inflationary program, I believe it is most important to involve the Congress.

The Joint Economic Committee held 5 weeks of hearings, and I think they were by far the most extensive hearings on the wage-price freeze. Most of the witnesses testifying before the Joint Economic Committee on the President's new economic program also stressed the need for congressional participation in phase II of the program.

The legislation I have introduced draws heavily on the testimony given before the Joint Economic Committee during the last several weeks. The witnesses at these hearings were virtually unanimous in their support for some type of phase II program for restraining inflation following the expiration of the wage-price freeze. Everyone agreed that labor and business should be involved in the program although there were differences over the extent of the involvement. Likewise, there was general agreement that full scale price and wage controls similar to those imposed during World War II would not be practical. Most witnesses preferred a voluntary program, but there was disagreement over the extent to which sanction should be imposed in the event voluntary compliance failed. Some witnesses felt a phase II program should apply only to the basic industries while others argued it should apply throughout the economy. Many witnesses were critical of the sweeping delegation of power given to the President to control prices and wages without any standards or legal safeguards customarily provided by Congress. Labor and consumer witnesses urged controls on profits, dividends, and interest rates. However most professional economists doubted the workability of direct controls over profits or an excess profits tax and favored instead an indirect limitation on profits through price restraints.

The basic problem then is to design an essentially voluntary program broad enough to bring inflation under control, with business-labor participation, with enough sanctions to be effective, with restraints on prices comparable to those on wages, and with enough congressional guidance to prevent an undue delegation of legislative power to the executive branch. The bill I have introduced attempts to meet these objectives. It has the following main features:

MAIN FEATURES OF THE BILL

The bill sets up a five-man Wage-Price Review Board whose members would be representative of the general public. The members would be appointed by the President with the advice and consent of the Senate. The President is required to appoint members who, to the maximum extent possible, enjoy the confidence of both business and labor.

The Board would be charged with developing guidelines for restraining inflationary wage or price increases. Increases in rents or salaries would also be covered. The guidelines would apply to all segments of the economy. They would be voluntary in nature, but the President could order compliance in a particular case upon the recommendation of the Board or upon his own initiative. An order compelling compliance with the guidelines could be issued only if the President determined the guidelines were exceeded and that noncompliance would have a seriously adverse affect upon the wage-price restraint program. For the most part, direct control would thus be limited to the major industries.

The Board itself would have the following powers to secure compliance with the guidelines:

First, it could seek voluntary compliance through direct negotiations with the parties involved;

Second, it could focus public attention on inflationary wage and price increases by holding hearings and issuing special reports;

Third, it could obtain information on prices and wages by requiring periodic reports from companies and unions and by issuing subpoenas;

Fourth, it could require a 30-day advance justification of an increase in wages or prices. I think this advance notice before price increases are put into effect or before wage increases are put into effect is absolutely vital.

Fifth, the Board could order a 60-day postponement of any price or wage increase;

Sixth, the Board, on its own initiative or when petitioned by consumers, could publish a finding that a firm has violated the guidelines. The Board is required to hold a hearing on consumer petitions when the goods or services involved have an annual sales volume greater than $5 million unless the Board finds the petition is clearly without merit. During such hearings, the burden of proof is on the company to show compliance with the guidelines;

Seventh, the Board could intervene in proceedings before Federal regulatory agencies to seek compliance with the guidelines;

Eighth, the Board could recommend the President issue an order directing compliance with the guidelines.

In seeking to achieve compliance, the Board would be directed to hire a staff large enough to measure productivity trends and other factors affecting prices and wages in each major industry so that

the Board would have the expertise needed to challenge individual pricing actions.

The President's sweeping authority to impose price and wage controls on the economy would be repealed as of November 12, 1971, the date the freeze expires. In its place, the President could impose controls on a selective basis subject to the following restrictions:

First, the President must determine that the wages or prices involved are in violation of the published wage-price guidelines;

Second, the President must determine that noncompliance with the guidelines would have a seriously adverse affect upon the wage-price restraint program; and

Third, the order cannot reduce wages or prices agreed to by contract prior to August 15, 1971.

Orders by the President or the Board would be enforced through court injunctions or through class action suits brought by consumers who could recover any charges in excess of those permitted by the order. A fine of $5,000 is provided for cases of willful violation.

The Board would report to the President and the Congress once a year on its progress. The report submitted to Congress would be reviewed by the Joint Economic Committee along with the President's economic report.

The President's authority to compel compliance with the guidelines would expire on December 31, 1972. However, the Board itself and its other powers would continue.

CONGRESS SHOULD ACT

There are some who say the Congress should leave the design of the phase II economic program up to the President and that we should not act unless we are requested to by the President. In justifying this view, some argue that it is smart politics to stick the President with the entire responsibility of our economic problems.

I do not agree that the Congress should abdicate its constitutional responsibility. We have already surrendered too much power to the executive branch. We should not create a bad precedent by giving up still more power unless we are content with being mere rubberstamps. The rightful authority of Congress should not be sacrificed for narrow partisan political considerations.

Mr. President, I feel congressional action on the phase II economic program is imperative for the following reasons:

First, an essentially voluntary program must be accepted by the country at large if it is to be effective. One of the reasons why the guidelines in the Kennedy-Johnson administrations were not entirely successful was that they were formulated by the Council of Economic Advisers without public participation. The guidelines will be more acceptable if they are given a statutory base following congressional hearings and debate where all viewpoints have had an opportunity to be heard. With all due respect, ad hoc meetings—and I was privileged and honored to be able to take part in those hearings—in the President's office are no substitute for the legislative process.

Second, Congress must act if it is to maintain its constitutional position as a coequal branch of Government. To remain passive will only contribute to a further erosion of our powers.

Third, Congress should act because it has a lot to contribute on economic matters. The administration's original economic game plan has been a costly failure, whereas many of the points in the new economic policy have long been advocated by Members of Congress on both sides of the aisle. The country would be better off today if our advice had been listened to.

In saying that Congress is often more qualified on economic policy, I do not intend to claim any partisan superiority for the Democrats. I have been equally critical of Democratic administrations. Rather, I feel that Members of Congress from both parties are closer to the people and are better able to judge the popular significance of economic questions, whereas Presidents and their close advisers are more apt to fall under the influence of academic economists and bureaucrats whose advice is not always practical.

Fourth, Congress should act on phase II in order to restrict the sweeping delegation of power given the President in the Economic Stabilization Act of 1970. The President is given unprecedented power to control wages and prices with virtually no congressional standards or criteria on how the authority should be used and no legal safeguards for affected parties. Chairman Burns of the Federal Reserve Board, who has the respect of almost all Members of Congress, termed the powers dictatorial. Constitutional law experts testifying before the Joint Economic Committee agreed with this judgment.

There are those who have argued that such a broad delegation of power was necessary to enable the President to act quickly to impose a wage-price freeze. Whatever the merits of this argument, the authority has already been used for a general freeze hence it should not be needed again. We should not leave this sweeping authority on the books even until April 30—its expiration date—if it is no longer needed.

Fifth, there is a technical but important reason for modifying the 1970 Economic Stabilization Act. Earlier this year, Congress amended the act to restrict the President's authority to apply price and wage controls in a single industry unless the rate of price increase in that industry was grossly disproportionate to the general rate of price increase. The wage-price guideposts in effect from 1962–66 did not merely seek restraint in those industries with grossly disproportionate price increases. The guideposts also called for price reductions in those industries with higher than average productivity gains. Presumably any future guidepost system will adopt a similar criteria. Thus, the President's existing authority could be used to enforce the guidelines on a selective basis in some cases but not in others. It would therefore be difficult, if not impossible, to achieve an equitable enforcement of the guidelines.

COMPOSITION OF BOARD

Mr. President, the bill I am introducing calls for a five-man Board whose members would represent the public. Labor union representatives have generally favored a tripartite board with labor, business, and public representatives each having one-third of the votes. On the other hand, some business spokesmen have urged an all Government board which would consult with labor and business from time to time but which would retain final authority for any action.

Those who favor a tripartite board argue that labor and business representation is necessary to insure their acceptance of and voluntary cooperation with the wage-price guidelines. It is argued that similar tripartite boards for stabilizing wages were created during World War II and the Korean war and were successful in holding down inflationary wage increases.

Those who favor an all-Government board generally argue that a tripartite board will be much less successful in stopping inflation. It is argued that the business and labor members of the board will conspire with each other and outvote the public members. One model for a Government board is the current Cost of Living Council established by the President and consisting of present Government officials.

The bill I have introduced strikes a middle ground between these two approaches. The members of the Wage-Price Review Board would represent the public generally and could not be identified with either business or labor. On the other hand, the President is required to appoint men who enjoy the confidence of both labor and business. I am convinced there are enough people with reputations for impartiality and objectivity who could meet this test—men such as John Dunlop of Harvard, who serves on the Construction Council.

My bill would not flatly prohibit Federal officials from serving on the Board in a dual capacity. However, the official could not be identified with labor or business. This criteria would rule out men such as the Secretary of Commerce, Mr. Stans, who has had a distinguished business career prior to his Government service.

My bill also gives the Board the authority to appoint special labor-business committees to advise and assist it in developing and applying the wage-price guidelines. I would expect the Board to establish a general price committee and a general wage committee to review prices and wages. The Board could also appoint wage and price committees for individual industries similar to the Council established to review wage settlements in the construction industry. These committees would be tripartite in nature with representatives from business, labor, and the general public, and would operate under the rules and regulations issued by the Board. I would expect the Board would delegate many of its functions to the wage and price committees while reserving the right to act independently in cases where the committees failed to act.

USE OF SANCTIONS

During the hearings before the Joint Economic Committee, labor representatives generally supported a voluntary program for curbing inflation, without governmental authority to order compliance in cases where voluntary cooperation failed. I believe a wage-price restraint program must be largely voluntary if it is to be effective. Frequent use of governmental compulsion can only lead to full-scale price and wage controls which everyone abhors. On the other hand, a completely voluntary program can be rendered ineffective if a large recalcitrant company or union can flagrantly violate the guidelines with impunity. The willingness of others to cooperate with the guidelines will be understandably diminished if one company or union can thumb its nose at the guidelines. The entire program would thus be at the mercy of the least cooperative company or union.

Because of this, I believe the Government needs some means to enforce the guidelines in those cases where noncompliance threatens the viability of the entire program. The very existence of this authority will facilitate cooperation and compliance by labor and business. As a result, my bill gives the President authority to enforce the guidelines under carefully confined conditions with legal safeguards for the affected parties. I hope this authority will not have to be used frequently, but I believe it is essential to have it on the books as a backup to the voluntary program.

SCOPE OF GUIDELINES

The wage and price guidelines developed by the Board would apply to all prices and wages. As long as the system is essentially voluntary, I do not believe it is fair or equitable to apply the guidelines just to large corporations in major industries. Such an approach would constitute an open invitation to the exempted sectors of the economy to increase prices and wages in excess of the guidelines. Some of the most rapid increases in prices have been for services including medical services. Focusing only on large companies would leave a large portion of a customer's cost of living exempt from price restraints.

On the other hand, it is not feasible to apply sanctions to every firm which violates the guidelines without resorting to full-scale price and wage controls. Enforcement must necessarily be selective and limited to those companies or unions which have the greatest effect on price stability. Under the bill I have introduced, the guidelines would apply to everyone; however, compulsory enforcement would be largely confined to big unions. At the same time, the bill would not prevent compulsory controls from being applied to a small firm if the President found that noncompliance with the guidelines would have a seriously adverse effect on the effort to control inflation. Controls might be needed in a particular case to prevent an especially flagrant violation of the guidelines which, if unchallenged, could induce others to exceed the guidelines. Medical services might also be subject to controls if the guidelines were not effective on a voluntary basis.

WAGE GUIDELINES

The Board will be responsible for developing a specific percentage rate of increase as a guideline for all wage and salary increases in the United States. The percentage would be based on increases in national productivity, and the cost of living. During the hearings before the Joint Economic Committee, Dr. Arthur Okun recommended a guideline based on a full allowance for productivity growth and one-half the recent increase in the cost of living. This would produce a target of around 5 percent for wage and salary increases. Most economists agreed that full compensation for productivity and cost-of-living increases would only perpetuate the inflationary cycle, whereas a guideline based on less than the full allowance would halt the wage-price spiral and lead to price stability. The precise wage formula would be developed by the Board after taking into account the need to halt the inflationary wage-price spiral while at the same time permitting workers some reasonable catchup allowance for previous cost-of-living increases.

The wage guideline would be based on the growth in productivity of the entire economy rather than the industry or firm in which a worker is employed. While it is possible to base wage increases on industry or company productivity growth, such a policy would produce inequitable disparities in income. I believe it is fairer to develop a single standard for all workers as was done in the case of the Kennedy-Johnson guideposts in effect from 1962–66.

The Board would also be required to publish standards and criteria for modifying the percentage wage guideline in particular cases to prevent inequities or avoid market disruptions. For example, a higher wage increase may be appropriate for those workers whose present wages are unusually low due to a weak bargaining position. Likewise, higher wage increases might be required in those industries unable to attract enough workers to meet production needs. Similarly, a higher wage settlement might be justified for employees of those firms whose profits were exceptionally high and where price reductions are not feasible.

The wage guideline is not intended to be a rigid formula from which there are no deviations. Nonetheless, a specific quantitative percentage guideline is essential as a starting point for wage and salary negotiations. It will serve as a target or standard so that the public can judge whether a particular wage settlement is or is not inflationary.

PRICE GUIDELINES

The Board is also required to develop standards and criteria for determining prices and rents which are consistent with the wage guidelines and which will lead to ultimate price stability. For example, if the wage guidelines call upon workers to make sacrifices by foregoing some fraction of a cost-of-living wage increase, the price guidelines must impose comparable restraint upon business firms. If a business firm wants to raise prices because its costs are rising faster than its productivity, the price guidelines would call upon the firm to absorb some portion of the higher cost comparable to the forbearance being requested of its employees. Such a policy will insure that the benefits of wage restraint are transmitted to the economy as a whole and not just to company stockholders.

The price guidelines must be more general than the wage guidelines because of differences in the growth of productivity and nonlabor costs in each industry or firm. In general, the price guidelines should seek ultimate price stability in those industries with average productivity while permitting appropriate price increases in low-productivity industries and calling for price reductions in high-productivity industries. Price reductions are needed in these industries in order to pass along the benefits of wage restraint to the general public.

Unfortunately, the Federal Government does not have the expertise to measure productivity trends in each major industry. One of the criticisms of the Kennedy-Johnson guideposts is that they were relatively ineffective in obtaining price reductions in the high productivity industries. The Council of Economic Advisers which formulated the guidelines had neither the staff nor the expertise to make detailed judgments on individual pricing actions.

My bill requires the Wage-Price Review Board to develop and maintain a permanent capability for measuring productivity trends and other factors bearing on prices and costs in each major industry. The Board needs to assemble a qualified staff for each major industry so that it can review and evaluate the representations made by firms within the industry. Without an expert and impartial staff, the Board would have no way of judging whether the pricing actions of a given firm were in compliance with the price guidelines. While such a responsibility would require nowhere near the thousands of people involved in direct price controls during World War II, the Board would need several hundred staff experts if it expects to deal effectively with large corporations.

In many ways, the key to a voluntary wage-price restraint program is an effective system for holding down price increases. It is relatively simple to formulate a wage guideline. Employers have an obvious incentive to help make the wage guideline a reality. The situation on prices is far more complicated since there are hundreds of thousands of individual commodities, and price guidelines must be necessarily general. Moreover, there is not the same natural pressure for compliance with the price guidelines as there is with the wage guidelines. There must be a vigorous effort by the Board itself to secure compliance with the price guidelines if the program is to be fair and equitable and if the cooperation of labor unions is to be obtained.

CONSUMER PARTICIPATION

In order to achieve comparable restraint on prices, I believe it is also important to involve consumers in the ad-

ministration of the program. Employers may be expected to assist the Board in enforcing the wage guidelines. Consumers should be equally involved in maintaining surveillance over prices and rents. Unfortunately, consumers as a group are not nearly as organized or articulate as are employers. Therefore, I believe the legislation must give an express statutory role to consumers in order to achieve a more evenly balanced program.

The legislation I have introduced assigns a role to consumers in two areas. First, any consumer could petition the Wage-Price Review Board for a finding that a company's prices or rents exceed the guidelines.

When a petition has been filed, the Board is required to investigate and to hold a hearing if the goods or services named in the petition have an annual sales of volume of $5 million unless the Board determines the petition is clearly without merit. The Board must also hold a hearing on petitions involving goods or services with an annual sales volume under $5 million unless the Board determines the petition is clearly without merit or the alleged noncompliance would not substantially affect the cost of living. The purpose of the $5 million cutoff point is to require a hearing in the larger cases while giving the Board some flexibility in the smaller cases.

When the Board holds a hearing, the company named in the petition has the burden of showing that its prices or rents are in compliance with the guidelines. If the company fails to convince the Board that it is in compliance, the Board is required to publish a finding that the company is not in compliance with the guidelines together with the reductions in prices or rents needed to achieve compliance. While a Board finding of noncompliance would have no legal effect, I believe the force of public opinion would cause many or most firms to comply with the guidelines once a formal finding were published by the Board. If the firm still failed to comply the Board could recommend to the President that he issue an order directing compliance with the guidelines.

Under its general authority, the Board can also hold a hearing and publish a finding of noncompliance on its own initiative without waiting for a petition from consumers and I would expect the Board to do so in many cases. The purpose of permitting consumers to petition the Board is to prod the Board into acting if for one reason or another it fails to enforce the guidelines.

CLASS ACTION SUITS

Second, consumers are permitted to file class action suits in the U.S. Federal courts to recover any charges in excess of those permitted in a Presidential order directing compliance with the guidelines or in excess of an order by the Board postponing a price increase for 60 days.

The availability of class action suits is intended to supplement the Government's enforcement authority. The bill does permit the Government to seek fines of up to $5,000 for each violation of an order issued by the Board or the President. In theory, the threat of criminal fines should be sufficient to induce compliance. In practice, criminal fines may not be an effective deterrant in all cases. The Justice Department may be unwilling to bring criminal charges against a large and politically powerful corporation. Moreover, the Government must prove a particular violation was willful before penalties can be assessed. A corporation could always claim it believed an order issued by the President or the Board did not apply in their specific situation and that the violation was unintentional. In such a case, it would be difficult for the Government to show the violation was willful.

The Board also has the authority under the act to apply to the courts for an injunction to enforce compliance with an order issued by the Board or the President. However, even if such an injunction could be obtained, it would apply only to future prices. Consumers would not be compensated for past prices which exceeded the legal ceiling. The threat of a court injunction does not really deter a firm from illegally charging prices in excess of the ceiling, particularly if it has a plausible defense against any charge of willful noncompliance.

This gap in effective enforcement can be remedied by authorizing class action suits by consumers to recover any charges in excess of the legal ceiling. The possibility of a class action suit should induce strict compliance with any order issued by the President or the Board and discourage any attempts at evasion or noncompliance.

POWERS OF BOARD

The Wage-Price Review Board would rely primarily on voluntary methods for enforcing the guidelines. It could hold hearings, obtain information on wages and prices, negotiate directly with the parties involved on a wage or price decision, intervene in Federal agency proceedings and otherwise focus public opinion on inflationary price and wage actions. In addition, the Board would have some substantive power to delay price or wage increases until the public has been adequately informed. The Board could require a company or union to submit a justification 30 days in advance of any price or wage increase. The Board may require the firm or union to show why its proposed actions are in compliance with the guidelines or why a deviation is necessary.

The Board could also order any wage or price increase postponed for up to 60 days. This authority coupled with the 30-day notice requirement can delay any price or wage increase for a total of 90 days.

In using these powers, I would anticipate that the Board would designate those major industries which have the greatest effect on price stability. The Board could freeze prices or wages in those industries for up to 90 days until the industry shows that any proposed price or wage increase is in compliance with the guidelines. By placing the burden of proof on the industry, the Board is assured of obtaining all of the relevant information needed to determine if the proposed wage or price increase is in compliance with the guidelines. If the industry cannot show that the increase is in compliance with the guidelines, the Board has the option of recommending to the President that he issue an order directing compliance. Hopefully, most cases will be settled before direct controls would need to be considered. The industry might justify its wage or price increases or voluntarily agree to accept a lower increase in order to comply with the guidelines. The 90-day delay will give the Board a chance to bring the power of public opinion to bear on the proposed wage or price increases.

PERMANENT VERSUS TEMPORARY AUTHORITY

There has been much discussion as to whether the phase II program should be permanent or temporary. I believe our economy needs a permanent program for restraining inflationary wage and price increases. There is a growing amount of economic activity falling under the control of large corporations and labor unions which tend to be immune from normal market forces. Guidelines will be needed to prevent these large corporations and unions from reactivating the inflationary wage-price spiral which we are now trying to reverse. Once inflation is brought under control, we need to keep it under control through a permanent guideline program.

At the same time, I believe Congress needs to keep a careful check on the authority to control prices and wages through compulsory orders. Direct controls are a substantial departure from our free enterprise economy and we should not authorize controls unless they are absolutely necessary. An unnecessary delegation of power can only lead to abuse.

Accordingly, the bill I have introduced provides for a permanent voluntary program, but the authority to control wages and prices expires on December 31, 1972. This authority is the real power in back of the guidelines. Hopefully, it will not be needed once inflation is brought under control and the guidelines become an accepted part of economic life. In any event, Congress should reassess the need for compulsory controls after the phase II program has been in effect from a reasonable period of time. If controls are no longer needed, the authority can be permitted to expire. If the controls still prove necessary, the administration can make its case to Congress for an extension.

CHECKS ON PRESIDENTIAL AUTHORITY

The legislation more carefully circumscribes the authority given the President to control prices and wages, which under the present statute is virtually unlimited. The bill I am introducing repeals the sweeping delegation of power given to the President last year and replaces it with a more carefully defined statute. For example, the President could not order general price and wage controls on the whole economy. He could order controls with respect to a particular industry or company, but in so doing, he must first make a determination that a price or wage is in violation of the guidelines and that noncompliance

would have a seriously adverse affect upon the wage-price restraint program. An order could not be issued reducing a price or wage agreed to by contract prior to August 15, 1971.

Those affected by a Presidential order would have some basis for judicial protection against arbitrary or capricious actions. For example, should the President order a wage reduction, the workers affected could argue their wages were in compliance with the guidelines in any injunctive proceeding to enforce the President's order. While the courts may be reluctant to overrule the President on the facts of a case, even this minimal safeguard is not available under the present law.

Mr. President, the bill I am introducing represents one attempt to deal with a most difficult problem. I am not necessarily wedded to all of the details of my proposal and if it serves as a basis for further discussion and refinement a useful purpose will have been achieved. Whatever the outline of the phase II economic program, I believe the Congress has an important role to play and I would hope the administration will seek to involve the Congress in formulating the program. Our economic problems are far too important to be left entirely to the executive branch.

By Mr. PROXMIRE:

S. 2668. A bill to assist in the provision of housing for low- and moderate-income families by authorizing FHA mortgage insurance and VA-guaranteed and direct loans for modular or industrialized housing meeting applicable code requirements but having less living space than is required under existing programs administered by the Department of Housing and Urban Development and the Veterans Administration. Referred to the Committee on Banking, Housing and Urban Affairs.

FHA AND VA INSURANCE FOR INDUSTRIALIZED, MODULAR BUILT HOUSING UNITS—AMENDMENT TO NATIONAL HOUSING ACT

Mr. PROXMIRE. Mr. President, today I am introducing a bill which would allow the Federal Housing Administration and the Veterans' Administration to insure industrialized, modular built housing units on the same basis as they now insure mobile homes.

At the present time both the FHA and VA insure loans on mobile homes down to 400 square feet in size providing they meet the mobile home standards. These units are a quickly wasting asset—most mobile homes drop to less than half their purchase price in 6 years—with interest rates up to 10.75 percent. Furthermore, they are financed by chattel mortgages.

At the same time neither FHA nor VA will insure a building code-conforming, modular, industrialized housing unit of less than 960 square feet. Yet modular homes are built to a realty standard with realty mortgages. They are a more permanent construction, last the life of the mortgage, and may even appreciate in value. Modular units may last 40 years while the average mobile home built lasts only 10.

But because of the FHA minimum property standards, modular units below 960 square feet cannot be insured while mobile homes, which are at least as costly but generally of lower quality and a faster wasting asset, can be.

The purpose of my bill is to place the two types of construction on the same basis in terms of qualifying for FHA and VA insurance.

While mobile homes which meet the American National Standards Institute A–119.1 standard are of good quality and should be insured, there is no reason why the modular unit, which costs no more, meet building code requirements, and is most likely to appreciate rather than depreciate in value, should not be insured.

The passage of my bill will mean that conventional builders, prefabricators, and modular home manufacturers will now be able to compete with mobile home builders. The result should be a major increase in the quantity and quality of small homes on the market.

As Richard O'Neill, formerly editor of House and Home Magazine, member of the Douglas Commission, and presently a housing consultant, wrote in the May 1971, "O'Neill Letter":

> Why should the Federal government back up a program that insures rapidly wasting assets (mobiles) and then prevent low-income families from purchasing, for the same price, a code-conforming dwelling unit that would not only last the life of the mortgage but would probably appreciate over time?

There are some who will argue that neither mobile homes nor modular code-conforming units of less than 960 square feet should be insured by the FHA and the VA. But mobile homes are already insured. In these circumstances, the superior modular asset should also be insured. In many instances—especially in the case of newly married or retired couples—they can provide not only decent housing, but housing superior to that in which the families now live.

By Mr. BELLMON:

S. 2669. A bill to amend the Social Security Act so as more effectively to assure that certain children, who have been abandoned by a parent, will receive the support and maintenance which such parent is legally required to provide, and otherwise to enforce the duty of parents to provide for the support and maintenance of their children. Referred to the Committee on Finance.

Mr. BELLMON. Mr. President, I am today introducing the Federal Child Support Security Act. This is a bill to amend the Social Security Act so as to more effectively assure that children who have been abandoned by a parent will receive the support and maintenance which such parent is legally required to provide.

Mr. President, we are all too familiar with the sad condition under which many children of broken families exist. Also, we are familiar with the high and growing costs to State and Federal governments of various child support programs. These hardships and high costs are largely brought about because the parents, who bring children into the world, for one reason or another find it convenient to leave home and refuse to contribute to the support of their children.

The result is that the remaining parent, generally the mother, finds it difficult or even impossible to obtain the income required and to provide the care which children need. In many cases, this means that children of broken homes live in want and squalor. It also means that in literally millions of cases the mothers of these children turn to the Federal welfare programs for survival. This is the reason that we have seen the costs of aid to families with dependent children rise astronomically from $1.02 billion, in 1960, to more than $4 billion, in 1970. The trend continues sharply upward.

Under present law, it is expensive and almost impossible for either parents or State or Federal agencies to pursue the responsible parents and require payment for the support of abandoned children. Efforts to collect child support have placed a heavy burden on every court in the land and have contributed greatly to the estrangement between individual parents and between parents and children.

Mr. President, the legislation I propose today will create the authority and the legal mechanism to bring order out of the chaotic child support conditions which exist today. This legislation establishes the Federal Child Support Security Fund. It provides that court-established child support payments may be made from the fund. Such payments become an obligation of the responsible parent to the Federal Government. The act provides the Secretary of the Department of Health, Education, and Welfare the necessary authority to collect from responsible parents the amount of child support paid in behalf of the parent.

The act further provides for the release of necessary information by any department or agency to enable the Attorney General to take necessary action to recover child support payments made in behalf of responsible parents.

Mr. President, this Nation is deeply troubled by the growing instances of neglected children, of broken families, of parental irresponsibility, and by the apparent willingness of many individuals to unload their family responsibilities upon the Treasury and the taxpayers of our cities, states, and Nation. This act is intended to require parents to meet their responsibilities. By doing so, it will have the beneficial effect of helping to stabilize families, to assure children of broken families of a reasonable and dependable means of support, to relieve a large and growing burden of the taxpayers, to remove the temptation for the parents to abandon children, and incidentally to reduce the amount and costs of child support litigation which is presently causing congestion in courts all across the land.

Mr. President, I ask unanimous consent that the full text of this bill be printed in the RECORD.

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

S. 2669

A bill to amend the Social Security Act so as more effectively to assure that certain children, who have been abandoned by a parent, will receive the support and maintenance which such parent is legally required to provide, and otherwise to enforce the duty of parents to provide for the support and maintenance of their children

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Child Support Security Act of 1971".

SEC. 2. The Social Security Act is amended by adding after title XIX thereof the following new title:

"TITLE XX—ENFORCEMENT OF PARENT DUTY TO PROVIDE CHILD SUPPORT

"FINDINGS AND DECLARATION OF PURPOSE

"SEC. 2001. (a) The Congress finds and declares that—

"(1) in numerous cases children, who have been abandoned by a parent, are not receiving from such parent the support and maintenance to which they are entitled; and

"(2) the failure of parents of such children to carry out their duty of child support and maintenance frequently results either (A) in a lack of proper care of such children, or (B) the imposition of an unfair and unnecessary burden on the taxpayers who, because of such failure, are obliged through welfare programs to provide for the support and maintenance of such children.

"(b) It is, therefore, the purpose of this title further to assure that parents who have abandoned their children will be required to carry out their obligations for child support and maintenance, and that such children will receive the parental support and maintenance to which they are entitled.

"PART A—COLLECTION AND DISSEMINATION OF INFORMATION TO ASSIST IN LOCATING CERTAIN PARENTS

"PROVISION OF INFORMATION BY SECRETARY

"SEC. 2010. (a) Upon request (filed in accordance with subsection (c)) of any authorized person (as defined in subsection (b)) for the most recent address and place of employment of any individual, the Secretary shall, notwithstanding any other provision of law, provide such information to such person, if—

"(1) the Secretary (on the basis of the information supplied in, or in connection with, such request and any other information which is brought to his attention) is reasonably satisfied that such information is sought in connection with the enforcement against such individual of the legal duty of such individual to provide for the support and maintenance of a child or children of such individual; and

"(2) such information—

"(A) is contained in any files or records maintained by the Department of Health, Education, and Welfare; or

"(B) is not contained in any such files or records, but can be obtained by the Secretary, under the authority conferred by section 2011, from any other department, agency, or instrumentality of the United States or of any State.

"(b) As used in subsection (a), the term 'authorized person' means—

"(1) the child of the individual with respect to whom the information referred to in subsection (a) is requested, if—

"(A) there has been issued, by a court of competent jurisdiction, a court order against such individual for the support and maintenance of such child; or

"(B) such child is a qualified, approved applicant for, or recipient of, financial assistance under any welfare program which (i) is administered by any State or (political subdivision thereof) and (ii) is designed to provide for or assist in the provision of support and maintenance of children in destitute or necessitous circumstances; and

"(2) the parent, guardian, attorney, or agent of a child described in clause (1), or a public welfare agency providing financial or other assistance to such child because of such child's destitute or necessitous circumstances; or

"(3) the court which issued, with respect to such child, a court order described in clause (1)(A), or any agent of such court.

"(c) A request under this section shall be filed in such manner and form as the Secretary shall by regulations prescribe and shall be accompanied or supported by such documents as the Secretary may determine to be necessary to enable him to make the findings prescribed in subsection (a)(1).

"SECURING OF INFORMATION FROM OTHER DEPARTMENTS AND AGENCIES

"SEC. 2011. (a) Whenever the Secretary receives a request submitted under section 2010 which he is reasonably satisfied meets the criteria established by section 2010(a)(1), he shall promptly cause a search to be made of the files and records maintained by the Department of Health, Education, and Welfare with a view to determining whether the information sought in such request is contained in any such files or records.

"(b) If the search referred to in subsection (a) does not produce the information sought, the Secretary shall forthwith request such information of the head of any other department, agency, or instrumentality of the United States or of any State, if he determines that there is a reasonable probability that such information is contained in the files and records maintained by such department, agency, or instrumentality.

"(c) Notwithstanding any other provision of law, whenever the head of any department, agency, or instrumentality of the United States receives a request for information from the Secretary pursuant to subsection (b), the head of such department, agency, or instrumentality shall promptly cause a search to be made of the files and records maintained by such department, agency, or instrumentality with a view to determining whether the information sought is contained in any such files or records. The head of such department, agency, or instrumentality shall, if such search discloses the information sought, immediately transmit such information to the Secretary, and, if such search fails to disclose the information sought, immediately notify the Secretary of that fact.

"PART B—PAYMENTS BY SECRETARY FOR SUPPORT AND MAINTENANCE OF CERTAIN CHILDREN

"ESTABLISHMENT OF REVOLVING FUND

"SEC. 2020. (a) There is hereby established in the Treasury a revolving fund to be known as the Federal Child Support Security Fund (hereinafter in this part referred to as the 'Security Fund'), which shall be available to the Secretary without fiscal year limitation, in such amounts as may be specified from time to time in appropriation Acts, to enable him to make the child support payments authorized by this part.

"(b) To the extent authorized from time to time in appropriation Acts, there shall be deposited in the Security Fund amounts recovered, under section 2025, from parents of the children who receive child support payments under this part.

"(c) There is authorized to be appropriated to the Security Fund an initial sum of $75,000,000.00, and thereafter such sums as may be necessary to enable the Secretary to make therefrom the child support payments authorized by this part.

"CHILD SUPPORT PAYMENTS

"SEC. 2021. (a) From the monies available in the Security Fund, the Secretary shall, in accordance with this part, make child support payments to any child who is entitled to such payments under this section.

"(b) A child shall be entitled to child support payments under this part, if—

"(1) application for such payments has been filed (in such form, manner, and containing such information as the Secretary may require); and

"(2) the Secretary is reasonably satisfied (from the information contained in or supplied in support of such application and any other information that is brought to his attention) that—

"(A) a parent of such child is, and has been for a period of not less than 6 months immediately preceding the date the application is filed, absent from the State in which such child resides;

"(B) not later than 4 months prior to the date the application is filed there has been issued, by a court of competent jurisdiction in the State in which such child resides, against such parent a court order under which such parent is ordered to make periodic financial contributions for the support and maintenance of such child; and

"(C) such child has not, for a period of not less than 3 months immediately prior to the date the application is filed, received any periodic financial contribution from such parent as required under such court order.

"(c) Any child who is entitled to child support payments under this part shall be paid such payments on a monthly basis, beginning with the month in which application for such payments is filed, or, if later, the month in which the Secretary determines that such child is entitled to such payments.

"(d)(1) The amount of the child support payments payable under this part to any child entitled thereto shall, subject to paragraph (2), be equal to the amount of the monthly periodic financial contributions that the parent of such child has been ordered to make, under the court order referred to in subsection (b)(2), for the support and maintenance of such child, or, if less, $150. If the periodic financial contributions that such a parent has been so ordered to make are payable on other than a monthly basis, the provisions of the preceding sentence shall be applied so as to reflect, as nearly as possible, an amount which is equivalent to that which would be produced if such periodic financial contributions were payable on a monthly basis.

"(2) If for any month for which a child is entitled to child support payments under this part, the parent of such child, against whom the court order (referred to in subsection (b)(2)) for support and maintenance of such child is issued, makes any financial contribution toward the support and maintenance of such child (whether or not such contribution is made in compliance or partial compliance with such order), the amount of the child support payments payable to such child for such month shall be reduced (but not below zero) by the amount of such financial contribution.

"(e) No child shall be entitled, on the basis of any application for child support payments under this part, to be paid such payments for any month after the third consecutive month with respect to which the amount of the child support payments payable to such child has been reduced, pursuant to subsection (d)(2) to zero. Nothing in the preceding sentence shall be construed to preclude any child whose entitlement to child support payments on the basis of any application has been terminated pursuant to such sentence from thereafter applying for and again becoming entitled to such payments on the basis of a new application therefor.

"(f) Any application for child support payments under this part for any child may be filed by such child, by the parent, guardian, attorney, or agent of such child, or by

any public welfare agency which is providing financial or other assistance to such child because of such child's destitute or necessitous circumstances.

"(g) Whenever the Secretary finds that more or less than the correct amount of child support payments has been paid with respect to any child, proper adjustment shall, subject to the succeeding provisions of this subsection, be made by appropriate adjustments in future payments to such child. The Secretary shall make such provision as he finds appropriate in the case of payment of more than the correct amount of child support payments with respect to any child with a view to avoiding penalizing such child who was without fault, and whose parent, attorney, or agent was without fault, in connection with the overpayment, if adjustment on account of such overpayment in such case would defeat the purposes of this part or be against equity or good conscience, or (because of the small amount involved) impede efficient or effective administration of this part.

"HEARINGS AND REVIEW, AND PROCEDURES

"SEC. 2022.(a)(1) The Secretary shall provide reasonable notice and opportunity for a hearing to any child who is or claims to be eligible for child support payments under this part and is in disagreement with any determination under this part with respect to his eligibility for payments, or the amount of such payments, if such child requests a hearing on the matter in disagreement within thirty days after notice of such determination is received.

"(2) Determination on the basis of such hearing shall be made within thirty days after the individual requests the hearing as provided in paragraph (1).

"(3) The final determination of the Secretary after a hearing under paragraph (1) shall be subject to judicial review as provided in section 205(g) to the same extent as the Secretary's final determinations under section 205; except that the determination of the Secretary after such hearing as to any fact shall be final and conclusive and not subject to review by any court.

"(b)(1) The provisions of section 207 and subsections (a), (d), (e), and (f) of section 205 shall apply with respect to this part to the same extent as they apply in the case of title II.

"(2) To the extent the Secretary finds it will promote the achievement of the objectives of this part, qualified persons may be appointed to serve as hearing examiners in hearings under subsection (a) without meeting the specific standards prescribed for hearing examiners by or under subchapter II of chapter 5 of title 5, United States Code.

"(3) The Secretary may prescribe rules and regulations governing the recognition of agents or other persons, other than attorneys, as hereinafter provided, representing claimants before the Secretary under this part, and may require of such agents or other persons, before being recognized as representatives of claimants, that they shall show that they are of good character and in good repute, possessed of the necessary qualifications to enable them to render such claimants valuable service, and otherwise competent to advise and assist such claimants in the presentation of their cases. An attorney in good standing who is admitted to practice before the highest court of the State, Territory, District, or insular possession of his residence or before the Supreme Court of the United States or the inferior Federal courts, shall be entitled to represent claimants before the Secretary. The Secretary may, after due notice and opportunity for hearing, suspend or prohibit from further practice before him any such person, agent, or attorney who refuses to comply with the Secretary's rules and regulations or who violates any provision of this paragraph for which a penalty is prescribed. The Secretary may, by rule and regulation, prescribe the maximum fees which may be charged for services performed in connection with any claim before the Secretary under this part, and any agreement in violation of such rules and regulations shall be void. Any person who shall, with intent to defraud in any manner willfully and knowingly deceive, mislead, or threaten any claimant or prospective claimant or beneficiary under this part by word, circular, letter, or advertisement, or who shall knowingly charge or collect directly or indirectly any fee in excess of the maximum fee, or make any agreement directly or indirectly to charge or collect any fee in excess of the maximum fee, prescribed by the Secretary, shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall for each offense be punished by a fine not exceeding $500 or by imprisonment not exceeding one year, or both.

"(e) The Secretary shall prescribe such requirements with respect to the furnishing of relevant data and material, and the reporting of events and changes in circumstances, as may be necessary for the effective and efficient administration of this part. The payment of child support payments to which a child is otherwise entitled shall be conditioned upon compliance with such requirements.

"PENALTIES FOR FRAUD

"SEC. 2023. Whoever—

"(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in any application for any child support payment under this part,

"(2) at any time knowingly and willfully makes or causes to be made any false statement or representation of a material fact for use in determining rights to any such payments,

"(3) being the parent, guardian, attorney, or agent of any child and having knowledge of the occurrence of any event affecting such child's initial or continued right to any such payments, conceals or fails to disclose such event with an intent fraudulently to secure such payments either in a greater amount than is due or when no such payments are authorized, or

"(4) having made application to receive any such payment for the use and benefit of another and having received it, knowingly and willfully converts such payment or any part thereof to a use other than for the use and benefit of such other person,

shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

"USE OF STATE WELFARE AGENCIES FOR ADMINISTRATION

"SEC. 2024. (a) The Secretary shall enter into an agreement with any State which is able and willing to enter into such an agreement under which the State agency administering or supervising the administration of the State plan of such State approved under part A of title IV will, on behalf of the Secretary, make in such State child support payments to the children residing in such State who are entitled to such payments, and make such determinations with respect to eligibility for and the amount of such payments as may be specified in the agreement.

"(b) The cost of carrying out any such agreement shall be paid to the State by the Secretary, from moneys in the Security Fund, in advance or by way of reimbursement and in such installments as may be agreed upon between such State and the Secretary.

"RECOVERY FROM PARENTS OF AMOUNTS PAID AS CHILD SUPPORT PAYMENTS

"SEC. 2025. (a) Any child support payments made under this part to any child shall be considered to have been made for the benefit of the parent of such child whose failure to make court ordered payments for the support and maintenance of such child gave rise to such child's entitlement to child support payments under this part, and such parent shall be liable to the United States for the amount of any such payments plus interest on such amount computed at the rate of 8 per centum per annum.

"(b) At the earliest practicable date after any child has first been paid child support payments under this part, the Secretary shall notify the Attorney General of that fact and shall advise the Attorney General of the name and address of such child and the name of the parent of such child whose failure to make court ordered payments for the support and maintenance of such child gave rise to such child's entitlement to child support payments under this part. Such notification shall, if the Secretary (utilizing the authority conferred upon him under part A) is able to provide the same, contain the most recent address and place of employment of such parent.

"(e)(1) At the earliest practicable date after having received any notification from the Secretary under subsection (b) with respect to any parent, the Attorney General shall initiate appropriate proceedings, including the filing of suit in the appropriate United States district court, for the recovery of the amounts due the United States from such parent by reason of the provisions of this section. Any amount for which any parent is liable to the United States under this section shall be treated as a debt due and owing to the United States, and may be deducted from any amount otherwise due such parent or becoming due to such parent at any time from any officer or agency of the United States.

"(2) If at the end of any taxable year of any parent having a liability to the United States under this section, there remains unpaid any amount of such liability, any credit to which such parent is otherwise entitled under section 31 (a) of the Internal Revenue Code of 1954 shall be reduced by the amount of such unpaid liability.

"(d) Amounts recovered from any parent under this section (whether by any deduction or reduction authorized under subsection (c) or otherwise) shall be transmitted to the Secretary of the Treasury for deposit by him in the Security Fund.

"DEFINITIONS

"SEC. 2026. For purposes of this part—

"(1) the term 'child' means an individual under 18 years of age, or an individual over 18 years of age if such individual is under a disability (as defined in section 223 (d)(1)(A)) which began before he attained such age; and

"(2) an individual shall be considered to be the parent of any child if such individual has been determined, by a court of competent jurisdiction, to have a parental duty to provide for the support and maintenance of such child and has been ordered by such court to provide for such support and maintenance.

"PART C—OBLIGATION OF PARENTS OF CHILDREN RECEIVING AID TO FAMILIES WITH DEPENDENT CHILDREN

"FINANCIAL OBLIGATION OF DESERTING PARENT

"SEC. 2030. (a) If aid under a State plan approved under part A of title IV is provided to the spouse, child, or children of an individual during any period for which such individual has deserted such spouse, child or children, such individual shall be liable to the United States in an amount equal to the Federal share (as computed by the Secretary in accordance with standards prescribed by him) of such aid furnished during such period.

"(b) The Secretary shall issue such regulations and make such arrangement with State agencies administering or supervising the administration of State plans approved

under Part A of title IV as may be necessary to assure the provision to him by such agencies of any information which such agencies have or can obtain and which will be helpful in identifying and locating any individual who has a liability to the United States under subsection (a).

"(c) The Secretary shall promptly provide to the Attorney General any information which will be helpful to him in instituting appropriate proceedings for the recovery of amounts for which individuals are liable to the United States (including information obtained by the Secretary under authority of section 2011).

"(d) Any amount owing to the United States by reason of the provisions of subsection (a) may be recovered in the manner authorized by section 2025 for the recovery of liabilities owed to the United States by reason of the provisions of such section.

"(e) Any amounts recovered under this section (whether by any deduction or reduction authorized under section 2025(c) or otherwise) shall be deposited in the Treasury as miscellaneous receipts.

"DUTY OF ADULT RECIPIENTS OF AID TO FAMILIES WITH DEPENDENT CHILDREN TO PROVIDE INFORMATION CONCERNING DESERTING PARENTS

"SEC. 2031. (a) If any child has been deprived of parental support or care by reason of the continued absence from the home of a parent and is a recipient of aid to families with dependent children under a State plan approved under part A of title IV, it shall be the duty of any individual, who is the relative with whom such child is living (within the meaning of the 'relative with whom any dependent child is living', as defined in section 406(c)) promptly to disclose, to the local welfare office administering such plan for the area in which such individual resides, any information which such individual has regarding the identity, address, or place of employment of the parent of such child who, by reason of his continued absence from the home, has deprived such child of parental support or care.

"(b) Any individual, having a duty under subsection (a) to disclose information which he possesses and who willfully fails to disclose such information as provided in subsection (a), shall be fined not more than $1,000 and imprisoned for not more than one year.

"PART D—MISCELLANEOUS PROVISIONS

"PENALTY FOR TRAVEL IN INTERSTATE OR FOREIGN COMMERCE TO AVOID PARENTAL RESPONSIBILITIES

"SEC. 2040. Whoever travels from one place to another in interstate or foreign commerce, for the purpose of avoiding any responsibility imposed upon him under the law of any State for the support and maintenance of his child or children, shall be fined not more than $1,000 and imprisoned for not more than one year.

"DUTY OF POVERTY LAWYERS TO ASSIST IN SECURING CHILD SUPPORT

"SEC. 2041. (a) Notwithstanding any other provision of law, legal services programs established pursuant to section 222(a)(3) of the Economic Opportunity Act of 1964 shall be operated in such manner as to give first priority to cases involving the securing of parental support for children who have been abandoned by a parent.

"(b)(1) Whenever any State agency administering or supervising the administration of any State plan approved under part A of title IV determines that any child applying for or receiving aid under such plan has been abandoned by a parent, it shall be the duty of such agency to refer such child (or the adult relative with whom such child is living) to any legal services program (as referred to in subsection (a)) located in the area in which such child resides, for the purpose of obtaining legal assistance under such program in securing from such parent support for such child.

"(2) The Secretary is authorized to issue such regulations and to take such actions as may be necessary or appropriate to assure that State agencies having the duty described in paragraph (1) will carry out such duty.

"(c) Notwithstanding any other provision of law, on and after the period beginning one month after the date of enactment of this title, no Federal funds shall be available for the operation of any legal service program (referred to in subsection (a)) unless the Director of the Office of Economic Opportunity is satisfied that such program will be operated in a manner consistent with the provisions of subsection (a)."

By Mr. CHURCH (for himself and Mr. JORDAN of Idaho):

S. 2671. A bill to amend section 8c(2) of the Agricultural Adjustment Act, as reenacted by the Agricultural Marketing Agreement Act of 1937 and subsequent legislation, so as to make potatoes for freezing, canning, and other processing subject to marketing orders; and

S. 2672. A bill to permanently exempt potatoes for processing from marketing orders. Referred to the Committee on Agriculture and Forestry.

