Most of all, fishermen must cast off their lethargy and work toward becoming efficient enough to face a competitive world without permanent subsidy.

"There are no reason why we cannot be a major exporter of fish and fish products," said the late Wilbert Chapman, nationally known fishing authority and government consultant. "We rail against the Russians for developing fisheries off our coasts. What we refuse to face up to is that a communist society is out-competing us capitalists by applying science and technology to its operations. We must stop crying and do what needs doing."

SENATE—*Saturday, November 13, 1971*

The Senate met at 9 a.m. and was called to order by the President pro tempore (Mr. ELLENDER).

PRAYER

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

O Thou Creator of all beauty and order in the universe, help us to tidy up our lives as we begin this day. Tune our lives to Thy spirit and put us in focus with reality that we may quit ourselves as a people who love and serve Thee. For added duties give added strength. Bind us to one another that in unity of spirit we may advance the welfare of the Nation and bring a blessing to the whole world. As we work this day prepare us for the worship and rest of the Sabbath. May goodness and mercy follow us wherever we go and in whatever we do. Hear us, O Lord, in these supplications and in the deeper longings left unsaid.

In His name who was lifted up upon a cross. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Friday, November 12, 1971, be dispensed with.

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

THE CALENDAR

Mr. MANSFIELD. I ask unanimous consent that the Senate proceed to the consideration of Calendar Nos. 431, 432, 433, 434, and 436.

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

ADDITIONAL RESERVE OFFICERS' TRAINING CORPS SCHOLARSHIPS

The bill (H.R. 4729) to amend section 2107 of title 10, United States Code, to provide additional Reserve Officers' Training Corps scholarships for the Army, Navy, and Air Force, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–441), explaining the purposes of the measure.

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

PURPOSE OF THE BILL

The purpose of H.R. 4729 is to increase the number of ROTC scholarships and, at the same time, place certain restrictions on the use of these scholarships in the ROTC program.

BACKGROUND OF THE BILL

Army and Air Force ROTC enrollments have dropped substantially over the past 3 years. In the beginning of academic year 1968–69, there were 218,466 students enrolled in the program; in academic year 1969–70, 161,507; and in 1970–71, 114,950. The reduction is due largely to two factors. One is that many students have taken a wait-and-see attitude with respect to their status under the selective service draft, anticipating that they may avoid military service altogether. The other factor is a decline in the number of schools which require all physically able male students to participate in the first 2 years of ROTC.

The overall decline in enrollment between fiscal years 1969 and 1971 is 51 percent for the Army and 45 percent for the Air Force. Navy enrollments have not suffered the same decline mainly because the Navy program is smaller and the percentage of scholarships higher than with the Army and Air Force. Navy nonscholarship enrollment shows a decline of approximately 37 percent.

The final measure of success insofar as numbers are concerned is, of course, whether the number of ROTC graduates meets the objectives set by the services.

The Navy forecasts that its ROTC graduation objectives for fiscal years 1971 and 1972 will be met. The Air Force anticipates a minor shortfall in graduating cadets in fiscal year 1971 and is concerned about the fiscal year 1972 production shortfall which will be in excess of 400 officers. The Army's ROTC graduates will decline, but it will meet its graduation objectives for 1972. However, in projecting the current freshmen and sophomore enrollments through to their graduations, both Army and Air Force anticipate a shortfall. It is difficult to project the magnitude at this time because of changes in the Selective Service System. A large number of ROTC enrollees are draft induced.

EXPLANATION OF THE BILL

As introduced H.R. 4729 would have increased the number of ROTC scholarships from 5,500 for each service to an amount equal to 10 percent of the total officer force. This would increase the number of authorized scholarships from 16,500 to 33,400 by fiscal year 1976. The House ascertained that there are many more students attending ROTC who are not on the scholarships than those who were.

Thus, this brought into focus whether the payment of tuition, books, fees, and subsistence to some students, while only paying subsistence in the last 2 years to others was really the best method by which to attract students into the ROTC program. Therefore, the House requested the Department of Defense to initiate a study to determine whether a more effective officer procurement program could be obtained by increasing the subsistence allowance to all and reducing the number of scholarship students. The Department agreed to undertake such a study and to have the results forwarded to the Congress early in 1972. However, the House determined that the decrease in the number of students entering the ROTC program forecast a critical officer shortage if it did not increase the number of scholarships at the present time. Therefore, an interim solution was provided by increasing the numbers as shown above. This is a substantially lower number than requested originally by the Department of Defense. The committee agrees with this reduction and has been assured by Defense witnesses that this will in no way jeopardize the program.