Mr. CHURCH. Mr. President, about 2 years ago, the Congress extended to potato dehydrators the then existing exemption for canners and freezers from coverage under potatc marketing orders. The purpose was to grant equality of treatment to all potato processors, canners, freezers, and dehydrators alike.

However, that change in the law was limited to a 2-year period which will expire on February 20, 1972.

The objective of the 2-year experiment—to confer equal treatment to all segments of the potato processing industry—is an altogether proper one. There is no reason why potato dehydrators should not be treated in the same manner as canners and freezers. Discrimination as between processors is wholly unjustified.

However, there are farmers who feel that nondiscriminatory treatment among processors should be sought in a different way, not by broadening the existing exemption for canners and freezers to include dehydrators, but by eliminating the exemption for all three. It is time for Congress to determine whether it wishes to make the exemption granted 2 years ago to dehydrators permanent, or whether it wishes to eliminate the existing exemption for canners and freezers. Both sides have asked that legislation favorable to their position be introduced.

My colleague, Senator JORDAN, and I agree that both sides have the right to be heard, in order that final policy determination might be made on this matter. We are, therefore, introducing two bills: one bill would remove the existing exemption under the marketing order program for canners and freezers of potatoes; the other bill would reenact and make permanent the expiring exemption granted dehydrators 2 years ago, extending to them the same treatment now applicable to canners and freezers.

We feel that this is the only way to assure both sides in this controversy the opportunity to be heard, and we hope that the Senate Agriculture Committee will find it possible to give early consideration to the policy question posed by these two bills.

By Mr. THURMOND:

S. 2673. A bill to amend section 1086 of title 10, United States Code, to permit a retired member of the uniformed services the right to elect whether he will receive health benefits under such section or under part A of title XVIII of the Social Security Act when he qualifies for benefits under both. Referred to the Committee on Veterans' Affairs.

Mr. THURMOND. Mr. President, today, I am introducing a bill to amend the health benefit provisions for retired members of our Armed Forces.

At the present time, a retired member of the Armed Forces receives health care under civilian health and medical programs of the uniformed services—CHAMPUS. This program is provided for members who are not entitled to hospitalization insurance benefits—part A—under the social security health insurance program for the aged.

Mr. President, when the retiree reaches age 65, he then becomes eligible for benefits under part A of the social security program, and no longer eligible for CHAMPUS. The two programs after age 65 are supposedly identical in nature. However, it confuses some individuals, and they feel they have been deprived of a right and benefit that they heretofore enjoyed. Further, these individuals feel they are better served by CHAMPUS. This legislation merely permits the retiree to choose the program under which he will receive benefits.

I have received information that most agencies handle the medicare and CHAMPUS program in the same office. Thus, no additional problems would be created by this choice. At a time in a person's life when he needs assistance rather than confusion, legislation to provide this security is necessary.

Mr. President, I request that this bill be appropriately referred and ask unanimous consent that it be printed in the CONGRESSIONAL RECORD at the conclusion of my remarks.

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

S. 2673

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the second sentence of section 1086(c) of title 10, United States Code, is amended to read as follows: "Any person who is entitled to hospital insurance benefits under this section and under part A of title XVIII of the Social Security Act shall be offered the right to elect whether he will receive benefits under this section or under Part A of title XVIII of the Social Security Act. An election made under the preceding sentence shall be final."

By Mr. GRIFFIN:

S.J. Res. 164. Joint resolution proposing an amendment to the Constitution of the United States relating to the assignment and transportation of pupils to public schools. Referred to the Committee on the Judiciary.

Mr. GRIFFIN. Mr. President, today I am introducing a joint resolution proposing an amendment to the Constitution of the United States.

The important words in the proposal are these:

This Constitution shall not be construed to require that pupils be assigned or transported to public schools on the basis of their race, color, religion or national origin.

Mr. President, it is fundamentally wrong for any instrumentality of government—including a court—to discriminate in the treatment of children on the basis of race.

To assign and transport a child to a school far from his home, solely because he happens to be black or white, runs counter to basic guarantees that our forefathers thought they wrote into our Constitution—a constitution which includes, of course, the adopted amendments.

Forced busing is not only expensive and time-consuming but it represents a wasteful diversion of scarce tax dollars that could, and should, be used to improve the quality of education.

Even more disturbing is the indication that forced busing actually works against the very objectives it is supposed to promote. Commonsense suggests that we will not achieve the goals of racial harmony and an integrated society by increasing racial tensions and by accelerating the flight from the cities to the suburbs and beyond.

We can, and we must, strive harder to reach those goals by making sure that job opportunities are really equal, that housing opportunities are really equal—and by improving the quality of education available to the poor, regardless of race.

When a court orders long-distance busing of children because they are black or because they are white, the court disregards and ignores a fundamental truth: Two wrongs do not make a right.

Whatever the sins of their fathers, unreasonable punishment ought not be imposed upon the children of a new generation who are guilty of nothing but being born black or white.

Racial discrimination is no less discriminatory just because it is court-ordered.

As I have said before, it should not be necessary to add more and more amendments to the Constitution. It would not be necessary to add this one if the Supreme Court should see fit in the near future to clarify the confused and muddled state of the law which has led some district courts to order busing.

Mr. President, I ask unanimous consent to have printed in the RECORD the text of my proposal, Senate Joint Resolution 164, and a statement on forced busing that I issued prior to the recent decision by a Federal court which affects the Detroit school system and which could also affect many communities outside Detroit in a three-county area.

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

S.J. RES. 164

Joint resolution proposing an amendment to the Constitution of the United States relating to the assignment and transportation of pupils to public schools

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following article is proposed as an amendment to the Constitution of the United States;

"Article —

"SECTION 1. This Constitution shall not be construed to require that pupils be assigned or transported to public schools on the basis of their race, color, religion or national origin.

"SEC. 2. The Congress shall have the power to enforce this article by appropriate legislation.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission to the States by the Congress."

STATEMENT ISSUED IN DETROIT BY SENATOR ROBERT P. GRIFFIN, SEPTEMBER 24, 1971

Most parents, black and white, want quality and equality in educational opportunity for their children.

Those goals can eventually be reached if we make sure—

That job opportunities are really equal;

That housing opportunities are really equal; and

If we reform the system of financing education so that the quality of public education available to children of poorer districts is raised to the level of education living in wealthy areas.

As one who wants to make more and more progress toward racial equality and an integrated society, I am deeply concerned that forced busing solely for the purpose of achieving racial balance is counter-productive. Instead of helping in the effort to promote better race relations, it is resulting in more bitterness and more polarization. Unfortunately, forced busing is greatly accelerating the flight to the suburbs and beyond.

Along with President Nixon and Senator MUSKIE, I don't like forced busing. And that is the position of the overwhelming majority of the people, black and white.

I don't believe I have to say that I am, and have been, for equal rights and against discrimination. During my 15 years in Congress I've had the opportunity to support and vote for every civil rights bill that has become law since Reconstruction days following the Civil War.

I believe the laws of the land must be enforced—even those we do not like. Court orders must be observed, including those that are being appealed. I deplore the criminal acts of the few who resort to violence and take the law into their own hands. They should be swiftly prosecuted.

I know that most people are willing to obey the law—even laws they don't like. But in fairness it is essential that they know exactly what the law requires.

Recently Chief Justice Burger indicated that some district courts are going beyond constitutional requirements in ordering forced busing. The position of the President of the United States is at odds with what seems to be the position of the Supreme Court.

Needless to say, there is too much confusion at present, and it is important to have clarification as soon as possible.

There are a number of suits involving forced busing which are on their way to the Supreme Court right now. At present, the Justice Department is not a party to these suits. I refer, for example, to suits such as those affecting Pontiac, Michigan and Nashville, Tennessee.

Yesterday I met with Attorney General John Mitchell. I suggested and urged the Justice Department to intervene in these cases and perhaps in others. Because the public interest is so important and overriding, I do not believe the Justice Department should remain on the sidelines and leave the argument of such cases to counsel for private parties. Such a move makes sense, particularly since the Administration already has a position which has been spelled out by the President.

While I hope that forced busing can be kept to a minimum, I want to reiterate a position I took in 1967. I would not favor a cut-off of federal funds for voluntary busing.

The magnet school plan in the City of Detroit is a good example of how busing can be an important part of a voluntary program to improve the quality of education.

Back in 1967, Senator Dirksen offered an amendment which read as follows:

"No funds authorized in this or any other Act shall be used to pay any costs of the assignment or transportation of students or teachers in order to overcome racial imbalance."

I offered an amendment to his amendment which read as follows:

"Following the word 'imbalance' and before the period at the end of the amendment, insert the following: 'unless such use is in accordance with a policy formally and freely made by the affected State or by the affected local educational agency without the exercise of direction, supervision or control with respect thereto by any Department, agency or officer of the United States.' "

I disagreed with Senator Dirksen at that time because he wanted to cut off federal funds for voluntary busing as well as forced busing.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 1282

At the request of Mr. RIBICOFF, the Senator from Alaska (Mr. GRAVEL) was added as a cosponsor of S. 1282, the Government Facilities Location Act.

NOTICE OF HEARING ON POLLUTION PROBLEMS

Mr. RIBICOFF. Mr. President, I wish to announce that the Subcommittee on Executive Reorganization and Government Research of the Committee on Government Operations will hold a hearing on October 13 on the pollution problems in Long Island Sound.

The hearing will be held in room 3302, New Senate Office Building, beginning at 10 a.m.

ADDITIONAL STATEMENTS

ANNOUNCEMENT ON VOTE ON MILITARY AUTHORIZATION BILL

Mr. GOLDWATER. Mr. President, on Wednesday, the day the vote was taken on the authorization bill, I had to visit the Military Academy at West Point, so I was unable to be here to cast my vote. Had I voted I would have voted in the affirmative, but I would also have voted with reluctance because I do not feel that we have authorized a sufficient quantity of new weapons or old weapons to start bringing our country into line with the strength of the Soviet. We are

derelict in nearly every aspect of our weapon relations and I am hopeful that next year the President and Secretary of Defense will stand up and ask for the equipment and the money to pay for it which will commence this country's return to adequate power.

THE RESPONSIBILITIES OF BUSINESS IN THE MODERN WORLD

Mr. JAVITS. Mr. President, seeking since 1949 to define and discuss humanistic issues within the general framework of "Man in 1980," the Aspen Institute for Humanistic Studies, to which I was a scholar-in-residence, met again this past August. Of particular focus for this year's seminar was a thoughtful analysis by Gabriel Hauge, president of Manufacturers Hanover Trust Co. in New York City, detailing the relationship between issues of a changing society to the concept of economic growth and progress espoused by economists and industrialists.

In "Rewriting the Social Contract" Mr. Hauge discusses the need to reevaluate the responsibility—the social accountability—of business in meeting today's challenges. Although business is already meeting enormous obligations, it cannot, Mr. Hauge points out, continue to ignore the social costs of production and growth—to preserve productive efficiency at the expense of the public interest. As society reexamines its changing goals, he notes, it is time for business to redefine its social responsibilities toward broadening its accountability to include the full social and economic costs of production and growth and to utilize its special competence to deal with today's priority problems.

I ask unanimous consent that this excellent and thoughtful discussion be printed in the RECORD:

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

REWRITING THE SOCIAL CONTRACT

(By Gabriel Hauge)

It must have been like this in Babel: so many voices, so many tongues, so many causes. Public interest waxes and wanes as Viet Nam, poverty, plight of urban blacks, crime in the streets, drug use, college unrest, consumerism, women's liberation, pollution and the environment, each in turn commands attention. There seems to be no lasting focus, but the issues remain real and they are not settled.

The very diffusion of public attention suggests that these issues are symptoms of a deeper disturbance. The roots of social instability in the United States are many and complex but two will concern us here: a new awareness of the side effects of unprecedented economic growth of the last generation; and the awakening to a new emphasis on the quality of life which in turn results from the affluence that has been achieved for most, although not yet by any means for all.

Our society is both beneficiary and victim of a unique growth in quantity. Per capita income increased eight-fold during the past century, while population grew five-fold and in cities over one million by seventy-fold. It is no accident that urbanization and population growth accompanied the gain in productivity. Since 1950 real Gross National Product in the United States has doubled, the median education of the adult population has risen one-third, and the proportion of the labor force in professional and technical jobs has nearly doubled. Meanwhile, the stock of automobiles, for example, has more than doubled. Congestion and pollution have increased at least as fast, while life expectancy has remained virtually unchanged. And so the question is increasingly debated as to how much the sum of human happiness has risen.

There are those—not dissident youth alone—who fear that economic growth is creating problems faster than it is solving them. The very imperatives in the idea of progress: efficiency, rationality and ceaseless change, are seen by these critics as a grave threat to human values: the autonomy of the individual, the integrity of his personality and the unity of society.

Awareness of the quality of life and emphasis on protecting the environment from ourselves as producers and consumers constitute unfinished business carried over from the material surge ahead in recent decades. So too does the elimination of residual poverty and lack of opportunity, the rural lag and urban blight which remain blots on our advance. Consumerism, another respect of this unfinished business, is really only the gospel of productive efficiency as viewed from the perspective of buyer and use instead of producer and seller. These, of course, are not new priorities, but their current emphasis represents renewed interest in the search for balance in material progress.

There is another, more forward-looking side to social instability. Our long struggle against want is well on the way to being won. In a sense, we are at the end of one age and the beginning of another, in which many people flounder, not only because their choices are so much wider, but also because material prosperity and its broad dissemination are regarded as no more than instrumental value. These values, which has oriented our economy and society for so long, are now so near achievement that they no longer can serve as guides in any simple way. From the present search for new priorities and instrumental values derives a good deal of the social instability of the day. As the title of Patricia Griffith's new novel puts it, "The Future Is Not What It Used To Be".

Expectations, not facts, have always been the leading indicators of history. It is interesting that high levels of output and continued growth nowadays are usually taken as given, and even the elimination of congestion and pollution as accomplished, because these are not value or goals of life, but only conditions for their fulfillment. We know that racial discrimination is wrong, and we are working on the moral equivalent of a heart transplant. We know what a city should not be, and are proceeding to eliminate its glaring flaws. But we have yet to learn, or to agree, as to what a city should be or should accomplish. We know what a corporation should not do: discriminate, pollute, exploit. But what should it do, besides producing a product or service the public wants, and doing it well?

BUSINESS TODAY

President Calvin Coolidge's dictum of the 1920's that the business of America is business, sounds strange today. Henry Luce brought that view up to date in 1963 with his revision that the business of business is America. Business leaders have, of course, known this for generations, and have carried social responsibility into practice. They were once damned as paternalistic for their trouble, but attitudes have changed. Milton Friedman still argues that the only duty of business is to make profits for stockholders; but even he views private profit as a public duty, for much of our past achievement was the consequence of business doing well what it knows how to do best: providing the goods and services that people want. Friedman's doctrine finds fewer supporters today. What some businessmen have always done by personal choice is now increasingly accepted as a civic duty.

While the corporation has been transformed, so has the concept of the public interest. A participatory democracy has always existed on paper, but the conditions for its realization are only now being met. Among them, as Thomas Jefferson well knew, is a citizenry educated and informed as never before. More people have the leisure and opportunity to participate to an extent undreamed of in the nineteenth century: we now have something approaching a town meeting on a national scale. Recent triumphs of technology and the broadening of public policy goals have led many to believe that there are more things in our control than were dreamed of by the Utopians. Belief in the power of organized society to set and reach goals has, in turn, escalated expectations. It has propelled many formerly passive citizens to raise their voices and sometimes their fists. They see business as a major influence on the course of events, and therefore want to take a hand in its direction. The clear separation of roles as worker, as citizen, as consumer, that once characterized Americans, has become blurred. The skilled employee, the manager himself, is today a citizen at work.

The family firm has been largely replaced by the legally immortal (though often financially quite mortal) corporation whose products and markets are constantly changing, as are its technologies, plant locations, employees and stockholders. Nothing about it is very private any more. The owner-founder has mostly been replaced by relays of management teams. These are men of a new breed, professionally trained for their functions, career-minded, often taking as much pride in their own skills as in their firm or product. Lacking a founder's identification with one firm, they are mobile and increasingly view their functions as partaking of trusteeship. They are responsive to several publics, sharing a broad perspective as to the place of their corporation, and of business at large, in society. They generally come out of a background different from that of an older generation of businessmen, and have a somewhat different outlook. Most leaders of the 500 largest industrial corporations in the United States share middle class origins, nearly all have college training, almost half have postgraduate training as well. Although many were schooled in business administration, their education is diversified. In recent years they have included managers fully prepared to operate a shipyard with one hand and a perfume factory with the other, without getting the attar of roses mixed up with the piston grease. Multiple objective management is the pride of the modern corporation and the fact that some objectives are social rather than financial does not seem to overawe the well-schooled business administration graduate.

The large modern corporation, run by professional managers, supervised by a board of directors chosen by stockholders, and constrained by creditors, governments, employees and customers is as complex as many governments and typically more dynamic. It is a leading originator and agent of change, including its own. The 500 largest industrial firms in the United States, for example, accounted for almost two-thirds of domestic sales in 1969. They contributed an even larger share of total research performed and of the technological progress that on one hand complicates the environment, human health and social welfare and on the other hand provides the resources to counter these threats, with affluence and security to spare.

EVOLVING ROLE OF BUSINESS

Because of their overall performance, corporations are increasingly being asked to extend their activities beyond the core func-

tion of efficient production and marketing of goods and services. There are even some demands that they become political supermarkets, establishing and enforcing a full line of foreign and domestic policies. Like some children of permissive parents, they face the prospect of a corporate identity crisis.

The emergence of the corporation as the change-agent of society reflects a questioning judgment on government. Back in the 1930's when the self-regulatory functioning of the economy broke down, government stepped in, assuming responsibilities for general relief, for farm income, for employment, for regulation of the conditions of work. Now, after a generation of nearly uninterrupted economic growth, business has reestablished its credentials. In fact, what has caught public attention in recent times is the apparent inefficiency and incapacity of many government programs. Public education budgets rise sharply, but so does criticism of results. The costs of welfare grow even under conditions of high employment, side by side with widespread questioning of the effectiveness of these expenditures. Mail service declines while its deficit mounts. Poverty and malnutrition persist despite holy wars unleashed by government against them. Federal programs for medical care result in sharp escalation of medical costs with little evidence of achieving their goals. Many local governments appear unable to cope with developments in their own communities. Although a segment of opinion in the United States still believes that the public establishment is omnicompetent and that business does not care, a much larger and growing group has begun to doubt the ability and power of government to carry out the great remaining domestic missions and is turning hopefully to business as the only feasible alternative. It is appealing to many as an idea with yeast in it.

Business, of course, is already discharging enormous social responsibilities in performing its accustomed tasks. It mainly provides the jobs that opportunity is all about, the incomes that relieve us of the drudgery and limited standard of living of our ancestors, the economic progress that gives us hope, the resources for tackling the problems of the day. Without the income and wealth creating power of business in our society, we could not afford the tomorrow that our people aspire to. But here is the dilemma: the more we expand the agenda of business into areas of little or no return or actual loss, the more we tend to undermine incentives to efficient performance on one hand, or to checkmate management with takeover efforts and stockholder suits on the other. The law of action and reaction is common to physics, politics and economics.

REDEFINING THE SOCIAL RESPONSIBILITIES OF BUSINESS

In redefining its social responsibilities today, business faces two main challenges: to broaden its system of accounting to include the full social and economic costs of production and growth, so as to better harmonize the incentives of business and the welfare of society; and to utilize its special competence to deal with priority problems of the day.

Social costs of production

You will recall that the sixth labor of Hercules was to clean the Augean stables where the stalls of 3,000 oxen had been untended for thirty years. While it is reported that he did the job in a single day by diverting the waters of two rivers through the stables, the account makes no references to the consequences downstream.

Some social costs not incorporated in economic decisions, such as the cost of untreated waste discharged into the air, water or upon the land, are borne by the community and society, not by the producer responsible or by consumers of this product. Other social costs, i.e., litter, can be laid at the door of consumers, as costs of consumption not paid by the user, but by those who share his environment. Some social costs however are joint costs which no system of accounting can sort out but which also must be reflected in economic choices. For example, the worst congestion and pollution in our great cities is a combination of industrial location, concentration of urban population, commuting by car, labor migration from farming, federal subsidies for suburbanization, population growth, and failure of zoning, land use and transportation planning by urban governments. They are the social costs of our freedoms and our institutions. They are nobody's and everybody's fault.

Environmental issues have commanded little attention until recently because few people were aware of some problems until they hit the headlines, such as oil spills; or because their full consequences went unrealized, like the automobile; or for lack of an appropriate institution or authority, as still applies in international waters. Opinion now is in the process of veering from one extreme, with social costs of economic activity largely ignored and falling on society as a whole, to awareness and often exaggeration of these still unmeasured costs and a disposition to charge them to the producer. In some manifestations opinion is shifting sharply from apathy to overkill.

It is widely agreed now that business is accountable for the social costs of its production, that it should consume its own smoke, to paraphrase Dame Rose Macaulay's words in another context. But it does not follow that business can include among such costs those which it does not create, or cannot control, such as the unwillingness of the average automobile rider to fasten his safety belt. Reality, of course, is seldom as simple as our precepts. The voracious national appetite for electric power to operate household appliances, quite as much as for industrial plants, spews sulfur dioxide and other pollutants into the air we breathe. And the American love affair with the automobile, rather than any machinations of Detroit, is really what congests our cities and drives fresh air fiends to close their windows.

Americans, who consume 40 percent of world resources produced, junk seven million cars, 43 billion cans and 20 million tons of paper annually, but the limitations of the environment now challenge our personal freedom in this regard. The disposable handkerchief, the single-use toothbrush, disposable clothing are, of course, convenient. But who in the end is accountable for a "buy, use and throw away" economy? Ultimately this question must be answered by a political decision which business can help implement but can hardly make.

Costs of growth

There are special costs of economic growth, such as declining industries, distressed communities, displaced people and obsolete skills. The innovative firm that often contributes to these problems does not pay for most of these costs, and it is not suggested that it should, lest economic progress with its widespread benefits be unduly discouraged. Only recently has society begun to accept responsibility for distressed communities and retraining of workers, and the allocation of this responsibility between government and business is still open.

It is also clear that society has yet to face the full implications of metropolitan growth. Its social costs are the combined consequence of a dynamic technology and a free society. It is, of course, perfectly possible to operate a city of eight million without congestion or auto-inducted air pollution—look at Moscow. But to accomplish this, most people are denied cars, and the government determines the location of housing, employment centers and service facilities. It would be easier to prevent slums or to eliminate them if the institutions of society controlled migration and residence. It might be easier to cope with the problem of labor redundancy if individuals were denied freedom of education and occupational choice. Freedom comes at a cost, not a profit, and it is the responsibility of society to keep the price as low as possible. Business is the instrument that will build and rebuild, and possibly share in the running of cities, but citizens through government must make the decisions, including the vital compromise between freedom and order.

Social accounting

Science, said Hobbes, is the knowledge of consequences. But first, we must have the facts. The debate in my country about the supersonic transport well illustrates the point. So too does controversy running among economists over the Administration's target forecast of a $1,065 billion GNP for 1971. Whatever the total turns out to be, it will include surplus farm products, the medical costs of illness, the pay of policemen required to cope with crime; it will exclude most quality changes. The accounting practices of government, no less than those of business, clearly do not take account of many of the social costs of production and growth.

We have no measure of net social product. There is some discussion in the United States of the need for a Social Report by the President, similar to his annual Economic Report to the Congress, to be prepared by a new Council of Social Advisers or by a reconstituted Council of Economic and Social Advisers. The government of the United Kingdom has begun publication of a new periodical entitled "Social Trends". A current research project in the U.S. identifies over 200 social indicators, compared to which a profit and loss statement is simplicity itself. Yet in assuming new responsibilities, business, no less than government, must specify its goals. It must establish yardsticks for measuring goal achievement, however crudely. It needs to institute accounting procedures to provide information on performance relative to its expanded goals. In its own interest it must let all affected parties know just what it is doing and how well. It needs a bigger scoreboard.

In the narrower area of corporate philanthropy, most companies prepare an annual contributions budget. Many have established contributions committees with their own secretariats to survey potential donations and evaluate results. A growing number have established company foundations, professionalizing the function which Herbert Spencer cynically defined as "being kind by proxy", and separating philanthropy from dependence on the fluctuating fortunes of business activity. Corporations in the United States are now contributing an average of almost one percent of their pre-tax earnings to charitable, educational and related purposes, a sum approaching a billion dollars a year, which may fall short of hopes, but which is many times the amount and twice the percentage prevailing before 1952. The aggregate and the percentage of earnings can be expected to grow under the law which permits contributions up to five percent of earnings as deductible for tax purposes. Beyond these sums, devotion of corporate executive time to community service doubtless will also continue to grow, and this tithe of time is a real and valuable contribution.

Institution building

Since form and function interact, new institutions are frequently needed for new responsibilities. Business must find ways of reconciling the preservation of productive efficiency with a business-like furtherance of

new concepts of the public interest. New forms of business-government partnership will develop, each building on the other's strengths, but the burden of innovation and reform cannot fall wholly on business. Governments too are subject to the new social audit.

The first priority in institutional reform might well be that of local governments in metropolitan areas. Cities cannot be made livable fragment by fragment. All of the major problems of cities require the combined efforts of all levels of government sharing a city among them. This may take various forms. One is government consolidation of the kind we see in Toronto. Another is the Council of Governments approach in the United States, which has yet to attain real leverage. A third is the special-function agency, such as the Port of New York Authority and transport authorities in several cities. None of this precludes, of course, a key role for business in urban rebuilding and investment, or even in the operation of the vital organs of cities, but a business-government partnership is not very productive where government does not govern.

There are many other variations of institutional reform which have been devised in the United States in reaction to new responsibilities. In regional development they include: the federal-state Appalachian Regional Commission established by Congress to direct development efforts in our largest depressed region; various interstate compacts; state and local hybrids of government and business, such as the New York State Development Commission; and completely private institutions, such as the Greater Hartford (Connecticut) Corporation established by thirty leading companies.

The federal government has created several "for-profit" corporations in which it retains a voice through appointment of some members of the board of directors. They carry out business activities fraught with public interest whose conduct requires government-like powers. Best known as the Communications Satellite Corporation. More in line with new domestic priorities is the National Corporation for Housing Partnerships, established last year to stimulate construction of housing for low-income families by a combination of equity investments, joint ventures and its own housing projects. The National Railroad Passenger Corporation, also newly created, has been given wide powers to develop a plan (Railpax) of intercity rail passenger transportation, relieving airport and road congestion, with the contribution of government funds and guaranteed loans.

In this process the dividing line between the private and the public sectors becomes more obscure. Governments, for their part, have been making wider use of business methods and criteria in the discharge of many functions. A tendency toward more realistic pricing of services to identifiable beneficiaries, such as users of local utilities or students at state universities, is a case in point. The efforts on behalf of cost-effectiveness analysis in public budgeting is another. The Lakewood (California) Plan, whereby smaller local governments buy services from larger ones instead of each providing its own, and thus achieving joint economies of scale, is a third. The creation of public corporations, from the Tennessee Valley Authority to the new U.S. Postal Service, offers another example of business-type operations, self-financing from the sale of services and access to the capital market and ultimately responsive to the dictates of the consuming public rather than to legislative bodies and government departments.

Much, of course, can be accomplished with minimal institutional innovation. The taxing power of government can be linked with the productive energies of business by contracts for services which business has not been in the habit of selling, nor government of buying. For example, the Office of Economic Opportunity in Washington has contracted with six firms to raise the reading and mathematical skills of 28,000 disadvantaged students, with payment based on performance. An electronics company has been given the task of evaluating and reorganizing the Camden, New Jersey public school system, hiring subcontractors on a performance basis. These are early efforts and no firm judgments are yet possible, but the initiatives are provocative.

Business has often organized on a wider scale for special social goals. The National Alliance of Businessmen, for example, has assumed the obligation of a continuing program to employ and train hard-core unemployed, mostly blacks. The American Bankers Association Key Cities program has set itself the objective of raising $1 billion for financing minority-owned business by 1975. The life insurance industry is carrying out a $2 billion program of mortgage lending in central city areas.

Business groups in most cities provide the leadership for community improvement in all its aspects, and have been doing so for many years. That is how downtown Pittsburgh was rebuilt and how air pollution in this steel center was greatly reduced long before urban decay and air pollution became national issues. The National Council for Air and Stream Improvement was organized by the paper industry as far back as 1943. Keep America Beautiful, a national organization combating litter, was formed by manufacturers and users of packaging materials years ago. These efforts, to be sure, are piecemeal, makeshift, and haven't begun to keep pace with the growth of the problem but they do provide the background against which more concerted efforts are taking shape.

Beyond legality

There remains a difficult aspect to all this: business management is confronted with the need to make value judgments concerning its activities beyond the criterion of legality. Should a company sell to South Africa? Lend to a pornographer who is operating within the law? Buy from a supplier who pollutes the atmosphere? Deal with a union which discriminates against blacks?

The direct answer clearly is that corporations are legal entities free to exercise their judgment within the law. Unless legality, morality and the economic advantage of the firm coincide. In some cases there may be no economic advantage, no matter how broadly construed, and there may be a penalty. Here a management will make its judgment on grounds that are important to it and its constituencies. For instance, two U.S. mutual funds will not invest in liquor or tobacco shares; another spurns the stock of companies engaged in munitions production. There are funds that invest as a matter of policy in racially integrated housing or in firms devoted to urban and population problems. A leading food company recently refused to locate a plant in an Illinois city until it adopted an open housing ordinance.

These and similar judgments a business may make, and the tools of public persuasion are always at hand to seek an increase in the number doing so. But a view that cannot muster enough support to become the official policy of a representative government should not be imposed on a company or any other organization. Coercion should be a public monopoly, sparingly used. In our pluralistic society, nothing is unanimous and that is why we make do with majority rule. Judgments or programs that are uncongenial to the majority may and often do find a haven in some organization, whether a charitable fund, a city, county or a corporation. That is as it should be. As part of this tradition, a business should be free to make its own way within the limits of the law and its own power.

AMENDING THE SOCIAL CONTRACT

There are many approaches to enforce the new Social Contract: incentives and subsidies for desirable behavior; penalties or taxes for undesirable performance; regulations setting standards and forbidding certain actions; encouragement of technology that can help find ways out of dilemmas. There is no one best approach, since conditions vary: the feasibility of technological solutions, the enforceability of standards, the effectiveness of inducements.

There is a pair of rules, however, that should guide the choice of methods:

First, whatever approach government selects should fit the framework of incentives for productive efficiency. We have yet to find an adequate substitute for the incentives of risk and return and competitive pressure for inducing efficiency in production and allocation. These same incentives can be directed toward alleviating our social problems. The role of government is to modify the choice among alternatives by suitable carrots, sticks, and fences, but to leave business free to arrange its own affairs to the best of its considerable abilities, subject to a revised set of standards. Business needs a considerable measure of freedom, if it is to function at its best. After all, business is people, too. As Nobel Prize winner Paul Samuelson reminds us, Henry Ford cannot operate today like his grandfather did, but neither, says economist Samuelson, can he operate like St. Francis of Assisi.

The second rule is that, whatever government does, it should not penalize compliers and allow a competitive advantage to violators. Only because of this problem is government intervention really needed at all. Most firms would be willing to abide by the new Social Contract if they were assured that their competitors would do likewise. But if low-sulfur fuel is more costly, or if anti-pollution devices are expensive, Gresham's Law of pollution comes into play: dirty plants and dirty cities drive out clean ones by underpricing them. In setting new standards or changing an old one, enough time must be allowed to avoid unequal treatment of existing capacity and new investment, of plant and equipment of different ages. Where a burden cannot be distributed equitably, or where equity might call for an excessively long period of grace, it is best to resort to incentives rather than to general regulation. This principle would also apply to the extra cost of hiring and training disadvantaged workers.

Standards

The mobility of the population, of business itself, the extensive areas from which goods are obtained and over which they are marketed, all suggest the need for national standards, supplemented by local action. No one community has the power adequately to protect its people. It may lack the legal powers to keep out unsafe products; it lacks the effective capability of keeping out polluted air. It will be penalized for enforcing standards within its limited area of jurisdiction which are much higher, and therefore more costly, than standards prevailing in competing jurisdictions.

"Clean the air. Clean the sky. Wash the wind.", wrote T. S. Eliot and his words have been mobilized by the Administration. A series of air and water quality acts have been building up the power of the federal government to set and enforce standards. The Environmental Protection Agency has been prescribing acceptable maxima for pollution emission. Recent legislation has set a 1975 target date for reduction of pollutants from automobile engine emissions by 90 percent. While Detroit has made a good case against the practicability of this date, supporters

of the time schedule assert that, just as the prospect of hanging is said to remarkably concentrate the mind, this requirement may do wonders for antipollution research. Legislation proposed by the Administration would extend water quality standards from interstate waterways to all navigable streams, would expand the power of EPA to review the safety of pesticides, would allow it to set noise standards, would require its permit for ocean dumping, and its prior approval for the introduction of any new chemical. State and local governments also have a full legislative hopper on environmental regulation. One community in Maryland now has a law on the books banning all disposable containers within the city limits.

The recent surge of interest that has produced these environmental standards should not blind us to the longer history of progress in other areas, such as labor standards: wages, hours, and working conditions, unemployment compensation and social insurance. The Administration is in the midst of seeking from Congress major revisions in our programs of public assistance and in the system of medical insurance covering most workers. The difficulties of enforcing standards of nondiscrimination in hiring have not precluded progress in fact and in legislation, such as the Equal Employment Opportunity Commission established to eliminate discrimination against women and members of minority groups.

Underwriter of last resort

Most businessmen are risk-takers; it is an occupational attraction and hazard. Every time they support research or enter a new market they take the limited risk of losing their investment. What management cannot do, however, is assume open-end commitments, such as to employ the entire disadvantaged group or to renew central cities. The continued economic viability of businesses depends on their costs and their revenues in a competitive market. Only governments have revenue source sufficiently independent of immediate consumer satisfaction or cost-effectiveness for such undertakings. Government must bear the open-ended risks which are not a necessary condition of doing business but a social obligation of all. It must be underwriter of last resort, where greater business risks offer no compensating expectations of return. This is the case with the bulk of insurance for central city slum areas, housing and medical care for the poor, financing for marginal minority business. The banking and insurance industries have pooled their responsibilities and resources for these ends to a degree, but there is a limit to the extent they can employ other people's money which they hold when the problem is not simply a wider sharing of risk, but in fact much higher risks and costs.

International dimension

The jurisdiction of the new Social Contract obviously must reach around the world. Swordfish and tuna caught on the high seas can be contaminated by industrial wastes. Health hazards can cross international boundaries through trade: farm products containing dangerous pesticides, TV sets emitting unshielded X-rays.

Some nations obviously can impose social costs on others, as well as their own citizens. On certain health problems we already have a measure of broad cooperation, through the World Health Organization. On industrial pollution, the U.S. State Department has established an Office of Environmental Affairs, which is examining critical international aspects of problems in such fields as automobiles, pulp and paper and power plants. The OECD has established a Committee on Environment. The UN Economic Commission for Europe has scheduled a conference to coordinate national environmental policies. The NATO Committee on the Challenges of Modern Society has activated a 3-year study of methods of controlling pollution of inland waterways, part of an eight-section schedule. In 1972 the UN will hold a World Conference on Pollution in Sweden at which the U.S. may propose the creation of a World Environmental Institute. In the private sector, the theme of this week's biennial congress of the International Chamber of Commerce in Vienna is, "Technology and Society: A Challenge to Private Enterprise."

It is clear that trade could be seriously affected. The nation whose food products are contaminated, or whose manufacturers are unsafe, may find its exports barred. On the other hand, the nation that takes the most effective measures to conserve its environment and protect its citizens may find its products priced out of international markets, or even threatened by imports. Investment could be redirected to countries with lower standards and lower costs.

There obviously is room here for give and take. Common standards is the ideal, which would leave relative positions unchanged, except that nations whose standards are already high would gain. Until that day, domestic standards must be protected, at least by applying them also to imports. But exporters concerned about their social costs are still disadvantaged. This is a difficult issue, whenever their higher standards are reflected not in the intrinsic value of the product but solely in meeting the costs of various domestic social objectives. In all its many aspects, it is probably not too sweeping to say that achievement of environmental quality calls for international cooperation as far reaching as that required for the atom.

EVOLVING SOCIAL GOALS AND PRIORITIES

Between nations there is no consent of the governed, only common interests of sovereign states. Within the nation, we have been living under a Social Contract which is undergoing revision because of a change of circumstances and a related change of heart. Along with other parts of society, the role of business is changing because the goals of society are being re-examined. The process of continuing discussion and debate through which we move toward a consensus or compromise on goals and priorities is one in which all elements of society, including business, must participate. Although business will aid in rebuilding cities in conformity with new technology and population needs, for example, it is not for it to make the vital choices between diffuse suburbs and skyscrapers, between subways or expressways, or to devise the land use plans and zoning codes which shape the environment which, in turn, bends man. Business provides the tools and the alternatives and therefore should have a voice. It is the whole citizenry, however, that must choose and govern.

Looking back at the panorama of material achievement and at the exponential growth of knowledge, it is certain that tomorrow will be unlike yesterday, or even today. As most people become affluent by past standards, each generation will be free to define its own concept of the good life. Goals and priorities, once hemmed in by universal scarcity, now shaped by industrialism, urbanization, and the population explosion, will in time become freer of these constraints. We cannot predict the future, but we can do our best to hand on a strong, productive economy and a mechanism of social choice in good working order, so that succeeding generations may fulfill ". . . man's responsibility to bring the world, that ought to be, into being."

Mr. SPONG. Mr. President, the Federal Aviation Administration has sought to justify the heavy use being made of National Airport and its planned expansion on grounds that Dulles Airport would experience an accelerated increase in traffic during the 1970's. By the end of the decade, it has been argued, both airports will be used to capacity and a new airport might be needed.

In order to have a clear picture of the situation, I asked the General Accounting Office to review the patterns of use and growth at the two facilities. That report is completed and I believe it contains some very interesting findings. I want to draw particular attention to three points.

The first is the tendency of the FAA to overestimate growth in the use of Dulles. The FAA's projections of aircraft operations and passenger traffic at Dulles show a steeply rising trend through the 1970's but, in fact, "the use of Dulles has declined significantly since late 1969," according to the GAO report. The facts are that in the first quarter of 1971, aircraft operations at Dulles were down about 7 percent over 1970 and passenger traffic down about 13 percent.

The second point is that despite this discouraging underutilization of Dulles, the FAA has taken no positive actions to transfer a portion of the traffic from congested National Airport to Dulles. A study of alternatives for increasing utilization of Dulles was undertaken by the FAA at the direction of the Undersecretary of Transportation, but nothing was ever done to follow it up. The GAO report notes that—

The study which was completed in September 1969 indicates that FAA could take action to create a better balance in the use of the area's airports. GAO found no indication, however, that such action had been planned.

To the contrary, the FAA has been proceeding in exactly the opposite direction: Toward expanding the equipment, facilities, and use of an already overtaxed National Airport. Not only is the airport handling virtually all of the short-haul service to and from this region, but according to GAO, substantial long-haul service is provided at National as well. The report contains a detailed comparison of the scheduled long-haul service at the three area airports.

Mr. President, the report goes on to discuss the FAA's plans to expand and modernize facilities at National at an estimated cost of $157 million, or more than it cost to build Dulles with its access road. The Office of Management and Budget disapproved the FAA's request this year for $26 million to cover the Government's share of this project, but according to GAO, the FAA plans to move ahead with the expansion using funds provided by the air carriers and concessionaires.

Mr. President, I have brought this complete report to the attention of the congressional committees concerned, ask unanimous consent that the digest of the report be printed in the RECORD.

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

GROWTH AND USE OF WASHINGTON AREA AIRPORTS

WHY THE REVIEW WAS MADE

At the request of Senator William B. Spong, Jr., the General Accounting Office (GAO) examined into selected aspects of the management and use of Washington National and Dulles International Airports. GAO also

compared the flight service available at the three airports in the Washington area—National, Dulles, and Friendship Airports.

National and Dulles Airports, owned by the Federal Government, are managed and operated by the Federal Aviation Administration (FAA), Department of Transportation.

Friendship Airport, owned by the city of Baltimore, is operated by the city's Department of Aviation.

GAO did not obtain written comments on the matters discussed in this report from the Department or FAA.

FINDINGS AND CONCLUSIONS

National Airport development

National, opened for commercial air service in 1941, has become one of the busiest airports in the United States. National originally was constructed for the use of low-speed propeller aircraft but since 1966 has been used by multiengine jets.

Restrictions were placed on the use of jets, some directed at making National principally a short-haul airport—limiting service to cities within 650 miles. (See p. 10.)

Because of the scheduling practices of the airlines, however, substantial long-haul service is now provided at National. Nineteen cities outside the 650-mile limit have direct service from the Washington area only from National, and several cities beyond 650 miles have nonstop service only from National. (See p. 32 and app. II and III.)

In June 1967 the Civil Aeronautics Board (CAB) began an investigation to determine whether certificates of air carriers authorized to serve Washington area airports should be revised or suspended. The principal reason for this study was the need to relieve serious passenger traffic congestion in National's terminal and parking lots and on National's access roads.

In April 1970, acting on information furnished by the Department, CAB discontinued its investigation and stated that the need for the investigation no longer existed. (See p. 11.)

Use of stretch jets

In April 1970 air carriers were allowed to use a stretch version of the Boeing 727 at National, to temporarily alleviate conditions generated by an air traffic controllers' "slowdown" in effect at that time.

After the slowdown had been concluded, however, the air carriers were allowed to continue using the stretch jet at National. FAA planned to study the effects that the use of stretch jets would have on the future growth of Friendship and Dulles. (See p. 14.)

In February 1971 the Administrator of FAA concluded that the use of the stretch jet had no impact on conditions at National or on the growth and use of Dulles. The Administrator pointed out, however, that the general decline in operations at the airports in 1970 made it difficult to identify trends. (See p. 14.)

In March 1971 the Secretary of Transportation imposed a freeze on the number of stretch jet operations at National at levels existing at that time (78 flights daily) until facts warranted a change of this policy.

An FAA official stated that the limitation had been relaxed on 84 daily operations at the request of the CAB Chairman, because retention of the 78 daily operations limitation would have worked a hardship on the air carriers that already had scheduled crews, maintenance, and aircraft for the summer traffic.

Modernization of National Airport

In September 1968 a firm of architects employed by FAA to study the scope of future activity at National reported that the airport should be modernized and expanded to accommodate 16 million passengers annually by 1980. (See p. 16.)

FAA's 1972 budget submission to the Office of Management and Budget included a request for $26 million to cover the Government's share of a major modernization of National. FAA estimated the total cost of modernization to be $157 million. It was anticipated that the air carriers and concessionaires would provide $79 million and $52 million, respectively.

Although the President's budget for fiscal year 1972 included only $2 million for runway and apron improvements, an FAA official advised us that FAA planned to seek financial participation by the air carriers during fiscal year 1972 to initiate construction of the planned modernization of National without Federal assistance. (See p. 16.)

Dulles International Airport development

Dulles was opened in 1962. During its early years growth was below expectations.

After FAA's 1966 decision to allow jets into National, the air carriers began increasing scheduled jet service into National. Currently the majority of jet service for the area is furnished at National.

The result is that National is used at virtually maximum allowable levels, whereas use of Dulles continues to be at a minimum much of the time. (See p. 18.)

Air carriers' schedules have resulted in high use of Dulles during certain peak hours, virtual nonuse at other times, and fairly uniform use of National throughout the day. (See p. 24.)

Expansion of Dulles

In late 1969 FAA forecast an accelerated increase in the use of Dulles. FAA predicted that if this increase were achieved, the terminal facilities would have to be expanded before 1974.

The President's budget for fiscal year 1972 contains $14.7 million for the expansion of the Dulles terminal and $2.8 million for the expansion of the mobile lounge fleet. (See p. 27.)

Because the use of Dulles has declined significantly since late 1969 and because in the past FAA has tended to overestimate the growth in the use of Dulles, the planned expansion of the Dulles terminal facilities seem to be questionable. It appears that the expansion merely would serve to accommodate the air carriers in their practice of scheduling most of their service during a limited peak period during the day. (See p. 27.)

Concern over imbalance in use of airports

The National Capital Planning Commission, responsible for developing and adopting a comprehensive plan for the District of Columbia, became concerned in 1966 when FAA decided to allow jet service at National. At that time and again in May 1970, the Commission recommended that FAA study the future role of National as an air terminal in the Washington area and suspend further construction at the airport until study results were available.

The Commission advised GAO that it was studying long-range needs for air transportation and terminal facilities in the Washington area but that this study would not be completed until June 1973. (See p. 29.)

In April 1969 the Administrator began a study to determine alternatives for increasing utilization of Dulles. The study was directed toward methods to transfer a portion of National's traffic to Dulles. (See p. 29.)

The study which was completed in September 1969 indicates that FAA could take action to create a better balance in the use of the area's airports. GAO found no indication, however, that such action had been planned. (See p. 30.)

NO INQUISITION HERE

Mr. PROXMIRE. Mr. President, the fear has been expressed that if the United States becomes a party to the Genocide Convention the Federal Government will be required to turn American citizens over to foreign countries for trial and inquisition, incarcerating American citizens at will.

These fears are groundless. Articles 5 and 6 of the Genocide Convention clearly state that each nation shall enact laws, in accordance with its constitution, to provide for the trial and punishment of anyone accused of Genocide. And this trial is to occur in that citizens own country. There is no provision for any foreign nation to arrest, try, or punish an American. Therefore, there can be no inquisition here.

Mr. President, I call upon the Senate to ratify the Genocide Convention as soon as possible.

CANNIKIN NUCLEAR TEST

Mr. GRAVEL. Mr. President, more and more people are becoming involved in the effort to convince President Nixon to call off the planned Cannikin nuclear test scheduled next month for Amchitka Island, Alaska.

Americans, Canadians, and Japanese citizens have all expressed their opposition to the test. Several citizens' groups have sponsored peaceful demonstrations to voice their opposition to the test.

Telegrams have been pouring into my office by the hundreds, urging me to do all that I can to stop such a test.

The Washington Sunday Star of September 26, 1971, contains an editorial urging the President to call off the test as suggested by many of his advisers.

I ask unanimous consent to have printed in the RECORD the editorial and some of the many telegrams I have received in opposition to the blast.

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

THE AMCHITKA TEST

The nuclear test, scheduled to be touched off next month 6,000 feet below the island of Amchitka in the Aleutian chain, has already produced a series of intramural explosions and international temblors.

Predictably, an imposing variety of environmental groups has come out swinging at the proposed test, pointing out that exploding the equivalent of 5 million tons of TNT on a major fault line is to invite a major natural disaster. With equal predictability, the Atomic Energy Commission has issued assurances that no earthquakes or tidal waves will result, and the Defense Department has declared the tests vital to the national security.

So here we go again, with concerned citizens caught in the crossfire between the prophets of environmental doom and the disciples of military preparedness, wondering where salvation lies.

This time, though, there is a difference. This time, the environmentalists have picked up some unexpected support from a variety of governmental agencies whose opinions on the Amchitka test were solicited by the White House. It has been reported that 10 of the 12 agencies advised either cancellation or postponement, leaving only the AEC and the Pentagon holding out for the October boom.

Among those advising postponement, it is reported, is the State Department. It can be assumed that its advice was influenced considerably by the reactions of several countries with whom we share the Pacific Ocean—Canada and Japan in particular—who have let it be known that they take the threat of tidal waves and earthquakes seriously. And considering the fact that both

of these friendly nations are still reeling from the body blow of the new U.S. economic policy, State would seem to have a point. This seems a singularly inopportune time for the test.

So unless there are overbearing security considerations, the President should take the advice he asked for and call off the test, at least for the present. Perhaps when the SALT sessions resume in November, an agreement on ABMs can be reached that will make it unnecessary for us to keep testing the vulnerability of the earth's flawed crust.

JUNEAU, ALASKA,
September 26, 1971.

Senator MIKE GRAVEL,
Washington, D.C.:

Please urge President Nixon to stop all Amchitka bomb tests now.

MARIANNE SHERIDAN.

PALMER, ALASKA.

Senator MIKE GRAVEL,
Washington, D.C.:

MR. SENATOR: Notwithstanding grave doubts as to the propriety of the proposed Cannikin nuclear test at the Anchitka Island site with regard to possible environmental damage and a lack of demonstrated need in the area of national defense, I appeal to you as moderator of the Presbytery of Yukon (United Presbyterian Church in the USA) at the specific direction of that ecclesiastical judicatory that you take immediate measures to thwart such testing at that site both in the imminent and distant future. This request is prompted by our deep concern for the safety and welfare of the residence of St. Lawrence Island in the Bering Sea whose fears have been unallayed by assurances from the Atomic Energy Commission and other governmental agencies that the proposed test will not prove harmful to either the human or the natural environment. This judicatory also remains unconvinced and therefore urges you to utilize that power and influence vested in your office to institute an indefinite moratorium on nuclear testing on or near Amchitka Island, Alaska.

Respectfully,

RICHARD D. MADDEN,
Moderator.

SEPTEMBER 21, 1971.

Senator GRAVEL,
Alaskan Representative, U.S. Senate, Washington, D.C.:

The following is a copy of a telegram which we sent to President Nixon, September 18, 1971. We request your support on this matter.

While we are awaiting your decision concerning the Amchitka test, please be advised that organized labor throughout Canada is alarmed and apprehensive about the results of following such a procedure.

Prior to making your decision, we ask you to note that pursuing your own national interests, at the expense of your northern neighbors, is embracing a policy which can only result in the total collapse of existing friendly relations between our two countries.

We therefore urge you to exercise your authority and cancel the blast, with a view to restoring some of the lost American prestige, brought about by previous acts of a similar nature.

H. CARRUTHERS.

COMMENDATION FOR ARMED SERVICES COMMITTEE STAFF PERSONNEL

Mr. THURMOND. Mr. President, yesterday accolades were passed around by members of the Senate Armed Services Committee reference the excellent work of the committee chairman and the committee members on the military procurement bill.

There is a saying that behind every man there is a good woman. I wish to apply this saying on a committee basis by calling attention to the labors of the secretaries of the Armed Services Committee and Preparedness Investigating Subcommittee. These ladies are rarely recognized and during the past few months they have worked diligently, as they always do, in supporting the committee members in the long debate on the draft and procurement bill.

Mr. President, these ladies include E. Christina Winters, Doris S. Cline, Marie F. Dickinson, Carol L. Wilson, Frances Funk, Mary E. Keough, Maurine E. Dantzic, Phyllis A. Bacon, Nancy J. Bearg, and Kay Parker.

THE 81ST BIRTHDAY OF SENATOR ELLENDER

Mr. GOLDWATER. Mr. President, if there is a more honest person in this body than ALLEN ELLENDER I do not know who it might be, but I have to confess that when he states that he is 81 years old, and I take a close look at him, I have to come up with some doubts. He is a remarkable man for his age or in any age. His devotion to his senatorial duties and his performance in the execution of them serve as a model to all of us.

It gives me particular pleasure to salute this splendid gentleman from the State of Louisiana on the occasion of his birthday and I wish for him many, many more, not only for his own good, but for the good of the country.

NEW ECONOMIC POLICY AND CANADA

Mr. PROXMIRE. Mr. President, this morning's Washington Post contains a letter from Robert P. Kaplan, M.P., vice-chairman of Canada's House of Commons Standing Committee on Finance, Trade, and Economic Affairs.

Mr. Kaplan points out the problems that have been caused to Canada by the President's new economic policy and how, even in America's closest friend and ally, it is engendering new feelings of nationalism and retribution.

I think the feelings expressed by Mr. Kaplan indicate the dangers involved in setting up barriers to free trade no matter how well intentioned.

The problems caused to Canada by the 10-percent surtax and the dangers it poses to our own free market should cause the President to lift the 10-percent surtax as quickly as possible. Failure to do so will certainly impair our negotiating position with regard to the McKensie Valley pipeline and will set back our carefully nurtured relations with Canada.

I ask unanimous consent that the letter from Mr. Kaplan be printed in the RECORD.

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

A VIEW FROM CANADIAN PARLIAMENT ON U.S. ECONOMIC MOVES

The recent economic moves of the Nixon administration, however temporary some of the programs may turn out to be, will leave a permanent scar on Canada's political consciousness which will remain whether the Canadian economy recovers fully or not.

The relationship of our two countries, that of the small man in bed with the elephant, is not unique. History is full of cases of great powers co-existing with small neighbors, and there are other such cases in the world today. What has been unique about Canada's relationship with the U.S. has been the fundamental decency of American policy toward us, which has meant for Canada absolute, if sometimes grudging, autonomy.

Our independent view of international affairs is shown as we trade with Cuba, exchange ambassadors with China, condemn atomic testing and the war in Vietnam, and harbor American deserters and draft dodgers. Contrast this with how China would react to its military deserters being welcomed in Afghanistan or how the Soviet Union would regard a Swedish application to enter NATO. In the economic sphere as well, our independence is visible. The American policy has not impeded Canadians in their aspirations to develop a high standard of living and an urban life style. The American investment in Canada by manufacturing companies and access to the American market for Canadian manufactures have brought us economic benefits.

This attitude of partnership of a great power to its small neighbor has also benefited the United States. It has been proved that there is more to gain for its own people from the prosperity of its neighbors than from the bleeding process of empires past. For example, Canada has abandoned its traditional policy of fostering local industries behind a tariff protection and challenged Canadians to meet world competition in our own markets. We have become America's best customer by far.

The surcharge of August 15 and the prospect of far-ranging U.S. tax subsidies to manufactured exports force Canadians to reconsider Canada's relations with the United States. For this purpose, it is immaterial whether the unilateral American act implies a new era, so far as the Americans are concerned, in their relations with Canada as such, or whether the Americans merely regard Canada's industrial prosperity as a pawn in its negotiations with third countries: In either case, our future is in peril.

Some Canadians feel retaliation is appropriate, that we should penalize the American subsidiaries carrying on business here and withhold the natural resources on which America has a growing reliance. Such reaction is understandable, but naive. Our trade with the United States means relatively more to us than it does to the U.S. An anti-American investment policy could result in a loss of access to American technology, the most advanced in the world. As for our natural resources, none is indispensible. Pulp and paper are cheaper in the U.S., due mainly to a better climate; oil is cheaper from the Middle East (between wars) and natural gas can be replaced by oil and nuclear-generated electricity.

Of course, Canada has options. We have other foreign customers and we can seek to increase our trade with them, but a shift of two thirds of our markets is not done overnight. Many Canadians would favor returning to protected domestic markets. If this means higher costs, it also means more assured independence.

To some Canadians, it may be acceptable to fall in line with the design for Canada implied by a U.S. policy of putting Canada out of manufacturing industries, of returning to the U.S. the employment which U.S. investments and markets have brought us and of gearing our economy as a conduit of our material to American population centers. But clearly, it is not acceptable to our government.

As traditional friends of the U.S., Canada must now ask how applicable to America today is the century-old maxim of a Brit-

ish statesman: "Great Britain has no permament friends, only permanent interests."

ROBERT P. KAPLAN, M.P.,
Vice-Chairman, House of Commons Standing Committee on Finance, Trade and Economic Affairs.

OTTAWA.

THE PRESIDENT'S ECONOMIC POLICY

Mr. SCOTT. Mr. President, during the next few weeks, we will continue to hear a great deal about the merits, or lack thereof, of President Nixon's new economic policy. I wholeheartedly support his program and intend to work for its implementation.

The tax cuts and incentives originally proposed by the administration were, I believe, a bit light on the side of the consumer. However, the House Ways and Means Committee has produced a bill which does give a proper share of tax relief to individuals while at the same time providing the business community with the necessary economic stimulus. Additional stimuli for individuals merit our close study.

As the Senate now proceeds to consider the President's tax proposals, I intend to have more to say, especially in regard to the creation of additional jobs. I believe that we need to show a more direct correlation between industrial expansion and job development. In the meantime, "restraint" is the watchword for all of us—restraint on wages, prices, rents, interest rates, and all the rest.

The Glen-Gery Corp. in Reading, Pa., is one responsible company which not only preaches restraint, but practices it as well. Board Chairman Woodrow R. Eshenaur has written an excellent and thoughtful letter detailing his views and activities during this period of economic reevaluation. I would like the Senate to note particularly Mr. Eshenaur's plea for restraint in all sectors of the economy—business, labor, and government—so that the United States can pull out of the slump and achieve the prosperity we all know is possible. As far as setting an example for others to follow, Mr. Eshenaur, the chairman of the board, and every officer of the Glen-Gery Corp., has voluntarily taken a 10-percent pay cut in 1971. I congratulate the Glen-Gery Corp. on its tremendous effort, and can only hope that its spirit, if not its action, will be emulated by others.

Mr. President, I ask unanimous consent to place Mr. Eshenaur's letter in the RECORD.

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

GLEN-GERY CORP.,
Reading, Pa., September 30, 1971.

Hon. HUGH SCOTT,
U.S. Senate,
Washington, D.C.

DEAR SENATOR SCOTT: It is not a practice of mine to write to members of Congress in regard to legislation that affects this country, because in most instances I feel that the legislators know more about it than I do. However, in the case of Price and Wage stabilization as put into force by the President of the United States, I feel that this has been a great help to small businesses such as I head in the Glen-Gery Corporation.

Small business has been struggling with an uphill battle with the continued escalation in costs and wages affecting our plants and products. With the money situation as it is, it has been almost impossible to generate profits in the economy as it was going prior to the Wage and Price stabilization program. My corporation has been a leader in our industry in giving benefits to its employees in all phases of fringes, and we could do this because we had been generating good profits. Our profit levels today are the lowest they have been since the beginning of World War II, and should costs continue to escalate as they have been, our possibilities of remaining in the profit column are almost nil.

This is not a good situation for the employees, the stockholders, or our customers because no one is assured of a stable situation when a company is unable to generate a fair profit. I believe—as do many of my employees and stockholders—that this nation needs a period of restraint and the best way to accomplish that is to put into force effectively the President's program.

It is, in my opinion, about time that some of the special interest groups such as Government employees, teachers and labor leaders, be willing to sacrifice as the rest of us are doing for the good of this nation. However, it seems they are the three main groups who are clamoring for wage increases far above what they are entitled to in light of the economic conditions in this country.

In this Corporation, we don't believe in just talking! For your information, every officer in this Corporation, including myself, has voluntarily taken a 10% pay cut in 1971 in order to meet the emergency that faces us in this Corporation. If more people would have the fortitude to go forth and do these things that are right for this nation as well as for the association or organization for which they work, we would be far better off, and I cannot sit back without voicing my opinion in this regard. That is why I have written this letter.

I ask you, as a taxpayer and voter, to support a program of restraint on wages and prices so that this nation can again go forward and be able to compete in the international markets as well as offer the public and wage earners of this nation products priced at such a level that they are able to afford to have them available for their use if they so desire.

Very truly yours,

WOODROW R. ESHENAUR,
Chairman of the Board.

THE PRESIDENT'S TAX PROGRAM

Mr. GRIFFIN. Mr. President, I ask unanimous consent that the text of a statement presented today by Secretary Connally before the Senate Finance Committee be printed in the RECORD.

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

STATEMENT BY THE HONORABLE JOHN B. CONNALLY, SECRETARY OF THE TREASURY, BEFORE THE SENATE FINANCE COMMITTEE, THURSDAY, OCT. 7, 1971

Mr. Chairman and Members of this Distinguished Committee:

I appear before you today to urge the earliest possible enactment of H.R. 10947 (The Revenue Act of 1971). These tax proposals are an integral part of the comprehensive economic program announced by President Nixon on August 15.

The success of the New Economic Policy is gratifying, and I expect this success to continue. Domestically, confidence is rising, inflationary expectations are diminishing, and the outlook for strong growth in employment and output is markedly improving. Internationally, there is progress in our efforts to improve our foreign trade and financial position. Steps are being made to create a viable and effective international monetary system.

Briefly stated, Mr. Chairman, H.R. 10947 would:

Establish a 7 percent Job Development Credit;

Reduce individual income taxes for 1971 and the years thereafter;

Repeal the 7 percent excise tax on passenger automobiles, and the 10 percent tax on small trucks;

Permit deferral of taxes for export income of Domestic International Sales Corporation (DISC's);

Provide for creation of a new depreciation system containing elements of the Asset Depreciation Range (ADR) System adopted by the Treasury Department in June, 1971, except the special first year convention (which resulted in a major part of the revenue loss); and

Make a number of structural improvements in the tax law, including some which are clarifications of existing law.

Mr. Chairman, with two exceptions the Administration is prepared to accept H.R. 10947 as passed by the House. First, we object to the action of the House in applying the DISC proposal on an incremental basis. We earnestly believe that all qualified export income should be eligible for the deferral. I shall discuss our reasons for this view later.

We also object to the rejection by the House of the President's request for a two-stage investment credit. In order to stimulate equipment purchasing and employment in the months ahead, President Nixon asked for a credit of 10 percent until August 15, 1972, and 5 percent thereafter. In authorizing a flat 7 percent credit, the House has eliminated some portion of the short-run stimulative effects of the President's program. Businessmen faced with the opportunity to obtain a 10 percent credit rather than a lower amount for increasing their level of activity in the short run would take advantage of it. Employment would be increased much more quickly.

Mr. Chairman, an objective analysis of the comments made in the House Ways and Means public hearings and the discussions in the Executive Sessions must conclude that this nation needs a Job Development Credit at a permanent rate of at least 7 percent in the years ahead. Experience with earlier investment credits demonstrates that the domestic benefits will be great. Such a credit will provide jobs and income for workers and will foster the greater productivity that promotes price stability and rising living standards for all Americans.

However, the really clinching argument for a long-run credit of at least 7 percent, coupled with the depreciation changes approved by the House, stems from the well-recognized need for the United States to enhance its competitive position in world trade. All of us are familiar with the remarkable progress made by Japan and the industrial nations of Western Europe—with, I might add, considerable help from us—in rebuilding their war-torn economies.

But what is not generally recognized is that many of these nations tailor their tax systems to encourage capital investment. After the war, these countries had to encourage savings and investment in their economies. Their economic survival was at stake. Our own country has never previously been so challenged. As a result, our tax system is to a considerable extent biased in the opposite direction.

For example, other industrial nations are relying increasingly on the value-added tax as a major source of revenue. As generally applied abroad, purchases of new capital equipment are exempt from the tax. To the extent these countries rely on the value-added tax instead of income taxes, the effect is the same as if the cost of capital equipment were allowed to be deducted *in full in the year purchased,* rather than being depreciated over a period of years as we require under our income tax system. Further, a

value-added tax affects only *spending*, in contrast with an income tax, which hits the saver just as hard as the spender.

There are several ways in which tax structures in industrial nations can be analyzed to estimate their impact on new productive investment. The most informative analysis is the comparison of capital costs of manufacturing machinery and equipment, from country to country, when adjustment is made for income tax provisions. These tax provisions include the level of the corporate tax, depreciation allowances, and investment allowances and credits. Stated simply, we must ask how the total tax systems affect the cost of acquiring and using new manufacturing equipment in the various countries.

In this respect, the American tax system compared poorly with those of our major competitors. In Table I the cost of acquiring and using machinery and equipment in the U.S. in 1970 is equated to an index of one full dollar. As illustrated, businesses abroad enjoy tax provisions that lower their costs to—

79 cents in the United Kingdom;
81 cents in Japan;
82 cents in Italy; and
83 cents in Western Germany.

Will the 7 percent Job Development Credit and the new depreciation system put U.S. business on an equal footing with its competitors abroad? The answer is no. Even taken together they will lower costs only to 87 cents in the United States. It would take a long-term credit of at least 10 percent—plus the depreciation changes—to bring us into their range of capital costs.

Clearly, Mr. Chairman, if our producers are to be able in the years ahead to compete more effectively in an increasingly competitive world—protecting the American working man's job and income—we must enact an effective Job Development Credit and retain the features of the depreciation system approved by the House. Indeed, the case for both the short-run stimulation of a two-stage credit *and* the benefit to our competitive capacity of a permanent 7 percent credit is so strong that we urge the Committee to adopt an amendment that would effectively serve both goals—the establishement of a 10 percent Job Development Credit until August 15, 1972, falling to only 7 percent thereafter.

Mr. Chairman, H.R. 10947 has been criticized as favoring business over individuals. In this respect, I think any fair-minded person would agree that neither the House bill nor the President's proposals on which it is based should be judged alone. All of the recent and prospective changes in the income tax laws should be considered. As you know, the Tax Reform Act of 1969 granted a massive tax cut for individuals, spread over a four-year period, while it sharply raised taxes on corporations. In fairness, therefore, any judgment about the relative tax impact between corporations and individuals should cover the five-year period beginning in 1969. It should also include the impact of the new depreciation system as well as the other provisions in the House bill.

TABLE I.—*Comparative capital costs of manufacturing machinery and equipment as influenced by income tax policies: Corporation income tax rates, depreciation allowances, and investment allowances and credits; major industrial countries, 1971*

[United States, 1970=100]

Country:	*Comparative cost of capital*
United Kingdom	79.1
Japan	81.1
Italy	81.9
West Germany	82.8
Sweden	83.0
Belgium	84.7
France	89.7
The Netherlands	94.1
Canada	97.2
United States (1970)	100.0
United States with ADR	95.6
Plus 5 percent investment credit [1]	88.9
Plus 7 percent investment credit [1]	86.2
Plus 10 percent investment credit [1]	82.1
United States with ADR, less modified first-year convention	96.6
Plus 5 percent investment credit	89.8
Plus 7 percent investment credit	87.1
Plus 10 percent investment credit	83.0
United States without ADR	
But with 5 percent investment credit	93.2
But with 7 percent investment credit	90.5
But with 10 percent investment credit	86.4

[1] Effective credit assumed to be unaffected by income limitation for purposes of international comparisons.

Source.—Office of the Secretary of the Treasury, Office of Tax Analysis, October 6, 1971.

When this tally is made, as set forth in Table II, you will find that tax payments in this five year period by individuals (mainly in the low- and middle-income brackets) will have been *reduced* by $36.4 billion. Tax payments of corporations in the same period will have actually *increased* by $3.2 billion.

These figures indicate that rather than providing a "bonanza for business," we have if anything gone too far in cutting individual income taxes at the cost of productivity, growth and international competitiveness.

But the fact is, Mr. Chairman, that constructive discussion of tax policies in this country has been hampered for years by the old dogma which pits individuals against business. A croporation is not an entity that stands separate and apart from individuals. A corporation is simply a type of arrangement that every free nation has found exceedingly useful in serving the ends of any economic system—the creation of jobs and a rising standard of living.

Moreover, the task of "allocating" income tax cuts or increases to individuals versus corporations is greatly complicated by the fact that, by and large, an income tax levied on an individual cannot be passed on; he must bear the brunt of it. However, taxes borne by corporations inevitably affect individuals. If a tax cut is passed on in the form of lower prices, consumers benefit. If passed on in the form of dividends, stockholders benefit. And if reinvested in new and better equipment, jobs will increase in the industries that supply the equipment, future pressure on prices will be reduced, as productivity rises, and our trade position should improve as a result of increased competitiveness in world markets.

However, my purpose today is to not explain the fundamental aspects of our free enterprise system, but rather to illustrate the need for a little realism in dealing with tax policy.

Before turning to the specific provisions of H.R. 10947, I should like to emphasize the need for maintaining the fiscal balance in President Nixon's New Economic Policy. Although a small deficit in the full employment budget may be unavoidable in the fiscal year ending June 30, 1872, we shall run grave risks if we unduly enlarge that deficit.

TABLE II.—ESTIMATED EFFECT OF 1969 TAX REFORM ACT, ADR AND WAYS AND MEANS COMMITTEE ACTION ON CALENDAR YEAR LIABILITIES DIVIDED BETWEEN INDIVIDUALS AND CORPORATIONS

[Billions of dollars]

	Individual								Corporations								
	1969 act		Committee action						1969 act		Committee action						
Calendar year	Reform and relief	Termination of investment credit	ADR	Eliminate ADR ¾ year convention	Income tax reduction	Excise tax relief [1]	New investment credit	Total	Reform and relief	Termination of investment credit	ADR	Eliminate ADR ¾ year convention	New investment credit	DISC	Excise tax relief [1]	Total	Total individuals and corporation
1969		+0.4						+0.4		+0.5						+0.5	+0.9
1970	−1.4	+.6						−.8	+1.0	+1.9						+2.9	+2.1
1970	−1.4	+.6						−.8	+1.0	+1.9						+2.9	
1971	−5.2	+.6	−0.6	+0.4	−1.4	−0.8	−0.3	−7.3	+1.1	+2.5	−2.2	+1.7	−1.2		−0.1	+1.8	−5.5
1972	−8.1	+.6	−.7	+.3	−3.2	−2.3	−.7	−14.1	+1.2	+2.7	−2.7	+1.4	−2.9	−0.1	−.3	−.7	−14.8
1973	−10.8	+.6	−.8	+.3	−1.1	−2.0	−.8	−14.6	+1.3	+2.9	−3.2	+1.2	−3.1	−.2	−.2	−1.4	−16.0
Total	−25.5	+2.8	−2.1	+1.1	−5.7	−5.1	−1.8	−36.4	+4.6	+10.5	−8.1	+4.2	−7.2	−.3	−.6	+3.2	−33.2

[1] Split as per committee report.

Source: Office of the Secretary of the Treasury, Office of Tax Analysis.

It is, therefore, gratifying to note that H.R. 10947, together with the Administration's planned outlay reductions, will actually reduce the full employment deficit for fiscal year 1972. I would hope that your Committee and the Senate as a whole would guard carefully against increasing that deficit. This means that additional tax relief to individuals which is already huge in the five years since 1969 could not be granted unless offset with appropriate revenue increases from other sources. With the pressing need for cutting business taxes to stimulate investment, I know of no source from which such revenues could be drawn.

Let me now turn to the specific provisions of H.R. 10947, beginning with the Job Development Credit.

A. JOB DEVELOPMENT CREDIT

The President recommended enactment of a Job Development Credit, similar in many respects to the old investment credit, except that it would initially be at the rate of 10

percent and would later drop to 5 percent as the permanent rate. The two level credit was designed to achieve an immediate response in order to reduce unemployment and improve productivity quickly. The reward of a higher credit for immediate purchases of capital goods, and the prospect of a much lower credit if capital spending plans were not accelerated, would have had the effect of including a quick response.

After public hearings, the House Ways and Means Committee concluded that there were serious difficulties in a two level credit. The Committee expressed concern over the transitional problems in dropping from one level to another, the inequities to producers of some long lead-time equipment, and the danger of accelerating too much of the normal capital spending that would occur in 1973 and 1974 into 1971 and 1972. This led the House to adopt a flat 7 percent credit.

Nevertheless, we remain convinced that a two-stage credit is preferable. As noted earlier, however, the case for a 7 percent figure on a continuing basis is very strong. Consequently, we urge the Committee to adopt a 10 percent credit for property acquired in the period August 16, 1971, through August 15, 1972, or property ordered by August 15, 1972, and acquired by February 15, 1973. The credit should be at the permanent rate of 7 percent thereafter.

The other major difference of the Job Development Credit from the old investment credit is the exclusion of foreign-produced property from the benefits of the credit for as long as the temporary import surcharge remains in effect. The House improved upon our original recommendation by giving the President authority to allow the credit during this period for any article or class of articles if he determines that the disallowance of the credit is not in the public interest. This will permit the credit to be allowed, for example, in cases where there are no United States producers of the equipment, or where there is only one U.S. producer and allowance of the credit for that producer's equipment and no others would tend to create a monopoly. We recommend that the provision excluding foreign-produced property during the period of the temporary import surcharge, subject to this Presidential authority, be adopted by the Senate.

We also accept other actions by the House in revising the application of the credit—

In increasing the credit for property of regulated public utilities from 3 percent to 4 percent;

In allowing the credit in part (one-third) for property with a life of 3 or 4 years, in greater part (two-thirds) for property with a life of 5 or 6 years, and in full for property with a life of 7 years or more, rather than the longer lives required under the 1962 credit;

In extending the credit to livestock so that farmers will benefit to a great extent;

In limiting the credit for used property by offsetting against the new $65,000 limit the cost of used property acquired by the taxpayer so as to limit this allowance to small business for whom it was intended; and

In making other structural improvements in the credit.

We strongly endorse the action of the House in approving a new depreciation system which incorporates the major administrative advantages and simplifications of the ADR System adopted by the Treasury Department in June, 1971.

The House bill provides that the Treasury Department has authority to permit depreciation lives to be taken from a range which varies up to 20 percent from the anticipated industry-wide levels for the particular classes of assets. The House bill rejects the so-called three-quarter year convention, which was an element of the ADR System resulting in a major revenue loss ($2.1 billion of a total revenue effect of the ADR System of $2.8 billion in 1971 and somewhat lesser amounts in subsequent years). This special first year convention was designed, within the limits of the administrative authority of the Treasury Department, to provide more uniform benefits to long and short lived equipment. In general, the shortening of lives benefits long-life equipment more than short-life equipment, and the three-quarter year convention served to restore much of the balance.

The authority to prescribe a range of lives which varies up to 20 percent from anticipated industry-wide levels is essential, in conjunction with the Job Development Credit, as I have previously shown, to provide allowances in any way comparable to those granted by other major industrialized countries. We must provide comparable allowances if we expect our companies to continue producing in the United States for foreign markets rather than building factories abroad. The 20 percent variance is also essential to make all the major administrative reforms in the new depreciation system work effectively; to do equity between competing taxpayers, some of whom could establish their individual right to shorter lives within this range in any event; and to recognize the substantial degree of obsolescence which has occurred since 1962 (when the industry-wide guideline lives were adopted) as a result of technological change, increasingly severe environmental control requirements, increased competition from new highly efficient foreign plants, and other factors.

As was recognized by Congress in 1962 in enacting the investment credit in conjunction with a shortening of depreciation lives by administrative action at that time, the two provisions work hand in hand to encourage modernization of plant and equipment. The combination of the Job Development Credit and the new depreciation system in the limited form adopted by the House will be a highly effective incentive for investment in new productive facilities, enabling us to expand our productive capacity and our output of goods and services. The benefits will be shared by workers, consumers, and investors. Thus——

Workers will benefit because the number of jobs will thereby be increased, reducing unemployment. Permanent benefits from increased productivity as a result of giving workers the most modern machinery and equipment available will provide the basis for wage increases which are not eroded by higher prices.

Consumers will benefit because greater efficiency and productivity will help stabilize prices, and greater output will encourage development of new products and services. United States industry will become more competitive with foreign producers, with obvious resulting benefits to consumers.

Investors will benefit because the changes will help restore a reasonable level of corporate profits, providing adequate incentive to sustain investment for a continuing high level of economic activity and future growth in the United States.

This growth is essential if we are to achieve the goals we seek as a nation today. We seek a higher standard of living—higher wages without higher prices. We seek as a society to deal more effectively with poverty, inadequate health and educational facilities, undesirable living and working conditions in our congested cities, the deteriorating quality of our environment, and other pressing human problems. To achieve these objectives, we must increase productivity and thereby growth in our real output. The resulting increase in national wealth will provide revenues for wage increases, an adequate return on investment, and increased taxes in the long run to enable government to provide for the needs of all our citizens.

B. TAX REDUCTIONS FOR INDIVIDUALS

The House bill follows the President's recommendation to accelerate the individual income tax reductions scheduled for January 1, 1973, to January 1, 1972. As a result, the personal exemption will be increased to $750 and the standard deduction will be increased to 15 percent with a $2,000 maximum effective that date, resulting in additional tax relief for individuals in 1972 of $2.2 billion.

The House bill grants much greater tax relief for individuals by also increasing the personal exemption for 1971 from $650 to $700 effective July 1, 1971, resulting in additional relief of $900 million; by eliminating the "phase-out" of the Low Income Allowance for 1971, thus providing an additional $400 million in benefits in 1971 to low and middle income taxpayers; and by increasing the Low Income Allowance for 1972 and subsequent years from $1,000 to $1,300, resulting in tax reductions of $1.0 billion per year. The latter change will insure that no person or family with an income at or below 1972 poverty levels will be required to pay any tax or file a return; it will also provide substantial tax relief for persons and families with incomes above the poverty levels.

These changes would be implemented in part by changes in withholding taxes to take effect November 15, 1971, underscoring the great importance of early action on this bill by the Senate. The withholding tax changes on November 15, 1971, and on January 1, 1973, will also resolve in large part the problem of underwithholding which have occurred as a result of the increase in the Low Income Allowance in the 1969 Act, and which would be accentuated by the increases in that Allowance in the House bill.

The additional tax relief for individuals without important revenue loss in the bill was made possible by the reduction in the benefits of the liberalized depreciation system by the House. We consider these changes to be reasonable. The combination of these changes and the benefits accruing to individuals from repeal of the automobile and small truck excise taxes will mean reductions in taxes of individuals of $2.1 billion in 1971, $5.9 billion in 1972, and $3.6 billion in 1973. If the reductions already scheduled for 1972 and 1973 under the Tax Reform Act of 1969 are also taken into account, the *additional* tax reduction for individuals from pre-existing 1971 levels will be $8.6 billion per year.

The resulting increase in consumer purchasing power at the rate of $8.6 billion per year beginning January 1, 1972, will provide a powerful stimulus to business activity. It will operate hand-in-hand with the Job Development Credit and the depreciation changes to increase the number of jobs, the level of output of goods and services, and services, and hence the level of government revenues in the future. They will thereby help finance a better society for all our people.

C. REPEAL OF THE AUTOMOBILE EXCISE TAX

The House adopted the President's recommendation for repeal of the 7 percent automobile excise tax effective August, 16, 1971, and also repealed the 10 percent excise tax on small trucks, effective September 23, 1971. These trucks, primarily pick-up trucks, are extensively used for pleasure and recreational purposes or are used by farmers and small businessmen, and to a very large extent they are sold in direct competition with private automobiles. While the truck tax goes to the Highway Trust Fund, the truck tax on these small trucks generates more tax than is ap-

propriate in light of their cost responsibility for the highway system. We endorse this additional action in the House bill.

The repeal will result in refunds to persons who purchased cars or small trucks on or after these effective dates and prior to this bill becoming law. Purchasers after the date of actual repeal will pay reduced prices for their automobiles or small trucks. The average reduction per automobile buyer is $200 per car, and the four major United States automobile manufacturers have given assurance that the entire benefit of the repeal will be passed on to the consumers. The distribution of automobile purchases is roughly a constant proportion of income, so this reduction amounts to a fairly uniform benefit among all income groups. While a higher proportion of used cars are purchased by lower income groups, the repeal of the tax on new automobiles will result in a reduction in the price of used cars, so the lower income groups will obtain proportional benefits.

Lower prices will mean a substantial increase in the demand for automobiles and small trucks. When coupled with the temporary import surcharge and the denial of the Job Development Credit during this same temporary period for foreign-produced items, there will be an even larger growth in sales of domestic cars and small trucks.

D. DISC

Our fourth recommendation was for adoption of our prior proposal for tax deferral for export income of Domestic International Sales Corporations (DISC) if such income is used in export-related activities. Our original DISC proposal was favorably reported by the House Ways and Means Committee and adopted by the House in 1970. We recommend adoption of that same proposal now except that it should be fully effective on January 1, 1972, rather than being "phased in" gradually over several years as the 1970 House bill provided.

In the current bill, the House has substantially crippled the effectiveness of the DISC proposal in serving its main objective *of keeping jobs in the United States* by applying the DISC proposal largely only to increased or incremental export sales. We strongly urge the Senate at this time to restore DISC to the form in which we recommended it so that it will be fully effective in encouraging our companies to produce in the United States for export sale in foreign markets, rather than to move their factories abroad to take advantage of more favorable tax treatment for manufacturing abroad.

Under existing law United States companies may obtain deferral of U.S. tax by manufacturing abroad through foreign subsidiaries for sale in foreign markets. The DISC proposal would provide the same tax treatment for income up to 50 percent of profits attributable to the manufacture and sale of goods for export *if* the manufacturing occurs in the United States. The other 50 percent of the profits would be deemed to be the manufacturing portion of the total profits attributable to the manufacturing activity in the United States rather than the portion attributable to sale outside the United States, and such 50 percent would be taxable currently by the United States.

The income from export sales which receives the deferral treatment must be used either to increase the export sales activities of the DISC or it may be lent to a U.S. producer, usually the parent company, to finance increases in inventories, machinery and equipment and other fixed assets, or research and development expenditures. The amount of such loans could not exceed the portion of the total expenditures for these purposes which the borrower's export sales bear to its total sales. Thus, the deferral of tax on DISC income is available only so long as the income is, in effect, used for export-related activities. When the amounts are paid as dividends to the DISC shareholders, or when the DISC ceases to qualify as such for any reason, the income is fully taxed as ordinary income to the U.S. shareholders.

The DISC proposal is obviously designed to induce companies to continue manufacturing in the United States for sale abroad, thus keeping jobs at home, rather than exporting their manufacturing activities and know-how to foreign countries.

This purpose will be largely frustrated by the incremental concept. More than one-third of our top 100 exporters showed a declining or level export trend for the period 1964–1967, and it is fair to assume that this downward trend has worsened since 1967 as foreign competition has grown stronger. These companies will have no incentive to continue manufacturing in the United States for foreign markets. In the case of other companies, the incremental DISC concept at best provides only partial deferral treatment, so the effectiveness of the DISC in keeping jobs at home will be greatly reduced.

The original form of the DISC, as adopted by the House of Representatives in 1970, would be extremely effective in inducing U.S. companies to continue manufacturing in this country. Detailed presentations of the effect of the full DISC concept on their planning submitted by Union Carbide, Hewlett-Packard, and other companies made this clear.

Furthermore, the "incremental" limitation misconceives the importance the DISC would play in helping to resolve our balance of payments difficulties. A DISC on an incremental basis will not provide an incentive to help arrest the decline in export sales of so many of our companies. From a balance of payments standpoint, it is as important to maintain a dollar of existing export sales against loss as it is to increase export sales by one dollar.

The incremental approach gives rise to very serious inequities. It penalizes those corporations who made substantial efforts to maintain or boost their exports in the base period years, while favoring those who did not do so, thus creating disparities between companies directly competing with one another, some of which will get the benefits of tax deferral and some of which will not. Unless very complex adjustments are made, the approach takes no account of unusual business conditions which may have resulted in either abnormally high or low exports during the base period. Moreover, it favors new entities, who have borne no risks in developing new markets abroad, and discriminates against the exporters who have heretofore made the greatest effort. In a very real sense it betrays those businesses which acted responsibly by participating in the Commerce Department's voluntary export expansion programs. These companies are prejudiced in direct proportion to the extent they *increased* their export sales in the 1968–1970 base period at the Government's request.

Finally, the incremental concept poses extraordinary technical problems. This complexity greatly reduces the utility of the concept to smaller businesses.

The House Ways and Means Committee in 1961 considered in detail and possibility of adopting the investment credit on an "incremental" basis in an effort to respond to similar allegations of "windfall" benefits for investments in capital goods that would have been made anyway even without the credit. That Committee finally abandoned the idea as inherently inequitable and unworkable. The Senate should reject the incremental DISC concept as equally unworkable, inequitable, and damaging to the basic purpose of DISC to retain jobs in the United States.

In addition to serving the interests of labor by creating more jobs in the United States, the DISC proposal serves the interests of business and consumers as well. The interests of business are served because our present tax laws and those of other countries tend to favor overseas productions; many United States businessmen would prefer to continue producing in the United States for foreign markets if the tax treatment for U.S. production could be equalized. The interests of consumers are served because a higher level of exports is needed to support continued expansion in imports.

The DISC proposal, when fully effective, even without the incremental concept, would result in a revenue deferral of only approximately $600 million annually before allowing for the effect of increased revenues from the feedback benefits to the economy. This amount might be only $300 million in the first full year of its operation while exporters arrange to take full advantage of its provisions. We estimate that without the incremental limitation, it will result in an increase in annual export sales of $1.5 billion or more, which will mean more gross national product—more tax base in the United States and more tax revenues.

BUREAU OF INDIAN AFFAIRS MANAGEMENT OF INDIAN MONEYS

Mr. GRAVEL. Mr. President, 18 months ago the distinguished chairman of the Subcommittee on Indian Affairs (Mr. McGOVERN) and I asked the General Accounting Office to conduct a comprehensive review and audit and full program evaluation of Department of the Interior practices and procedures in managing Indian settlement funds for tribes that have won court judgments. Our request came from questions about BIA's investment management practices and arose out of hearings held on my precedent-setting bill which would have provided for no "secretarial oversight" of the disposition of settlement funds already awarded the Tlingit-Haida Indians of Alaska.

The two questions which I posed to GAO were: first "Given the present fact of Government involvement in Indian settlements after the awards are made, how capable is Interior in performing the role of investment counselor and financial manager? and second, What evidence is there that no departures from this blanket policy should be made even where particular tribes have demonstrated beyond reasonable doubt that they are clearly able to manage their own financial affairs?"

GAO has now completed its draft report. I feel its tentative findings are so important that they should be shared with the Senate at the earliest moment. These findings may well point toward needed changes in the legislation under which BIA operates and surely indicates the need for improvement in the agency's administrative practices in managing Indian moneys.

Recall that a 1938 act authorizes the Secretary of the Interior to invest both "tribal trust funds" and "individual Indian moneys" which are not required to meet current needs of the Indians. These funds may be deposited in commercial banks or invested in public debt obligations of the United States. They may also be invested in Government-sponsored but privately owned corporation

securities such as Federal Home Loan Bank notes and bonds.

The amounts involved are not small. The three-man Albuquerque, N. Mex., office of the BIA is charged with the financial management of some $373 million as of last June 30—$73 million in individual Indian moneys and $300 million in tribal trust funds. From the standpoint of the investment manager the goal must be, first, to invest the moneys on a timely basis so as not to forgo earnings, and, second, to invest in the highest yield securities consistent with the law governing investment of Indian funds—(25 U.S.C. 162a).

As we suspected, the BIA has been deficient on both counts. Uninvested balances as high as $23 million were the case in earlier years, and more recently end-of-month uninvested surplus cash still runs at $4 million.

On the second count we found that investment income frequently could have been increased substantially by a more advantageous placing of the funds, despite the restriction on the types of securities eligible for purchase. Also, as of June 1970, about $28 million which was surplus to tribal needs and available for investment was left on deposit with the Treasury—$25 million of it earning 4 percent and $2.5 million in noninterest bearing accounts. That is a very costly way of doing business.

The General Counsel, Department of the Treasury; an Assistant Attorney General, Department of Justice; and an Associate Solicitor, Department of the Interior, have all expressed opinions that tribal trust funds can legally be invested in certain securities of Government-sponsored but privately owned corporations. Yet I understand that the Office of Management and Budget a couple of years ago urged Interior not to invest Indian trust funds in securities like the Federal National Mortgage Association and the Federal Home Loan Bank. Its request did not apply to the $70-odd million of individual Indian moneys, but only to the $300 million in trust funds.

For the Department of the Interior to follow this unofficial prohibition on the kind of securities purchased is to forgo income to the Indian tribes. In the private financial world no investment manager could long survive his clients' ire with similar practices.

When the final report is in, I will consider offering corrective legislation if this is what is indicated. After all, there have been a great many advances made in financial management practices since Congress enacted the basic legislation in the 1930's. We should make sure that our statutes governing the management of Indian moneys keep abreast of these developments so that the American Indian does not suffer financially for having Government manage his money for him.

Finally, there is the question of the need for supervision of all Indian settlements by the Secretary of the Interior as is the present policy. As I expected, the preliminary finding of the GAO review produced no evidence that a departure from secretarial oversight could not be made if permitted by law in cases where particular tribes could clearly demonstrate that they were able to handle their own financial affairs. This would seem only fair, logical, and in keeping with the trends of the times. There is something awfully bankrupt about a blanket policy that would preclude even a tribe of Bernard Baruchs from managing the settlement award it had won fair and square in court.

And while Indian lawyers and others have raised the twin specters of, first, the possible legal liability of the Government if secretarial supervision were removed by statute and the tribe then squandered its funds and, second, the possible adverse tax implications for an Indian tribe with respect to the nontaxable status of judgment funds; the GAO conclusions are that these are false fears.

The GAO report in its draft form is a particularly useful one, and I look forward—as I am sure all Senators do—to the publishing of its full analysis and findings on this much neglected but important subject.

EIGHTY-FIRST BIRTHDAY ANNIVERSARY OF SENATOR ELLENDER

Mr. ERVIN. Mr. President, it gives me a great deal of pleasure to offer my belated tribute to Senator ELLENDER on his 81st birthday because there is no Member of the Senate that I have greater affection and respect for than the senior Senator from Louisiana.

Senator ELLENDER's 81st birthday reminds me of a discussion which I had in recent years with a junior Senator who was strongly supporting legislation to provide for the mandatory retirement of Federal judges at the age of 70. In our discussions I told this junior Senator that I thought experience was a great teacher and if he did not know more when he was 70 than he knew then, that something was wrong. ALLEN ELLENDER is a living example that one knows more at 81 than he does at 70. There is no Member of the Senate who has greater vitality than Senator ELLENDER. His spirit, his energy, and his tireless curiosity make him one of the youngest men in the Senate.

I know I speak for every Member of this body when I compliment Senator ELLENDER on the amazing amount of work he does in the Senate. As chairman of the Appropriations Committee, his interests cover most of the legislative areas before the entire Senate. To be chairman of the Senate Appropriations Committee is an awesome task, but it is a task which seems particularly appropriate for the mind of Senator ELLENDER. His ability to analyze and resolve countless problems which arise from the numerous unrelated bills that come before his committee is a real inspiration to all of us in the Senate.

I congratulate Senator ELLENDER on his 81st birthday. To paraphrase Oliver Wendell Holmes, to be 81 years young, as is Senator ELLENDER, is far more cheerful and hopeful than to be 40 years old. I am very proud to have had the opportunity to work closely with Senator ELLENDER since I came to the Senate, and I wish him many years of continued good health and good fortune.

COLUMBUS DAY

Mr. ROTH. Mr. President, on this occasion, as often in the past, we hail the memory of the great explorer Christopher Columbus, in honor of the most majestic of geographical discoveries, revealing to the world the glories of the Western Hemisphere. And on this occasion, for the first time in history, we speak in the national behalf; because, at long last, Columbus Day has been officially proclaimed a Federal Holiday.

I am pleased to say in this regard that I supported from its inception the Columbus holiday proposal and, as a member of the House Judiciary Committee, did all I could from an early date, to secure its adoption.

The discovery of America on October 12, 1492, is something about which we have heard since we were children in school. Perhaps that is why we so seldom recognize it as among the most important events in the history of the world.

The circumstances of the end of that great first voyage of Columbus to the new world were dramatic. On October 8, the worried Columbus and the crews of his three vessels, out of sight of land and sailing on an unknown ocean for 30 days, saw land birds flying nearby. On the 11th, they fished out of the water a plank and a stick worked upon by human hands. That night, sighting by moonlight, a sailor on the Pinta saw white sand and trees behind it. Land had at last been reached, and, on the 12th, Columbus set foot on an island of the North American hemisphere.

One of our country's greatest historical scholars, Samuel Eliot Morison, has expressed his judgment of the importance of the achievements of Columbus in the following words:

> His four voyages—the first in 1492–93; the second, in which the lesser Antilles and southern Cuba were discovered, in 1493–94; the third, in which he first touched the mainland in 1497–98; and the fourth, 1502–04, in which he discovered unknown shores of the western Caribbean—are the most important in modern history.

That we should have so long delayed official recognition of this glorious occasion is lamentable, but no longer a matter of importance. Congress and the people have spoken. Columbus Day is now on record as an official moment of national jubilee, and the eyes of history cannot but smile on the event, in token of appreciation.

I should like at this time to declare my admiration for the spirit of Columbus, whose great vision and raw courage brought this hemisphere to the attention of the civilized world.

The same spirit, transmitted to our country itself, has urged us ever forward, to the grand development that has astonished mankind and rendered us a

proper symbol of Columbian endeavors, to the benefit of all mankind.

ONE-HUNDREDTH ANNIVERSARY OF PESHTIGO, WIS., FIRE

Mr. PROXMIRE. Mr. President, this Friday, October 8, will be the 100th anniversary of the Peshtigo fire, the most disastrous conflagration in American history.

Ironically, the fire occurred the same night as the Chicago fire.

This week also happens to be Fire Prevention Week.

An account of the Peshtigo fire, published in the Milwaukee Journal of October 3, 1971, depicts the horror of fire. The writer, Robert W. Wells, was also the author of a book about the Peshtigo fire.

This weekend the town has planned a centennial commemoration of the fire. Church bells will toll and a memorial flame will be lighted at the mass grave where 350 identified victims have lain buried for a century.

Mr. President, I ask unanimous consent that Mr. Wells' account be printed in the RECORD.

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

PESHTIGO WAS ABLAZE 100 YEARS AGO

(By Robert W. Wells)

It will be 100 years next Friday since Peshtigo, Wis., was destroyed in the deadliest forest fire in American history.

From the standpoint of casualties, the conflagration that swept over the region north of Green Bay and burned extensive regions of the Door County peninsula outranks such better known disasters as the San Francisco earthquake and the Johnstown flood.

It killed four times as many persons as the great Chicago fire which, by coincidence, took place almost simultaneously with the one in the Wisconsin north country and diverted public attention from the greater tragedy 250 miles away.

Even in Wisconsin, it was several days before most residents realized that the spectacular fire in Chicago was merely the second worst to occur on Oct. 8, 1871.

Milwaukee firemen joined those from other cities in trying to save Chicago. In Peshtigo and other small communities hit by the forest fire, no professional firefighters from anywhere were on hand.

LINES BURN

The telegraph line linking Peshtigo with Green Bay had burned several weeks before in one of a series of smaller fires. Oct. 8 was a Sunday. Not until Wednesday did word of the disaster reach Madison.

By then, Gov. Lucius Fairchild and other state officials were in Chicago, planning Wisconsin's role in helping the victims there. When a plea for help arrived from the Peshtigo fire area, there was no one at the Capitol with authority to do a thing about it.

In 1871, even a governor's wife was supposed to know her place, and her place wasn't running the state. But with all the important men out of town, Mrs. Fairchild started issuing orders and a few hours after the wire came saying, "send help quick," she had a railway freight car of supplies on its way.

REFUGEES HUNGRY

The car had been intended for Chicago, but Mrs. Fairchild sent it north. The men had supposed that it was full, but what does a man know about packing things? The governor's lady and her friends converged on the freight yard in their carriages and stuffed blankets and quilts snatched from their beds into the car's nooks and crannies before it was allowed to depart.

The supplies from Madison and the help sent from such nearby communities as Green Bay and Marinette fed some of the hungry and clothed some of those who had lost everything they owned in the fire. Other refugees wandered through the stricken countryside, looking for potato or turnip patches so they could find food.

Even for those who lived through this unprecedented disaster, its extent was not fully realized until later. Early reports indicated that only a dozen or so had died.

Actually, the total was 100 times that. No exact count was possible. The best guess seems to be that about 600 persons died in Peshtigo itself—more than a third of its 1871 population—and about 250 more in the farming country near that community.

Another 200 or so died in isolated cabins, logging camps, trappers' huts and other places remote from statisticians in the 850 or more square miles which had been devastated.

Twenty-two more deaths occurred at Birch Creek, a small settlement in Upper Michigan which was near the northern limits of the fire. Another 100 or so died in Kewaunee and Door Counties.

SEVERAL FIRES

Many reference books list the toll at 1,500 dead. This is probably too high by two or three hundred, but even the most conservative estimates put the total number of dead well above the second place American fire—a 1904 disaster in New York's East River, when 1,034 persons were killed when an excursion steamer carrying Sunday school children burned.

For convenience, the Wisconsin disaster is called the Peshtigo fire. Actually, it was two and possibly three separate fires which burned simultaneously on both sides of the arm of Lake Michigan called Green Bay.

There were also several large forest fires in Michigan that same day. Luckily, they took place mostly in sparsely populated places, but hundreds of settlers fled and about 100 were killed.

The Michigan fires broke out in the daytime, one reason why the casualties there were lower. The Wisconsin fires arrived after many residents had gone to bed, catching them unaware.

The fact that the flames came sweeping in on a Sunday night instead of a weekday was also a factor. Sunday was the lumberjacks' day off, a time when the saloons and what were then called "whisky holes" did a brisk business.

By evening, a considerable percentage of the drinking men were in no shape to behave with clearheaded logic in trying to save themselves.

WEEKEND SPREE

A Peshtigo priest, Father P. Pernin, who wrote his account of the fire shortly after he'd lived through it, noted that while he was in the rectory yard burying churchly valuables a few hours before the community burned, the sounds of the usual weekend spree were heard from a nearby saloon.

Woods fires had been burning for several weeks, as they usually did in the fall. The season had been unusually dry and many of the residents worried about them, but except for volunteer firemen at the larger settlements there were no facilities for fighting such dangers.

It was hoped that rain would come in time. As it happened, the first October shower arrived one day too late.

Communications depended on horses and the great fire had ended before residents of Green Bay realized that 850 square miles of timber had been burned to the north and northeast, starting only a few miles from that city's downtown.

NONE KILLED

A prominent local resident named George W. Watson brought first word of the disaster, arriving home in his buggy from a Kewaunee County settlement called New Franken, 12 miles away. That community had been wiped out, he reported, and the fire had swept on north toward Door County.

None of New Franken's 80 residents had been killed, although every building was razed. Farther up the peninsula, residents had been less lucky.

The eastern wing of the fire extended to the arm of the lake called Sturgeon Bay. The Belgian settlement at Rosiere reported 44 dead, Forestville was also hard hit and a settlement called Williamsonville or Williamson's Mill in the Town of Gardner was totally destroyed.

Like other reports that followed that confusing night of Oct. 8, the casualty statistics for Williamsonville vary with the source. Thomas Williamson, one of the brothers who ran a shingle mill at the community, seems to be the most reliable authority.

He listed 59 dead by name. Some were his relatives. The others were his friends. Only 17 of the settlement's residents survived, he said, including just four of 15 women and two of 16 children.

About half of the residents followed the lead of Frank McAdams, the settlement's blacksmith, and sought refuge in a small hollow next to a fallen tree. All 35 of them died, huddled together in a space about 15 feet square.

"Apparently the men had circled outside to afford slight protection to the women," one of those who visited the scene the next morning reported. "Next to the group and fallen outside lay the blacksmith, holding a fragment of burnt shawl over the face of his little girl. Two feet from him lay his wife with her two little ones nestled beside her.

"Maggie Williamson lay a step from the rest, with a handful of curling black hair which she had torn from her head. Maggie was beautiful as she lay. Her betrothed had stood by her side, fleeing only after she had sunk to the ground.

"Maggie O'Neil, her rosy cheeked cousin, could only be recognized by pieces of jewelry in her hands, which had been given her by her lover."

The fire which moved north along the west side of the bay began in the town of Pittsfield just north of Green Bay, damaged Suamico, threatened Oconto, Marinette and Menominee and extensively damaged Menekaune, a community which has since become part of Marinette, with two wings of the conflagration continuing north into Michigan.

SAVED ON SCHOONER

At Menekaune, the losses included 35 houses, 10 barns, two hotels, three stores, three mills and a woodenware factory, but not a single life. Thanks to a short temper and a handspike, a shipyard owner named S. V. D. Philbrook deserves much of the credit for the lack of casualties.

A small schooner, the Stella, was tied up in the shipyard awaiting repairs when the fire approached. Several dozen Menekaune men outran the other refugees and jumped aboard the ship, whipping out jack-knives to cut it loose.

Philbrook yelled at them to wait for the others. They ignored him. He grabbed the handspike. The first man to cut the lines would get it across the head, he promised.

Deciding that the danger from the shipyard owner was more immediate than the

peril from the fire, the men put their knives away until the settlement's women and children got aboard. Only after the ropes began to smoke did Philbrook lay down the handspike and permit the schooner to be cut free.

VARY IN INTENSITY

The wind that was driving the fire northward sent the ship out into the Menominee River, where it grounded on a sandbar, safe from the flames.

The fires which swept through the Wisconsin forests varied in intensity. The worst seems to have begun about six miles north of Oconto and headed directly for the village of Peshtigo and an area then called the Upper, Lower and Middle Sugar Bush.

What was then the Lower Sugar Bush begins about two miles west and a little south of Peshtigo. To the north of the Lower Bush and a little northeast of Peshtigo is Harmony, located in what was the Middle Sugar Bush. North of this, across the Peshtigo River, is Porterfield, a small community in what was the Upper Sugar Bush.

Contemporary accounts differ on how many bodies were found in the Sugar Bush farming area after the fire—one says 267, another 255. The reports agree that about half of the casualties came in the Lower Sugar Bush.

Twenty families in that region were killed without a single survivor to mourn for them. One mother lived through the fire with her young daughter but before rescuers found them the child had died of starvation in what had become a blackened waste.

FATHER KILLS CHILDREN

One father killed his children to save them from the flames, then turned the knife on himself. The single survivor of another farm family killed himself, apparently after discovering that his parents and two brothers had died.

One farmer, Henry Bateman, saved himself, his wife, their six children and eight neighbor children by herding them into a plowed field, scooping dirt over the others, then over himself.

A few settlers managed to save their homes. Abraham Place, a Vermonter who had married a Menominee Indian girl, had formed a barrier of plowed land all around his house and with the help of his sons and numerous in-laws kept the building from burning, later opening it to more than 100 refugees.

Reuben Slattery, a logging contractor, had a crew of lumberjacks to help form a bucket brigade. His house was another of the rare buildings which stayed intact.

In Peshtigo itself, the only wooden structure to survive the fire was a portion of a partially completed home. A shanty just outside the village also was spared and gave shelter to at least one of the women who gave birth to babies that night while the community was burning around them.

Most of those who survived saved themselves by standing in the river, which divides the town. Others found refuge in a low lying, swampy area called "the Flats."

The glow of the approaching forest fire was visible about 9:30 p.m., but the worst of it did not hit the village until 10. The western half of Peshtigo felt the fiery blast first and many of the residents started across the river's single bridge, located where Highway 41 now crosses the stream.

The east bank's residents were soon trying to get to the west bank, along with horses, cows and other livestock, while the west siders were pushing the other way. This caused a considerable traffic jam which was resolved when the bridge started to burn.

The Peshtigo Co.'s wooden boarding house, three stories tall, was the largest building on the east side, aside from the mill and woodenware factory. Most of 50 Norwegian men who had arrived in Peshtigo only a few hours before were there and numerous local residents sought refuge inside, among them the wife and nine children of Donald R. McDonald, the factory superintendent.

"Stay here, no matter what happens," McDonald told his wife, then hurried off to fight the fire.

Mrs. McDonald obeyed. She and the children perished, along with everyone else in the boarding house. No one could tell how many died there. All that remained the next morning was ashes and a few fragments of bodies.

Those who got to the river were generally able to survive, although some drowned. One girl, Carrie Heidenworth, got beyond her depth. As she went under, the 5 year old reached out in panic just as a cow went swimming past.

Carrie clung to one horn and was pulled along. The cow eventually got close enough to shore so a man grabbed the girl and pulled her to safety.

WIFE LOST

One man was pulling his wife along toward the river when he lost his grip on her arm. In the darkness and confusion, he stopped long enough to find her, then made his way to the water. Only after he got there did he look again at the woman he had saved.

"You're not my wife," he said. "I've saved the wrong woman."

By then, his wife was dead. A former prizefighter, John Mulligan, boss of the North Western Road crew that was extending the railroad toward Peshtigo, had better luck.

He put his wife on his back and ran for the river, going through the smoke and flames, one admirer reported, "like a quarter horse." Mrs. Mulligan, clad in her nightgown, snatched up a shawl on the way out of the house and by the time they got to the river, the gown was burned off and only a single remnant of the shawl was left.

Mulligan felt this was no time for false modesty. Once they were safely in the water, he held up the tattered shawl in triumph.

MESSAGE TO MARINETTE

It was Mulligan who carried the word of Peshtigo's disaster to Marinette. He sought out Isaac Stephenson, a lumber baron who became a senator, and asked politely if he could get some food to Peshtigo.

Ike Stephenson had been too busy fighting the fire at Marinette to give thought to what had happened elsewhere.

"Why, what is the matter at Peshtigo?" he asked Mulligan.

"My God, don't you know? Not a stick of the village is standing."

Stephenson dashed off a telegram to Gov. Fairchild, entrusting it to the captain of a lake steamer who promised to send it when he got to Green Bay. He sent word to fellow lumbermen to get supplies rolling toward Peshtigo, then arranged to have the Dunlap House converted into a temporary hospital before heading south to see for himself.

Stephenson saw that Mulligan had not exaggerated. It looked as if a tornado of fire had swept through the village, wiping it off the face of the earth.

It now seems likely that Peshtigo's disaster was a small scale replica of the World War II fire storms which destroyed much of Dresden and Tokyo after incendiary bombing raids.

The United States Forest Service has noted that such fire storms can occur in a forest fire and that "everything combustible within the fire storm zone is completely consumed."

The death toll in the 1871 fire was higher than in other huge forest fires because a large number of people happened to be in exactly the wrong place when the fire storm occurred. Except for the river, the number of casualties at Peshtigo might have been twice as large.

Some bodies were completely burned up. All that was found of several Swedes who had collapsed while digging a ditch to try to stop the fire was the metal parts of their shovels. A man who saw a girl named Helga Rockstad crumble to the ground as she was trying to reach the river went back to the spot the next morning to look for her body. Nothing was left but two nickel plated garter buckles and a small mound of ashes.

Entire families disappeared on some of the farms. It was assumed that they had died, but there was no way of telling for certain.

Lumberjacks who had been in the woods when the fire came were never seen again by their friends, but who could say whether they had died or simply decided they'd had enough of that part of the countryside and wandered on?

NO EXACT COUNT

As a result of such uncertainties, any exact count of the number of dead was impossible. Even the statistics on the number of homeless left by the fire are unreliable—one estimate was 5,000 families, but it was no more than a guess.

No one suggested that the federal government help the fire victims, but the Army voluntarily dispatched blankets, clothing and 200,000 rations of hard bread, bacon and beans. The state raised a total of $141,568.49, much of it from private contributions which came from as far away as Peru.

Relief committees were established in Milwaukee and Green Bay as well as in several smaller Wisconsin cities. Smallpox broke out shortly after the fire and was blamed on contributions of infected clothing.

One of the first buildings put up at Peshtigo after the fire was converted into an isolation hospital, with a man who had previously recovered from smallpox in charge. About the only medicine available for the patients was whisky. Those who recovered gave it full credit.

Peshtigo had been largely a company town and the Peshtigo Co.'s decision to rebuild it despite a $1.1 million loss gave the survivors work and made certain that the village would rise from its ashes.

The morning after the fire, supplies had been so scarce that a vigilante committee which wanted to hang a looter had to let him go because there wasn't a rope within miles. Within a week, however, some of the homeowners were busily putting up new quarters and complaining that all this talk about the fire was hard on real estate values.

Most of the new houses were built in the same locations as the old. The streets kept their old names. The new bridge was erected on the site of its vanished predecessor.

Before 1871 ended, the Marinette Eagle noted that "whisky holes are getting thick again" in Peshtigo and "many of them are an intolerable nuisance.

Interest in the fire was revived briefly in 1901 when a body was discovered in a swamp in the Town of Porterfield. It was assumed that the man had died while fleeing the flames in 1871.

Seeing an opportunity to make a buck, a nearby resident charged admission to see the last victim of the Peshtigo fire. Business was so slow, however, that he soon abandoned the enterprise and let the memory of Wisconsin's worst disaster sink back into the foggy haze of distant history.

BIRTHDAY TRIBUTE TO SENATOR ELLENDER

Mr. THURMOND. Mr. President, it is a distinct honor for me to join with my colleagues in paying tribute to our President pro tempore on his 81st birthday.

ALLEN J. ELLENDER has served in this body longer than any of us—35 years by January 1972; however, he warrants tribute for his present contributions to his State and country as well as for his

longevity. He works as hard as any Member of the Senate and his efforts are productive. As the chairman of the important Appropriations Committee, he has seen to it that appropriation measures have been dispensed with all deliberate speed.

Mr. President, the State of Louisiana and our country are fortunate to have a man like ALLEN ELLENDER serving in the Senate. Before becoming chairman of the Committee on Appropriations he served as chairman of the Committee on Agriculture and Forestry for 18 years. It would be impossible to list all of his accomplishments, but the agricultural community of our country has reaped the benefits of his untiring efforts and devotion.

Today ALLEN ELLENDER celebrates his 81st birthday, and if he is 81 years old he is also 81 years young. Many who are half his age are envious of his stamina and vitality, and his dedication to his duties should serve as a goal for us all.

Mr. President, I congratulate Senator ELLENDER on his 81st birthday and also for his long, capable, and dedicated service. We wish him many more birthdays and good health and happiness on all of them.

THE PRESIDENT PRO TEMPORE

Mr. HANSEN. Mr. President, it is my very real pleasure to rise today to comment on one of those matters rare before the Senate: An issue to which there are no dissenters.

This is the unanimous tribute of the Senate to the distinguished senior Senator of Louisiana, the President pro tempore of the United States Senate, in recognition of his 81st birthday on this recent past September 24.

This is a man of the Senate whose vigor and keenness of mind would appear to increase with the passing of time. He is an inspiration to us all, and to all Americans, with his continuing bright, constructive and innovative solutions to the problems of our time.

Cicero, before the birth of Christ, wrote a passage that is not inappropriate today in our thoughts of the President pro tempore:

> For as I like a young man in whom there is something of the old, so I like an old man in whom there is something of the young; and he who follows this maxim in body will possibly be an old man, but he will never be an old man in mind.

Anyone who tries to keep pace with the brisk stride of the Senator from Louisiana when he moves through the corridors en route to his various and many responsibilities will doubt that he will ever be old in body either, I can say with assurance.

Among his Louisiana constituents he is revered for his many attributes, and the attorneys in that State who have dealt with him in legal matters over the years hold his ability in that field in high regard.

The Senator has in the past been best known and respected in my State of Wyoming for his long and dedicated work on the Committee on Agriculture and Forestry.

Wyoming is basically an agricultural State and it is only in recent years that our State has taken its position among the leaders of the Nation's mineral producers.

Wyoming people have always been impressed favorably that the distinguished senior Louisiana Senator has had great knowledge of, and concern for, the sugar cane industry in Louisiana and the sugar beet industry in Wyoming, the cotton industry in Louisiana and the wool industry in Wyoming, the beef industry in both States, the timber industry in both States, and the entire spectrum of the agricultural industry.

Mr. President, Wyoming is grateful for the long, productive years of service to this country by the Senator from Louisiana, and I am proud to join in extending best wishes and congratulations in recognition of his birthday.

ADDRESS BY STANLEY K. SHEINBAUM

Mr. GRAVEL. Mr. President, a recent speech by Mr. Stanley K. Sheinbaum of California and New York entitled, "Nixon and the New Isolationism" is deserving of wide attention, and for that reason I ask unanimous consent that it be printed in the RECORD.

In the deluge of articles and remarks that have been forthcoming on the administration's new economic policy only a few cut through to the larger implications of the direction in which this points our country. I find the economics of Mr. Sheinbaum's arguments to be sound and the criticism he levels to be valid.

He sees the whole fanfare about the administration's domestic moves in the price freeze as largely diversionary action for the main objective of finding a palatable way to devalue the dollar abroad. He argues that we used too much "economic overkill" in doing so.

Sheinbaum's thesis is that we have wasted our resources at home through persistent inflation and weakened the dollar abroad by spending more than we could afford on wars, defense commitments, overseas adventures and the like. He correctly points out that the dominance of the U.S. dollar in the world economy has properly depended on the underlying strength of U.S. productive capacity and that jeopardizing that basic strength is the cardinal sin. He concludes that the heavy-handed resorting to beggar-thy-neighbor policies which place enormous strains on the western—and Japan—alliance may quickly lead the world "back to a period of the worst kind of nationalism and economic protectionism."

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

NIXON AND THE NEW ISOLATIONISM

(By Stanley K. Sheinbaum)

One of the premises of Western economics is that man behaves rationally, and always acts in his own self-interest. Similarly, the socialists charge, the entrepreneurial class in capitalist societies enlist the power and the authority of government to achieve its goals, both domestically and internationally. President Nixon in his recent economic moves has promulgated as perverse a set of policies, from the point of view of himself and of the United States in general, as could be imagined. Equally remarkable is the praise he has received from both liberal and conservative commentators alike; never has American isolation and myopia served so much to undermine its own capacity to understand what it was doing both to itself and to the rest of the world.

I will not be extensive on the domestic aspect of the new NEP, the new Nixon Economic Policies. First, the arithmetic of what is stimulative and what is regressive is basically a wash. Numerous liberal writers have pointed this out. What he is relying on is a positive psychological effect so that businessmen and consumers alike will suddenly understand his super jawboning and realize that all will be well with the economy, that there is no further cause for their concern that either or both rising prices and disappearing jobs will have become a thing of the past, and that they should expand plants and buy retail now. Spend! This reliance on the psychological component means, in essence, that the old "game plan" is still extant, and that the new Nixon is merely this decade's version of Herbert Hoover's do-nothingism.

Then why all the dramatics? In essence, and unless he extends the wage-price freeze, the only crisis to which Mr. Nixon was attending was that of the value of the dollar abroad. The dollar had to be devalued, and it had to be told to the American people. But along with the many old myths devaluation is supposed to be bad (even though it stimulates the economy), (and even though no country wants to revalue either), and even worse, is politically bad for the administration that has to announce it. So dilute it with much bold to-do about the domestic economy, drop a remark about no longer selling gold, and the American people will painlessly accept the fact that their dollar ain't what it was, indeed will hardly notice it. And indeed they have not except for those few Americans caught up in importing or doing the grand tour and couldn't cash their dollars for a few hours.

So just like we were told we could have both guns and butter when we started in Vietnam so now we are told that despite years of wasting our resources we are not going to have to pay for it. Already higher prices and fewer jobs have become the cost for Vietnam; so also, if the protective devices take effect, shall we pay later for the mismanagement of the weaker dollar in the form of inefficient production, that is to say buying American goods more expensively than their foreign counterparts would cost. But clearly the American people are not capable of being told what's what, despite all of Mr. Nixon's "Now, let me make this perfectly clear. . . ."

What has happened over the years is that the strength of the dollar has been dissipated by a wastage of resources at home (domestic inflation) and an insatiable appetite abroad, the buying of more than we could afford, be it wars, European defense, and overseas investments. We wanted to live beyond our means; we wanted to buy more from "them" than "they" were willing to buy from us.

Result: either "they" had to accept more dollars than they needed with which to buy from us, or else we had to pay with gold. Actually, it was a split verdict. To some extent they accepted the dollars, and for the rest they took our gold.

At the start of the process "they" were not all that interested in having our gold. Why not accept the dollars on which "they" could earn substantial amounts of interest rather than take the gold from Fort Knox (where it basically did nobody in this country any good) to keep for themselves where it would earn nothing for them either? To the extent that they cared about gold the

US had earlier made a commitment that whenever they wanted to cash in their dollars for gold they could do so. In other words, the dollar was as good as gold, and besides which there was all that interest income to be gained.

In short time the attitudes toward gold dwindled except in two places, the United States and France. For the French the interest in gold goes way back to inflation almost as a way of life and therefore a deep distrust of money that insisted on depreciating, theirs or anyone elses. Even for the U.S. the explanation has a partial logic: Over the past two decades we have witnessesd our gold stock diminish by 60%, and having been so proud of it in the first place, we were certain of the old economic axiom that anything in increasingly scarce supply must be worth more. But we had failed to discern between those things that have an intrinsic value to begin with, which gold does not, and those things that don't. But there it was fleeing at the rate of a billion or two a year. And in this inability to perceive what was in our own interest lies an action that threw the game away, that destroyed an opportunity for economic world dominance that no country may ever again have.

For while we were preoccupied with gold (and the containment of communism everywhere and anywhere which caused the above mentioned dissipation of resources) the rest of the so-called advanced Western countries had just about accepted the fact that the dollar, given its real worth by the productive capacity of the most powerful economy in the world, had already in essence replaced gold as the key international monetary reserve. By the mid-Sixties this remark had become commonplace at international monetary meetings. A number of factors, including the strength of the U.S. economy, led to this attitude. In the first place, back in 1944 at Bretton Woods the dollar was given the role of the *numeraire;* each of the other currencies were to be quoted in terms of its value vis-a-vis the dollar, and the dollar, in turn, would be quoted in terms of gold, that value having been fixed at $35 to the ounce as long ago as 1934. Furthermore, the American payments deficit from excess expenditures abroad beginning at the start of the Fifties resulted in a flow of dollars outward that helped stimulate other Western economies (always including the Japanese), while at the same time, those dollars became a substantial part of the monetary reserves of many of those countries. For many, more so than gold.

For the U.S., then, we could buy more abroad than we sold. For the extra goods we got, be they wars, new factories, troop support, Germany, Italian shoes, or Eurorail tickets for the now ubiquitous American tourist, all we gave up were pieces of paper called dollars. At balance, trade between two countries is, in effect, an exchange of resources for different kinds of things. But to the extent that we ran a deficit we were getting a lot (goods and services) for nothing (paper).

The dollar had been supreme, not merely as good as gold, but even better. It paid interest; it swelled coffers; and even though paper it had the US economy behind it. What then went wrong and why the crisis?

What went wrong was several fold. First, and to repeat, we wasted our economy at home. The indiscriminate production of unproductive defense goods, especially after the Vietnam escalation, caused the inflation that swelled the flow of dollars abroad. Second, increasing U.S. self-styled commitments abroad sent more dollars outward. Lastly, in their hell bent desire for bigger and bigger, and with the economy at home weakened, many firms expanded their investments abroad—with dollars. What had been becoming a good thing, in fact the best thing possible, was being over done. "They" could absorb a lot of dollars, but not that much, and although in this context the phase "benign neglect" was not applied until just months before Mr. Nixon's crisis, the attitude had been almost official for years. Evidence of the need for international monetary reform had been building for years, and increasingly it had focused on the surfeit of dollars in foreign tills. Nevertheless, the U.S. stood pat on the reform issue, while also refusing to limit its foreign appetite.

When the final crisis came it was not because of concern among foreigners that the U.S. was losing gold. Actually we had already curtailed our willingness to sell gold for their excess dollars back in 1968. But the huge stock of dollars abroad, Eurodollars, forty or fifty billion of them, that had accumulated by 1970 was creating havoc in Europe. Uncontrolled, they sped from one country to another as their owners sought the highest interest return possible. This was the market system, and fair game. But countries, capitalist or not, do not run their economies on market principles. They manage their economies and in times of inflation will raise interest rates by fiat, and lower them if the need be to stimulate production and jobs. Money, however, recognizes no management in this sense, and especially Eurodollars, lots of them, can and will ignore national borders on search and destroy missions for those more attractive rates of interest. So when in the spring of 1971, because of the need to fight domestic inflation, Germany's central bankers raised interest rates to discourage business and personal spending by making it more expensive, lo and behold, like mercury those freely roaming dollars just born of American deficits oozed into Germany taking advantage of those high rates. The German money supply automatically increased and the hopes for curtailing expenditures collapsed. Thus, if the present structure of the international monetary mechanisms no longer permitted nations to manage their own economies, then the international system was indeed obsolete.

Then with the resulting Deutschmark "float" official Washington began to accede in principle to the need for reform as the dollar value sunk. Finally, when the President took his hasty steps that fateful August 15th, it was clearly in a moment of great pressure. It was a case of too much too late. Sheer economic power was brought to bear to protect that level of foreign extravagances, and the reforms that would result would undoubtedly be patchwork and in an environment not of cooperation, but rather of extreme self-interest among each of the national parties. From the U.S. point of view there will be no longer any opportunity to retrieve that special dominant role of the dollar; had the arrogance in Washington been less over time a better, not a worse role for the dollar could have been negotiated. This had become no longer possible. The U.S. had perversely let its dollar, an asset unique in history because of its key currency role, depreciate.

Despite that, the enormity of American economic power has never been more manifest than what we have witnessed since The Speech. Indeed few believed that power to be as great as we have now seen. Milton Friedman, just a few days earlier, had said that the world's central bankers would not cooperate as required. He was off base. When the time came it was not cooperation that was needed. Coercion is a better description of what happened.

When the time came, it was sheer power that was applied. Not the power of fleets and nuclear weaponry, but the enormity of the American economy, its purchasing power, combined with its unique lack of dependence on foreign trade, relatively speaking. That Richard Nixon should resort to power as the method should surprise no one. His 1968 presidential campaign speeches were loaded with explicit allusions to the power of the United States, and when it came time to act in this arena to him his course was clear. Just as overkill had become built into the system of U.S. defenses so also Richard Nixon resorted to overkill to solve the problem of the dollar. And by so doing he may very well have destroyed what was so dear to himself and to so many others, the Western Alliance. His solutions were from a mistaken perception of American interests, and he is very rapidly leading the world back to a period of the worst kind of nationalism and economic protectionism. With one Camp David weekend he has, consciously or not, removed the basis of the spirit of cooperation in the Western world, so carefully nurtured since World War II. His hoped for reversal of China policy really is merely a ping pong game when compared to the Wimbledon of his new international economic game plan. He had two serves and needed only one. But he made the second serve and by so doing it he made it clear to western Europe and Japan that the U.S. was not to be relied on when its own interests were involved. It was exactly that reliance that lies at the heart of NATO. Once damaged, be it in the economic sphere or diplomatic, the institutions and attitudes dependent on that reliance can no longer survive.

Closing the gold window, the first serve, would have been enough. It recognized the weakness of the dollar and would have allowed for currency rate readjustments according to a reasonable working of the demands for and the supplies of the world's various currencies, a market phenomenon that the Bretton Woods fixed rate arrangements had precluded. But no, Mr. Nixon could not resist using the power of his second serve; the 10% import surcharge. To lose Japan Mr. Nixon first turned to China and then this. But for Europe the surcharge was sufficient in and of itself. The Chinese ploy may or may not work. The surcharge already has. Both Western Europe and Japan are fully aware of, indeed frightened by, the disadvanatages to them because of this new US import duty. Eighty per cent of their exports are affected, and some estimates place their loss of sales to the U.S. at 50%. Unlike the U.S., almost all these countries are heavily dependent on their exports. And in that fact lies a major component of the vast U.S. economic armor; the resulting drag on trade will do far less harm. There is also almost an immorality in having applied the surcharge weapon so generally, since the U.S. trade balance is in comfortable surplus with the entire world excepting Japan (against whom some action was justified). Our international deficit has little to do with our failure to compete. Rather it is due to our greed to buy up investments all over, and to the cost of our myopic determination to deliver our way of life to such outlandish places as Vietnam, Greece, and the Congo. But, by God. we're going to make "them" bear a good part of the cost, either by their picking up the bill for our troops and NATO hardware (which the leverage of the surcharge may ultimately achieve) or by our increasing our exports at the expense of "theirs" and their economic well being. Now, it is true that reducing our imports and increasing our exports will indeed aid our ailing economy, but the positive effect for the U.S. will only be marginal at best, while for others even the word devastating barely states the case.

Worse, the years of increasing liberalization have been totally reversed. And so much for the only major piece of legislation that John F. Kennedy was able to get through the Congress, the Trade Expansion Act.

Cutting the dollar's link with gold, the shutting of the gold window, would have been sufficient. It permitted the dollar to float its own level, downward. That de facto devalua-

tion sufficed to eliminate the immediate problem of all Eurodollars racing disruptively around Europe and Japan by making those currencies relatively expensive to pick up. It sufficed to enhance the U.S. export picture, a mistakenly perceived need. And it was sufficient to signal the call for long overdue monetary reform.

But the import surcharge was an application of power far beyond anything necessary to the great detriment of the rest of the world and to the U.S. world trade, already shrinking, will decelerate further, and though U.S. exports will gain in the short run they too will suffer in the long. The currency exchanges, that lubricant of international economic relationships, now is full of sand, and in the resulting frictions the reforms will be patchwork at best. From the U.S. point of view the opportunity to perpetuate the elite key currency role of the dollar, whereby we had been blessed with the giving up of so little for so much, has now been blown.

The gold-dollar link, the balance of payments, Eurodollars, exchange rates, foreign deficits, foreigners' surpluses, all these are of a mysterious world to the average American isolated by two oceans, by a relatively self-sufficient economy, and by a not unfounded sense of the strength of the dollar over times past.

In their ignorance Americans will be long in learning what the arrogance of their President (and the second Texan, John Connally) will mean for them. On the economic front, the few who do will be getting less bang for their buck abroad. Corporate America will find both a more hostile and a more expensive world in Europe in which to buy their corporate needs. Domstically, the policy pronouncements are frivolous with the exception of the wage-price freeze, and that only if extended past the dozen weeks.

For their foreign affairs they will be awakening to a new set of arrangements. The Chinese may very well become the friendlies as the President tries to cover his attempt at extrication from Indochina. These cumulative escapades may very well have cost us our influence in Asia. Japan, formerly our mainstay, is incredulous about our credibility. Taiwan needs no comment. India has signed up with the Soviet Union, and Pakistan now relies even more heavily on Peking.

In the Western Hemisphere we are now at economic war with Europe with all its diplomatic effects on NATO mutual confidences. Latin America, in passing, is enjoying a wave of expropriation even in so friendly a piece of real estate as Venezuela. Mr. Nixon has placed us alone; it is the new isolationism. Just imagine his frustration when corporate, liberal and interventionist America awakens to that fact.

Capitalist economies must ultimately clash in the struggle for markets, their own or others. Polite attempts to cooperate will disintegrate when each in it own interest, correctly perceived or not, will take its own action regardless of the rest. Post World War II cooperation, the great international liberal experiment, is at an end, a failure.

The fear now is or should be that an America isolated and having power will resort too readily to the use of that power, economic, diplomatic and political. Men are easily tempted when power is available. However, in the past decades our hands have been stayed, although not enough, by the niceties of alliances and cooperation. How will we behave now? Already we know Mr. Nixon's predisposition.

FAA AND THE NEED FOR CHANGE

Mr. HARTKE. Mr. President, 1 year ago this week, 31 people died in the crash of a plane chartered by Wichita State University. The tombstones of those students stand as mute testimony to Government irresponsibility. Had the Federal Aviation Administration enforced effective safety precautions, that tragedy would never have occurred.

During 1970, there were 1,270 fatalities resulting from 4,927 general aviation accidents. While no one can say how many of these accidents were preventable, we can say with certainty that the FAA has not taken every reasonable step to improve air safety.

For almost 2 years, the FAA has known that its procedures for determining pilot competency and for regulating aircraft safety are totally inadequate. In April of 1970, the FAA had a report which called for sweeping internal reforms. That report, prepared by FAA personnel, has yet to be made public. Only five of its 30 recommendations have been implemented, and most of those five are only in the early stages of implementation.

On October 1 of this year, the Department of Transportation made public a new study which found that the FAA's safety procedures for private planes were in need of improvement. That report is further proof of FAA inaction during the past 2 years. Most of the areas of concern cited in the report released October 1, 1971, were also listed in the April 1970 report. The fact that nothing has been done since the spring of 1970 is ample proof that the FAA requires new leadership which is committed to achieving safety in the airways.

Mr. President, in the coming weeks, I intend to discuss at length the specific issues which I believe have not been handled properly by the FAA. For the time being, I would like to summarize these areas of concern.

First, general aviation pilot training. I am concerned that there is not adequate control over flight schools, their instructors, and their curricula. Most flight schools are not FAA approved, and 90 percent of all general aviation pilots receive their flight training at nonapproved schools. Neither the standards of these nonapproved schools, nor the degree of supervision over them is satisfactory.

Second, accident prevention. Much more needs to be known about the causes of accidents. Information about equipment failures and maintenance problems must be shared with the industry immediately. Statistics are useless unless they can be translated into meaningful information immediately. In this area, the FAA has been deficient.

Third, aircraft surveillance. It is imperative that new procedures be implemented to improve the surveillance of aircraft. Safety inspections and enforcement of regulation violations are inadequate at the present time.

Fourth, FAA regulations. There is considerable opinion that important FAA regulations are not clearly written. This can lead to misunderstandings, varying interpretations, and ineffectiveness.

Fifth, aircraft certification. There has been significant evidence that there are too many loopholes in present FAA regulations. These loopholes permit some aircraft operators to operate equipment which is unsafe or improperly inspected. These loopholes—one of which led to the Wichita State crash—must be corrected.

Sixth, quality control. The FAA does not have adequate procedures to check the quality control of major airplane manufacturers. As a consequence, it is possible that defective equipment is being used in general aviation.

Mr. President, I realize that I have been rather brief in this analysis of areas of concern. It is my intention to examine each of these areas in detail in future statements.

It is disturbing to know that the FAA has been suppressing reports on its procedures which indicate that it has been deficient in pursuing aviation safety. I realize the embarrassment which these reports must cause the FAA, but this is an issue of human lives. It cannot be submerged because of bureaucratic vanity.

During the past 2 years, there have been too many empty promises of action by the FAA. Unless the agency takes immediate action to reorganize itself and implement new safety regulations, Congress will have to act. The safety and well-being of the millions of Americans who fly in commercial and private aircraft each year is at stake. Further delays cannot be tolerated.

THE WAGE-PRICE FREEZE

Mr. CRANSTON. Mr. President, the distinguished former Representative from California, Jerry Voorhis, has commented incisively on a subject of keen interest to us all: The wage and price freeze and what should follow. In an article entitled "The Big Freeze: Hot and Cold," published in the Claremont Courier on August 28, 1971, Mr. Voorhis analyzes the administration's economic proposals. I do not necessarily endorse all that he proposes, but I believe his comments to be highly useful to our current discussion. I ask unanimous consent that his article be printed in the RECORD.

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

THE WAGE-PRICE FREEZE

(By Jerry Voorhis)

Mr. Nixon's imposition of the wage-price freeze is, of course, an admission that his previous policies were unworkable if not disastrous. For the first time in its history the nation has been suffering from severe and rising unemployment and economic sluggishness on the one hand and from a galloping price inflation on the other. Add to this a $23 billion budget deficit in fiscal 1971 with probability of an even larger one in 1972. Add also the first foreign trade deficit in several decades, deep depression of prices received by farmers, a serious threat to the "soundness" of the dollar, a progressive destruction of the environment—and we have the general picture that brought on the freeze.

It is no wonder that Mr. Nixon took drastic action. He had to.

It is, however, a matter of considerable enlightenment to find the most committedly conservative administration since Harding tacitly admitting in one short half hour that the "free market" economy was operating in reverse and that the gold standard was operating like a ridiculous millstone around the nation's neck.

Congress, concerned about what it saw coming, conferred upon President Nixon more than two years ago the power to institute economic controls—including control of the escalating interest rates. Mr. Nixon declared then and repeated that declaration through Secretary Connally only a few weeks ago, that he would never use these powers. And so far as controlling interest, profits or dividends he has kept his word—unfortunately—to this day.

But had the President acted promptly when Congress conferred these powers on him his action could have been far less drastic and would almost certainly have been far more successful. It would also have saved the country from its present abysmal crisis.

While Mr. Nixon has abandoned many of his life-long predilections there is one which he has not abandoned. That is what may be called the "trickle-down" theory of economic recovery and stimulation. This is the theory that if the people at the top—especially large-scale business—are given enough economic advantages, then their prosperity will trickle down to the people generally—to the workers and farmers and small businesses—and cause increased employment and economic recovery.

That theory simply does not work—not in a monopoly-ridden economy such as we have today. Mr. Nixon has certainly given it every chance to work. Military expenditures have been maintained at fantastically high levels, with new weapons systems emerging from the Pentagon woodwork to threaten the SALT talks with failure, every few weeks. Over the past few years, according to the General Accounting Office, more than $33 billion of our tax dollars have gone to military contractors for "cost overruns". And the GAO also reports average profits on some 140 such contracts to have been more than 56%! Still, Lockheed, the biggest of all contractors for the Pentagon had to be bailed out by the taxpayers.

Interest rates have been allowed to skyrocket to the highest levels since the Civil War. Money-lenders have had a field day. Even short-term government bonds are costing taxpayers 6% interest and more. And interest on the national debt has gone from $14 billion in 1968 to more than $20 billion in fiscal 1971—a full 50% increase in the Nixon years.

If this were not enough, Mr. Nixon granted some months ago—and probably exceeded his constitutional authority in doing so—a fast depreciation tax write-off to business, which is estimated to benefit industry, and cost the taxpayers, close to $3 billion this year and from $39 to $50 billion over the next decade.

Finally not a word has the Administration had to say about the cancer of monopoly pricing. Utility rates have been allowed to skyrocket, steel prices have been boosted more than once, the same with autos, aluminum and others.

But none of this did any good. Unemployment continued to rise. Inflation continued with a vengeance.

Then—suddenly—came the freeze of prices, wages, and rents. But NOT—significantly—of interest rates, profits or dividends.

The trickle down theory is still the basic policy of the Nixon Administration. True, the freezing of the dollar from its bondage to hold will probably benefit the nation generally. True, also that the President proposed to advance the second $50 increase in basic tax exemption, which Congress has scheduled for January 1973, to January 1972. But there the aids to the average family and its buying power pretty well end.

Instead, Mr. Nixon proposes, on top of his fast depreciation write-off, to give industries a 10% tax credit for money spent on new plant and equipment.

But more productive capacity is not what the nation needs. We're not using what we have. What is needed is a stimulation of consumer demand so the plant already in existence will go back to work and employ people. And there are several ways to bring about that stimulation of consumer demand. The most obvious one is by an immediate and substantial reduction in family taxes. Another is by a really effective program for training and public service and public works employment of the unemployed. Congress passed no less than 3 such bills in the past few months, all of which Mr. Nixon vetoed, only to finally sign a badly emasculated version of a bill he originally had castigated when he vetoed it.

A third and badly needed method would be an increase in prices received by farmers. The most constructive way to accomplish this would be by measures that would strengthen the market bargaining power of farmers' cooperatives. But Mr. Nixon's new game plan does not include any of the measures to increase the mass buying power of the people.

Again, and hardly noticed amid all the excitement about other measures, but Mr. Nixon announced a virtual abandonment of his proposal to provide the poor with a minimum of $2400 a year per family as a measure of "welfare reform".

So, in summary of these points, what Mr. Nixon's package amounts to is hardly any increase in the people's buying power and continued reliance on the "trickle-down" theory, benefiting those at the top—a theory whose utter ineffectiveness the whole history of the Nixon Administration amply demonstrates.

But there is more that must be said. If we do not need more productive capacity we need even less more automobiles! It is hardly necessary to reemphasize the fact that the automobile is the arch-destroyer of our God-given air. To try to cure the recession by encouraging production, sale and use of more automobiles by repeal of the excise tax or in any other manner is, to speak generously, the height of irresponsibility.

And the proposal of the President to "increase employment" by firing 5% of government employes (!) requires no comment beyond the simple observation. He could easily have saved his $4.7 billion by cutting the budget of the Pentagon, instead of disemploying workers. But he chose to fire the workers.

As for foreign trade, we have to wait and see. Certainly the imposition of a 10% tariff on imports will increase the cost of firing of American people. Prices for imports will go up at least by 10%. If this brings about increased employment behind this tariff protection that may balance out the loss to some extent. But whether the cheapening of the dollar plus the 10% tariff will actually increase American exports and reduce imports is a matter of doubt. It all depends upon whether other countries finding it harder to sell in the American market will choose to continue to buy from us, or whether they will take their trade elsewhere, or devalue their own currency. Only the future can answer these questions. But a certainty is that foreign trade is a two-way street. And another one is that more than one country can play the game of tariff retaliation.

We now come to the freeze itself, to how it will be enforced, and to what comes after it.

It is already all too evident that the freeze has "frozen" all sorts of inequities and injustices. That should have been foreseen. Had it been, some kind of fair and effective enforcement machinery would have been provided by the Administration. But this was not done. And widespread confusion and uncertainty has resulted.

Furthermore worry has already started in Administration inner circles, and among us all, as to what happens at the end of the 90 days. Will the freeze be continued for a longer period, perhaps indefinitely? Or will that "bureaucracy" which Mr. Nixon declared he would not create have to be instituted to administer some kind of selective controls? Or will the economy be turned loose again with the virtual certainty of a greater amount of inflation than ever before?

The second alternative would seem the more likely one. And this leads to the observation that it would have been far wiser, even at this late date, to have established an orderly system of selective controls on wages, prices, rents, interest, profits and dividends—difficult as its administration would have been—than to have imposed the freeze. Such a system would leave room for the correction of inequities and injustices, which the freeze does not. And it will probably have to be resorted to in any case unless present Nixon Administration policies are drastically changed.

For this reason, there are 3 factors in our present economy which make inexorably for both unemployment and recession and for price inflation.

These 3 factors are military expenditures (and also space expenditures and some others which produce no useful or saleable commodities or services), interest and monopoly.

Unless these 3 factors are effectively dealt with and the trickle-down theory abandoned, we will get simultaneous inflation and recession all over again once controls are removed.

About $2 out of every $3 of federal taxes paid by the American people, now goes for war—past, present and mostly, future. Every dollar that is spent for war and weapons of war is economic waste and a purely inflationary dollar. Tens of billions of those dollars are being dished out annually. A scandalous percentage of them wind up as a contractor's profits. Several billion of them are simply wasted. Some of them go into workers' wages. But not one of those military dollars produce a dime's worth of anything useful or saleable in the markets of the nation. The empire impact of the military budget is, therefore, to drive up the prices of the goods and services produced by the wealth-producing segment of the economy.

As for employment, a billion dollars spent on military weapons employs far fewer workers than does a billion dollars spent in almost any other way. Most of the war money is necessarily used for acquisition of very expensive materials, for salaries of highly paid technicians and scientists. Furthermore, our burgeoning war equipment is robbing the rest of our economy of much of its productivity and efficiency because the military usurps so large a percentage of our best scientific and technical talent and of our exhaustible natural resources.

In the face of all of this and despite his avowed concern about inflation, Mr. Nixon's budget for fiscal 1972 calls for an increase of close to $2 billion in the military budget.

Until that trend is drastically reversed and the military expenses cut back to what is really needed—without waste or profiteering—inflationary pressures will be intense.

High interest rates have been apologized for on the false grounds that they curb inflation. They do no such thing. The cost of borrowing is a major element in the cost of production and distribution of practically everything we buy in this country. The selling prices must reflect those costs. The higher the interest rate, the greater price inflation must inevitably be. For example, a $20,000 home carrying a 30-year mortgage at present interest rates will cost the home-buyer $55,000—$20,000 for all the land, brick, mortar, labor, contractor's profit, architect's fees—everything real—and $35,000 as interest to the money lender.

And the record for the 10 years, 1960 to 1970, is clear as crystal. The rates of increase

in prices from 1960–1965 were moderate indeed. They were:

	Percent
1960–61	1.6
1961–62	.9
1962–63	1.2
1963–64	1.5
1964–65	1.1

In December 1965, the Federal Reserve Board, by a 4-to-3 vote, decided to raise its discouraged economic recovery and increase unemployment by making it more costly for farmers and businessmen to produce.

At present banks and lending institutions are bulging with money. There is not an economic reason on earth why interest rates—particularly on government securities—should not be cut to half what they now are. The President has the power to do that, if he only would. Unless he does he will confront a second powerful inflationary force when and if he tries to remove or modify his freeze.

The third factor making for both recession and inflation at the same time is monopoly control of industry. To take but one example we are witnessing today a progressive monopolization of the energy resources of the nation. Over the past few years, 7 out of 10 of the biggest coal companies in the country have been bought up by other power producing concerns. Four of the biggest of those coal companies now belong to major oil companies. Though the price of coal jumped some 60% in the year just passed, and 100% in the Tennessee Valley Area, Mr. Nixon's * * * conditions may be. Their consistent rule and policy is maintenance of the profit margin. To protect that profit margin, production will be curtailed to assure an excess of demand over supply. And even in times of recession when sales are slow monopoly industries do not reduce prices to stimulate sales and increase employment as competitive industries do. Instead they lay off workers, curtail production and actually raise their prices to protect their profit margins. Examples of such action are legion.

What this country really needs is not so much Tom Marshall's good 5-cent cigar, or even a 90-day wage and price freeze, but rather a continuing selective control of prices to be charged by monopolistically controlled industries. They should be treated as the public utilities which in fact they are, only regulation should be far more effective than present regulation is over what we now recognize as public utilities. Under such circumstances, with firm ceilings placed on the prices they could charge, monopolies would be compelled to protect their profit margins by increasing production and selling a larger volume of goods. And the only right or long-run effective way to cure a price inflation is by increasing production to the point where supply equals or somewhat exceeds demand.

If Mr. Nixon would propose to Congress that it establish machinery for control of monopoly prices (but not competitive ones), if he would cut interest rates in two, and lop all the fat and waste off the war expenditures, then and only then could we hope to have once more a prosperous, full-employment economy without harmful inflation, and free of freezes.

THE WAGE-PRICE FREEZE

Mr. GRAVEL. Mr. President, the economic dilemma currently confronting our Nation is a source of grave concern to all of us.

The implications of the President's current wage-price freeze are far-reaching and of vital concern to members of all segments of our society.

I was recently contacted by David H. Settle, president of FAA Local 3028 of the American Federation of Government Employees in Anchorage. Because of his position he is particularly concerned about the potential effect of a proposed restraint on wages, promotions, and hiring of Federal employees.

I, too, share his concern and would like to bring it to the attention of my fellow Senators and Members of Congress. I ask unanimous consent that a letter from the members of Local 3028 to the Members of the U.S. Congress be printed in the RECORD.

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

OPEN LETTER IS DIRECTED TO ALL MEMBERS OF THE CONGRESS

SIRS: When you receive the President's request for legislated authority to effect restraint on wages, promotions and hiring of Federal employees, I urge you to consider very carefully the actions you will take.

Consider first the impact of freezing on work forces—wages—while allowing the remainder to go unchecked. What will be accomplished by freezing the wage of the Federal employee—a wage that already trails behind his counterpart in private enterprise. Furthermore, how can an employee in the high cost of living area such as the giant metropolitan areas and the State of Alaska be asked to sacrifice the decent income so his counterpart in private enterprise can increase his? Now the Federal employee is being asked to sacrifice any pay raises due him for six to ten months. It's a well known fact that the Federal employee's paycheck is nearly 6 percent behind that of private industry. Is it right to ask this man to carry all the weight on his shoulders?

Secondly, the President has called for an immediate slowdown in Federal hiring and in classification of its positions—he has said to reduce the average Grade Level by three-tenths.

We ask—what is the cause of the grade level push that the President speaks of? It stands to reason that there will be grade increases as we sophisticate our systems. We must also upgrade the requirements for the positions to be filled and consequently, upgrade that position. However, this does not mean that there is no deadwood in the system. The frolics of upper management have produced numerous overrated jobs in the upper echelons (GS–13 and above). This is the area we must weed-out; this is the biggest cause of grade level increases in the agencies today. The FAA calls it "Reorganization."

Finally, we come to an area that sticks in every Federal employee's craw, "Rollback of total Federal employment." We spend billions of dollars on unemployment and welfare (the act of paying someone to do nothing) and now we talk about eliminating more jobs. The big crime is realized though when the services provided by these people must be contracted out to private contractors, an outfit that tries to receive as much money as possible by using as few people as possible to do a job that he cares little or nothing about. Research can show that contracting out increases costs to the Government yet does not necessarily increase jobs available and does not prove to be as efficient as the work-force it replaced.

When we speak of inflation we must remember that it is the working man who keeps his money circulating—it is the working man who pays the bulk of our tax dollar—it is the working man who pays for every project that this country embarks upon. So it should be the working man who reaps the harvest!

How about socking it to big business, banks and profiteers? Let's reduce the Federal budget in areas that no longer demand our attention and let's increase it in the areas of jobs, education and health. Let's eliminate the necessity for welfare and welfare reform.

Consider this! How many jobs would be available if there were a flat twenty-year retirement in the Federal Service? How many people could be put to work?

Sincerely,

DAVID H. SETTLE,
President AFGE Local 3028.

HOUSING FOR THE ELDERLY

Mr. PERCY. Mr. President, I have just recently been informed that there are as many as 10,000 elderly citizens in the city of Chicago who are on the waiting list for housing units under a program which was especially designed to meet the needs of senior citizens, the FHA section 202 of the 1959 Housing Act. Although the 202 program has now been totally phased out in favor of the section 236 program—an interest subsidy program which provides housing for all age groups—202 proved to be highly successful, and the units constructed while it was in operation are still in demand.

Many of the elderly people in Chicago have been waiting for as long as 3 or 4 years to gain entrance into 202 projects. Still others would like to obtain housing under this program, but they are discouraged by the long waiting list and, therefore, do not even go on it. Similar housing shortages for senior citizens exist throughout the country.

The problem of lack of housing for the elderly is compounded by deficiencies in existing housing, and by excessively high rents—particularly in the urban areas.

In a effort to alleviate these problems, I introduced a bill, S. 1584, earlier this year, which calls for a strong spokesman for the elderly within the Department of Housing and Urban Development, and which also seeks to revive the very useful and successful section 202 program.

I testified last week before the Banking, Housing, and Urban Affairs Committee on the housing needs of the elderly. I ask unanimous consent that my testimony explaining the provisions of S. 1584 in greater detail be printed in the RECORD.

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

HEARINGS ON 1971 HOUSING AND URBAN DEVELOPMENT LEGISLATION

The Subcommittee met, pursuant to recess, at 10:10 a.m., in Room 5302, New Senate Office Building, Senator David H. Gambrell presiding.

Present: Senator Sparkman (Chairman of the Committee and Subcommittee) and Senator Gambrell.

Senator GAMBRELL. The Housing Subcommittee will come to order.

This morning we are honored to lead off with the distinguished Senator from Illinois, Senator Percy.

STATEMENT OF HON. CHARLES H. PERCY, U.S. SENATOR FROM THE STATE OF ILLINOIS

Senator PERCY. Mr. Chairman, I am very pleased to be able to return to my Committee home of 4 years, the Senate Banking, Housing and Urban Affairs Committee, to testify on the housing needs of elderly citizens, and in behalf of my bill, S. 1584, entitled the "Housing for the Elderly Act."

I would like to begin my testimony by quoting directly from a letter received last week from an elderly constituent. Regretfully I cannot reveal her name. We tried to locate her by telephone yesterday, but she wasn't in, and because of what she has to say I am a little afraid that she might be evicted unless she has an ironclad lease. So I will leave her name off for the moment at least.

She says:

"DEAR SENATOR PERCY: Please ask the President to keep the rents down. I am 74 years old and live in a building 70 years old. I moved here six years ago, was paying $90 a month for rent. The building was taken over by (a private company). The next two years my rent was raised $5 a month; then last year—1970—I got a $10 raise; and this year—1971—I got a $20 raise, and I can't pay it. This building has 12 apartments so the landlord will get about $3000 more this year. I have three rooms on the alley. A $5 raise would be o.k. But $130 for three rooms is too much. I get $141.00 Social Security. Rent is $130.00—plus gas, plus utilities, plus telephone, plus doctor bills, and Blue Cross is $1.70 a month.

"How can we eat? Thank you."

I include this letter as part of my formal testimony because I believe it brings home very quickly and poignantly the duress under which many senior citizens must operate.

And this is not an isolated case. I priced out the rental housing around Chicago and found that the rental rates are very high indeed, and they take up a very high proportion of family income, a disproportionately high amount for elderly people.

In fact the Bureau of Labor Statistics tells us that household costs—shelter. utilities, and repair—constitute the most expensive budget item for the aged; approximately 34 percent of the retired couple's budget goes for housing.

In its 1970 report on Developments in Aging, the Senate Aging Committee estimates that 30 percent of the elderly—or about six million people—live in housing which is dilapidated, deteriorating, or deficient in certain facilities.

These deficiencies can have special consequences for the elderly. A malfunctioning elevator which runs only on certain days can present extraordinary difficulties for a 79-year-old widow suffering from severe arthritis who must carry a heavy sack of groceries up to her fifth floor apartment. A broken-down air conditioning unit in a hot and humid city can make it unbearably difficult to breathe for an elderly man with a weak heart. The lack of good security measures in a building located in a deteriorating neighborhood can result in an elderly person's living in fright.

To assure that special problems such as these will receive special attention within our housing bureaucracy, I introduced S. 1584, the "Housing for the Elderly Act."

This legislation contains four main features. The first is that it would create an Assistant Secretary of Housing for the Elderly within the Department of Housing and Urban Development.

In the past, the housing needs of the elderly have become submerged within HUD, with unfortunate consequences. In this category, I would cite the tremendous delays and confusion which arose when the conversion was made from the 202 program (a direct loan program specifically for housing for the elderly) to the 236 program (an interest subsidy program for housing for all age groups). I believe the conversion might have been much smoother and less costly had there been someone within HUD concerned about the needs of the elderly and powerful enough to take action on this type of problem.

The elderly need a spokesman within HUD who understands, for instance, that any housing project built in a rural area must also include adequate transportation and shopping facilities, lest the social isolation of the elderly become even worse than it already is.

Since this Committee deals also with mass transportation, I would like to point out that the elderly live in the very areas in the country where mass transportation is dying. Many of our smaller, rural communities, and some of our medium-sized cities in Illinois within the last year have lost mass transit. Their companies have gone bankrupt. These are the very cities where the elderly live. When they can't get a driver's license and they don't have money for a taxi, they are isolated and they are without mass transportation. You simply can't imagine the isolation that these older people feel, just simply cut off from their contact with the world, dependent entirely upon the benevolence of a friend or family members who might come to pick them up and take them for an outing.

When I introduced this legislation Secretary Romney called me and he said, "Would you settle for a new Special Assistant to the Secretary for the Elderly?" I told him, "That is a very good start, start that tomorrow and it is an improvement. At least you would have one person close to the Secretary and with immediate access to the Secretary who would be responsible for housing for the elderly and who would look after the needs of 20 million Americans that within a decade will be 40 million Americans. But I wouldn't feel that that would be a full substitute for an Assistant Secretary."

I am still eager to learn whether a new Special Assistant has been appointed. I would hope that HUD would at least move in this direction, which does not require legislation and which can be done by the Secretary at any time. I took the Secretary's phone call to me to mean that he is deeply interested in the problem, and that he recognizes that some organizational restructuring is necessary. I hope that the appointment can be made at the earliest possible time. But I would think an Assistant Secretary would still be a desirable thing.

The advice of the Assistant Secretary would be sought regularly whenever housing programs affecting the elderly are considered. He would be responsible for coordinating and consolidating all housing programs for the elderly, and provide a central source of information and advice. Finally, he would carry out studies, and make recommendations for such administrative or legislative action as may be appropriate, to meet the needs of the elderly in rural areas. This latter responsibility might well imply making emergency grants for the repair and rehabilitation of dwelling units in rural areas.

The second main feature of S. 1584 calls for the revival of the Section 202 program. Section 202 of the National Housing Act of 1959 authorized direct loans from the government to nonprofit sponsors to provide housing for the elderly. Sponsors could borrow up to 100 percent of the project cost and repay the loan with three percent interest over 50 years.

The program turned out to be one of the most successful and efficient housing programs we have ever had. The people in the Housing Assistance Administration who administered it were sympathetic to, and knowledgeable about, the needs of senior citizens; and the sponsors which 202 attracted—primarily church groups—were responsible and conscientious in fulfilling their role of looking after the elderly participants.

In describing the atmosphere of one 202 project, one resident said:

"It is a nice pace. Everybody gets along with each other. It is in a nice residential section, but you can still walk over to the shopping district in about five minutes. There is a bus that goes by the door. As far as I can see, it has everything that any reasonable person should want in retirement. We have plenty of things going on. There are always people coming in to show slides and movies. We have two auditoriums, one in the annex, and one in the old building."

Mr. Chairman, I can just verify; having now served on the Senate Special Committee on the Aging, having conducted hearings on nursing home problems, and having spent a great deal of time with the leaders of programs for the aging—I can verify the fact that the comments I have just quoted represent a very, very isolated case. Most people in their aging years today in this country feel neglected and abandoned, embittered, unwanted. They are put on a shelf somewhere in a warehouse—a literal warehouse for the aging, to die; they are just waiting to die. They have really got nothing to live for.

When I see what other countries have done for their aging, the reverence they have for the elderly, the high priority they assign to their elderly, then I think it is a crime and a shame to give such low priority to the aging in America. Considering the fact that all of us are going to be in that category one day hopefully, I certainly think we can give higher priority than we do today.

This 202 program has now been effectively absorbed by another housing program, Section 236 of the 1968 Housing Act. 236 was written right in this hearing room. I can't disavow any responsibility for it because I was here every single session when we hammered that program out. It was a compromise program that we supported on both sides of the aisle. I think 236 has been a fine program just as 235 has been for home ownership. They have both been very popular programs. But I must say I didn't have the wisdom or the foresight or the vision or the knowledge at that time to realize that it was no real substitute for 202 and that we couldn't expect it to take over that program. There is a whale of a difference in terms of housing needs, aspirations and hopes, between people who, for the most part are not elderly and who can be served better by 236 than can the aging.

Under 236, the government agrees to underwrite the difference between the one percent interest rate paid by the sponsor and the going market rate—generally eight percent or above. The program was enacted to stimulate construction of rental housing by private groups for lower income people of all ages. It is estimated that only about 40 to 45 percent of the sponsors participating in 236 are nonprofit, as compared with at least 90 percent nonprofit sponsors participating in 202.

Anyone who has visited church or other nonprofit projects for the elderly—such as the marvelous Italian old people's home that I recently went through in Chicago, or the Swedish home, or whatever nationality or faith it may be, Catholic, Protestant or Jewish—recognizes that in addition to the bricks and mortar goes a great deal of human concern and compassion that is absolutely missing in any of the other housing projects for the elderly.

Although 236 has been in operation for less than four years, it is gaining a reputation for encouraging shoddy construction and for attracting get-rich-quick developers. Nonprofit sponsors who wish to participate in 236 must go to private money lenders—who profit from high interest rates—as well as compete with others for loans. Section 236 encourages the development of low-rise, low-cost construction on inexpensive land, which tends to take elderly people away from the transportation and shopping centers upon which they must rely. The 202 program enjoyed property tax relief, thus making lower rents possible. The 236 program does not enjoy such tax relief.

There are other differences between the two programs, but the important point is

that the 202 program attracted sponsors who care about the elderly, while the 236 program seems to attract those who profit from the elderly.

It is conceivable that some of the current problems with 236—at least as they affect the elderly—could be eliminated if improvements in the regulations and administration of the program were made. Regardless of what action Congress takes with respect to 202, I would strongly urge the Federal Housing Administration, which currently administers the program, to make such changes as are necessary to make the 236 program more responsive to the needs of the elderly. *Changes in regulations are absolutely essential.*

The third main feature of S. 1584 would amend the mortgage insurance program for the elderly, Section 231, to allow private, nonprofit sponsors more flexibility in the design of projects so that one facility could include a combination of long-term care units as well as residential units. Basically, this amendment would make the 231 program more responsive to the changing health needs of older persons.

At present, nonprofit sponsors hesitate to use 231 because they are not supposed to include health care facilities within the housing project. By allowing the inclusion of such facilities, this provision would cut down on the number of unnatural and forced transferrals of old people from one kind of facility to another due to changes in health. The present arrangement contributes to a sense of insecurity among elderly people whose health is deteriorating. They know that once their health deteriorates beyond a certain point, they will be forced to move to an entirely different structure, or even to a different neighborhood. They are therefore reluctant to complain of illness out of fear of being transferred to another building.

If the change that I am recommending were made, the burden on the FHA 232 program—which is limited to the provision of nursing home care—could be eased.

The fourth and final provision of my bill would authorize the Secretary of HUD to make grants to public and nonprofit organizations to demonstrate the usefulness and feasibility of multi-purpose facilities or "campuses," centering on an intensive care unit and including residential, convalescent, and skilled nursing care units. Again, the idea here is to reduce the number of traumatic moves or transferrals from one environment to an entirely different one. This provision is in line with one of the recommendations issued by the White House Conference on Aging in 1961. That conference recommended "new housing of every type so that the elderly would have a wide range of choices of easy mobility from one type of housing to another."

These, then, are the major provisions contained in S. 1584. This legislation was introduced to alleviate the problems and to ease the anxiety of elderly persons such as the woman who wrote me the letter cited at the beginning of this testimony. I urge the enactment of S. 1584.

Mr. Chairman, I would like to notify my colleagues on this Committee that I know it is a practice to put in legislation so you can say you got bills in on a subject and then you have done your duty, put the bill in, and that is the end of it. But the more I have worked in the field of the aging the more I realize that the elderly need advocates. We have advocates on the Senate Special Committee on the Aging which, incidentally, is a hardworking committee, dedicated to the purpose of rectifying the priorities in this country. I think we are also well aware of the fight that is going on over in the House by an able Congressman David Pryor of Arkansas, who, when he couldn't even get the House to create a committee for the aging, set up such an office in a trailer right outside the House Office Building.

I hope this Committee and this staff will get together with the Committee and the staff of the Special Committee on Aging, and derive some benefit from the expertise which the special offers has gained through full time concentration in this particular field.

I know that the administration is opposed to certain aspects of my bill, S. 1584, just as the Johnson administration originally took a position against the whole concept of home ownership, but I hope we are all going to, so to speak, get "religion" about the elderly.

My basis for saying that this administration is going to give a very high priority to the elderly is a conversation I had with the President and Arthur Flemming, Chairman of White House Conference on the Aging, while flying back to Washington from Chicago where we had attended a national meeting involving the elderly. I detected that President Nixon was very angry about the treatment of the aged in this country, about the conditions in some of our nursing homes, about the way we are not caring for the elderly in real need. I heard him direct Dr. Arthur Flemming, Chairman of the White House Conference on Aging, and other members of his staff that were on the plane with us to initiate an active program, oriented toward rectifying the gross injustices affecting the aging in this country.

Housing for the elderly is an area above all others, that we have not emphasized enough. That was a mistake. Let's not make that same mistake again or perpetuate the unfortunate consequences of past mistakes. This committee can rectify past mistakes. You have the authority, you have the power, you have the expertise, and you have an outstanding staff. I tell you, even though I am not a member of this authorizing Committee any longer, I will fight on the floor of the Senate for everything that you can do to give higher priority to housing for the aging.

We must also take into account the fact that the whole job is not done once we have constructed the bricks and mortar. We must also recognize that the job is not done by simply providing an incentive for some organization to come in and make a profit off of housing for the aging. This is not the place to make a lot of money; nor are nursing homes—of which 95 percent are profit oriented.

I have personally seen, because we have subpoenaed the records of nursing homes, how some of them are exploiting the aging, making money out of the elderly. We can't continue to allow the building of cheap, shoddy housing for the elderly just so someone can make a profit.

I am all for the profit system, but not when it comes out of the hides of older people. We have the responsibility to make certain that we don't set up a mechanism that enables people to take advantage of the elderly. Yet in de-emphasizing the 202 program, we are moving away from a program which we know would not exploit the elderly. This is one area in which civic organizations and religious organizations really have a stake. They can do a great job and can back up the bricks and mortar and the money with the kind of human compassion that is necessary, and that the aging so desperately need.

I thank you, Mr. Chairman.

Senator GAMBRELL. We thank the very able Senator from Illinois for his remarks, and I think he is aware that the Committee is certainly sympathetic with his efforts to establish a basic advocacy for the aging. Of course, one of the problems has been in the area of appropriations as well as having some base of advocacy.

I would hope, and possibly you would have some thoughts along this line, that the White House Conference later this fall can establish a program and possibly do some advocacy itself in this particular area. So I hope we can make some progress on the proposal that you have made.

Senator PERCY. Well, I will also pledge to you, Mr. Chairman, that through the course of my years on the Appropriations Subcommittee dealing with housing that you will have an advocate in the "mark up" sessions every time a sensible and reasonable housing bill comes before us. While on the Banking Committee I became frustrated spending so much time writing all those beautiful authorization bills, and then watching them be under funded. Consistent with good budgeting we are going to try to fund just as fully as we can what this committee authorizes the Congress of the United States to spend. I think we can work in close partnership.

I am very pleased that my valued colleague from Illinois, Senator ADLAI STEVENSON III, who has a deep interest in the field of housing, has taken a position on this committee. Working together with him and other members of the committee, I certainly hope we can raise to the high priority that it deserves the housing needs of the elderly of this country.

Senator GAMBRELL. Thank you very much.

BLACK LUNG DISEASE IN HUMAN TERMS

Mr. HARTKE. Mr. President, within the next few weeks there will be extended discussion in the Senate about black lung disease and the compensation system which has been established to provide benefits to miners with this affliction. I am afraid that much of that discussion will be of dollars and cents; too little will focus on the human impact of this problem.

The charge has been made that the black lung program has not been reaching all of the people Congress intended it to help. There is quite a bit of evidence to support that allegation. By the end of this year, I believe that we will have enough hard information at our disposal to indicate that the frustration and anger of coal miners has not been ill-founded or baseless.

In the meantime, we will be asked to enact legislation designed to improve the black lung disability program. No doubt, these improvements will be costly. Black lung is a costly disability. It renders the miner unable to continue the only occupation he has known. It affects his wife and his children, not to mention his own health. It should come as no surprise then that any program of compensation for this disease will also be costly. Nevertheless, we have established this program to meet human needs, and that is the primary basis upon which we should evaluate it.

Mr. President, I ask unanimous consent that a newspaper article which discusses the plight of several coal miners be printed in the RECORD.

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

"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 10,000s 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 gate-crashers 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 his 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 per cent, 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 a rate of $44 per week. In other words, doctors and lawyers cost him and his family about 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 $2,400, paid at $6 a month.

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 phone.

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 btween 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 overall 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' 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 question generally, without specifying Perkins' 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.

SCHOOL LUNCH PROGRAM

Mr. HOLLINGS. Mr. President, I am very pleased that the U.S. Department of Agriculture has responded to the mandate of the Senate and to overwhelming public opinion in support of adequately feeding hungry schoolchildren. Yesterday's action has special meaning for South Carolina which stood to lose possibly more than any other State had USDA stood by its original regulations. The liberalization of those regulations will restore nearly $10 million to South Carolina and enable the State to feed up to 300,000 needy children.

I am pleased that the South Carolina legislature is on record as favoring full funding of the school lunch program. I ask unanimous consent that the concurrent resolution passed by that body on September 29, be printed in the RECORD.

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

A concurrent resolution to memorialize the Congress of the United States and the President to take necessary action to prevent drastic cuts in the funding of the school lunch program.

Whereas, it appears from stories in the news media that drastic cuts in the funding of the school lunch program are pending, which cuts may reach nearly ten million dollars for South Carolina; and

Whereas, this vital program should, in fact, be expanding rather than diminishing in size and scope and is of extreme importance to the health of all school children and most critical to the health and welfare of underprivileged children; and

Whereas, the loss of ten million dollars would deprive nearly one-half of the school children in South Carolina of free lunches, damaging the program in this State to a greater extent than anywhere else in the nation.

Now, therefore, be it resolved by the House of Representatives, the Senate concurring: That the Congress of the United States and the President be, and hereby are, memorialized to take whatever legislative and executive action is necessary to prevent any cuts in the funding of the federal assistance to the public school lunch program apparently contemplated by the Department of Agriculture.

Be it further resolved that copies of this Resolution be forwarded to each member of the South Carolina Congressional Delegation, the President of the United States and the Secretary of Agriculture.

TRANS-ALASKA PIPELINE

Mr. STEVENS. Mr. President, a perceptive article by Mr. James G. Stahlman, published in the Nashville Banner of August 9 emphasizes once again the great strategic and economic importance of the proposed trans-Alaska pipeline. The article points out that not only would the economy of the State of Alaska be greatly benefited but the Nation would be assured of a secure source of crude oil to satisfy our ever-increasing energy needs. In addition, the article emphasizes the precautions which the Alyeska Pipeline Service Co., the consortium that will build the pipeline, has taken to protect the Alaskan environment. For these reasons, I commend Mr. Stahlman's piece to the attention of the Senate.

I ask unanimous consent that the article be printed in the RECORD.

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

[From the Nashville Banner, Nashville, Tenn., Aug. 9, 1971]

ALASKA PIPELINE CONSIDERED "MUST"—STATE'S ECONOMY, NATION'S OIL SUPPLY REQUIRE PROJECT'S COMPLETION

(By James G. Stahlman)

Alaska, the forty-ninth state in our Federal Union, covers as much territory as the states of Texas, California and Montana combined. This vastness stretches from the tip of the Aleutians, not too far from the mainland of Asia almost to the northwestern tip of the State of Washington.

The square-mileage embraced makes Alaska our largest state. Conversely, its population is the smallest, totaling 295,000 or three-fifths of the population of Nashville. Alaska's population is divided between the forty-six thousand or more in Anchorage, its largest and most thriving city, on through smaller municipalities like Juneau, the capital, Fairbanks, Ketchikan, Sitka, Nome and the vast mountain and tundra areas from the Bering Sea to British Columbia.

Much of Alaska's rural population is composed of Aleuts, Eskimos and Indians of numerous tribes native to that far-flung northern region which literally for a good part of the year, is "the land of the midnight sun."

Alaska, scenically, bedazzles the visitor. Its snowcapped peaks, fiords, glaciers, rushing rivers, sunkissed valleys form an incomparable montage. Its hunting and fishing make it a sportsman's paradise.

But Alaska's industry is skimpy, its commerce chiefly in furs and fishing, is impinged upon by other nations, including Japan, Russia and Canada.

All in all, Alaska, since the decline of the once highly profitable mining of gold, is no longer the region beckoning the adventurous type, willing to risk it all, as did the old sourdoughs questing for riches up the Yukon into the Klondike as they staged their frantic rush in 1898.

Alaska needs a double-dip of B–12 in the hip, so to speak.

ECONOMY NEEDS SHOT

Alaska must have that shot before too long, if her economy is to pull out of its lethargy and some of its population out of "the slough of despond."

This is where the proposed crude oil pipeline from Prudhoe Bay on the North Slope well above the Arctic Circle to Valdez on the southern coast at the head of Prince William Sound comes bursting into the picture, affording those of vision and enterprise the opportunity to turn stagnation into prosperity, put Alaska on top of the financial heap and give Uncle Sam a supply of oil reserves which he so badly needs, especially in view of what could happen in the Middle East any day.

In order to bring this great project to reality, the Alyeska Pipeline Service Company has been formed by Atlantic Richfield, Humble, Mobil, Phillips, Union, Amerada, Hess and their pipeline affiliates.

Alyeska will be responsible for the design and construction of the line as well as the operation and maintenance of the system. This pipeline will be the largest construction project ever undertaken by private industry. It will cost more than a billion dollars and will require more than three years to complete.

TEN BILLION BARRELS

The reserves which this line will tap have been evaluated as one of the world's greatest petroleum deposits, estimated conservatively at more than ten billion barrels of recoverable oil.

Much of the engineering has been done, most of the pipe and other material readied for laying of the line over tundra, rivers, over and through mountains to transport its precious cargo 780 miles under high pressure, and a temperature of 145 degrees, Fahrenheit, calculated to keep the viscous stream moving at normal rates between pumping stations and their attendant cutoff valves and surge-back tanks.

The oil will be pumped at the rate of 600,000 barrels per day initially, but when in full operation later, at 2,000,000 barrels a day.

As of 1971, crude oil consumption in the United States is at the rate of fourteen to fifteen million barrels per day, of which, excluding Alaska, ten million barrels come from domestic production.

PROTECTS UNCLE SAM

Uncle Sam has felt for years the necessity of protection from any loss of crucial supply from abroad, particularly the Middle East. With the Russians, Arab nations and the Israelis on the verge of renewed conflict, this danger cannot be overlooked. This is one of the principal reasons why the Alyeska pipeline is a must.

It is likewise a must in order to bolster the economy of Alaska which needs millions for education, hospitals, medical care and employment for all its citizenship.

Alaska has already realized almost one billion dollars from the sale of oil leases on the North Slope. The additional revenue annually, after the completion of the pipeline, should put Alaska on the road to the prosperity which the state and its people demand and should have.

Construction of the pipeline was delayed in 1970 by a suit to prevent the government from issuing the necessary permits. The suit grew out of zealous efforts on the part of ecologists, exercised lest the environment and wild life be damaged by the construction and operation of the pipeline.

EVERY PRECAUTION

The Alyeska Pipeline Company, its president, E. L. Patton, and others, have gone to every length to assure against such ecological hazards.

Here's what Mr. Patton has to say: "With an area twice the size of Texas and a population the size of Wichita, Kansas, the State of Alaska has faced a hard, uphill battle in attempting to provide education, medical care and other essential services to its citizens. High unemployment and rural poverty are chronic and painful problems.

"Some outsiders have voiced concern that all this new oil money might 'ruin' the natives. As anyone who knows Alaska can tell you, the native Alaskan has been the unwilling recipient of many of civilization's problems and precious few of its benefits. With the first coming of the white man, the advanced and admirable cultures of the Indians. Aleuts and Eskimos were touched, changed and altered for all time. Oil revenues will simply mean that the native Alaskan can at last have the opportunity to look at the newly imposed civilization and make up his own mind whether to take it on even terms or leave it.

KEYS TO NEW DAY

"Oil—and the pipeline—are the keys to this new day.

"One point that is sometimes missed is that people are part of the ecology too. In this case, the people—all the people—stand to benefit mightily.

"In building the organization required to accomplish this objective, we will be guided by some basic 'people' principles which I believe are fundamental to the successful conduct of business.

ALASKA'S ECONOMY, NATION'S OIL SUPPLY REQUIRE COMPLETION OF PIPELINE

"We will utilize to the maximum practicable extent, people from the local areas of Alaska for construction and subsequent operation. We will make the required extra effort in qualification training.

"We will preserve the environment and enhance it if we can. While construction will result in some scarring along the right of way, those scars will be removed. I have every reason to believe that our extensive ecological research activities will result in a long-term improvement in man's relationship to part of the Alaskan environment.

"Many have been concerned that the aboveground pipe would be a barrier to the normal migration of the caribou herds. In studying the habits of the caribou, it was determined that the animals migrate 25 miles, and frequently up to 40 miles, in a single day—which far exceeds the length of any anticipated barrier caused by an aboveground line.

"By Federal Law, a pipeline right-of-way extends 25 feet on each side of the pipeline—or a total right-of-way in this case of 54 feet. During construction only, additional working space will be required. The total area of permanent pipeline right-of-way, plus the terminal and the pump stations, will equal less than 1/100 of 1 percent of Alaska's total area.

AVOIDING DANGERS

"The route has also been modified to avoid areas having potential danger from high seismic activity. We have also consulted extensively with archeologists to avoid several regions of known archeological importance. It is interesting to note that as a result of our research, man's total knowledge of the Arctic has been dramatically increased. The pipeline has had a highly positive scientific effect before ever being constructed.

"Alyeska has now completed basic research in a number of disciplines affecting the pipeline and the Arctic environment. Helped by expert outside research, we have now become knowledgeable in the biology, botany and zoology as well as the geology and the engineering of the Arctic.

"It will take a great deal of care and a great deal of money, but we are sure that this pipeline can be built without severe damage to the land, the people, or the wildlife. Environmental disturbances will be avoided wherever possible, held to a minimum where unavoidable and restored to the fullest practicable extent."

GOVERNOR SPEAKS OUT

While I was in Alaska recently, I talked with Governor William Egan about this project. He is enthusiastic over its prospects as they could affect his state and like most of those I met and talked with, considers the completion and operation of the pipeline at the earliest possible date an absolute necessity, a "positive MUST."

Secretary of the Interior Rogers C. B. Morton had preceded us to Alaska, along with Secretary of Commerce Maurice Stans. Morton was accompanied by Deputy Under Secretary Jack Horton who has been in charge of the staff studies of this project.

In a newspaper interview, Secretary Morton said that the data for final study before approval is practically complete and is being reviewed by specialists in Interior and other interested agencies in Washington, to make certain that the pipeline would be "the most carefully constructed system, environmentally, that has ever been attempted."

Morton praised Alyeska's efforts and promised that any construction would be carefully monitored at every point.

He predicted that the Department of the Interior would make a decision on the right-of-way application by mid-September.

Secretary Stans was surveying complaints against sealing practices in the Pribiloffs which had come under assault by environmentalists.

He assured an Anchorage audience of leading businessmen that "the proposed trans-Alaska pipeline can be built safely and should be given the green light as quickly as possible.

"When we look at the tremendous needs and the great benefits from North Slope oil, there is no question in my mind that the pipeline must be built as expeditiously as possible," Stans concluded.

Things are apparently moving in Washington in that direction. Last week, the Justice Department asked a Federal Court in the District of Columbia to permit the transfer to Alaska of the suit brought to halt construction. This suit was instituted by the Wilderness Society, Friends of the Earth and the Environmental Defense Fund.

This would seem to indicate an early decision enabling Alyeska to proceed with this all-important pipeline.

On the basis of my own extensive research, I concur with what far-sighted Alaskans told me four weeks ago:

The pipeline is a must!

SENATOR ELLENDER ON HIS 81ST BIRTHDAY HAS ZEST FOR LIVING AND SERVICE TO HIS STATE AND COUNTRY

Mr. RANDOLPH. Mr. President, I join Senators in saluting the distinguished President pro tempore of the Senate, Hon. ALLEN J. ELLENDER, on the occasion of his 81st birthday.

Although he has been a Member of the Senate since 1937, I refrain from referring to Senator ELLENDER as an "institution" in this body. That designation too often implies a loss of usefulness and toleration of a senior Member only because of his longevity and past service. This most certainly does not apply to Senator ELLENDER who continues to provide inspiration and guidance to Members of the Senate.

Our colleague from Louisiana has for nearly 35 years been a forceful and respected leader of the Senate. His record of 18 years as chairman of the Committee on Agriculture and Forestry is unrivaled.

During his service on that committee, he has provided great leadership in matters of conservation and the development of water resources. As chairman of the Committee on Public Works, I have often had occasion to work with Senator ELLENDER on these matters and know him to be a man with an unswerving dedication to the preservation of our natural resources.

Senator ELLENDER has also shown great concern for areawide planning. This is evidenced by the fact that in 1965 he introduced the Community District Development Act, designed to create community development districts. The measure was passed twice by the Senate—in 1966 and 1967—and, although the bill twice died in the House, provisions which it brought forth later became law in subsequent congressional action.

The Ellender plans would have created multicounty development districts, much like the ones that are in existence today. They would have been composed of areas within a 30- to 50-mile radius of a small or medium sized hub city which would already be the area's center for trade, commerce, recreation, and cultural activities.

A planning board for the district would have been established, composed of representatives from municipal and county governments as well as other public bodies, such as soil conservation districts and other special purpose districts. Under the Ellender proposal, Federal grants could have been made for up to 75 percent of the cost of establishing a program aimed at assisting economic development and providing needed government functions and public services.

These proposals by Senator ELLENDER sound familiar because the Economic Development Administration's current program is very similar to the one he proposed several years ago. By the same token, the Department of Housing and Urban Development and the Department of Agriculture have also adopted programs which draw together a number of counties under an area planning board composed of representatives of local public bodies.

The success being demonstrated by today's economic development districts is testimony to the foresight Senator ELLENDER had several years ago when he personally originated this same concept of trying to build up rural economies by bringing in light industry and by providing expanded public services such as water, sewer, drainage, and waste treatment facilities.

I commend Senator ELLENDER on his birthday. He continues to grow in knowledge and wisdom, and the years seem but to add to his zest for living and for service to his State and country.

OPEN DATING AND BABY FORMULA

Mr. HARTKE. Mr. President, earlier this session I introduced S. 2079, a bill to require open dating for perishable foods. My proposal requires that all per-

ishable food products be stamped with a date which indicates their usable shelf life. In this manner, the consumer is put on notice of the freshness of the product on the grocer's shelf.

All perishable foods are currently labeled for freshness, but this label is usually a code which is undecipherable by the consumer. This puts the shopper at the mercy of grocery store clerks who, themselves, are too often unaware of the meaning of the many different types of codes in use.

In this age of frozen and canned foods, when products go through many intermediaries before they reach the grocer's shelf, the consumer has the right to know the freshness of the product she is purchasing. Nowhere in this more poignant than in the case of baby formula. Not long ago, a constituent called my office to say that she had "cracked" the code of one of the distributors of baby formula and, upon checking in her local supermarket, had found several cans which were many years old. Surely, the enforcement of open-dating requirements, such as those contained in my bill, would prevent this sad occurrence.

Mr. President, I ask unanimous consent that a recent WTOP editorial on this subject be printed in the RECORD.

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

BABY FORMULAS YOU CAN COUNT ON

Mothers in the Washington area have been getting a bum deal on commercially-prepared baby formulas. Neither the manufacturers, nor the retailers, nor the government have exercised proper responsibility.

WTOP newsman Jim Michie recently examined canned formulas on sale in drug stores in the District and in the nearby Maryland suburbs. He unravelled an incredible string of failures stretching all the way from manufacturer to consumer.

Start with the fact that there still are no labeling standards for baby food ten years after the federal Food and Drug Administration first began to explore special dietary foods. There are, on the other hand, federal labeling requirements for dog food. That tells you a good bit about the lobbying power of the baby-food manufacturers.

Then take the matter of freshness. Almost all manufacturers have abandoned the old secret codes by which individual cans were dated. Yet Mr. Michie found many of those old cans on local shelves, several of which bore an expiration date of 1964!

Even the new open-dating system, which puts the expiration dates onto the tops of cans, hasn't worked properly. As recently as last week, numerous retailers were selling out-of-date baby formula. That's pure-and-simple neglect. Routine inspections by druggists of canned formulas don't take that much time.

On top of that, Mr. Michie found lots of cans on which the expiration date was covered by pasted-on price labels. How's that for honesty with consumers?

Enforcement of such rules as exist seems to be slipshod. The D.C. Pharmaceutical Association says it prefers self-policing, but several different warning memorandums from the Association to local druggists by last week hadn't gotten out-dated formulas off Washington shelves.

The District government has one enforcement officer in this field. By his own admission, he never has cracked a whip over an offending druggist.

What does all this mean for Washington's babies? They're probably not in any danger, but mothers have a right, we believe, to know that baby formulas are fresh and that they meet standards of quality.

And in a dreary, familiar pattern, the manufacturers and the retailers—by inaction—are just begging for tough government regulation.

This was a WTOP Editorial . . . Norman Davis speaking for WTOP.

CONCLUSION OF MORNING BUSINESS

The PRESIDENT pro tempore. Is there further morning business? If not, morning business is concluded.

DISAPPROVAL OF PRESIDENT'S PAY ADJUSTMENT PLAN

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Senate Resolution 169.

The PRESIDING OFFICER (Mr. MCINTYRE). The resolution will be stated.

The legislative clerk read the resolution as follows:

Resolved, That the Senate disapprove the alternative plan for pay adjustments for Federal employees under statutory pay systems recommended and submitted by the President to Congress on August 31, 1971, under section 5305(c)(1) of title 5, United States Code, and section 3(c) of the Federal Pay Comparability Act of 1970.

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

There being no objection, the Senate proceeded to consider the resolution.

QUORUM CALL

Mr. BYRD of West Virginia. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time not be charged against either side.

The PRESIDING OFFICER. Without objection, it is so ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

ORDER OF BUSINESS

The PRESIDING OFFICER. Under the law, debate on Senate Resolution 169 is limited to 2 hours. By unanimous consent, the time is equally divided, 1 hour to the side, the time to be controlled by the Senator from Utah (Mr. MOSS) and the Senator from Hawaii (Mr. FONG). Who yields time?

PRIVILEGE OF THE FLOOR

Mr. FONG. Mr. President, I ask unanimous consent that Mr. Clyde DuPont and Mrs. Alyce Thompson, members of my staff, be allowed the privilege of the floor during debate on the pending resolution.

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

Mr. MOSS. Mr. President, I ask unanimous consent that Mr. Douglas W. Owens, my administrative assistant, and Miss Marie Mathew, be given the privilege of the floor during the debate on the pending resolution.

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

Mr. McGEE. Mr. President, I ask unanimous consent that Mr. David Minton be granted the privilege of the floor during the debate on the pending resolution.

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

Mr. MOSS. Mr. President, I yield myself such time as I might need for a rather brief opening statement.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. MOSS. Mr. President, the Senate is considering Senate Resolution 169 which is the additional part of an action that was taken by the Senate yesterday. In a clear and resounding voice the Senate declared yesterday, in agreeing to the amendment to the military procurement bill, that all wage earners, whether they be Federal or private employees, should be treated equally in the wage stabilization program of the President during phase II.

We have all heard, of course, on the television and elsewhere that the President will make a speech tonight in which he is going to disclose what he proposes to do in phase II. There is much speculation on what he will propose. The speculation that seems to come from every source is that the President will announce that there will be some sort of ceiling put on wage increases during phase II. The speculation runs all the way from 2 and 3 percent up to 5 percent. It is generally thought that this will be one of the principal parts of the President's announcement today. None of us can know until we hear the President tonight. However, under the circumstances that confront the Senate today, the Senate is required, if it is going to take any part in this equalization program, to make a decision as to whether the freeze that has been imposed on Federal employees so far as wage increases are concerned shall be dispensed with and whether Federal employees will be able to participate in any wage increase that is permitted under the guidelines now.

This is so because the President at the time he issued his wage freeze announcement on August 15 froze all wages for 90 days. However, in addition he provided that the Federal employees, who were entitled to a wage increase on the first of January, would not only endure the first freeze, but that their wage increase would be also frozen clear through to the 30th of June 1972.

So, in effect, the President has said that Federal employees must have a wage freeze that is at least seven and a half months longer than the wage freeze that applies to private industry.

This matter was debated rather fully on the floor. And the Senate spoke its mind yesterday and said—by a vote of over 2 to 1, I might add—that we believe that all employees ought to be treated equally, whether they be Federal or private industry employees, and that if private employees are entitled to any increase in phase II the Federal em-

ployees ought to be entitled to a comparable increase—no more, no less, but the same. In other words, what is fair in the private sector is fair in the public sector. This is so because Congress passed in the last session of the Congress an increase of salaries for Federal employees in order to attain what we call comparability. It was the judgment of Congress that the Federal employees were entitled to a wage increase in order to keep them at an equal level with private employees.

This was related back to last year. However, in passing that law, it passed it in two phases, saying that they would get 4 percent last year and that this coming January 1 they would be entitled to the remaining, roughly 6 percent, increase.

Now, that decision already has been made. It has been signed into law by the President. That is what has been frozen by the President. This increase that would have gone to them on January 1 has been frozen. I say it is a principle of simple equity that the Federal employees, the civil employees of this Government, who are not paid a comparable wage now according to the judgment of Congress and the President, be permitted to have whatever is in the guidelines when the 1st of January arrives. The President himself has control of that because he is the man who is to announce what is the guideline.

If the President should say that it is to be 3 percent, the Federal employee would be entitled to get his 3 percent increase on the 1st of January and not wait until the 1st of July. Or if the President states that it is to be 2 percent, or 5 percent, whatever it is, they would get that. If the President should say it is to be 10 percent, the Federal employee could not get 10 percent because he can only get the 6 percent that has already been established for him. Nevertheless, he could get up to the amount he has been given by law, provided it is within the guideline.

Mr. President, that is what we have provided here by amendment yesterday. We said any guideline established by the President under his authority for the private sector shall be applicable to the Federal employee, the Government employee; and we also said it would be an average, so if the President picked out certain industries that were entitled to get a larger amount and some to get a smaller amount, it would be averaged out so far as Federal employees are concerned. There is somewhat of a disability there because we have already found the Federal employee is not receiving comparability.

Today we must adopt Senate Resolution 169 which takes the freeze off Federal salaries on January 1, 1972, and that would make applicable what we did yesterday in establishing the guideline. The two fit together. If we do not do that, if we do not adopt Senate Resolution 169, what we did yesterday is almost certain to be a futility. For one reason, Mr. President, the manager of the bill yesterday, the Senator from Mississippi (Mr. STENNIS), the chairman of the Committee on Armed Services, opposed the amendment as diligently as he could. He controlled the time. He was the leader of the opposition. But it was adopted as an amendment in his bill and he has to take it to conference.

If we have no supporting legislation today, I think it is a foregone conclusion that the amendment will be taken out in conference. It will be null and void; it will be gone.

We have the additional factor that the House, not having anything comparable, will, of course, oppose it in conference, and I suppose very strenuously. They will attempt to take it out in conference. However, the thing that will make it stay in the bill through conference is the adoption of Senate Resolution 169, that which would take the freeze off the first of January. Following such passage the whole focus changes because the President's forces will say then we need that amendment in order to protect the President's power to set a guideline that will apply to Federal employees, the same as private employees.

Therefore, I think we could say it is likely to stay there and likely to become the policy of this government which, I submit, should be the policy always of complete equity in treatment of the employees of this government, along with the treatment of employees who work in the private sector.

Why should we penalize Federal employees? Why should we say, "We will take out on you the slowdown on inflation, or whatever the reason is, when we do not take it from any other group of employees"?

I know that in some places it is easy to say that Federal employees are laggards and that they do not do much, and that sort of thing. In many institutions they will have some that are not the very best employees. But I submit that as a whole—and I would like the record to show, and I would like any Senator who disagrees to stand up and say so—Federal employees are competent, diligent, dedicated Americans, doing the best job possible. At the same time they have less opportunity, perhaps than they would have in some other areas of employment, or if they were to go out into the private sector. In the private sector many times they would have more opportunity to advance and to get high-salaried positions.

I do not believe that this Government of ours wants to punish and penalize Federal employees. They ought to be treated equally. So this is a plea for equality and equity, a plea for even-handed treatment of these people. I do not believe they should have any special advantage, and neither should they be disadvantaged.

Therefore, Mr. President, I submit that the Senate today must adopt Senate Resolution 169 in order to trigger, nail down, and complete the action that was taken yesterday in the Senate. I believe that the Federal Government to say that very thing to our Federal employees: Whatever the President designates within his economic guidelines during phase II they will receive in their salary that amount; and if the President wants to limit it and say there will be no increase of any salaries at all, Federal employees would not get a nickel. They would be just like everybody else. But if he is going to let other employees have 2 percent, 3 percent, or 4 percent raises, Federal employees should be entitled to that, as the law now states.

The law states Federal employees are entitled to it on the first day of January, the pay period beginning January 1, and it will be taken from them for a 6-month period unless the freeze is lifted. That is what this resolution would do.

The PRESIDING OFFICER. Who yields time?

Mr. FONG. Mr. President, I yield 10 minutes to the distinguished Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. BENNETT. Mr. President, the issue that is before the Senate today is perfectly clear, and needs little reiteration. President Nixon has said that the Congress and particularly the Senate today, faces the acid test of its determination to cooperate in the national effort to control rising prices and whether in meeting this test it can withstand the political pressures that are being applied.

There is no question the President has the authority to take the action he has in delaying the Federal employees salary increases. We gave him that authority during the 91st Congress. Under that law the President has proposed a program that would delay for 6 months salary increases for Federal employees from January 1, 1972, until July 1, 1972. This deferral is, as every responsible economic spokesman has stated, a vital and integral part of the economic recovery program.

The legislation that is before us now, if passed, would overturn the President's alternative pay plan and force a comparability pay increase next January. We must, Mr. President, reject the idea of disapproval and support the President if we are to have economic stability.

In sending his alternative pay plan to Congress, the President states:

> Since continuing emphasis will be placed on the exercise of responsible industrial and labor leadership throughout the Nation in the months to come, I must apply such fiscal restraints as will clearly signify the good faith of the Federal government as a major employer, and to continue to set an example for the American people in our striving to achieve prosperity in peace time. I place full reliance on the willingness of Federal employees along with their fellow Americans to make whatever temporary sacrifices in personal gain may be needed to attain the greatest good for the country as a whole.

Mr. President, the deferral of that Federal pay increase for the period of 6 months will result in a reduction in the fiscal budget for 1972 of approximately $1.3 billion. This amount is a critical portion of the $5 billion which the President requested be cut from budget outlays if the accompanying tax reductions are not to be inflationary.

It would be a clear case of fiscal irresponsibility to insist on additional Federal expenditures in the form of salary increases while at the same time asking for and supporting a series of reductions in Federal tax revenues.

I think there can be no doubt that

this type of action was not considered in the passage of Public Law 91–656, the Pay Comparability Act which the President is administering. We all realized that situations would arise requiring adjustments and being subject to certain disciplines. The act itself states:

If because of national emergency or economic conditions affecting the general welfare, the President should in any one year consider it inappropriate to make the pay adjustment, he may deny the pay raise entirely, reduce it, or postpone it.

I can think of no phrase that more clearly describes our current situation than, "economic conditions affecting the general welfare." It is ironical that the very people who supported this legislation when it was first introduced, the proponents of giving the authority to the President to fix Federal civilian pay, are among the first to speak out against the President's use of that authority.

We were told that it was essential that the authority to fix Federal salary schedules be moved out of the area of political pressures, that to give the President this authority would do a great deal to establish an orderly system for developing a realistic approach to developing comparability between private and Government salaries.

Now, we witness the strange spectacle of a political struggle developing the very first time the President uses the authority given to him in a supposed effort to make the system nonpolitical.

All of this consideration is over and above the fact that we have witnessed a dramatic increase in the salary of Government employees over the past few years. Since 1969, the rise in Federal employee percentages has been 21 percent. During this same time the Bureau of Labor statistics say that the cost of living has increased 10.8 percent. I am not happy with the increase in the cost of living, but I think these statistics point out that the Federal employee has seen an increase in his salary scale that has not only brought him even with his counterparts in private industry, but in many cases exceeded them. I could cite numerous examples of this case in my own State of Utah. The statistics point out that the Federal employee has received about 10 percent more than the rise in the cost of living since July of 1969.

It is important to stress again that the President's action does not mean that the increase will never be granted; rather, it is merely delayed for 6 months. The President has promised that tough standards will be enforced during phase II and that will probably mean many workers will have to do with a reduction in their scheduled salary increases. Should this be the case, the Federal employees will not be called upon to make any greater sacrifices than the other workers.

Mr. President, if we find after looking at the situation for a few months that this action needs readjustment, then legislative action can be taken. But for us to blindly reject the President's action, to legislatively grope around in the dark motivated by political reasons, would be a dramatic example of economic irresponsibility. I support the President and urge that we give him the tools necessary to achieve the goals that he so boldly outlined for the Nation nearly 2 months ago, under a program which has probably received greater public support than any other program since I have been in the Senate.

Polls have indicated that the President's program is supported by from 80 to 75 percent of the people of the United States, and on that basis I think the people will support us in the Senate if we follow the example of the House to give the President the power to use in this instance that we gave him in the bill we passed under which he proposes to use the power now.

This is probably one of the most serious times in our modern history. We are fighting to regain our strength in our international relations. We are fighting to recover our power as competitors with the nations whom we built up when they were in the rubble at the end of World War II. We are fighting to preserve even the greatly reduced value of the dollar in the face of determined efforts of our international trading partners to destroy us.

I wish I had with me the text of a column which appeared in this morning's Washington Post quoting an official of the Japanese Government which says, in effect, they consider that the United States has begun to take itself down the same path that Britain began on 20 years ago. We all know that by this time Britain is one of the weakest of the free world countries.

This Japanese official ends his statement by saying, once on that path, it is irreversible.

We have got to prove that, if we are on the path, we can reverse it, and I think we should use every device and every means possible to make that reversal.

The PRESIDING OFFICER. Who yields time?

Mr. FONG. Mr. President, I yield myself such time as I may need.

Mr. President, as ranking minority member of the Senate Committee on Post Office and Civil Service, I urge my colleagues to reject the pending resolution.

I do so on the same grounds that yesterday I urged approval of the pay amendment adopted by the Senate by a 60-to-27 vote. My argument then was that Federal employee pay increases should be treated on the same basis as increases for private employees in phase II of the President's anti-inflation and economic stabilization program.

The effect of approving the pending resolution would be that the Congress would be allowing the full pay increase for Federal employees without knowing whether pay increases will be allowed non-Federal employees or what rate of increase will be permitted.

This is what I call legislating in the dark.

At the moment we vote on this resolution, we are faced with two alternatives. If we disapprove the President's order deferring Federal pay raises for 6 months, then we will be saying that all Federal employees shall get their full pay increases on January 1 even though non-Federal employees may not be permitted any increase, or may be permitted a lesser increase, or may not receive any increase until after January 1, 1972.

By so doing, the Senate may well jeopardize the President's economic stabilization program. If the Senate by its vote today allows the full pay increase for Federal employees, the pressure will be irresistible for more than 80 million non-Federal workers to get at least that amount at the same time.

If the resolution of disapproval is rejected, then the President's deferral order stands.

But it stands only for the moment.

Congress will have plenty of time to change it.

Congress will be in session for some weeks yet. Our committees will still be in operation.

There is plenty of time for Congress to make any necessary fair and equitable adjustments in Federal pay before November 13, when phase II begins.

Tonight at 7:30 the President will reveal his plans for phase II.

Tomorrow morning, if we wish, Congress can get to work on legislation that will treat Federal pay on the same basis as the President plans to treat non-Federal pay after November 12.

In fact, by the large vote of 60 to 27 yesterday, the Senate went on record that Federal employees must be treated on the same basis as non-Federal employees.

Mr. President, our Federal employees suffer from inflation just as do the more than 80 million non-Federal employees in America. Our Federal employees want to see inflation curbed just as much as non-Federal employees do.

Let not the Senate now, barely 7 weeks after the economic stabilization program began, start poking holes into the anti-inflation dike.

In the case of Federal employees, their situation is very similar to that of millions of non-Federal employees, who signed contracts many months ago, effective after the wage-price freeze went into effect. Congress made a contract last December with Federal employees for a wage increase to go into effect on January 1, 1972.

Meantime, the wage-price freeze went into effect, and for the period of the freeze, no general wage increases can be made.

So far, everybody is treated on the same basis.

Let the Congress make sure that in phase II both non-Federal and Federal employees are treated on the same basis.

Yesterday, the Senate clearly indicated its support of this principle.

We insured that Federal employees will be treated equitably with their counterparts in private industry. The amendment we approved yesterday makes it mandatory for the President to give Federal employees the same general average increase he allows workers in private industry to receive.

The amendment also provides that the increase for Federal employees would go into effect at the same time private industry employees received their pay raises.

I have checked this amendment out carefully with the Senate Legislative Counsel, and I am assured that yesterday's amendment, if enacted, will indeed supersede the President's plan to defer Federal pay raises and would indeed provide increases for Federal employees at the same time non-Federal employees would be permitted increases and at the general average of non-Federal employees.

If there is any doubt that the language of the pay amendment voted by the Senate yesterday fails to carry out this intent, the conferees can certainly clarify the language so that it does carry out our intent.

Mr. MOSS. Mr. President, will the Senator yield for a question at that point?

Mr. FONG. I yield.

Mr. MOSS. The Senator, interpreting the language of yesterday, says that the President can put into effect the salary increase for Federal employees at the same time that he allows any increase for private employees.

Suppose the President tonight, in his announcement, says that on the 13th of November private employees will be permitted to get a 5-percent pay increase, and also that immediately thereafter some of them do get a 5-percent pay increase.

How can the President put that into effect for Federal employees? He cannot do anything until the 1st of January, and he has to act on legislation that has been passed through Congress and signed into law before he can have any effect on Federal salaries. So he could not do it until the 1st of January, is that not correct? And he could do that only if the freeze is off then; is that not right?

Mr. FONG. If the amendment which we passed yesterday were enacted into law, the President could act. Without that amendment, he will not be able to act. We will hear the decision in the President's speech tonight. If there is anything further which we have to do in order to put the Federal employees on the same basis as non-Federal employees—should the President in his phase II discriminate against the Federal employees, we here in Congress can still act on that proposition. There is plenty of time for us to act.

Mr. MOSS. The thing that intrigues me is that it seems that the Senator is saying that the amendment of yesterday, if it becomes law, has really delegated over to the President by law the power to raise salaries or to hold salaries, fixing a time for raises to go into effect. I cannot conceive that we can delegate anything like that. Congress is going to have to act.

Congress has already acted to say comparability requires that Federal employees receive an increase the 1st of January. Our amendment simply said that the President is given the power to suspend that in part by any guidelines that he puts out for this economic policy.

How could we delegate to the President the power to award a salary increase or deny it, if Congress has not made a law to do that?

Mr. FONG. The amendment passed yesterday reads as follows, in its next to last sentence:

The President shall place such wage and salary adjustment into effect at approximately the same time as such wage or stabilization order applies to wages and prices in the private sector of the United States economy.

Mr. MOSS. Yes.

Mr. FONG. This is the sentence in the Senator's amendment which mandates the President to put into effect an equitable pay increase. We have given him the power to implement what we agreed to yesterday.

Mr. MOSS. What about my specific question? Suppose, on the 13th of November, when the freeze expires by the President's announcement, private industries may increase salaries 10 percent, and some of them do? Can the President then, on the 13th of November, come to a civil employee and say, "OK, your salary is up 6 percent," or 10 percent, or some other figure?

Mr. FONG. No, not under present law. Under the Pay Comparability Act which we passed in 1970, we really tied the President's hands. He could only present an alternate salary plan to the Congress if he disapproved the plan which was presented to him by his advisers, and he had to do it by September 1, 1971.

Mr. MOSS. Yes.

Mr. FONG. So, following that law, he did present to the Senate and the House the alternate plan which deferred Federal employee pay increases to July 1972.

The President, as of now, has no power to rescind his alternative pay plan or to do anything else with Federal employees' salaries until July 1972, or until we give him other powers.

Mr. MOSS. And so, if Federal employees are to get any salary increase, the President must revert to the law which we passed, saying that on the first day of January there could be up to a 6-percent increase? He has to use that power if he is going to let them have the increase?

Mr. FONG. Yes.

Mr. MOSS. And what we are talking about today is whether we ought to take the wraps off of that next 6 months, and let him have the power. On the 1st of January, which he can limit if he himself issues a general order saying that all salaries are frozen at 3 percent, or something of the sort?

Mr. FONG. Yes. We do not know what the President's phase II program is.

Mr. MOSS. That is right, we do not.

Mr. FONG. He may not permit any raise at all.

Mr. MOSS. That is right. Then the Federal employees would not get a nickel, would they?

Mr. FONG. But, since the chairman of the Armed Services Committee is diametrically opposed to yesterday's amendment and the Senator is doubtful of any chances for the amendment to be adopted, if we pass this resolution today, then Federal employees would receive in January 1, 1972, the 5.5-percent increase which the President has deferred, and all non-Federal employees would not be getting a raise if the President does not allow them to get one.

This would be an inequity.

We will be saying to the Federal employees and military personnel, who total 4½ million against 80 million workers who are non-Federal employees, that if the President tonight should decide against an increase, the non-Federal workers will not get an increase but the Federal employees will.

Mr. MOSS. But the Senator will recall that when I talked about that, I said that if we finish our job by taking the freeze off today, then the President's group will want to have that amendment stay intact. That is the whole structure of what we are trying to do. We are trying to gain their support for equity for our civil employees.

If the amendment stays in, I am sure that then the President will have full control of Federal, as well as non-Federal salaries, when he issues whatever order he is going to announce tonight.

Mr. FONG. The Senator from Utah knows that the amendment will have a very tortuous route, as it has to go to conference.

Mr. MOSS. That is correct.

Mr. FONG. And the chairman of the Armed Services Committee is against it.

Mr. MOSS. He will then be for it strongly, if the resolution is passed.

Mr. FONG. The Senator from Utah has already said that the Senator from Mississippi is against it.

Mr. MOSS. He was against it yesterday.

Mr. FONG. Under the House rules, it is my understanding that any Member of the House can raise a point of order that the amendment is not germane to the subject matter of the military procurement authorization bill and his point of order will be sustained. If that should occur, and if we should adopt the resolution as the Senator from Utah has presented it, then the Federal employees would be home free with a 5.5 percent increase; and if the President should say tonight that there should be no increase in the private sector, we would be discriminating against non-Federal employees.

Mr. MOSS. The Senator has not examined the political realities of that. The chairman of the Armed Services Committee will go, first of all, and argue very strongly for it. Second, the House Members, even if a point of order is raised, will be inclined to establish it; because I am aware of no one who has said that the Federal employees ought to be favored. They just want them to be treated equally, and the amendment is what keeps the equal treatment in effect.

If we do not release them on this, they will not get equal treatment. They will be frozen until the 30th of June.

Mr. FONG. Mr. President, if there is any doubt that the language of the pay amendment voted by the Senate yesterday fails to carry out this intent—that is, the intent to permit Federal employees the same increases as non-Federal employees would receive—the conferees can certainly clarify the language so that it does carry out our intent.

Should yesterday's Senate amendment fail to survive House-Senate conference or be knocked out in the House on a point of order, I am prepared, and I am confident other members of the Senate

Post Office and Civil Service Committee are prepared, to move quickly on a bill that would accomplish the intent of the Senate yesterday. Should the amendment be deleted from the military procurement bill, we would then have the advantage of knowing what the President's guidelines will be in phase II for non-Federal employees and we can adjust our bill accordingly.

Regarding comparability of pay scales for Federal employees vis-a-vis non-Federal employees. Bureau of Labor Statistics surveys show that Federal pay lags behind. Last December, Congress enacted the Federal Pay Comparability Act, expressly designed to bring Federal pay scales into closer alignment with private pay scales.

But, even in enacting those pay increases, Congress also recognized that there may be times of national economic emergencies and, in section 5305(c)(1) of the Federal Pay Comparability Act, Congress allowed the President to submit pay plans containing less than the comparability pay Congress provided in the act for Federal employees.

Our present national economic situation is exactly the type of situation we had in mind at the time we wrote this provision into law.

Hopefully, a year from now the economic emergency will no longer prevail and hopefully any increases shown to be required by BLS surveys could go into effect on October 1, 1972, as provided in the act in order to achieve comparability for Federal employees.

Mr. President, ever since coming to the U.S. Senate, I have done my utmost to make sure that Uncle Sam treats his employees in a fair and equitable manner. I have helped to write every pay increase and fringe benefit law for our Nation's employees enacted since I was appointed to the Post Office and Civil Service Committee in 1960.

During that period, Congress has approved eight different pay bills increasing Federal employees' salaries almost 60 percent. We have also enacted the landmark law of comparability in pay and landmark legislation on retirement and fringe benefits.

I believe that all workers—whether they be Federal, State, local, or private—should be treated fairly and equitably. At this time of emergency, when everyone is called upon to make some sacrifices, I believe the burden of sacrifice should be borne fairly and equitably.

Before we can make a sound, intelligent judgment in this matter and determine whether Government and private employees are going to be treated in a fair and equitable manner after November 12, we must await President Nixon's phase II announcement.

There is nothing to be lost by waiting until after the President makes his announcement tonight.

As the ranking minority member of the Post Office and Civil Service Committee, I pledge my utmost efforts to make sure Federal personnel are treated fairly.

I pledge that, after hearing the President's announcement tonight in the phase II guidelines for non-Federal employees, I shall begin work tomorrow on legislation to make sure Federal employees will be treated on the same basis.

There is ample time remaining in this session for the appropriate committees and the Congress to take whatever action may be justified on the basis of facts, not conjecture.

If the pending resolution of disapproval is accepted, then we shall be locking in a situation which could jeopardize the anti-inflation program and we in Congress may well be in the embarrassing position of favoring Federal employees, who constitute less than 5 percent of the total labor force, over non-Federal employees, who comprise more than 95 percent of the total labor force in America.

I urge my colleagues to vote "no" on the pending resolution.

Mr. McGEE. Mr. President, I rise to support the resolution. I wonder whether I might have some time.

Mr. MOSS. I yield 10 minutes to the Senator from Wyoming.

Mr. McGEE. Mr. President, the Senator from Hawaii and I disagree a bit on the issue that is pending this afternoon, the proposed resolution, although I must confess, in all candor, that I am backing into it. The reason I say that is that I have contended all along that if, in truth, inflation is a great crisis issue for our country and we have to face up to stopping it, I fail to see how freezing the civilian pay is going to cure that problem without freezing the military pay.

I think we have two issues mixed up here. If, indeed, inflation is desperately important as a factor, then it is just as inflationary to give the military $2.5 billion, as we do in one bill, as it is to give the civilians $2.5 billion. You cannot separate money by the difference in a uniform that is worn for the day.

Thus, I believe that the President, himself, has plunged us into whatever peril it may represent if we have only one segment of our employees singled out for freezing while sending a transfusion into the inflationary forces through the military pay increases. If the President believes that the military pay increase is so important and that we cannot have a volunteer Army in time without it, then why does not the President level with us and say that inflation really is not quite that serious, that it is not a great national disaster that is staring us in the face, that what we really need is the volunteer Army and that everything hangs on that? I happen to have believed the President the first time he spoke on August 15 when he defined for us the seriousness of the inflationary forces and, therefore, it seems to me, by the President's failure to freeze military pay in the same spirit that he froze civilian pay, he has made it impossible for those of us on the committee to help hold that kind of line.

It is not too late, as the President addresses the Nation tonight. While I am advised it is not going to happen, he still could announce tonight, as he should, that all salaries are frozen—all of them. It is that important. It is that serious. Then let him, over a period of time, unravel that in the order of priority and try to get us back on an even keel in the economy.

Mr. MANSFIELD. Mr. President, will the Senator from Wyoming yield?

Mr. McGEE. I am glad to yield to the Senator from Montana.

Mr. MANSFIELD. Before I left the Chamber, I thought I heard the distinguished chairman of the Committee on Post Office and Civil Service state that he was backing into the resolution. Frankly, I have two minds about the resolution. If I interpret the Senator's statement correctly, he has some doubts in his mind, too.

If the Senator would allow me, I should like to ask him some questions, because I am concerned about the teachers of this country who signed contracts last winter and last spring and whose last year's wages are now frozen. No one talks about the teachers. No one seems to be interested in the other people outside the Federal Establishment who will be affected by what the Senate does or does not do.

I voted for the Mathias-Moss amendment yesterday because I thought it was fair. It placed Federal workers on the same basis as any other workers insofar as possible guidelines could be announced.

I have been informed that the amendment passed yesterday will not be agreed to unless this resolution is agreed to. I have been informed that regardless of what happens to the resolution, that amendment will be agreed to, despite the opposition expressed on the floor yesterday. Thus, this is not an easy matter to face up to.

What if the resolution is agreed to?

What if the Senate conferees knock out the Mathias-Moss amendment?

Does that mean, then, that this coming January 1, under the law, all Federal employees, regardless, will be given a 6-percent increase in pay?

Mr. McGEE. The answer to that is yes, if the Senate does not then follow up and act; but, likewise, I am prepared to move with dispatch on the necessary covering legislation in the event the other is disallowed. But it seemed to me that we might be better advised to hear what the President has to say tonight on that score.

I do not believe, by agreeing to this resolution today, that we have gone over a course of action to which we cannot adjust and leave that ultimate decision with the President. It is just that it faces that prospect with the amendment passed yesterday.

Mr. MANSFIELD. In other words, we are not sure what the conferees will do vis-a-vis the Mathias-Moss amendment.

Mr. McGEE. No, we cannot be sure of that. I would think that a point of order will probably knock it out on the House side. They have talked about it over there. It is no secret. Therefore, it is more likely to be knocked out. But I want to emphasize on behalf of my colleague from Utah, that I am prepared in committee to offer and to press with every resource we have the necessary covering legislation in that eventuality. It would be wrong for the resolution to stand alone and make it. I think it would not serve its legitimate purposes. That is why I said I was backing into it.

Mr. MANSFIELD. The Senator is saying that if the resolution passes and stands on its own bottom it would be wrong because it would allow for a 6 percent increase to all Federal employees on January 1.

Mr. MOSS. If the Senator will yield——

Mr. MANSFIELD. Could I just follow this up first, please?

Mr. McGEE. Under the Stabilization Act, the President still has the power to freeze, so that he is not without some weaponry there; but we would hope to make it equitable with subsequent legislation.

Mr. MANSFIELD. The key words there are "subsequent legislation."

Mr. McGEE. Yes.

Mr. MANSFIELD. If the Senate approved the resolution reported by the committee, what it would do then, would be to reinforce the law already on the books and in effect. If this passes, pending subsequent legislation it would be imperative that on January 1 a 6 percent pay raise would go into effect for all Federal employees.

Mr. McGEE. Subject to the President's decision to freeze it. The President would still have the power to freeze even at that time.

Mr. MANSFIELD. I do not quite follow that.

Mr. McGEE. Because under the Economic Stabilization Act, he would still have the power to freeze, but it would take another decision by the President to so freeze.

Mr. MANSFIELD. Then it would take another resolution——

Mr. MOSS. No.

Mr. McGEE. No, I do not think so. In other words, this is the authorization the President has under the Economic Stabilization Act.

Mr. MOSS. Will the Senator from Wyoming yield to me for a moment?

Mr. McGEE. Yes, because I believe the Senator from Utah might have something to contribute here.

Mr. MOSS. The President has general power, under the Economic Stabilization Act, to freeze wages, provided he does it uniformly. That is the key word "uniformly." It has to be uniform. If he should decide to use that power, he could still freeze Federal employees but also everyone else's pay, in a uniform manner. What we are doing by this, if we pass the resolution, is to release the freeze that goes beyond what has been applied elsewhere.

Wages were frozen for 3 months with the order of the 15th of August and that will expire. We do not know what the President will propose from there on, but Federal employees are frozen until the 30th of June. That is the difference.

Mr. MANSFIELD. If the Senator will yield further, it is not only the teachers but also all the non-Federal employees we have to think of. We have to think of ourselves, too, because we are a part of the great mass which makes up the citizenry of this country. If, perchance, the 6-percent raise is allowed and nothing is done, what will be the effect on the rest of the economy?

Mr. McGEE. In my opinion, if the economy is in the desperate shape the President has said it is—and I agree with him—then it would have an inflationary effect. I would assume that the President would exercise the authority, however, that is in the Economic Stabilization Act. If he does not, then I would think he has fumbled his responsibility.

Mr. MANSFIELD. I would agree with him that it would tend to be inflationary. I am not at all certain that even at the time we have the economic situation anywhere near under control.

But one thing I do not want to see in this country, regardless of the political consequences, is an increase in inflation which will affect everyone's pocketbook. That is why I am asking these questions, because I am disturbed. I was in favor of the Mathias-Moss amendment yesterday, which I think was fair because, on the basis of any guidelines with percentages attached, to be issued after the expiration of the freeze on November 13, all would be treated equally and none would be discriminated against. But I cannot forget the teachers. I cannot forget others in the same category——

Mr. McGEE. If the Senator will permit me to interject there, neither can I.

Mr. MANSFIELD (continuing). Who signed the contracts in Wyoming, Montana, Georgia, North Dakota, Utah, Louisiana, and elsewhere. I cannot forget the other 75 million people who are non-Federal employees who are entitled to consideration under the concept of equity. I am disturbed by this. I will say to the chairman of the committee——

The PRESIDING OFFICER (Mr. McINTYRE). The time of the Senator has expired.

Mr. MOSS. I yield the Senator 3 more minutes.

Mr. McGEE. I shall need a little more than that.

Mr. MOSS. I have several requests now for Senators who want to speak.

Mr. McGEE. I would like to finish what I had to say here. I had 10 minutes' worth of comments.

Mr. MANSFIELD. That is why I am asking these questions, because I am disturbed; but I am also concerned about those outside the Federal employee relationship.

Mr. McGEE. Mr. President, I could not agree with the distinguished majority leader more. I wonder if he is not equally disturbed as to the equally inflationary impact of giving $3 billion or $4 billion more to the military men, the men in uniform. One of the mistakes we are making is in saying that one is and one is not. And that is why we justify it.

Mr. MANSFIELD. Mr. President, I realize the concept of equity which has been expressed. However, if I have any doubts, I am going to resolve them in favor of the men in uniform. Many of them are carrying out their obligations as good citizens, even though they do not believe in what they are doing.

Mr. McGEE. Mr. President, as to the increases, the President ought to freeze everybody, excepting none and then get this whole thing turned around. That is equity, in my judgment. Otherwise it is difficult to believe that there is really a serious threat of inflation if we can play games like this.

Mr. MANSFIELD. The Senator knows that there is a serious threat of inflation with a 5.2-percent increase in the cost of living and with an unemployment figure of 6.1 percent. As far as I know, the unemployment figure has not decreased and neither has the inflation figure decreased.

Half of the 90-day wage-price-rent control period is over. I realize that we have to allow a little time. But I do hope that we go through all of these things with the greatest of care, because what we hold in our hands is the fate of the Nation if not the fate of the Western World.

I thank the distinguished Senator.

Mr. McGEE. I thank the distinguished majority leader. I have now committed myself to the ranking minority members of the committee to do everything we can in a legislative way to cover whatever happens in any way. I would now like to turn to the amendment we agreed to here yesterday. I am interested in setting at least the legislative record straight.

Let me put it bluntly. The amendment we adopted yesterday was not the measure we reported from the Post Office and Civil Service Committee. I had thought we were going to report that measure out and that we were going to seek to offer it as a substitute. However, this did not happen. I want to explain the differences between what the committee action was and what the actual action was, because it is imperative that this record be set straight.

First, the amendment we adopted yesterday provides in its language that the President of the United States, if he announces new wage-price lines, allow an increase in the civilian sector and at least guarantee an average of that allowance as a substitute for the comparability adjustment that was originally scheduled for January 1, 1972, for civilian Federal employees.

However, the language in the bill also says that this shall take effect at approximately the same time as whatever wage lines the President laid down. I know this was not the intent behind the proposal that was pending. It turned out simply to be badly worded legislation.

At the time the committee reported the measure, we turned over to the drafting counsel the task of putting that language together. By the time we got here with the language, the substitute had already been made. The intent of the bill is not borne out by its own language. For the sake of the committee action, I wanted to set the record straight. It now permits the President to allow wage increases on January 1. However, the language of the bill makes it retroactive to the day he sets the new wage-price guidelines.

Presumably, if the President tonight sets new guidelines, he will set them the day that the old freeze ends, which is around the 13th of November. So he would set them on the 14th of November. That means that there would be an unintended, unexpected, but undeniable 47-day retroactive pay increase under the legislation that was passed yesterday.

That was not the intent, I am sure. However, that is the way the law reads.

Similarly, under the law that is now on the books, the military gets the same adjustments in that comparability provision as the civilian sector.

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

Mr. McGEE. Mr. President, would the Senator from Hawaii yield me 3 minutes?

Mr. FONG. Mr. President, I am delighted to yield 3 minutes to the distinguished Senator from Wyoming.

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

Mr. McGEE. Mr. President, under the military law now on the books, under the statute now on the books, the military would likewise get the same adjustment on January 1, whatever that average is, but again it would be retroactive back to the time that the President lays down his new guidelines.

Let us look at the situation if we are really worried about inflation. There will be a military pay raise on January 1. That is now on the books. There will be a military pay raise on November 14, and on November 16. There will be a military pay raise next October 1 under the present schedule of events. I think it is all meritorious, but I do not think this is the intent of the measure we adopted yesterday.

That is why I abstained from voting. That is why I withheld my vote, because the intent was to submit a measure that we hoped would stand up in legislative times. We do not have the opportunity to do that.

Mr. President, I ask unanimous consent that the language of the committee measure be printed at this point in the RECORD.

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

That, notwithstanding any provision of section 3 (c) of the Federal Pay Comparability Act of 1970 (Public Law 91–656) or of section 5305 of title 5, United States Code, as added by section 3 (a) of Public Law 91–656, such comparability adjustments in the rates of pay of each Federal statutory pay system as may be required under such sections 5305 and 3 (c), based on the 1971 Bureau of Labor Statistics survey, to become effective on the first day of the first pay period that begins on or after January 1, 1972, shall not be greater than the general average of the wage and salary adjustments that may be authorized under any wage or salary stabilization order issued by the President under authority of any statute of the United States, including the Economic Stabilization Act of 1970 (Public Law 91–379; 84 Stat. 799), as amended, and as may be in effect in January 1972. The President shall place such wage and salary adjustments into effect (1) on the first day of the first pay period that begins on or after January 1, 1972, or (2) at approximately the same time as such wage or salary stabilization order applies to wages and prices in the private sector of the United States economy, whichever is later. Nothing in this Act shall be construed to provide any adjustments in rates of pay of any Federal statutory pay system which are greater than the adjustments based on the 1971 Bureau of Labor Statistics survey.

Mr. MANSFIELD. Mr. President, would the Senator from Wyoming read that language again? I was under a misapprehension there, too.

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

Mr. McGEE. Mr. President, would the Senator from Hawaii yield me 1 minute?

Mr. FONG. Mr. President, I yield 1 minute to the Senator from Wyoming.

Mr. McGEE. The language in the bill on page 35255 states:

The President shall place such wage and salary adjustments into effect at approximately the same time as such wage or salary stabilization order applies to wages and prices in the private sector of the United States economy.

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

Mr. McGEE. Mr. President, will someone yield me 1 additional minute?

Mr. FONG. Mr. President, I yield 1 additional minute to the Senator from Wyoming.

Mr. McGEE. I think it is an important point. I want to clear it up in the RECORD.

Mr. FONG. Mr. President, I am happy to yield 1 final minute to the Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming is recognized for 1 minute.

Mr. McGEE. Mr. President, what it says is that it has to go into effect at approximately the same time. We are assuming that the President has to lay down such guidelines when the present freeze expires, which would mean that he woud lay them down on November 14, 1971.

Mr. MANSFIELD. Mr. President, I would hope that the distinguished Senator from Maryland and the distinguished Senator from Utah would give us the benefit of their views on the amendment which they jointly introduced yesterday.

Mr. McGEE. My last minute is about gone. I cannot yield the Senators any of the seconds that remain.

I do not think that is the intent or the purpose of the thing. I think that everyone was going from the first to the second to the third draft in a hurry to get something done. I wanted to indicate that this was not the committee action.

Mr. MOSS. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Utah is recognized for 1 minute.

Mr. MOSS. Mr. President, the President has no power to grant a salary increase except according to the law that has been passed by the Congress and has been signed into law. He does have the power to hold back on salaries. He can use the wage stabilization power he has to freeze them. He can use the power to freeze the Federal salaries to June 30.

But he cannot raise the salaries of Federal employees without power in law. Therefore, even if it is read in the way suggested that it means, the President has no power to act under that to increase salaries without authorization. This wording was worked out in committee and was taken by the Senator from Maryland as a substitute for his amendment.

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

Mr. MOSS. I yield 5 minutes to the Senator from Alaska.

Mr. STEVENS. Mr. President, in effect, what we seek to do is to restore the President's options which I feel he has lost in postponing the increase from January 1 to July 1.

I seriously question whether the President had the authority to postpone the pay increase under the law we passed, reading from section 5305, title 5, United States Code:

(c) (1) If, because of national emergency or economic conditions affecting the general welfare, the President should, in any year, consider it inappropriate to make the pay adjustment required by subsection (a) of this section, he shall prepare and transmit to Congress before September 1 of that year such alternative plan with respect to a pay adjustment as he considers appropriate, together with the reasons therefore, in lieu of the pay adjustments required by subsection (a) of this section.

We have questioned from the start whether the President had authority to postpone the effective date of the increase or the power to submit a different pay schedule to become effective on the same day required by Congress. It is almost a moot question. The approval of the resolution of disapproval will restore the President's option. As pointed out, he still has the power to freeze the salary increases, if that is what he wants to do, by taking action by September 1. We are trying to restore his options not diminish them.

I disagree with the chairman of the committee concerning his interpretation of what we did yesterday. What we actually did was to provide that these pay increases are to become effective on the first day of the first pay period that begins on or after January 1, 1972. It is true that the next section clouds that somewhat, but there is no effective date, except in the first sentence of the action yesterday.

We, as members of the Committee on Post Office and Civil Service, are advocates for Federal employees. As the chairman will recall, we agreed to a 10-percent pay increase. We agreed that because of the inflationary impact of such a large increase, part of it would go into effect January 1, 1971, and the remainder of it would go into effect January 1, 1972.

Federal employees have already borne the burden in the fight against inflation for a year. I respectfully point out to the distinguished majority leader that others have been bearing the burden for only 90 days. The Government employees have borne it for 1 year. After phase II is announced, we assume they will be entitled to some increases.

Mr. MANSFIELD. What about retroactive pay of the teachers? They lost that entirely.

Mr. STEVENS. That is true, but Federal employees lost it for a year. We agreed to postpone the second 6 percent for 1 year. Now the President has added another 180 days and has moved the date back to July 1, 1972.

We are saying that as of January 1, 1972, the pay increase that we authorize will go into effect unless it exceeds the average granted under phase II of the wage-price control program. We are not

seeking special privileges for Government employees. We agreed that by the action we took yesterday and through what we seek to do today, we would restore the President's options. In effect, the President could continue to freeze the 6 percent as long as the authority continues under the economic control plan. We are restoring his options to deal with the concept of comparability.

I support the President's economic program. I think it is a bold and imaginative program. However, I disagree on this one facet in terms of taking the action he did by September 1. Despite what the President says about non-Federal employees tonight, he cannot, unless we pass this resolution of disapproval, put any pay increase into effect between January 1, 1972, and July 1, 1972, unless we pass another law.

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

Mr. STEVENS. Mr. President, will the Senator yield to me for 2 additional minutes?

Mr. MOSS. I yield 2 minutes to the Senator from Alaska.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. STEVENS. Mr. President, I urge that this body fully take into account that this marks the last chance for Government employees to obtain some pay increase commencing January 1, if any pay increase is recognized in phase II of the economic control program. The President has but 90 days more under that economic control program. Let us assume Congress does not extend that authority. Government employees would still be without an increase until July 1, 1972, because of action taken under the pay bill and not under the wage-price freeze.

It is unfortunate that the news media has portrayed this as an attempt to overrule something the President did in connection with the freeze. This has nothing to do with the President's wage-price freeze. We are trying to restore the President's options.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a period of not to exceed 5 minutes set aside for the introduction of some distinguished guests by the Senator from Texas.

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

Mr. MANSFIELD. I ask unanimous consent that during that period there be a brief recess for the purpose of greeting our distinguished visitors.

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

VISIT TO THE SENATE BY MEMBERS OF THE BUNDESTAG

Mr. TOWER. Mr. President, it is my pleasure to introduce to the Senate Dr. Werner Marx, chairman of Foreign Affairs and Defense Committee, CDU, and member of the Bundestag, and Dr. Richard Jaeger, Vice President of the Bundestag.

[Applause, Senators rising.]

RECESS

Thereupon, at 12 o'clock and 27 minutes p.m., the Senate took a recess until 12:29 p.m.

During the recess, Dr. Werner Marx and Dr. Richard Jaeger were greeted by Members of the Senate.

On expiration of the recess, the Senate reassembled and was called to order by the Senator from Florida (Mr. CHILES).

DISAPPROVAL OF PRESIDENT'S PAY ADJUSTMENT PLAN

The Senate continued with the consideration of the resolution (S. Res. 169) disapproving the alternative plan for pay adjustments for Federal employees under statutory pay systems recommended by the President to Congress on August 31, 1971.

The PRESIDING OFFICER. Who yields time?

Mr. MOSS. Mr. President, I yield 3 minutes to the Senator from Maryland.

Mr. MATHIAS. Mr. President, it seems to me that the difficulty of our decision today is the hardness of that decision. It is a hard decision because taken in the boldest and starkest terms, as the Senator from Alaska portrayed to us, we have the concept on the one hand that if the statutory comparability increases, the catchup increases, are to be allowed, government workers will get 6 percent, which may be more than any other group of employees in the country. Maybe, we do not know. When the guidelines are announced we will know, but we have to deal with what we know at the time we vote.

The other choice we have is that we will extend the freeze, as the Senator from Alaska says, until next July, a period which is the major part of a year, a period during which other Americans may be enjoying some degree of flexibility. I do not know what it will be. It may be different in different industries. It may be 1, 2, or 10 percent, but, nevertheless, there will be some degree of flexibility.

That is our problem. We have a choice between being right on one end or the other.

What we attempted to do yesterday, and what, if it were to become law, I think it would do is find a place in the middle that puts government workers exactly where everyone else is.

If, as the Senator from Alaska has pointed out, we do not support the resolution today, then we have in fact legislatively extended the freeze to 3 million Government workers and their families until next July and, barring some additional action by the Congress, the freeze will last longer for them than for any other people in the country. That is just the fact.

I would be opposed to giving them a preference—a 6-percent preference. I will personally vote for the resolution today because I think it gives a greater incentive to the administration, to the members of the conference committee, and to the Members of the other body, and a greater assurance to Members here that we will find this middle ground. It puts the carrot out ahead. I think that is what we must really do. I think whatever happens here today, we do as we did yesterday, which was to find the middle ground. Whatever legislative position we ultimately adopt—I would hope it could be done as a part of the military procurement bill, notwithstanding some technical objections that might lie, but be that as it may, if those objections are raised, I would hope, may I say to the Senator from Utah, we can go back—the Senate has put itself on record with its position and its concept of justice and fairness—if necessary, and start a new legislative trail. The easy way is to capitalize on what was done yesterday

Mr. MOSS. Mr. President, if the Senator will yield for just a moment. If we need a vehicle, there is a bill pending right now. It is in committee. It would accomplish the same thing that the Senate stamped its approval on yesterday. If it should become necessary, we could very quickly have it brought to the floor from the committee. I am happy to say that the commitee has already expressed itself as favoring the action we took yesterday on the Senator's amendment.

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

Mr. MOSS. I yield.

Mr. JAVITS. Mr. President, I voted with the Senator yesterday. I believe in the principle the Senator has espoused, and I am glad to hear the matter can be handled by a particular bill. What troubles me about this resolution is the signal that goes out to the world that the President is or is not being backed by the House and Senate in a major policy decision. I am troubled about that, but I am more troubled——

The PRESIDING OFFICER. The Senator's time has expired.

Mr. JAVITS. Mr. President, will the Senator yield to me?

Mr. MOSS. I yield 1 minute to the Senator.

Mr. JAVITS. I am so troubled about it that I am inclined right now to vote against the resolution rather than for any misconception to be inferred from this vote about our fortitude in the basic policies of the Nation, even though I recognize the risk, and even the possible injustice. Lastly I feel if two-thirds of the Senate—and yesterday showed that—and two-thirds of the House feel the Federal employees will be treated unfairly, the President will not, or if he wanted to, could not, stand in the way of justice being done.

Mr. MOSS. Mr. President, I yield myself 1 minute.

The President has already taken action to freeze salaries of Federal employees until the 30th of June 1972. This body said yesterday we believe that they ought to be treated equally with everybody else. If there is any signal that we sent out to the world or our people, it went out yesterday on our vote by over 2 to 1. All we are doing today is completing what we did yesterday. The President has all the tools, and this resolution increases his options, not decreases them, because he could freeze everybody at any time before April just as he did for 90 days, the period we are in. He could freeze them all. We worry about the schoolteachers.

I do, too. I think they have been unfairly treated. We worry about the steelworkers and what was done there under the freeze. Perhaps it is serious enough that it ought to be extended another 90 days. If the President wants to do that, he can.

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

Mr. MOSS. I yield.

Mr. MATHIAS. Mr. President, I share with the Senator from New York his concern. I share his concern about the signal that may go out, but I think the Senator from Utah has put his finger on it, that this action today will have really nothing to do with the freeze, because it is to be taken in the shadow of what we did yesterday, and that shadow is the conviction of two-thirds of the Senate that Government workers should not be treated better than anybody else; that they must be subjected, as they are, to the freeze; that they must be subjected in the future to what will apply to everybody else throughout the economy.

Mr. JAVITS. I think it is the difference between a micro-signal and a macro-signal. I have the deep feeling today that this is likely to be a macro-signal. I also think that so many of us, feeling as we do, will work our will and the President will ultimately yield on this particular point and see that all employees are treated alike.

Mr. FONG. Mr. President, I yield myself 3 minutes.

Mr. President, the two previous speakers, the Senator from Maryland and the Senator from Utah, said this was the easiest way to go because of what we did yesterday. This is a very perilous path, Mr. President, because the Senator from Utah and the Senator from Wyoming, who is the chairman of the Committee on Post Office and Civil Service, all feel in their hearts, and they have expressed it on the floor, that the possibility of that amendment going through is very, very slim. They know that it is subject to a point of order on the floor of the House of Representatives. If one Member on the floor of the House of Representatives raises a point of order, even if the conference committee were to adopt the amendment as passed by the Senate yesterday, it will go out. If the amendment goes out, what will happen by adoption of this resolution today?

We are not giving the President an option, as was stated by the distinguished Senator from Alaska. We are just pulling the rug out from under the President. The President says, "I am deferring Federal salaries, which were scheduled to go into effect on January 1, 1972, until July 1, 1972." By this resolution we are saying, "You have done the wrong thing and we are restoring those salary increases as of January 1, 1972."

Mr. STEVENS. Mr. President, will the Senator yield right there?

Mr. FONG. I yield.

Mr. STEVENS. Assuming that we adopt the resolution and we disapprove of the action which postpones the pay increase until July 1, it will, in accordance with such law, become effective January 1—not tomorrow, but January 1. Does not the President still have the option then, under the wage-price control law, to take such action as he wants with regard to Federal employees. And do we not still maintain, as the Senator himself said, authority in this Congress to act between now and January 1 to take whatever action we deem necessary concerning the recommendations of the President based on the announcement he will make tonight? For these reasons I believe we are restoring the President's options.

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

Mr. FONG. I yield some time to the Senator.

Mr. STEVENS. Can he not take action either through the wage and price control law, under which he can continue the action for 90 days beyond November, or through the second phase of the economic control program, under which he may ask Congress to deal fairly with Government employees along with all other employees?

Mr. FONG. There is a dispute, Mr. President, as to whether the President has the power, after we finish with this resolution, to impose another freeze on Federal employees' salaries.

What I am saying is this: If we pass this resolution, we are telling the President, "We do not agree with what you have done. We want the Federal employees to receive their 5.5 percent even though we do not know what your phase II program is."

If the amendment which we passed yesterday is not enacted, we are giving the Federal employees a privileged status as compared to the other 80 million American workers, the non-Federal workers in the Nation. I say that is discrimination. As the distinguished Senator from Wyoming stated, this resolution cannot stand alone, it cannot stand naked. He said we must have subsequent legislation.

If we are going to have subsequent legislation, let us wait until tomorrow to take substantive action. There is plenty of time for us to get to work and work out something that is fair and equitable to the Federal employees.

The PRESIDING OFFICER (Mr. CHILES). The Senator's time has expired.

Mr. FONG. I yield myself 2 more minutes.

Let us work out something equitable for the Federal employees as well as for the non-Federal employees, by saying to the President, "We do not want you to impose this freeze on the Federal employees only."

But this resolution, if it passes, says to the Federal employees, "You can get this 5.5-percent increase when January 1 comes, even if the President tonight says there will be no increases for anybody else until January 1, 1973." We would then be putting the Federal employees in a privileged status, after arguing yesterday on the floor of the Senate—and I was one of those who voted for the amendment yesterday—for putting the Federal employees on the same basis as non-Federal employees. Federal employees should not be called upon to bear a burden which non-Federal employees are not being required to bear. Federal employees should be treated the same as non-Federal employees, and that is why I voted for the amendment yesterday.

But, as I have stated, there is great doubt that that amendment which we passed yesterday will pass the conference. The chairman of the Armed Services Committee is diametrically opposed to it, and, I understand it probably cannot pass the conference.

Even if it passes the conference, as I have stated, one Member of the House of Representatives can raise a point of order.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. FONG. I yield myself another half minute.

One Member alone on the House floor can raise that point of order, and if he raises the point of order and it is sustained, then we are going to have a case in which 4.5 million Federal employees and military personnel will receive a 5.5 percent pay increase on January 1, 1972, and 80 million non-Federal employees will not receive anything, if phase II of the President's anti-inflation program to be announced tonight does not give them any increase in salaries.

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

I submit that the President could hardly do what the Senator suggests. The Senator says that if we give the Federal employees a 5.5 percent increase, we will be denying it to other employees. That is absolutely false, on the basis of the evidence here, and of the amendment passed yesterday by this body. We said the Federal employees will get only that amount which the President establishes in his guidelines for any other employees. If the private sector is denied entirely, the Federal employees are denied entirely. If the private sector is permitted 3 percent, Federal employees are permitted 3 percent.

All we are pleading for is uniformity and equity, and the Senator has paid lip-service to that principle over and over again in his speech, saying, "I believe it ought to be fair, I believe it ought to be equal."

The facts are plain. At present, there is a freeze on now, on Federal employees, that applies to no one outside the Federal Government. The outside employees are frozen until the 13th of November. The Federal employees are frozen until the 30th of June next year, and so it does not apply equally. What we are trying to do is lift off the freeze, so that, on the first of January, the Federal employees can be treated like anyone else.

We all agree that the President, in trying to deal with the economy, has the power, and undoubtedly will exercise it and ought to exercise it, of trying to achieve some control over wage raises. The Senator from Hawaii says we are going to give the Federal employees a raise of 5.5 percent on the 1st of January. We are not at all. The Federal employees will get only what the guidelines permit, whatever the President announces. So we are not giving them that raise that has already been given to them by law. They are entitled to it by a law which this President signed. We are saying that will

not become operative. It may become operative if his guidelines are high enough, but it will not become operative before any guidelines the President has set.

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

Mr. MOSS. In a minute; I have one further point.

Another thing the Senator from Hawaii says is, "What's the hurry? We can wait until tomorrow or some other time, and then do what we want."

Mr. President, the Senator knows very well that the deadline is midnight tonight for Congress to exercise its option to free up the freeze for the 6-month period it goes into next year. We must act today. The reason that matter is privileged on the floor today is that if we do not act today, we have lost that option.

It is true that we can pass other laws of some kind, which would have to go through both bodies and be signed by the President, but we cannot exercise the option to say, "We do not believe that freeze should extend unfairly into next year; we think the Federal employees ought to take their place along with every other wage-earner of this country, whether in the private sector or the Government sector."

I yield to the Senator from Arkansas.

Mr. McCLELLAN. Mr. President, I think I understand this, but I want to ask the Senator the question: Will the passage of this resolution have any impact on what we provided in the bill yesterday?

Mr. MOSS. Yes, it will.

Mr. McCLELLAN. In what way?

Mr. MOSS. What we said yesterday is that any increase that comes to Federal employees must conform with any guidelines for private employees.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MOSS. I yield myself another minute.

We stated that principle yesterday. Now today we are saying, "All right, Mr. President, having established that principle, we now lift the freeze and tell you to treat Federal employees the same as everyone else."

Mr. McCLELLAN. I understand. But the point I am making is simply this: If this freeze is lifted by this resolution, then the President is still compelled, or the operation of the amendment we passed yesterday will still be in effect, that Federal employees will receive no more than is granted all across the board?

Mr. MOSS. The Senator is exactly correct.

Mr. McCLELLAN. One other question. However, if the amendment we passed does not become law, what have we done?

Mr. MOSS. If the amendment does not become law, then this Congress, between now and the first of January, which is the earliest time the Federal employees can get their increase anyway, could enact a statute—and there is a bill pending now in committee—that would do exactly what we declared yesterday in an amendment.

Mr. McCLELLAN. If this resolution passes, then I think it is imperative, in view of what can happen in the House of Representatives and likely will, that that bill be processed immediately, passed here, and enacted into law, because I think that is what the objective is; I think that is what everyone would like to see: absolute equality of treatment with respect to Federal employees and employees in private industry. That I am willing to try to achieve.

But at the same time, I agree with some of what has been said here, that we are casting a bit of a reflection upon the President in this thing by the way it has developed. There is no question about that. It is unfortunate that the thing has not been worked out before now, but we are up against a deadline, and we have got to resolve it the best we can.

I thank the Senator for yielding.

Mr. MOSS. I thank the Senator from Arkansas. I think I can give him the assurance of the Post Office and Civil Service Committee that there would be immediate action to report a bill like that out of the committee. In fact, we have considered it already. This deadline was the only reason not to go on that first.

Mr. McCLELLAN. If I could be assured that the amendment passed here yesterday would become law, I would not give any concern or attention to this question. I think it would be wholly unnecessary.

Mr. MOSS. If that amendment does not become law, I can assure the Senator there would be immediate action in the Post Office and Civil Service Committee to report a similar bill.

Mr. McCLELLAN. And if I could be sure that bill would pass, I do not think this would be necessary.

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

Mr. MOSS. I yield to the Senator from Alaska.

Mr. STEVENS. Even if the amendment we adopted yesterday does not become law, the President, himself, could still freeze the salaries, and could uniformly say that the 6 percent could not become effective. If he sets a guideline of 3 percent, 4 percent, or 5 percent, that could apply to Government employees. But we need this resolution passed today in order to disapprove his postponement of 6 months to bring about uniformity.

Mr. McCLELLAN. Is the Senator saying that if this amendment is passed, the President can still make any adjustment in the salaries that is necessary?

Mr. STEVENS. Yes.

Mr. MOSS. Yes. He may freeze the salaries, provided he freezes them uniformly.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SCOTT. Mr. President, will the Senator from Hawaii yield me 1 minute?

Mr. FONG. Yes. Then I will yield 3 minutes to the distinguished Senator from Mississippi.

Mr. SCOTT. Mr. President, the President is having a bipartisan meeting at 4:30 today for the purpose of discussing phase II of the economic plan. Much of what he says tonight hinges on what the Senate does this morning. It is essential that this resolution be disapproved. The consequences of its approval are far more drastic than any Member of this body has so far even hinted at. I can assure the Senate, on my responsibility as the minority leader, that this is true. It would be hurtful to the constituencies of many of my colleagues who are urging its approval. Do not do it. It is a very dangerous step, and it would have very unfortunate consequences.

I regret that I cannot say more than that, but I am infused with the seriousness of this. I assure the Senate that it is correct and that it is extremely important that the President's program go through along the lines he intends to follow. The Senate should give him that confidence. The Senate should give him that opportunity. The Senate should not try to second guess the responsibility of the President in holding the line against the inflationary process.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MOSS. I yield 1 minute for colloquy with the minority leader, who comes here and pleads with us not to do something because of something he cannot tell us about. He says, however, it is very serious and he asks us to wait until the President has spoken tonight.

Midnight tonight is the deadline for action on this resolution. Our power is then gone. If we are going to do anything in this body about the freeze, if we think it is unfair to the Federal employees, we have to do it today. If the Senate wants to reconvene at 10 o'clock tonight, I will come. I have, however, not met, but I know that not enough Senators will be here to have a quorum. Our power will be gone if we do not do it now. Is that not true?

Mr. SCOTT. I can only say that the security of the Federal employee will be greater tonight if the Senate does not agree to this resolution than if it does.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MOSS. I yield myself 30 seconds to volunteer my opinion that the interests of the Federal employee already have been impaired by his taking the freeze clear into June of next year, when nobody else has had to take it.

We are only trying to put it back where the President can deal with the Federal employees' salaries on the same basis and with the same hand that he deals with the non-Federal employees. That is all we are doing. It does not curtail his powers in the least, except in the one freeze issue that he has already extended.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SCOTT. What it does is to break the dike, and the flood starts.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. STENNIS. Mr. President, it seems to me that the logic of the argument made by the Senator from Hawaii is unanswerable, and the facts of the case as stated by the Senator from Pennsylvania are certainly clear. This is not in deference to the President of the United States. It is just commonsense that the executive branch and the legislative branch have to coordinate to some degree if we are going to do anything about inflation. That is the issue—not

the President, not someone's salary. What are we going to do about inflation?

The President stepped out on this matter on August 15 and made his announcement and the people applauded. The only criticism I heard about it is that he should have done it earlier. He made a step forward here with respect to these anticipated increases in January.

Who thinks he can afford to be unfair to the people who are affected—the military and the civilians—in what he does in his next step? Of course, he is not going to discriminate against this large and powerful and deserving group. Whatever he says tonight and in the future will coordinate and conform to this first step he has taken.

I think this: Just a few weeks after his first speech and a few hours before phase II, if we were to pass this resolution, we would knock the blocks out from under the whole effort, and by our action here today we would pump $2 billion additional into the flood of inflation.

There are some voices I believe we will hear from once they get to speak, and they are the voices of the unorganized, the voices of those who are silent but are overtaxed and are unorganized. Inflation is eating up their savings and their earnings, and is jeopardizing our country at the same time. Their voice says, "Stay the hand of inflation." I am talking about the little folks, the smaller wage earners. That is the way they feel. They know that these fringe benefits and great increases come automatically to some groups under law, and, through strikes and so forth, to others. But these people are not organized, and they know that they do not benefit from all this. But they know that inflation eats up their earnings before they get it—their wages, their savings, their retirement benefits. We will hear their voices later. But let us stay the hand here and give this plan a chance.

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

Mr. STENNIS. I yield.

Mr. McCLELLAN. Assuming that this resolution is defeated and that tonight the President proposes a program that equalizes this apparent injustice and discrimination, that would take care of it.

Mr. STENNIS. Yes.

Mr. McCLELLAN. If he did not, Congress still would have from now until January to act with legislation; would it not?

Mr. STENNIS. Absolutely. The Senator has said it better than I. Do not count as the law the amendment that was adopted yesterday just because I happened to vote against it.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. STENNIS. I yield 30 seconds.

The Senator is correct. Under the rules of the House, it is my understanding that one voice over there can raise a point of order against that amendment, and it would have to be sustained, and it would go out.

Mr. McCLELLAN. That could be knocked out. But we have from now until January 1 to pass legislation by majority vote of both Houses and send it to the President to remedy this condition.

Mr. STENNIS. My point is, do not say we have already solved that matter, but we have plenty of time to solve it.

Mr. FONG. I yield myself 2 minutes.

Mr. President, what the Senator from Arkansas is saying is, "Let us open a floodgate." That is what he is saying. He says, "Let us pass this resolution, and let us give the Federal employees 5.5 percent." The Senator from Utah and the Senator from Arkansas say this. They say, "Let us open the floodgates now. Let us give them the 5.5 percent, and then let us close it little by little tomorrow."

It is like saying, "Let us open the doors of the Senate. Let everybody come in." And then, one by one, we push them out. Let the floodwaters come in, and then we will put in dikes, one by one.

Is this the way to legislate in Congress? Is this the way we are going to legislate here?—open the floodgates and then say, "Tomorrow we'll close it little by little"? Is it not better to wait until tomorrow and see what rally happens?

If we find that the Federal employees have been discriminated against by the President's phase II program, we can go to work tomorrow. As the ranking minority member of the Committee on Post Office and Civil Service, I pledge that if it is necessary we will start working tomorrow and see what we can do to put the Federal employees on the same basis as the non-Federal employees. But let us wait until tomorrow. Why do it today and then tomorrow, by patchwork, try to block up the dam little by little?

This is not the way to legislate.

Mr. MOSS. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER (Mr. CHILES). The Senator from Utah is recognized for 2 minutes.

Mr. MOSS. Mr. President, as a school boy, long before I came to the Senate, I often heard it called the greatest deliberative body in the world. We have now, in opposition to the resolution, someone standing up and saying, "Open the floodgates. Open the floodgates. Deluge the country. Open the floodgates and then put in little dikes."

What kind of deliberation is that, Mr. President?

What we are saying here is that under the statute, on the books now, Congress, this body—this House of the Congress—has the power, by a simple majority vote, to say to the President, "Mr. President, we think you are unfair in freezing Federal workers over to the 30th of June of next year. Therefore, we exercise our power to say that this much of the freeze will be put back. It will not take effect. You, Mr. President, have the power and, in fact, we called upon you yesterday, in an amendment, to say that you have the power to freeze all wages and set any guidelines you want. All we say to you, Mr. President, all that Congress says, is that Congress says, is that when you do that, that you do it evenhandedly and not do it only to one group and not to another, but do it on an evenhanded basis."

Mr. President, we are not opening any floodgates because the President may very well freeze everyone and the Federal workers will be included along with everyone else.

As to the plea to wait until tomorrow, that there is plenty of time, I seem unable to get my colleagues to recognize that the time has been set because it is already in the law. It has to be done today, if we are going to exercise that option. We cannot put it off and lose the option. Admittedly, we can start some legislation and try to get it through, but the House has already announced that it will not accept new bills by the middle of this month. I do not know what that means. It is only hearsay, but they are already talking about nothing new coming on the floor of the House over there. So that if we start here to hold hearings, report a bill out of committee, and go through all the other processes in the Senate, and it finally goes to the President himself, does anyone really think there is any chance for the Senate to work its will otherwise this year if we indeed think it is unfair to freeze Federal employees beyond any other workers in this country?

Mr. President, I reserve the remainder of my time.

Mr. FONG. Mr. President, may I ask, how much time is left?

The PRESIDING OFFICER. The Senator from Hawaii has 10 minutes remaining and the Senator from Utah has 6 minutes remaining.

Mr. FONG. I thank the Chair. I am happy to yield 2 minutes now to the distinguished Senator from Illinois (Mr. PERCY).

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

Mr. PERCY. Mr. President, as we approach the question of what restraints should be placed on wages in the postfreeze phase II, my position is that all groups in our society should have the same restraints applied to them. The same restraints should be exercised over Federal pay that are exercised over the pay of those in the private sector. This position is consistent with the concept of comparability in pay toward which we have been moving and it would place the same obligations and rewards on Federal employees as on everyone else.

That is why I voted yesterday for the Mathias amendment, as modified by Senator Moss, which would allow Federal employees the same wage increases as authorized for private industry employees in the postfreeze period.

I plan to vote against the resolution offered by Senator Moss today because it would require that Federal employees' pay be increased by 6 percent on January 1, 1972. This would have the effect of giving Federal employees more favorable treatment than other groups in our society—assuming of course that the guidelines to be announced for phase II will permit wages to rise less than 6 percent.

Mr. President, I reiterate, I support comparability in government wages, salaries, and benefits with the private sector for comparable work. Having achieved comparability, then the Federal employees should not be favored or discriminated against in future treatment on com-

pensation. The Federal employee is injured as severely as any other citizen unless we can stop the crippling effect of spiraling inflation on every family's pocketbook.

Let me indicate from what I know of the President's message to be delivered this evening, and from the preliminary indications I have received in talking with members of the staff, that I think we are going to have a phase II program that this Nation can unite around. The day is over when every single group can demand more. That goes for labor, for business, for the general public, and for Federal employees.

Mr. FONG. Mr. President, I yield myself 4 minutes.

The PRESIDING OFFICER. The Senator from Hawaii is recognized for 4 minutes.

Mr. FONG. Mr. President, summarizing my arguments, I want to say, facing the realities of the situation, facing what the amendment which we passed yesterday must undergo to become law, and the almost unanimous opinion that it will not be enacted, we are facing a situation in which we will, by agreeing to this resolution, give to Federal employees and those in the military service—4½ million people—an increase of 5.5 percent on January 1, 1972, even though the 80 million non-Federal workers in the Nation may not receive anything.

This certainly would be discrimination against the 80 million non-Federal workers in the United States. If we are to be fair to the 80 million workers who are not in the Federal Government, if we are to be fair to those people who are not in the military service, we must not pass this resolution today. If we do pass it, we will be putting Federal employees on a preferred status as compared to the other 80 million workers.

By locking in a pay raise for Federal employees, Congress may jeopardize the President's anti-inflation program, by giving only a few a 5.5-percent increase. If we pass this resolution today, there will be no amendment to curtail this pay increase. We know what the realities of the situation are in conference and in the House as it applies to yesterday's amendment. We will then be under a tremendous, almost irresistible pressure by 80 million non-Federal employees for treatment similar to that of Federal employees and military personnel.

The Congress will be faced with great pressure to give everyone a 5.5-percent increase. Everyone knows, then, what will happen to the economy.

Congress should make sure that all employees in America are treated on the same basis in regard to pay increases.

In a few hours, Mr. President, we will be hearing what the President's phase II program is.

Let us wait and see what it will be.

The distinguished Senator from Utah says that he is willing to go to work tomorrow and work on a bill to ensure equity and fairness to 4.5 million Federal civilian employees and military personnel.

If he is willing to go to work tomorrow on that basis, why the rush right now?

Let us wait until tomorrow so that we can all sit down when we know all the facts, and in an orderly manner legislate for the benefit of our Federal workers.

I am afraid that if we pass this resolution today, we will be sabotaging and—may I use the word the President used—we will be torpedoing the President's economic program.

Mr. DOLE. Mr. President—

The Congress faces the acid test of its determination to cooperate in the national campaign to control rising prices.

The President's statement of last Saturday summarizes very succinctly the issue before us today. Will the Senate be responsive to the expressed desire of three-fourths of the American public for enactment of the President's program to control inflation and inject new life into the economy?

The issue before us today addresses one element, but a very vital element of that program—holding the line against governmental contributions to inflationary pressures. The President's new economic policy is founded on the concept of providing a stimulus to the economy without causing renewed inflation and the avoidance of Government outlays not matched by sources of new revenue is fundamental to the success of this policy.

If a Federal/military pay raise was allowed to take effect on January 1 next year it would create an imbalance in the fiscal equation underlying the entire new economic policy; it would lead to a $1.3 billion increase in the fiscal year 1972 budget deficit and would create severe inflationary pressure by pouring this $1.3 billion into the economy with no offsetting increase in Government revenues.

EQUAL SACRIFICE REQUIRED

Opponents of the President's plan for deferral of Federal pay increases refer to its alleged inequity in demanding more sacrifice from Federal workers than from their counterparts in private life. It seems to the Senator from Kansas that this argument is deficient in two respects:

First, for the past 53 days, the public has shown its good faith and willingness to sacrifice by maintaining the wage-freeze which was instituted on August 16. During this time, no general Federal pay increases were scheduled to take place. Thus, the freeze has had virtually no impact on the lives of Federal workers and has required no sacrifice from them corresponding to that made by millions of Americans in the private and State Government sectors of the economy.

Second, the Federal Government under this administration has been a remarkably generous employer. White-collar workers have received more than a 21-percent increase in pay since mid-1969, so their real wages—the wages they take home after the impact of inflation is subtracted—have gone up. In contrast, for most employees in the private sector, real wages have not gone up, because pay increases have in many cases, not matched the rise in the cost of living. The average Federal white-collar employee affected by this proposal now receives approximately $13,000 per year in pay and benefits.

Further I would point out that acceptance of the 6-month deferral in no way affects the operation of the pay system which provides for ingrade, merit, and longevity increases which, during this period will total as much as $257 million for Federal/military workers.

A BALANCED PROGRAM

In addition, I would reemphasize the balanced character of the President's proposals which seek to reduce expenditures to match reduced revenues. If the pay deferral is rejected, the $1.3 billion outlay it will occasion must necessarily be compensated by cutbacks in other areas which could result in the loss of 200,000 jobs or other program cuts or deferral of badly needed services.

In a separate but related area, there have been references during this debate to the inequity in granting military pay increases while restricting raises for their civilian counterparts. Such an argument fails to take into account the fundamental pay disadvantage which the junior military ranks have suffered for years. Nor does it reflect appreciation for the major structural change—movement toward realization of an all-volunteer armed force—which the recent military pay raise was designed to achieve. This change is totally unrelated to the periodic comparability pay increases the President's plan defers.

FAIRNESS FOR PUBLIC AND PRIVATE EMPLOYEES

Yesterday the Senator from Kansas voted in favor of the amendment to the military procurement bill proposed by the Senator from Maryland (Mr. MATHIAS) which limited the potential harmful effects of the pending resolution. That amendment, as the Senator from Maryland pointed out, seeks to treat both Federal and private sector employees with an even hand. It was intended to provide assurance of an equal measure of sacrifice should the President's plan be defeated here today.

It effect it provides a measure of security to Federal workers that they would not be called upon to make greater sacrifices than those in the private sector, and on the other hand, it assures those in the private sector that individuals in Federal public service would not be given favored treatment.

It is necessary for the maintenance of the public's support to make provision for such equitable and fair treatment. Certainly the millions of Americans in Federal public service have a right to expect such protection of their interests, just as the millions outside the Federal Government expect their interests to be safeguarded. So I believe the Senator from Maryland's amendment was a valuable piece of insurance for both Federal and private workers in the event the President's policy is defeated by the Senate today.

A POINT OF CONFIDENCE

Finally, I would return to the fundamental rationale which underlies successful implementation of the total economic program. Americans must be given a basis for confidence that prices and wages will be restrained and that the Government will do its part to achieve a sound and stable economy.

The President's institution of this pay

deferral provides the public the evidence that he is willing to make the hard, necessary decisions to achieve success. The House of Representatives demonstrated—by upholding the President's proposal—that it, too, was willing to act responsibly and join in this effort. Now the Senate must indicate to the American people that it, also will be responsible and give the American people a firm measure of confidence in the Federal Government's desire and determination to stabilize the economy and provide the foundation for greater prosperity for all our people.

I urge the rejection of the pending resolution.

Mr. McGEE. Mr. President, I am sorely tempted today to ask unanimous consent to include in the RECORD of today's debate the RECORD of yesterday, October 6, insofar as it related to the so-called Mathias-Moss amendment providing for Federal salary adjustments, because I think that debate is so very pertinent to today's vote that they are inseparable. I also think those pages of the RECORD will illustrate to the student of political science the hazards of legislating.

Yesterday morning, the Committee on Post Office and Civil Service ordered reported to the Senate a bill to permit the President to adjust civilian salaries in 1972 in accordance with the wage-price guidelines he may establish under phase two of his economic program for controlling inflation. The bill we voted on in committee gave him complete control over civilian salary adjustments through the October 1972, salary adjustment period.

After that committee meeting, the Senator from Hawaii (Mr. FONG) and I met with our committee counsels and representatives of the Office of the Legislative Counsel, and studied the very technical language necessary to effect what we wanted to do; and we came to the conclusion that, as the distinguished senior Senator from North Carolina (Mr. ERVIN) observed in the debate yesterday, the whole pay picture is very "iffy."

I would not say the committee was attempting to legislate in a vacuum; on the contrary, the complexities of the issue were so numerous that several hours passed before we are able to perfect the language necessary to accomplish our purpose—to carry out the formal but not particularly specific intent of the committee's agreement—that the President be authorized to control civilian salaries in 1972, but that such adjustments be approximately equal to the general average of wage-price controls, and effective at the same time.

The language of the Mathias-Moss amendment is not quite like that. I am not quite sure whence came the language of the substitute amendment yesterday; perhaps it was a first draft or a second, or a third. But it was not the bill which I, as chairman, am prepared to report to the Senate, and which, as a technical matter, I ask unanimous consent, to have printed in the RECORD at this point so as to distinguish what we were attempting to do in committee yesterday, and did, and what the Senate approved by a record vote of 60-to-27 yesterday.

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

That, notwithstanding any provision of section 3(c) of the Federal Pay Comparability Act of 1970 (Public Law 91–656) or of section 5305 of title 5, United States Code, as added by section 3(a) of Public Law 91–656, such comparability adjustments in the rates of pay of each Federal statutory pay system as may be required under such sections 5305 and 3(c), based on the 1971 Bureau of Labor Statistics survey, to become effective on the first day of the first pay period that begins on or after January 1, 1972, shall not be greater than the general average of the wage and salary adjustments that may be authorized under any wage or salary stabilization order issued by the President under authority of any statute of the United States, including the Economic Stabilization Act of 1970 (Public Law 91–379; 84 Stat. 799), as amended, and as may be in effect in January 1972. The President shall place such wage and salary adjustments into effect (1) on the first day of the first pay period that begins on or after January 1, 1972, or (2) at approximately the same time as such wage or salary stabilization order applies to wages and prices in the private sector of the United States economy, whichever is later. Nothing in this Act shall be construed to provide any adjustments in rates of pay of any Federal statutory pay system which are greater than the adjustments based on the 1971 Bureau of Labor Statistics survey.

Mr. McGEE. Mr. President, the effect of yesterday's amendment, as I understand it—and I have studied that wording very carefully this morning as it is printed on page 35255 of the RECORD—is that the President is directed to adjust civilian salaries by amounts not in excess of the wage-price guidelines ordered by the President and in effect January 1, 1972, by no more, and no less. Second, the President is directed to place such civilian salary increases—if any—in effect at "approximately the same time" as the wage-price controls become effective in the private sector. Just how he will do that feat is not explained, and again, as Senator ERVIN suggested, the situation is very "iffy." If the wage-price controls are effective November 14, and, say, call for a 4-percent wage increase average in 1972, then the President will wait until January 1, 1972, to see whether such controls are still in effect, and then he will make them, under the specific language of the Mathias-Moss amendment, effective November 14, 1971—retroactive by about 47 days, and splitting most pay periods wide open.

Since all comparability adjustments in the civilian sector are, by section 2 of the Military Pay Act of 1967, Public Law 90–207, automatically applicable to all military salary schedules, the comparability adjustment will also apply to the military. Thus, under the terms of the draft bill, the military will receive a $2.5 billion pay increase effective, the President has said, November 13. Then on January 1, the President will give the military a 4-percent comparability pay increase retroactive to November 14. In the meantime, of course, the military will already have received an increase on November 16, under the terms of the Allott amendment to the military procurement bill, and that raise will have to be refigured. So the military sector of our Federal employees will, by January 1, 1972, receive three pay increases, November 13, 14, and 16, plus the benefits of retroactive pay from January 1 back to November 14.

This may seem a page from Bleak House, Mr. President, but it is merely a page from the CONGRESSIONAL RECORD.

That brings us to the issue today, Mr. President. What effect yesterday's amendment has is not entirely clear. If it stands alone, without approval of Senate Resolution 169, it is clearly matter for the Comptroller General to interpret and apply, if not the U.S. Supreme Court. It is, as Justice Frankfurter would have said, an administrative monstrosity. Without the approval of the resolution, there may be one interpretation; with approval of the resolution, there may be another—or many others, giving the lawyers the benefit of the doubt.

The merits of this resolution are difficult for me to cope with. On August 15, when the President announced a wage-price freeze, I strongly supported his decision, and I hoped fervently that his policies would be firm and get to the root of the problem of wage-price control. In September, when he announced his policy for economic control to the Congress, and added that he would not continue the wage-price freeze, I regretted his premature announcement. In late September, when he announced his support of the Allott amendment for a $387 million add-on to military salaries, I regretted his decision. And also in late September, when he signed the Draft bill and said the military salary adjustments of $2.5 billion would become effective November 13, I realized that there was, and is, a very serious discrepancy between what wage-price controls are supposed to be, and what, in fact, they are.

Either inflation is a crisis in the Nation, or it is not. Either we pull out all the stops to fight it, or we do not. It simply cannot be played both ways. There is no possible justification for increasing military salaries by $3 billion in November and freezing civilian salaries until next July. It is entirely inequitable. It invites the very debate we have here today. It invites the working man in the public and private sector of our economy to criticize the administration's economic program as bitterly as some are attacking that program today. It is simply insupportable.

Unless the President is willing to assume the heavy burdens of putting inflation first, he cannot expect those of us in the legislative branch to report to our constituents that we vote for some wage controls, and against others.

The freeze has been breached by the President who imposed it. Until we have assurances that he intends to treat all employees fairly and equitably—and most importantly, equally, I cannot support that diverse policy. For that reason alone, I shall vote for the adoption of this resolution.

Mr. GRAVEL. Mr. President, I will vote in favor of the Moss amendment to override the freeze on the Federal pay raises earned and promised to our Government employees.

I do so not to create an inequity between the treatment of Government workers and non-Government workers. Quite the opposite. I do so to relieve an inequity against Government employees that would otherwise be the case if we did not pass the Mathias and Moss amendments.

After all, the issue is comparability of pay in these two sectors, not how to use one sector "as an example." What we will do by adopting the Mathias and Moss amendments is, first, achieve comparability of pay rates between the Government and non-Government sectors assuming they are presently in line or, second, at least maintain the differential between the sectors so that the Government employee does not fall still further behind his non-Government sector counterpart after the expiration of the President's 90-day freeze. What could be a fairer procedure?

This action, needless to say, is of enormous importance to great numbers of people in the Washington area as well as to Federal workers and their families everywhere. There is no way of describing our favorable action today as "wrecking the President's program."

In the case of my own State of Alaska our actions on this issue are of great interest. The reasons are clear and compelling.

The major part of the workforce in Alaska is still governmental. About 40 percent of wage and salary payments in the State are Federal and another 15 percent are State and local where there is a special kinship to the Federal employee. The Alaskan economy is at best "moving sideways" at the present time, and an injection of this sort would be of real benefit to get it moving forward again.

I hope that Senators will join me in voting in favor of the fair and equitable solution contained in the pending legislation.

Mr. BROOKE. Mr. President, the resolution of disapproval which we are now considering is one of the most serious issues to come before us in many years. True, it is not a life-and-death proposition. But the decision which we make today will affect the quality of life for all Americans for a long time to come.

We are in the throes of a serious inflation. Our present economic condition has shaken world faith in the dollar, rendered our exports less competitive, raised the cost of living for all our people, and led to a decline in capital investment which in turn has contributed to ever-increasing unemployment.

Nearly 2 months ago, the President announced a many pronged, new economic policy designed to bring inflation under control and to provide incentives for industry to expand its operations and its employment opportunities. In a rare address to a joint session of Congress, the President stated that providing jobs was his first, his primary, concern.

The resolution before us today represents the first test of the President's proposed economic plan. The President has proposed to extend a freeze on civil service salary increases from January 1, 1972 to July 1, 1972. The resolution would disapprove that freeze.

I am deeply concerned about the equity of an economic policy which requires one group of workers in our society to bear a burden which is not required of all. I fail to see why the 1.3-million civilians on the Federal payroll should suffer a 6-month extension of the wage freeze when all other workers at least will have the option of presenting their case for an increase to a wage-price board. I do not believe that because some of our citizens have chosen Federal service instead of a career in private industry, they should be asked to make a unique personal sacrifice in order to achieve a goal which will benefit all Americans. If all stand to benefit from controlling inflation, then all should contribute equally to the attainment of that goal.

It was with this consideration uppermost in mind that I supported the Mathias amendment which passed this body yesterday. That amendment sought neither to approve nor disapprove a wage increase, but rather to insure that all American workers—Federal, State, local, and those in private industry—would be treated equally under the same wage price limitations. In other words, if the wage price board were to approve a 2-percent increase in wages for private industry, then other workers would be entitled to the same considerations. If no wage increases were approved for the private sector, the Federal workers, too, would have salary increases postponed. This is the approach I would prefer to see adopted, and this is the solution toward which I will continue to work.

But the question before us today is not one of achieving a formula which will insure equity for all salaried employees. Rather, we are being asked today to approve, or disapprove, a 6-percent wage increase for Federal employees to take effect January 1, 1972, regardless of the policies which are adopted for other sectors of the economy.

Just as I do not want to see Federal workers discriminated against, I also do not believe that they should enjoy benefits which are not available to other workers. It seems to me, therefore, that approving a wage increase for 1.3-million workers, without extending similar considerations to the other millions of workers in our labor force, is equally discriminatory.

There are other considerations which must be weighed.

First of all, if a wage increase of 6 percent is approved for Federal workers, the precedent will have been established for approving similar increases in other sectors of the economy. If this precedent is followed, there will be virtually no limit on wage increases in the coming year, and an essential tool in the control of inflation will have been cast away. At a time when wage-price controls and other provisions of the new economic policy are just beginning to take effect—when the wholesale price index is finally showing a decline in its rate of increase—I believe we would be inviting economic disaster if we were to reverse what seems to be a working policy.

Secondly, I am deeply concerned about the potential effect of wage increases upon the job market. Any employer, public or private, who cannot meet his expenses has a choice of holding overhead steady, or reducing his output and laying off workers. For nearly a year, we have had an unemployment rate in this country which approaches 6 percent. Rising costs and rising wages would surely mean additional layoffs, both in the private and the public sector. I for one do not believe that we can afford to risk this eventuality. A job at a lower rate of pay for a few more months is certainly preferable to no job at all, accompanied by continually rising prices.

There is a third consideration which also enters into a determination of equity. There are many millions of workers in America who already have been adversely affected by the present 3-month wage-price freeze. There are teachers whose salary increases were scheduled to take effect with the opening of school in September; State and local employees who were also slated to receive raises during the autumn months; workers in private industry who saw the increases for which they had bargained and struck deferred until November 13. Even after November 13, there is no guarantee that any of these wage increases will be approved.

To date, however, no Federal workers have been affected by the wage-price freeze. They received prior increases which brought them up to comparability with employees in private industry, and their next increase was slated to take effect on January 1.

If the resolution of disapproval passes, and the wage increase for Federal employees takes effect on January 1 as originally planned, Federal workers will have felt no effects at all from the present freeze, and will be out from under the jurisdiction of the wage-price board as well. In the long run, therefore, they may be the only workers in American society to go on receiving their allotted wage increments regardless of official antiinflation policy. This, too, is inequitable.

It is with these considerations in mind that I have determined to cast my vote against the resolution of disapproval and for the President's economic policy. I do so, however, in the sincere hope that this will not be the final word. The Mathias amendment to the military procurement bill must now be considered in conference and by the House. I hope that it will pass. Alternatively, I would support separate legislation which would bring all wages and prices under the authority of a wage-price board, so that no group of employees in this country would be discriminated for, or against, in the allotment of personal income. But I cannot in good conscience vote for wage increases which will benefit only a small portion of our people in the long run—and which may have the effect of benefiting no one in the long run.

Mr. TOWER. Mr. President, the time has come for Congress to take a resolute, though unpopular, stand against inflation. We must decide today whether the

biggest single employer in the country, the Federal Government, will delay payment of planned raises for several million Federal employees for 6 months, not only to slow down the rate of inflation by that direct step, but also to serve as the primary example for the private sector to follow in that period. If we in Congress do not show some backbone on this question, how can we expect any employer or union in the private sector to exercise restraint on price and wage questions once the 90-day freeze is lifted, or after the less severe controls of phase II are also removed?

The justification for the postponement of the Federal pay raises goes to the heart of the inflation problem, and is just as important to the Federal employee over the medium and long run as it is to everyone else in the country. If we do not bring the high rate of wage and salary increases under control, we will continue to decline as a competitive trading country, our employment and real income will tend to decline, and the large segment of our population dependent upon fixed incomes will suffer an increasing disparity between their limited incomes and the cost of living. Salary and wage increases must be generally guided by the path of productivity increases in the various segments of the economy, if inflation is to be controlled. In the 1960's, the economic boom caused people to lose sight of that hard economic fact, and salaries and wages have consequently risen faster than productivity has.

We must now decide whether this trend is to be stopped, and whether a strong measure of stability is to be introduced into our economy, by voting on the Federal pay raise postponement. It is in the interest of all U.S. citizens, including Federal employees, that Congress look beyond the short run in this vote and comprehend the effects of continued inflation on the country that a large Federal pay raise in January would tend to maintain.

Mr. HOLLINGS. Mr. President, yesterday, I was pleased to actively support the Mathias-Moss amendment to the military procurement bill. This amendment provides that if the freeze is lifted, Federal employees may receive a salary increase. Today, I will vote for the resolution which will disapprove the President's freeze of Federal employees' wage increase. In the midst of the economic crisis that faces us now, no Member of this body would consider advancing a measure which would be fiscally irresponsible. It is my feeling that the Mathias-Moss proposal reflects fiscal responsibility.

One year ago, this Congress put itself on record as supporting pay comparability for Federal employees. I believed then, as I do now, that Federal employees should receive equal wages. Congress provided then for a 4 percent wage increase and for an additional 6 percent to go into effect January 1972. During the first year of operation, the President would reverse the basic philosophy of the law. He would freeze Federal employees' wages while granting an increase to the military and while being fully aware of the increase soon to be realized in the private sector under whatever phase II guidelines he may issue.

The measure which this Senate passed yesterday would continue the concept of comparability. This is only fair. The measure would also allow the President full latitude in implementing phase II. Under this proposal, Federal employees would receive a pay increase in the amount equal to the average increase allowed the private sector under phase II guidelines. In this way, Federal employees will share the benefits and burdens of phase II with every other citizen.

The President's program is based on a national emergency calling for sacrifice by all Americans. I emphasize all—not some. No President should propose a program based on public cooperation and allow the program to discriminate against the public. We cannot expect to return to South Carolina and say to the postal worker, "You can get a pay raise because you are working for a private corporation," but say to the navy yard worker, "You must sacrifice yours for it would be inflationary."

I am sure that a program which is fair and equal across the board will receive their support and mine as well.

Mr. LONG. Mr. President, the pay raise originally scheduled for January 1972, would only provide Federal employees wage rates comparable to those in private industry as of last July 30—before the wage-price freeze.

If the pay raise is deferred until July 1972, they will then be more than a year behind the rates in private industry.

I think it is important that we understand what the Pay Comparability Act does. If there had been no wage-price freeze, Federal employees would have received an increase in January 1972. That increase would amount only to what the Bureau of Labor Statistics says private employees had as of last July 30—before the wage-price-freeze. If we adopt Senate Resolution 169 today, that in itself would make it possible for Federal employees to receive in January 1972, only what employees in the private sector had already received as of last July 30, 1971. That figure is to be determined by the Bureau of Labor Statistics. On July 9, the White House advised me in a letter that we would not know the exact results of what the private employees had last July until BLS gives us the preliminary tabulations early in July. That figure is now believed to be about 5.6 percent. If we adopt this resolution today and the pay amendment adopted by the Senate yesterday as a part of the Military Procurement bill is retained in conference, then Federal employees will not even get what private employees had last July. They will be authorized increases equal only to increases which the President may authorize after the pay freeze. He presumably will do that tonight. Consequently, we do not know what that amount will be. We do know that in any event, Federal employees could not receive more in January 1972, than private employees had last July.

To defer Federal employees increases until July 1972, would single them out and say to them, everybody else may receive some increases after the pay freeze, but you are going to be held in check 7½ months longer than anybody else. I do not believe that is equitable.

Mr. MOSS. Mr. President, I would like to reserve my time——

Mr. FONG. Mr. President, I would be willing to yield back my time now.

Mr. MOSS. Mr. President, I do want, in summary, to bring my arguments together, so that I would like to reserve the remainder of my time. Since I am the principal proponent here, I think that I should have the last word, perhaps.

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

The PRESIDING OFFICER. The Senator from Utah has 6 minutes remaining and the Senator from Hawaii has 4 minutes remaining.

Mr. MOSS. Mr. President, I yield myself 3 minutes.

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

Mr. MOSS. Mr. President, never have I heard so much lipservice paid to equality, to equal treatment, for all wage earners as I hear from the opponents to this resolution. However, at the same time they say, "Don't vote for the resolution."

If they voted yesterday as many of them did for the amendment that passed the Senate by a vote of 2 to 1, they cannot vote against the resolution today without being inconsistent in their vote. Yesterday they said, "We believe in equality, in treating everybody alike." Today we have it within our power to take off the freeze that treats people differently and that does discriminate. It was this President who put on the freeze and said that the Federal workers must have their wage freeze continued until the 30th of June.

We do not give them an automatic increase of 5.5 percent or 6 percent on the first of January, as the Senator from Illinois said. All we have said is that we take off the freeze. The law is already on the books. Yesterday we said that if the President issues any other guidelines and restraints on wages, they must apply uniformly to non-Federal workers and Federal workers. If the President is going to restrict it to 3 percent or 2 percent, so be it.

The Federal workers have to conform to that the same as everyone else does. However, they should not be singled out and treated differently than the law that Congress has already passed and the President has already signed stating that there will be comparability.

The Senator from Illinois likes to have comparability. The law declares that the Federal workers should receive this 5.5 percent or 6 percent to bring them up to comparable jobs on the outside on the first of January.

We have already decided that. All we are saying now is that such is the law and the President, if he is going to place any restraint on wages, must do it uniformly, and across the board.

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

Mr. FONG. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Sen-

ator from Hawaii is recognized for 2 minutes.

Mr. FONG. Mr. President, we who voted for the amendment yesterday to give Federal employees the same pay increase that would be given under phase II to those in private industry did not do so just for the sake of performing lip-service. We did it in good conscience and with good intent. We feel that the Federal employees should be treated on the same basis as any employees in the private sector, no better and no less.

It is on the same principle that I am saying this afternoon that the Federal employees should not be treated better than employees in the private sector.

Realizing what the situation is and hearing from the Senators who have taken the floor today and who said they do not anticipate the amendment will go through, and knowing that if this resolution is passed, there will be no restriction on the 5.5-percent pay increase, we are actually saying to the employees in the private sector that they will not get an increase if the President gives it to them in phase II. However, the Federal employees will get this 5.5-percent increase. We will then be putting them on a preferred basis and saying to them, "We are giving you something which the others are not going to get."

Mr. President, there is plenty of time for us to act. Tomorrow we can start working on a new bill.

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

Mr. FONG. Mr. President, I yield myself 1 additional minute.

The PRESIDING OFFICER. The Senator from Hawaii is recognized for 1 additional minute.

Mr. FONG. Mr. President, tomorrow we can work on new legislation to insure that the Federal employees will receive the same pay increase that the employees in the private sector receive.

The Senator from Utah is willing to work. The chairman of the Post Office and Civil Service Committee, the Senator from Wyoming, has said he is willing to work. And I, as the ranking minority member of the Post Office and Civil Service Committee, am willing to go to work on this matter.

We assure the Senate that we will come out with a bill that will be fair to Federal employees. However, let us not open up the flood gates now by agreeing to this resolution and saying that we will legislate piecemeal.

I urge the Senate not to agree to the resolution.

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

The PRESIDING OFFICER. The Senator from Utah has 3 minutes remaining.

Mr. MOSS. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Utah is recognized for 1 minute.

Mr. MOSS. Mr. President, I am indeed willing to work on any kind of legislation at any time.

What we are talking about here is that we want Federal employees to receive any part of the salary increases we have already granted to them on the 1st of January if employees on the outside receive an increase. It is already frozen by the President as to the Federal employees. Suppose the President gives an increase to the employees outside the Federal sector and does nothing about the freeze he has placed on the Federal employees? If we pass the resolution, we say that the Federal employee is to get the same increase as those employees outside the Federal service, 2, 3, or 5 percent.

Does the Senator think the President will sign a law into effect when he has already frozen it until the 30th of June?

We are trying to correct an inequitable situation. We think that any ceiling that applies to the outside employees should apply equally to the Federal employees.

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

Mr. FONG. Mr. President, I am willing to be magnanimous and yield my 1 minute to the Senator from Utah.

Mr. MOSS. I appreciate the courtesy of the Senator from Hawaii.

Mr. President, when President Nixon was campaigning for the office of President in 1968, he said,

> Federal employees in my administration are not going to be treated as numbers on a machine or second-class citizens.

I am sure that it does not apply in its broad terms to the present case. They have been singled out and given a delay in the salary increase that was granted to them by Congress, and the measure was signed into law by the President. That Federal salary increase has been frozen when the others are not frozen.

We are saying that we want them treated equally. As my friends on the opposition have been saying again and again and again, we want them treated equally. The President can treat them equally if this measure is passed. He can at any time the freeze is lifted give them a 2 percent, 3 percent, or 5 percent increase, whatever he gives the employees on the outside. If he gives those employees in the private sector wage increases, he must do it equally with respect to the non-Federal workers and the Federal workers. That is the full thrust of what we are doing today.

If the Senate believes, as it believed yesterday, in equality of treatment for the Federal employee and the private sector employee—for which it voted 2 to 1—then, today it must support this resolution. That is the only way we are going to get equality beginning on the first day of this January. Otherwise we will have inequality continue until the 30th of June and perhaps beyond.

The PRESIDING OFFICER. All time having expired, the question is on agreeing to the resolution.

Mr. FONG. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to Senate Resolution 169. On this question the yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ELLENDER. On this vote I have a live pair with the Senator from Massachusetts (Mr. KENNEDY). If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." I withhold my vote.

Mr. MANSFIELD (after having voted in the negative). Mr. President, on this vote I have a pair with the Senator from Illinois (Mr. STEVENSON). If present he would vote "yea." If I were permitted to vote, I would vote "nay." Therefore, I withhold my vote.

Mr. MCINTYRE (after having voted in the negative). On this vote I have a live pair with the Senator from Maine (Mr. MUSKIE). If he were present and voting he would vote "yea." I have already voted "nay." I withdraw my vote.

Mr. BYRD of West Virginia (when his name was called). On this vote I have a live pair with the Senator from Minnesota (Mr. HUMPHREY). If he were present and voting he would vote "yea." If I were permitted to vote I would vote "nay." I therefore withhold my vote.

I announce that the Senator from Indiana (Mr. BAYH), the Senator from Texas (Mr. BENTSEN), the Senator from Nevada (Mr. CANNON), the Senator from Oklahoma (Mr. HARRIS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Maine (Mr. MUSKIE), the Senator from Illinois (Mr. STEVENSON), and the Senator from California (Mr. TUNNEY) are necessarily absent.

On this vote, the Senator from California (Mr. TUNNEY) is paired with the Senator from Tennessee (Mr. BROCK). If present and voting, the Senator from California would vote "yea" and the Senator from Tennessee would vote "nay."

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON), the Senator from South Dakota (Mr. MCGOVERN), and the Senator from Indiana (Mr. BAYH) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BROCK) and the Senator from Vermont (Mr. STAFFORD) are necessarily absent.

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

On this vote, the Senator from Tennessee (Mr. BROCK) is paired with the Senator from California (Mr. TUNNEY). If present and voting, the Senator from Tennessee would vote "nay" and the Senator from California would vote "yea."

The result was announced—yeas 32, nays 51, as follows:

[No. 258 Leg.]

YEAS—32

Beall	Hughes	Nelson
Bible	Inouye	Pastore
Burdick	Jackson	Pell
Case	Jordan, N.C.	Proxmire
Cranston	Magnuson	Randolph
Eagleton	Mathias	Ribicoff
Fulbright	McGee	Spong
Gravel	Metcalf	Stevens
Hart	Mondale	Symington
Hartke	Montoya	Williams
Hollings	Moss	

NAYS—51

Aiken	Brooke	Curtis
Allen	Buckley	Dole
Allott	Byrd, Va.	Dominick
Anderson	Chiles	Eastland
Baker	Church	Ervin
Bellmon	Cook	Fannin
Bennett	Cooper	Fong
Boggs	Cotton	Gambrell

Goldwater	McClellan	Smith
Griffin	Miller	Sparkman
Gurney	Packwood	Stennis
Hansen	Pearson	Taft
Hatfield	Percy	Talmadge
Hruska	Roth	Thurmond
Javits	Saxbe	Tower
Jordan, Idaho	Schweiker	Weicker
Long	Scott	Young

PRESENT AND GIVING LIVE PAIRS, AS PREVIOUSLY RECORDED—4

Byrd of West Virginia, against.
Ellender, against.
Mansfield, against.
McIntyre, against.

NOT VOTING—13

Bayh	Humphrey	Stafford
Bentsen	Kennedy	Stevenson
Brock	McGovern	Tunney
Cannon	Mundt	
Harris	Muskie	

So the resolution (S. Res. 169) was rejected.

THE DEATH OF REPRESENTATIVE JAMES G. FULTON, OF PENNSYLVANIA

Mr. SCOTT. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on House Resolution 639.

The Chair laid before the Senate House Resolution 639, which was read as follows:

Resolved, That the House has heard with profound sorrow of the death of the Honorable James G. Fulton, a Representative from the State of Pennsylvania.

Resolved, That a committee of forty Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect the House do now adjourn.

Mr. SCOTT. Mr. President, I send to the desk a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated.

The resolution (S. Res. 176) was read, as follows:

S. RES. 176

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. James G. Fulton, late a Representative from the State of Pennsylvania.

Resolved, That a committee of two Senators be appointed by the Presiding Officer to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the decease.

Resolved, That when the Senate adjourns today, it adjourn as a further mark of respect to the memory of the deceased Representative.

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

There being no objection, the Senate proceeded to consider the resolution.

Mr. SCOTT. Mr. President, it was with the most profound sorrow that I learned of the sudden death of my good friend and long-time colleague, Representative FULTON.

JIM FULTON came to Congress one term before I did, was out the term I entered, and has served continuously since the following term, the 78th Congress.

He was the dean of the Republican delegation in the House of Representatives, a man of the most interesting, entertaining, and effective attributes. He accomplished for the people of his constituency what many people regarded, and rightly so, as wondrous things, because he worked diligently and daily, and as a matter of fact kept most of his staff within his home district, for the purpose of furnishing its people with the quickest and most effective service.

He was an ardent man, a man of frequent innovative inspirations. He was a man who enjoyed his service in Congress, who was perhaps the best known individual in the city of Pittsburgh and the county of Allegheny, and he will be very sorely missed. Our delegation has lost its leader, and we have all lost a friend. We will long grieve for him and respect his memory.

I now yield to my distinguished colleague from Pennsylvania (Mr. SCHWEIKER).

Mr. SCHWEIKER. Mr. President, I thank my distinguished colleague from Pennsylvania for yielding. I wish to join with him in echoing my regret and my deep concern for the loss of a great Pennsylvania Representative, JIM FULTON.

I had the privilege to serve with JIM FULTON in the House of Representatives for 8 years. I recognized him as a distinguished leader in the field of foreign affairs, where he was one of the ranking members on the committee and a leader in our foreign policy at the congressional level, and also on the Science and Astronautics Committee, where he was the ranking Republican member, and was one of the stalwarts of administration leadership in the space race. He was an advocate of our preeminence there, and of America's being first to land on the moon.

I think he not only took these problems very seriously, but he worked harder, more dedicatedly, and more devotedly for the service of his constituents and the Pittsburgh area than any other Representative I knew, always finding full time to work with his people and his constituents. I share the concern and regret of my senior colleague in expressing sympathy in the loss of a great Pennsylvanian.

Mr. JAVITS. Mr. President, I hope the resolution will be agreed to promptly. It is routine. But it is more than that. JIM FULTON was one of my dearest friends for 25 years.

Representative JAMES G. FULTON of Pennsylvania was first elected in 1944. I served with him from the first day of my own service, which began immediately following the election of 1946, in the House of Representatives and as a fellow member of the House Committee on Foreign Affairs.

Representative FULTON was one of the most generous, warmhearted, astute Members with whom I have ever served, and, in my judgment, who ever served in the House of Representatives. He was highly devoted—indeed, I believe he remained a bachelor because of his dedication to the public service and his unwillingness, even so sacred a relationship as marriage, to give up the time and interest from the public service which might have been devoted to a family.

I remember him very well as a Member with me and Representative Chelf of Kentucky on a committee engaged in the investigation of the problem of displaced persons in Europe in 1947, and the tremendous influence he had in shaping the Refugee Relief Act of that year. The Displaced Persons Act, as it was called, did so much to take 2 million of the displaced persons out of Europe and transport about 350,000 of them to the United States and the rest to other parts of the world and to resettlement in Europe.

His interest in the space program was very well known in the other body and nationally. He was one of the principal architects of the constructive legislation on that score.

Altogether, he was a dear, beloved American, completely devoted to the interests of our country, and a warmhearted and generous friend, whom I had the great privilege of knowing intimately for a quarter of a century. He was a true son of our Nation who devoted his life to serving his country, and whom I know Members from his own State and throughout the country will remember with reverence, and gratitude that he spent such a fine and useful life.

Mr. CASE. Mr. President, I join my colleagues from Pennsylvania and New York in expressing the sorrow that I know we all feel at JIM FULTON's sudden death. It is still so new to us that it is hard to grasp. It brings back to memory very quickly, though, the time back in 1945 when he and I were Members of the 79th Congress, and he came back from the wars a month after Congress opened to take his seat.

He was a fantastic fellow. You never could be quite sure of what he was going to wear, what kind of decoration you would find in his office, or his personal hobby of the moment.

Many people thought him frivolous. He was very much interested in social activities and enjoyed them immensely, and graced many occasions, here and everywhere, with his presence. But the fact was that JIM was not a bit frivolous underneath. As my colleagues have said, he was a hard-working Member of the House, a hard-working Representative of his district and his State, a very good friend, and one who was, as a Republican in those days when moderate actions on the part of Republicans were not as commonplace as we like to think they are now, an outstanding Republican moderate. He added very greatly to keeping alive the two-party system in a time when many people thought it was doomed to oblivion.

So, for personal reasons and for reasons of his very important significance

as a political figure and as a Member of the House of Representatives from the Commonwealth of Pennsylvania, he will be long remembered. He will be greatly missed, and those who knew him and served with him will miss him, I think, perhaps most of all.

Mr. MANSFIELD. Mr. President, I want to express my deep and personal regret at the passing of JIM FULTON, an old friend, with whom I served in the House, as did the distinguished Republican leader. JIM FULTON was a man of great talent and ability, a man whose passing we will mourn and whose presence we will miss deeply.

Mr. SCOTT. I thank the distinguished majority leader.

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

The resolution was unanimously agreed to.

The PRESIDING OFFICER. Under the second resolving clause, the Chair appoints the 2 Senators from Pennsylvania as the committee on the part of the Senate to attend the funeral of the late Representative JAMES G. FULTON.

ORDER FOR RECOGNITION OF SENATOR TALMADGE TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that at an appropriate time following the prayer and the recognition of the joint leadership tomorrow, the distinguished senior Senator from Georgia (Mr. TALMADGE) be recognized for not to exceed 15 minutes.

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

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, October 7, 1971, he presented to the President of the United States the following enrolled bills:

S. 646. An act to amend title 17 of the United States Code to provide for the creation of a limited copyright in sound recordings for the purpose of protecting against unauthorized duplication and piracy of sound recording, and for other purposes; and

S. 932. An act to amend title 13, United States Code, to provide for a revision in the cotton ginning report dates.

INDIAN EDUCATION ACT OF 1971

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 382, S. 2482. I do this so that it will become the pending business.

The PRESIDING OFFICER (Mr. GAMBRELL). The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 2482) to authorize financial support for improvements in Indian education, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Labor and Public Welfare with amendments on page 3, line 24, after the word "total", to strike out "enrollment." and insert "enrollment: *Provided*, That the requirements of this subparagraph shall not apply to any such agencies serving Indian children in Alaska, California, and Oklahoma or located on, or in proximity to, an Indian reservation"; on page 5, at the beginning of line 16, strike out "Application or grant" and insert "Applications for Grants"; on page 11, after line 19, strike out:

"DEFINITIONS

"SEC. 308. As used in this title, the term 'Indian' means any individual who (1) is an enrolled member of a tribe, band, or other organized group of Indians, including those tribes, bands, or groups terminated since 1940 and those recognized now or in the future by the State in which they reside, or who is a descendant, in the first or second degree, of any such enrolled member, or (2) is considered by the Secretary of the Interior to be an Indian for any purpose, or (3) is an Eskimo or Aleut or other Alaska Native, or (4) is determined to be an Indian under regulations promulgated by the Commissioner, after consultation with the National Advisory Council on Indian Education, which regulations shall further define the term 'Indian'.".

(b) Effective July 1, 1972, paragraph (1) of section 103(a) of title I of the Elementary and Secondary Education Act of 1965 is amended—

(A) by striking out subparagraph (B), and by striking out "(A)" where it appears after "SEC. 103. (a)(1)";

(B) in the fourth sentence thereof, by striking out "and the terms upon which payment shall be made to the Department of Interior"; and

(C) by striking out the third sentence thereof.

On page 12, after line 18, insert:

(b)(1) The second sentence of section 103(a)(1)(A) of title I of the Elementary and Secondary Education Act of 1965 is amended to read as follows: In addition, he shall allot from such amount to the Secretary of the Interior—

"(i) the amount necessary to make payments pursuant to subparagraph (B); and

"(ii) in the case of fiscal years ending prior to July 1, 1973, the amount necessary to make payments pursuant to subparagraph (C).".

(2)(A) Section 103(a)(1) of such title I is amended by adding at the end thereof the following new subparagraph:

"(C) The maximum amount allotted for payments to the Secretary of the Interior under clause (ii) in the second sentence of subparagraph (A) for any fiscal year shall be the amount necessary to meet the special educational needs of educational deprived Indian children on reservations serviced by elementary and secondary schools operated for Indian children by the Department of the Interior, as determined pursuant to criteria established by the Commissioner. Such payments shall be made pursuant to an agreement between the Commissioner and the Secretary containing such assurances and terms as the Commissioner determines will best achieve the purposes of this part. Such agreement shall contain (1) an assurance that payments made pursuant to this subparagraph will be used solely for programs and projects approved by the Secretary of Interior which meet the applicable requirements of section 141(a) and that the Department of the Interior will comply in all other respects with the requirements of this title, and (2) provision for carrying out the applicable provisions of section 141(a) and 142(a)(3).".

(B) The fourth sentence of section 103(a)(1)(A) of such title I is amended by striking out "and the terms upon which payment shall be made to the Department of the Interior.".

(3) The amendments made by this subsection shall be effective on and after July 1, 1972.

(c)(1) Subsection (a) of section 5 of Public Law 874, 81st Congress, as amended, is amended by inserting "(1)" after "(a)" and by inserting at the end thereof the following new paragraph (2):

"(2)(A) Applications for payment on the basis of children determined under section 3(a) or 3(b) who reside, or reside with a parent employed, on Indian lands shall set forth adequate assurance that Indian children will participate on an equitable basis in the school program of the local educational agency.

"(B) For the purposes of this paragraph, Indian lands means that property included within the definition of Federal property under clause (A) of section 303(1).".

(2)(A) The Commissioner shall exercise his authority under section 415 of Public Law 90-247, to encourage local parental participation with respect to financial assistance under title I of Public Law 874, 81st Congress, based upon children who reside on, or reside with a parent employed on, Indian lands.

(B) For the purposes of this paragraph, the term "Indian lands" means that property included within the definition of Federal property under clause (A) of section 303(1) of Public Law 874, 81st Congress.

On page 15, line 14, strike out "American"; in line 17, after the word "for", strike out "American"; in line 21, after the word "for", where it appears the second time, strike out "American"; on page 16, line 1, after the word "to", strike out "American"; at the beginning of line 5, strike out "American"; in line 13, after the word "to", strike out "American"; in line 17, after the word "educational", strike out "agencies and other appropriate public and private educational and research agencies, organizations, and institutions (including" and insert "agencies"; in line 20, after the word "Indian", strike out "children)" and insert "children"; in line 21, after the word "Indian", strike out "tribes" and insert "tribes, organizations, and institutions"; in line 24, after the word "for", strike out "imposing" and insert "improving"; on page 17, line 1, after the word "for", strike out "American"; in line 18, after the word "for", strike out "American"; on page 19, line 12, after the word "public", strike out "and private agencies, organizations," and insert "agencies,"; in line 13, after the word "institutions", insert "and Indian tribes, institutions, and organizations"; in line 14, after the amendment just stated, strike out "(except that no grant may be made to an agency, organization, or institution other than one which is nonprofit)"; on page 21, after line 9, strike out:

(b)(1) Effective after June 30, 1972, the Elementary and Secondary Education Act of 1965 is amended—

(A) in section 202(a)(1), by striking out "(A) the Secretary of the Interior the amount necessary for such assistance for children and teachers in elementary and secondary schools operated for Indian children by the Department of the Interior, and (B)" and by striking out "Secretary of the Interior and the".

(B) in section 302(a)(1), by striking out "(A) the Secretary of the Interior the amount

necessary to provide programs and projects for the purpose of this title for individuals on reservations serviced by elementary and secondary schools operated for Indian children by the Department of the Interior, and (B)" and by striking out "Secretary of the Interior and the".

(2) Effective after June 30, 1972, the second sentence of paragraph (1) of section 612(a) of the Education of the Handicapped Act is amended to read as follows: "The Commissioner shall allot the amount appropriated pursuant to this paragraph among Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands, according to their respective needs.".

And, in lieu thereof, insert:

(b)(1)(A) The third sentence of section 202(a)(1) of the Elementary and Secondary Education Act of 1965 is amended by striking out "July 1, 1972," and inserting in lieu thereof "July 1, 1973,".

(B) The third sentence of section 302(a)(1) of the Elementary and Secondary Education Act of 1965 is amended by striking out "July 1, 1972," and inserting in lieu thereof "July 1, 1973,".

(C) Clause (B) of section 612(a)(1) of Public Law 91-230 is amended by striking out "July 1, 1972," and inserting in lieu thereof "July 1, 1973,".

(2) For the purposes of titles II and III of the Elementary and Secondary Education Act of 1965 and part B of title VI of Public Law 91-230, the Secretary of the Interior shall have the same duties and responsibilities with respect to funds paid to him under such titles, as he would have if the Department of the Interior were a State educational agency having responsibility for the administration of a State plan under such titles.

On page 23, line 2, after the word "For", strike out "American"; in line 10, after the word "Adult", strike out "American"; in line 12, after the word "educational", strike out "agencies and other appropriate public and private educational and research agencies, organizations, and institutions,"; at the beginning of line 15, strike out "tribes and other Indian" and insert "agencies, and to tribes, institutions, and"; in line 19, after the word "for", strike out "American"; in line 23, after the word "adult", strike out "American"; on page 24, line 19, after the word "public", strike out "and private"; in line 20, after the word "agencies", strike out "organizations, or" and insert "and"; in the same line, after the word "institutions" insert "and"; and, in the same line, after the word "Indian", strike out "tribes and other Indian" and insert "tribes, institutions, and"; in line 21, after the word "organizations", strike out "(except that no grant may be made to an agency, organization, or institution, other than one which is nonprofit)"; on page 26, line 7, after "PART D", strike out "Bureau" and insert "Office"; in line 8, strike out "Bureau" and insert "Office"; in line 10, after the word "the", strike out "Bureau" and insert "Office"; at the beginning of line 19, strike out "Bureau" and insert "Office"; on page 27, line 11, after the word "and", strike out "Alaskan" and insert "Alaska"; on page 28, line 5, after the word "Congress)", insert "as added by this Act,"; in line 7, after "1965", insert "as added by this Act,"; in line 8, after the word "Act," insert "as added by this Act,"; in line 12, after the word "program", insert "of the Department of Health, Education, and Welfare"; in line 23, after the word "Law", strike out "814" and insert "874"; on page 29, line 3, after the word "Federal", insert "education"; on page 30, line 7, after "Sec. 532.", strike out "(a)"; after line 14, strike out:

"(b) Nothing in this section shall be construed to authorize the transfer of funds available for the purposes of this part to the Secretary of the Interior.".

At the beginning of line 22, insert "Sec. 706."; and, on page 31, after line 5, insert a new section, as follows:

DEFINITION

SEC. 9. For the purposes of this Act, the term "Indian" means any individual who (1) is a member of a tribe, band, or other organized group of Indians, including those tribes, bands, or groups terminated since 1940 and those recognized now or in the future by the State in which they reside, or who is a descendant, in the first or second degree, of any such member, or (2) is considered by the Secretary of the Interior to be an Indian for any purpose, or (3) is an Eskimo or Aleut or other Alaska Native, or (4) is determined to be an Indian under regulations promulgated by the Commissioner, after consultation with the National Advisory Council on Indian Education, which regulations shall further define the term "Indian."

So as to make the bill read:

S. 2482

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Indian Education Act of 1971".

PART A—REVISION OF IMPACTED AREAS PROGRAM AS IT RELATES TO INDIAN CHILDREN

AMENDMENTS TO PUBLIC LAW 874, EIGHTY-FIRST CONGRESS

SEC. 2. (a) The Act of September 30, 1950 (Public Law 874, Eighty-first Congress), is amended by redesignating title III as title IV, by redesignating sections 301 through 303 and references thereto as sections 401 though 403, respectively, and by adding after title II the following new title:

"TITLE III—FINANCIAL ASSISTANCE TO LOCAL EDUCATIONAL AGENCIES FOR THE EDUCATION OF INDIAN CHILDREN

"SHORT TITLE

"SEC. 301. This title may be cited as the 'Indian Elementary and Secondary School Assistance Act'.

"DECLARATION OF POLICY

"SEC. 302. (a) In recognition of the special educational needs of Indian students in the United States, Congress hereby declares it to be the policy of the United States to provide financial assistance to local educational agencies to develop and carry out elementary and secondary school programs specially designed to meet these special educational needs.

"(b) The Commissioner shall, in order to effectuate the policy set forth in subsection (a), carry out a program of making grants to local educational agencies which are entitled to payments under this title and which have submitted, and had approved, applications therefor, in accordance with the provisions of this title.

"GRANTS TO LOCAL EDUCATIONAL AGENCIES

"SEC. 303. (a)(1) For the purpose of computing the amount to which a local educational agency is entitled under this title for any fiscal year ending prior to July 1, 1975, the Commissioner shall determine the number of Indian children who were enrolled in the schools of a local educational agency, and for whom such agency provided free public education, during such fiscal year.

"(2)(A) The amount of the grant to which a local educational agency is entitled under this title for any fiscal year shall be an amount equal to (i) the average per pupil expenditure for such agency (as determined under subparagraph (C)) multiplied by (ii) the sum of the number of children determined under paragraph (1).

"(B) A local educational agency shall not be entitled to receive a grant under this title for any fiscal year unless the number of children under subsection (a), with respect to such agency, is at least ten or constitutes at least 50 per centum of its total enrollment: *Provided,* That the requirements of this subparagraph shall not apply to any such agencies serving Indian children in Alaska, California, and Oklahoma or located on, or in proximity to, an Indian reservation.

"(C) For the purposes of this subsection, the average per pupil expenditure for a local educational agency shall be the aggregate current expenditures, during the second fiscal year preceding the fiscal year for which the computation is made, of all of the local educational agencies in the State in which such agency is located, plus any direct current expenditures by such State for the operation of such agencies (without regard to the sources of funds from which either of such expenditures are made), divided by the aggregate number of children who were in average daily enrollment for whom such agencies provided free public education during such preceding fiscal year.

"(b) In addition to the sums appropriated for any fiscal year for grants to local educational agencies under this title, there is hereby authorized to be appropriated for any fiscal year an amount not in excess of 5 per centum of the amount appropriated for payments on the basis of entitlements computed under subsection (a) for that fiscal year, for the purpose of enabling the Commissioner to provide financial assistance to schools on or near reservations which are not local educational agencies or have not been local educational agencies for more than three years, in accordance with the appropriate provisions of this title.

"USES OF FEDERAL FUNDS

"SEC. 304. Grants under this title may be used, in accordance with applications approved under section 305, for—

"(1) planning for and taking other steps leading to the development of programs specifically designed to meet the special educational needs of Indian children, including pilot projects designed to test the effectiveness of plans so developed; and

"(2) the establishment, maintenance, and operation of programs, including, in accordance with special regulations of the Commissioner, minor remodeling of classroom or other space used for such programs and acquisition of necessary equipment, specially designed to meet the special educational needs of Indian children.

"APPLICATIONS FOR GRANTS; CONDITIONS FOR APPROVAL

"SEC. 305. (a) A grant under this title, except as provided in section 303(b), may be made only to a local educational agency or agencies, and only upon application to the Commissioner at such time or times, in such manner, and containing or accompanied by such information as the Commissioner deems necessary. Such application shall—

"(1) provide that the activities and services for which assistance under this title is sought will be administered by or under the supervision of the applicant;

"(2) set forth a program for carrying out the purposes of section 304, and provide for such methods of administration as are necessary for the proper and efficient operation of the program;

"(3) in the case of an application for payments for planning, provide that (A) the planning was or will be directly related to programs or projects to be carried out under this title and has resulted, or is reasonably likely to result, in a program or project which will be carried out under this title, and (B) the planning funds are needed because of the innovative nature of the program or project or because the local educational agency lacks the resources necessary to plan adequately for programs and projects to be carried out under this title;

"(4) provide that effective procedures, including provisions for appropriate objective will be adopted for evaluating at least annually the effectiveness of the programs and projects in meeting the special educational needs of Indian students;

"(5) set forth policies and procedures which assure that Federal funds made available under this title for any fiscal year will be so used as to supplement and, to the extent practical, increase the level of funds that would, in the absence of such Federal funds, be made available by the applicant for the education of Indian children and in no case supplant such funds;

"(6) provide for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of, and accounting for, Federal funds paid to the applicant under this title; and

"(7) provide for making an annual report and such other reports, in such form and containing such information, as the Commissioner may reasonably require to carry out his functions under this title and to determine the extent to which funds provided under this title have been effective in improving the educational opportunities of Indian students in the area served, and for keeping such record and for affording such access thereto as the Commissioner may find necessary to assure the correctness and verification of such reports.

"(b) An application by a local educational agency or agencies for a grant under this title may be approved only if it is consistent with the applicable provisions of this title and—

"(1) meets the requirements set forth in subsection (a);

"(2) provides that the program or project for which application is made—

"(A) will utilize the best available talents and resources (including persons from the Indian community) and will substantially increase the educational opportunities of Indian children in the area to be served by the applicant; and

"(B) has been developed—

"(i) in open consultation with parents of Indian children, teachers, and, where applicable, secondary school students, including public hearings at which such persons have had a full opportunity to understand the program for which assistance is being sought and to offer recommendations thereon, and

"(ii) with the participation and approval of a committee composed of, and selected by, parents of children participating in the program for which assistance is sought, teachers, and, where applicable, secondary school students, of which at least half the members shall be such parents;

"(C) sets forth such policies and procedures as will insure that the program for which assistance is sought will be operated and evaluated in consultation with, and the involvement of, parents of the children and representatives of the area to be served, including the committee established for the purposes of clause (2)(B)(ii).

"(c) Amendments of applications shall, except as the Commissioner may otherwise provide by or pursuant to regulations, be subject to approval in the same manner as original applications.

"PAYMENTS

"SEC. 306. (a) The Commissioner shall, subject to the provisions of section 307, from time to time pay to each local educational agency which has had an application approved under section 305, an amount equal to the amount expended by such agency in carrying out activities under such application.

"(b)(1) No payments shall be made under this title for any fiscal year to any local educational agency in a State which has taken into consideration payments under this title in determining the eligibility of such local educational agency in that State for State aid, or the amount of that aid, with respect to the free public education of children during that year or the preceding fiscal year.

"(2) No payments shall be made under this title to any local educational agency for any fiscal year unless the State educational agency finds that the combined fiscal effort (as determined in accordance with regulations of the Commissioner) of that agency and the State with respect to the provision of free public education by that agency for the preceding fiscal year was not less than such combined fiscal effort for that purpose for the second preceding fiscal year.

"ADJUSTMENTS WHERE NECESSITATED BY APPROPRIATIONS

"SEC. 307. (a) If the sums appropriated for any fiscal year for making payments under this title are not sufficient to pay in full the total amounts which all local educational agencies are eligible to receive under this title for that fiscal year, the maximum amounts which all such agencies are eligible to receive under this title for such fiscal year shall be ratably reduced. In case additional funds become available for making such payments for any fiscal year during which the first sentence of this subsection is applicable, such reduced amounts shall be increased on the same basis as they were reduced.

"(b) In the case of any fiscal year in which the maximum amounts for which local educational agencies are eligible have been reduced under the first sentence of subsection (a), and in which additional funds have not been made available to pay in full the total of such maximum amounts under the second sentence of such subsection, the Commissioner shall fix dates prior to which each local educational agency shall report to him on the amount of funds available to it, under the terms of section 306(a) and subsection (a) of this section, which it estimates, in accordance with regulations of the Commissioner, that it will expend under approved applications. The amounts so available to any local educational agency, or any amount which would be available to any other local education agency if it were to submit an approvable application therefor, which the Commissioner determines will not be used for the period of its availability, shall be available for allocation to those local educational agencies, in the manner provided in the second sentence of subsection (a), which the Commissioner determines will need additional funds to carry out approved applications, except that no local educational agency shall receive an amount under this sentence which, when added to the amount available to it under subsection (a), exceeds its entitlement under section 303.".

(b)(1) The second sentence of section 103(a)(1)(A) of title I of the Elementary and Secondary Education Act of 1965 is amended to read as follows: "In addition, he shall allot from such amount to the Secretary of the Interior—

"(i) the amount necessary to make payments pursuant to subparagraph (B); and

"(ii) in the case of fiscal years ending prior to July 1, 1973, the amount necessary to make payments pursuant to subparagraph (C).".

(2)(A) Section 103(a)(1) of such title I is amended by adding at the end thereof the following new subparagraph:

"(C) The maximum amount allotted for payments to the Secretary of the Interior under clause (ii) in the second sentence of subparagraph (A) for any fiscal year shall be the amount necessary to meet the special educational needs of educationally deprived Indian children on reservations serviced by elementary and secondary schools operated for Indian children by the Department of the Interior, as determined pursuant to criteria established by the Commissioner. Such payments shall be made pursuant to an agreement between the Commissioner and the Secretary containing such assurances and terms as the Commissioner determines will best achieve the purposes of this part. Such agreement shall contain (1) an assurance that payments made pursuant to this subparagraph will be used solely for programs and projects approved by the Secretary of Interior which meet the applicable requirements of section 141(a) and that the Department of the Interior will comply in all other respects with the requirements of this title, and (2) provision for carrying out the applicable provisions of sections 141(a) and 142(a)(3).".

(B) The fourth sentence of section 103(a)(1)(A) of such title I is amended by striking out "and the terms upon which payment shall be made to the Department of the Interior.".

(3) The amendments made by this subection shall be effective on and after July 1, 1972.

(c)(1) Subsection (a) of section 5 of Public Law 874, 81st Congress, as amended, is amended by inserting "(1)" after "(a)" and by inserting at the end thereof the following new paragraph (2):

"(2)(A) Applications for payment on the basis of children determined under section 3(a) or 3(b) who reside, or reside with a parent employed, on Indian lands shall set forth adequate assurance that Indian children will participate on an equitable basis in the school program of the local educational agency.

"(B) For the purposes of this paragraph, Indian lands means that property included within the definition of Federal property under clause (A) of section 303(1).".

(2)(A) The Commissioner shall exercise his authority under section 415 of Public Law 90-247, to encourage local parental participation with respect to financial assistance under title I of Public Law 874, 81st Congress, based upon children who reside on, or reside with a parent employed on, Indian lands.

(B) For the purposes of this paragraph, the term "Indian lands" means that property included within the definition of Federal property under clause (A) of section 303(1) of Public Law 874, 81st Congress.

PART B—SPECIAL PROGRAMS AND PROJECTS TO IMPROVE EDUCATIONAL OPPORTUNITIES FOR INDIAN CHILDREN

AMENDMENT TO TITLE VIII OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965

SEC. 3. (a) Title VII of the Elementary and Secondary Education Act of 1965 is amended by adding to the end thereof the following new section:

"IMPROVEMENT OF EDUCATIONAL OPPORTUNITIES FOR INDIAN CHILDREN

"SEC. 810. (a) The Commissioner shall carry out a program of making grants for the improvement of educational opportunities for Indian children—

"(1) to support planning, pilot, and demonstration projects, in accordance with subsection (b), which are designed to test and demonstrate the effectiveness of programs for improving educational opportunities for Indian children;

"(2) to assist in the establishment and operation of programs, in accordance with

subsection (c), which are designed to stimulate (A) the provision of educational services not available to Indian children in sufficient quantity or quality, and (B) the development and establishment of exemplary educational programs to serve as models for regular school programs in which Indian children are educated;

"(3) to assist in the establishment and operation of preservice and inservice training programs, in accordance with subsection (d), for persons serving Indian children as educational personnel; and

"(4) to encourage the dissemination of information and materials relating to, and the evaluation of the effectiveness of, education programs which may offer educational opportunities to Indian children.

In the case of activities of the type described in clause (3), preference shall be given to the training of Indians.

"(b) The Commissioner is authorized to make grants to State and local educational agencies, federally supported elementary and secondary schools for Indian children and to Indian tribes, organizations, and institutions to support planning, pilot, and demonstration projects which are designed to plan for, and test and demonstrate the effectiveness of, programs for improving educational opportunities for Indian children, including—

"(1) innovative programs related to the educational needs of educationally deprived children;

"(2) bilingual and bicultural education programs and projects;

"(3) special health and nutrition services, and other related activities, which meet the special health, social, and psychological problems of Indian children; and

"(4) coordinating the operation of other federally assisted programs which may be used to assist in meeting the needs of such children.

"(c) The Commissioner is also authorized to make grants to State and local educational agencies and to tribal and other Indian community organizations to assist and stimulate them in developing and establishing educational services and programs specifically designed to improve educational opportunities for Indian children. Grants may be used—

"(1) to provide educational services not available to such children in sufficient quantity or quality, including—

"(A) remedial and compensatory instruction, school health, physical education, psychological, and other services designed to assist and encourage Indian children to enter, remain in, or reenter elementary or secondary school;

"(B) comprehensive academic and vocational instruction;

"(C) instructional materials (such as library books, textbooks, and other printed or published or audiovisual materials) and equipment;

"(D) comprehensive guidance, counseling, and testing services;

"(E) special education programs for handicapped;

"(F) preschool programs;

"(G) bilingual and bicultural education programs; and

"(H) other services which meet the purposes of this subsection; and

"(2) for the establishment and operation of exemplary and innovative educational programs and centers, involving new educational approaches, methods, and techniques designed to enrich programs of elementary and secondary education for Indian children.

"(d) The Commissioner is also authorized to make grants to institutions of higher education and to State and local educational agencies, in combination with institutions of higher education, for carrying out programs and projects—

"(1) to prepare persons to serve Indian children as teachers, teacher aides, social workers, and ancillary educational personnel; and

"(2) to improve the qualifications of such persons who are serving Indian children in such capacities. Grants for the purposes of this subsection may be used for the establishment of fellowship programs leading to an advanced degree, for institutes and, as part of a continuing program, for seminars, symposia, workshops, and conferences.

"(e) The Commissioner is also authorized to make grants to, and contracts with, public agencies, and institutions and Indian tribes, institutions, and organizations for—

"(1) the dissemination of information concerning education programs, services, and resources available to Indian children, including evaluations thereof; and

"(2) the evaluation of the effectiveness of federally assisted programs in which Indian children may participate in achieving the purposes of such programs with respect to such children.

"(f) Applications for a grant under this section shall be submitted at such time, in such manner, and shall contain such information, and shall be consistent with such criteria, as may be established as requirements in regulations promulgated by the Commissioner. Such applications shall—

"(1) set forth a statement describing the activities for which assistance is sought;

"(2) in the case of an application for the purposes of subsection (c), subject to such criteria as the Commissioner shall prescribe, provide for the use of funds available under this section, and for the coordination of other resources available to the applicant, in order to insure that, within the scope of the purpose of the project, there will be a comprehensive program to achieve the purposes of this section;

"(3) in the case of an application for the purposes of subsection (c), make adequate provision for the training of the personnel participating in the project; and

"(4) provide for an evaluation of the effectiveness of the project in achieving its purposes and those of this section.

The Commissioner shall not approve an application for a grant under subsection (b) or (c) unless he is satisfied that such application, and any documents submitted with respect thereto, show that there has been adequate participation by the parents of the children to be served and tribal communities in the planning and development of the project, and that there will be such a participation in the operation and evaluation of the project. In approving applications under this section, the Commissioner shall give priority to applications from Indian educational agencies, organizations, and institutions.

"(g) For the purpose of making grants under this section there are hereby authorized to be appropriated $25,000,000 for the fiscal year ending June 30, 1973, and $35,000,000 for each of the two succeeding fiscal years.".

(b)(1)(A) The third sentence of section 202(a)(1) of the Elementary and Secondary Education Act of 1965 is amended by striking out "July 1, 1972," and inserting in lieu thereof "July 1, 1973,".

(B) The third sentence of section 302(a)(1) of the Elementary and Secondary Education Act of 1965 is amended by striking out "July 1, 1972," and inserting in lieu thereof "July 1, 1973,".

(C) Clause (B) of section 612(a)(1) of Public Law 91-230 is amended by striking out "July 1, 1972," and inserting in lieu thereof "July 1, 1973,".

(2) For the purposes of titles II and III of the Elementary and Secondary Education Act of 1965 and part B of title VI of Public Law 91-230, the Secretary of the Interior shall have the same duties and responsibilities with respect to funds paid to him under such titles, as he would have if the Department of the Interior were a State educational agency having responsibility for the administration of a State plan under such titles.

PART C—SPECIAL PROGRAMS RELATING TO ADULT EDUCATION FOR INDIANS

AMENDMENT TO THE ADULT EDUCATION ACT

SEC. 4. Title III of the Elementary and Secondary Education Amendments of 1966 (the Adult Education Act) is amended by redesignating sections 314 and 315, and all references thereto, as sections 315 and 316, respectively, and by adding after section 313 the following new section:

"IMPROVEMENT OF EDUCATIONAL OPPORTUNITIES FOR ADULT INDIANS

"SEC. 314. (a) The Commissioner shall carry out a program of making grants to State and local educational agencies, and to Indian tribes, institutions, and organizations, to support planning, pilot, and demonstration projects which are designed to plan for, and test and demonstrate the effectiveness of, programs for providing adult education for Indians—

"(1) to support planning, pilot, and demonstration projects which are designed to test and demonstrate the effectiveness of programs for improving employment and educational opportunities for adult Indians;

"(2) to assist in the establishment and operation of programs which are designed to stimulate (A) the provision of basic literacy opportunities to all nonliterate Indian adults, and (B) the provision of opportunities to all Indian adults to qualify for a high school equivalency certificate in the shortest period of time feasible;

"(3) to support a major research and development program to develop more innovative and effective techniques for achieving the literacy and high school equivalency goals;

"(4) to provide for basic surveys and evaluations thereof to define accurately the extent of the problems of illiteracy and lack of high school completion on Indian reservations;

"(5) to encourage the dissemination of information and materials relating to, and the evaluation of the effectiveness of, education programs which may offer educational opportunities to Indian adults.

"(b) The Commissioner is also authorized to make grants to, and contracts with, public agencies, and institutions, and Indian tribes, institutions, and organizations for—

"(1) the dissemination of information concerning educational programs, services, and resources available to Indian adults, including evaluations thereof; and

"(2) the evaluation of the effectiveness of federally assisted programs in which Indian adults may participate in achieving the purposes of such programs with respect to such adults.

"(c) Applications for a grant under this section shall be submitted at such time, in such manner, and contain such information, and shall be consistent with such criteria, as may be established as requirements in regulations promulgated by the Commissioner. Such applications shall—

"(1) set forth a statement describing the activities for which assistance is sought;

"(2) provide for an evaluation of the effectiveness of the project in achieving its purposes and those of this section

The Commissioner shall not approve an application for a grant under subsection (a) unless he is satisfied that such application, and any documents submitted with respect thereto, indicate that there has been adequate participation by the individuals to be served and tribal communities in the planning and development of the project, and that there will be such a participation in the operation and evaluation of the project. In approving applications under subsection (a),

the Commissioner shall give priority to applications from Indian educational agencies, organizations, and institutions.

"(d) For the purpose of making grants under this section there are hereby authorized to be appropriated $5,000,000 for the fiscal year ending June 30, 1973, and $8,000,000 for each of the two succeeding fiscal years.".

PART D—OFFICE OF INDIAN EDUCATION

OFFICE OF INDIAN EDUCATION

SEC. 5. (a) There is hereby established, in the Office of Education, a bureau to be known as the "Office of Indian Education" which, under the direction of the Commissioner, shall have the responsibility for administering the provisions of title III of the Act of September 30, 1950 (Public Law 874, Eighty-first Congress), as added by this Act, section 810 of title VIII of the Elementary and Secondary Education Act of 1965, as added by this Act, and section 314 of title III of the Elementary and Secondary Education Amendments of 1966, as added by this Act. The Office shall be headed by a Deputy Commissioner of Indian Education, who shall be appointed by the Commissioner of Education from a list of nominees submitted to him by the National Advisory Council on Indian Education.

(b) The Deputy Commissioner of Indian Education shall be compensated at the rate prescribed for, and shall be placed in, grade 18 of the General Schedule set forth in section 5332 of title 5, United States Code, and shall perform such duties as are delegated or assigned to him by the Commissioner. The position created by this subsection shall be in addition to the number of positions placed in grade 18 of such General Schedule under section 5108 of title 5, United States Code.

NATIONAL ADVISORY COUNCIL ON INDIAN EDUCATION

SEC. 6. (a) There is hereby established the National Advisory Council on Indian Education (referred to in this title as the "National Council"), which shall consist of fifteen members who are Indians and Alaska Natives appointed by the President of the United States. Such appointments shall be made by the President from lists of nominees furnished, from time to time, by Indian tribes and organizations, and shall represent diverse geographic areas of the country.

(b) The National Council shall—

(1) advise the Commissioner of Education with respect to the administration (including the development of regulations and of administrative practices and policies) of any program in which Indian children or adults participate from which they can benefit, including title III of the Act of September 30, 1950 (Public Law 874, Eighty-first Congress), as added by this Act, and section 810, title VIII of the Elementary and Secondary Education Act of 1965, as added by this Act and with respect to adequate funding thereof;

(2) review applications for assistance under title III of the Act of September 30, 1950 (Public Law 874, Eighty-first Congress) as added by this Act, section 810 of title VIII of the Elementary and Secondary Education Act of 1965, as added by this Act, and section 314 of the Adult Education Act, as added by this Act, and make recommendations to the Commissioner with respect to their approval.

(3) evaluate program and projects carried out under any program of the Department of Health, Education, and Welfare in which Indian children or adults can participate or from which they can benefit, and disseminate the results of such evaluations;

(4) provide technical assistance to local educational agencies and to Indian educational agencies, institutions, and organizations to assist them in improving the education of Indian children;

(5) assist the Commissioner in developing criteria and regulations for the administration and evaluation of grants made under section 303(b) of the Act of September 30, 1950 (Public Law 874, Eighty-first Congress); and

(6) to submit to the Congress not later than March 31 of each year a report on its activities, which shall include any recommendations it may deem necessary for the improvement of Federal education programs in which Indian children and adults participate, or from which they can benefit, which report shall include statement of the National Council's recommendations to the Commissioner with respect to the funding of any such programs.

(c) With respect to functions of the National Council stated in clauses (2), (3), and (4) of subsection (b), the National Council is authorized to contrast with any public or private nonprofit agency, institution, or organization for assistance in carrying out such functions.

(d) From the sums appropriated pursuant to section 401(c) of the General Education Provisions Act which are available for the purposes of section 411 of such Act and for part C of such Act, the Commissioner shall make available such sums as may be necessary to enable the National Council to carry out its functions under this section.

PART E—MISCELLANEOUS PROVISIONS

AMENDMENT TO TITLE V OF HIGHER EDUCATION ACT OF 1965

SEC. 7. (a) Section 503(a) of the Higher Education Act of 1965 is amended by inserting after "and higher education," the following: "including the need to provide such programs and education to Indians,".

(b) Part D of title V of the Higher Education Act of 1965 is amended by adding after section 531 the following new section:

"TEACHERS FOR INDIAN CHILDREN

"SEC. 532. Of the sums made available for the purposes of this part, not less than 5 per centum shall be used for grants to, and contracts with, institutions of higher education and other public and private nonprofit agencies and organizations for the purpose of preparing persons to serve as teachers of children living on reservations serviced by elementary and secondary schools for Indian children operated or supported by the Department of the Interior.".

AMENDMENT TO THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965

SEC. 8. Section 706(a) of the Elementary and Secondary Education Act of 1965 is amended to read as follows:

"SEC. 706. (a) For the purpose of carrying out programs pursuant to this title for individuals on or from reservations serviced by elementary and secondary schools operated on or near such reservations for Indian children, a nonprofit institution or organization of the Indian tribe concerned which operate any such school and which is approved by the Commissioner for the purpose of this section, may be considered to be a local educational agency, as such term is used in this title.".

DEFINITION

SEC. 9. For the purposes of this Act, the term "Indian" means any individual who (1) is a member of a tribe, band, or other organized group of Indians, including those tribes, bands, or groups terminated since 1940 and those recognized now or in the future by the State in which they reside, or who is a descendant, in the first or second degree, of any such member, or (2) is considered by the Secretary of the Interior to be an Indian for any purpose, or (3) is an Eskimo or Aleut or other Alaska Native, or (4) is determined to be an Indian under regulations promulgated by the Commissioner, after consultation with the National Advisory Council on Indian Education, which regulations shall further define the term "Indian".

Mr. MANSFIELD. Mr. President, for the convenience of the Senate, the Senate will consider the pending resolution on appropriations tomorrow, and the supplemental appropriation having to do with funds needed for the training of Vietnam veterans. It is my understanding that neither of those measures are controversial. They were both reported by the full Appropriations Committee unanimously.

Then after that, we will turn back to the pending business. It is my further understanding, and I think the Senate should know, that the managers of the bill indicated that there would be a rollcall on this measure. Hopefully, we will reach that rollcall somewhere between 11 and 12 o'clock.

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

Mr. MANSFIELD. I yield.

Mr. SCOTT. May I ask if the rollcall vote will be on the Indian education bill or the appropriation bill?

Mr. MANSFIELD. The Indian education bill. We do not anticipate rollcall votes on the others.

Mr. President, there will be no debate, no action taken, on the pending business, which will be taken up tomorrow after the disposition of the continuing resolution and the supplemental appropriation bills.

QUORUM CALL

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

VISIT TO THE SENATE BY MEMBERS OF THE TURKISH PARLIAMENT

Mr. SPARKMAN. Mr. President we are honored today by having a visit from a delegation of members of Parliament from one of the friendly countries—Turkey. We have just had lunch together and have had a very good discussion in the Foreign Relations Committee.

Senator SYMINGTON is chairman of the Foreign Relations Subcommittee on the Near East and South Asia but he had to leave on another matter and asked me if I would present these gentlemen to the Senate. I would like each of them to stand as I call their names.

The Honorable Selahattin Ozgur, Senator at Large in the Grand National Assembly.

The Honorable Siddik Aydar, Deputy for Bingol in the Grand National Assembly, Justice Party.

The Honorable Lutfi Bilgen, M.D., Senator for Icel in the Grand National Assembly, Republican People's Party.

The Honorable Hamdi Hamamcioglu, Deputy for Afyon in the Grand National Assembly, National Reliance Party.

The Honorable Mehmet Varisli, Senator for Konya in the Grand National Assembly.

[Applause, Senators rising.]

Mr. SCOTT. Mr. President, I look forward to joining other Members of the Senate in greeting our distinguished colleagues from the Republic of Turkey, our longtime and cherished friends. We are very honored that they came here today to see us.

ADJOURNMENT UNTIL 10 A.M. TOMORROW

Mr. SCOTT. Mr. President, if there be no further business to come before the Senate, I move, pursuant to the provisions of Senate Resolution 176, as a further mark of respect to the memory of the deceased Honorable JAMES G. FULTON, late a Representative from the State of Pennsylvania, and in accordance with the previous order, that the Senate stand in adjournment until 10 a.m. tomorrow.

The motion was agreed to; and (at 1 o'clock and 57 minutes p.m.) the Senate adjourned until tomorrow, Friday, October 8, 1971, at 10 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate October 7, 1971:

FEDERAL MARITIME COMMISSION

Clarence Morse, of California, to be a Federal Maritime Commissioner for the term expiring June 30, 1976.

DEPARTMENT OF DEFENSE

Dudley C. Mecum, of Massachusetts, to be an Assistant Secretary of the Army.

U.S. ARMY

The following-named officer to be placed on the retired list, in grade indicated, under the provisions of title 10, United States Code, section 3962:

To be lieutenant general

Lt. Gen. John Arnold Heintges, [redacted] Army of the United States (major general, U.S. Army).

1. Col. Edwin Howell Smith, Jr., [redacted] Dental Corps, U.S. Army, for appointment as Assistant Surgeon General, U.S. Army, as major general, Dental Corps, Regular Army of the United States, and as major general in the Army of the United States, under the provisions of title 10, United States Code, sections 3036, 3040, 3442, and 3447.

2. The following-named officers for appointment in the Regular Army of the United States, to the grade indicated, under the provisions of title 10, United States Code, sections 3284 and 3306:

To be brigadier general, Dental Corps

Col. Surindar Nath Bhaskar [redacted], Dental Corps, U.S. Army.

Col. Jack Paden Pollock [redacted], Dental Corps, U.S. Army.

U.S. NAVY

Rear Adm. Frederick J. Harlfinger II, U.S. Navy, having been designated for commands and other duties determined by the President to be within the contemplation of title 10, United States Code, section 5231, for appointment to the grade of vice admiral while so serving.

The following-named Reserve officers of the U.S. Navy for permanent promotion to the grade of rear admiral:

Line

Gayle T. Martin — John B. Johnson
Alban Weber — Michael Lorenzo
Frederick A. Wiggin

Medical Corps

Allan D. Callow — Eugene P. Cronkite

Supply Corps

Frank E. Raab, Jr. — Harland E. Holman

Civil Engineer Corps

George Reider

DEPARTMENT OF COMMERCE

Harold B. Scott, of Connecticut, to be an Assistant Secretary of Commerce.

IN THE ARMY

The nominations beginning Vincent R. Aceto, to be major, and ending Joseph P. Von Merveldt, to be second lieutenant, which nominations were received by the Senate and appeared in the Congressional Record on September 10, 1971.

IN THE NAVY

The nominations beginning William Benjamin Abbott III, to be captain, and ending Fran McKee, to be captain which nominations were received by the Senate and appeared in the Congressional Record on September 13, 1971.

IN THE MARINE CORPS

The nominations beginning Lewis H. Abrams, to be colonel, and ending Gary L. Yundt, to be colonel, which nominations were received by the Senate and appeared in the Congressional Record on September 13, 1971; and

The nominations beginning Louis R. Abraham, to be lieutenant colonel, and ending John T. Zych, Jr., to be lieutenant colonel, which nominations were received by the Senate and appeared in the Congressional Record on September 15, 1971.

EXTENSIONS OF REMARKS

PULASKI DAY

HON. ELLA T. GRASSO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 7, 1971

Mrs. GRASSO. Mr. Speaker, October 11 marks the anniversary of a man's death—a man whose life and whose memory represent the symbol and the substance of love of freedom and personal responsibility and dedication. Pulaski Day is marked each year with special memorial to the gallant hero who fought for liberty in his native Poland and in the United States.

The son of Polish aristocracy, Count Casimir Pulaski was born at Podola, Poland, in 1748. With his father, Count Jozef Pulaski, Casimir was active in the revolutionary movements to liberate Poland from Russian encroachment. There, he distinguished himself as a cavalry officer.

The defeat of his armies forced him to leave his native land, and in the course of his travels he met Benjamin Franklin—a meeting destined to have a powerful impact on the birth of democracy in the New World.

At the time Pulaski volunteered to assist the American colonies in their revolutionary struggle, the Continental Army had no regular cavalry. Again distinguishing himself on the battlefield, Congress gave Pulaski permission to organize an independent corps of cavalry and light infantry. Through many of the most difficult battles of the war, Pulaski's aggressive and daring action inspired his men and intimidated the enemy.

Count Pulaski never lived to see the independent America he fought to achieve. He was fatally wounded in a fierce battle at Savannah on October 9, 1779. However, the banner of freedom for which he gave his life passed on to many of his countrymen who, despite years of oppression, have been indefatigable in the zeal for freedom. Even in the search for a new life in a new world—whether on farms in the Midwest, or in coalfields in Pennsylvania, or in the industrial centers of the East—Polish Americans have upheld the legacy of the valiant general and made magnificent contributions to our Nation.

Throughout our history, when the call has gone out for volunteers to defend this country, the Polish-American community has responded eagerly—as Pulaski did—to the great cause of freedom. The honor rolls of American dead include descendants from Warsaw and Krakow, and the battle of the Vistula. True to the tradition of a noble heritage, Poles have fought and sacrificed in order that the fruits of personal liberty might be preserved.

Mr. Speaker, as we pay tribute to Count Pulaski—soldier and patriot—we also honor the distinguished contributions of Polish Americans. Their achievements, as well as their valor, resourcefulness, and devotion to the ideals of liberty and patriotism, have earned the deep respect of all Americans.

GEN. CASIMIR PULASKI: HE DIED FOR AMERICAN FREEDOM

HON. R. LAWRENCE COUGHLIN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 7, 1971

Mr. COUGHLIN. Mr. Speaker, on October 11 we will honor the memory of a great Polish patriot and Revolutionary soldier, Count Casimir Pulaski, who 192 years ago gave his life for a cause—the struggle for liberty—to which he was deeply pledged.

Pulaski was only 32 when he died from wounds received in the Battle of Savannah. Despite his youth, he had established a brilliant reputation in sharing the perils of the Revolutionary War. Although his stay and his service to the American Colonies was brief—less than 2 years—his fame has endured the cen-