The House also amended H.R. 4729 to provide that not more than 20 percent of the persons appointed as cadets or midshipmen by the Secretary in any year may be appointed from persons in the 2-year Senior Reserve Officers' Training Corps courses. The Department had originally asked that 50 percent of such appointments be made for a 2-year program. Heretofore, there have been no scholarships provided, except to students who would undertake a 4-year program. However, it is now estimated that by 1980 more than half of the students enrolled in higher educational institutions will be in junior colleges as an increasing number of universities are considering the restriction of their enrollment to upper class and graduate students. In order to attract the bright, young graduates of junior college programs into ROTC, a reduced pilot program appears to be in order.

The House also added a provision requiring that 50 percent of the cadets and midshipmen must qualify for instate tuition rates at their respective institutions and will receive tuition benefits at that rate.

At present, a ROTC student is permitted to select any school which has a ROTC program. During the course of the hearings it was learned that the instate rate for tuition at the University of California is $500 per semester as distinguished from $1,500 tuition per semester for an out-of-State student. It is believed that the Government will get more for its money if limitations are placed on the number of students who could attend out-of-State schools without providing an undue hardship on either the student or the service.

The services will permit military students to go to schools of higher learning which have withdrawn from the ROTC program only in those cases where there is a unique capability at a particular university.

The committee agrees with the House that it is morally wrong for the military to spend dollars sending students to a particular college or university which has chosen not to cooperate with the military services in providing career opportunities for those students who desire to make the military their career.

FISCAL DATA

As submitted by the administration, the increased budgetary requirements for the Department of Defense as a result of this legislation were estimated to be as follows:

[In million]

Fiscal year:	Cost
1972	$6.3
1973	16.1
1974	26.0
1975	33.4
1976	41.0

However, because of the reduction in the number of scholarships available and the other charges, the costs in each of the next 5 years are estimated to be $3.16 million.

SUBSISTENCE ALLOWANCES FOR MARINE CORPS OFFICER CANDIDATE PROGRAMS

The bill (H.R. 6723) to provide subsistence allowances for members of the Marine Corps officer candidate programs, was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–442), explaining the purposes of the measure.

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

PURPOSE OF THE BILL

The purpose of the bill is to provide financial assistance to certain Marine Corps officer candidates while they are pursuing a baccalaureate degree, in order to procure required future Marine officer accessions.

EXPLANATION OF THE BILL

The platoon leaders class program was organized in 1935 and is the oldest Marine Corps sponsored officer procurement program for civilian college students. Formal training is accomplished at the Officer Candidates School in two 6-week courses for those candidates approved while enrolled as college freshmen or sophomores. For those who enroll as juniors, a single 10-week training course is given. Thus, there are two types of programs: one consisting of two 6-week training periods; and the other of a single 10-week training program. Through the years, the platoon leaders class program has provided a dependable "base" for officers accessions, although often augmented by other short-term programs when officer requirements increased. Marine Corps reliance on the platoon leaders class program is illustrated by the following recent statistics of officers commissioned through civilian source Marine male officer programs.

Fiscal year	Percent PLC-source officers	Percent all others
1968	40	60
1969	37	63
1970	33	67

During the many years the platoon leaders class program has been in existence, it has remained virtually unchanged in basic concept. The college undergraduate enlists as a class III inactive reservist, completes two periods of active duty for training during the summer vacation, is commissioned upon receipt of a baccalaureate degree, and is subsequently ordered to active duty unless further delayed for an advanced degree. Each member of the platoon leaders class program accrues longevity from the date of enlistment. He receives pay and allowances only for the period of active duty for training. He has never received financial assistance of any type during the academic year except such as may have occurred as a result of his being eligible for pay by virtue of injuries incurred during training.

As indicated above, those in the platoon leaders course accrue longevity by virtue of their membership in the enlisted reserve. The committee is aware that longevity credit is not authorized by virtue of membership in the various ROTC programs and for the cadets and midshipmen at the three military service academies. These are matters which have been settled by law over a period of many years. Participants in the ROTC programs, for the most part, and the academy programs receive far greater benefits of various kinds during their membership in these programs than those in the platoon leaders course.

The committee therefore wishes to emphasize that membership in the enlisted reserve, carrying with it longevity credit which has been a part of the platoon leaders program for a number of years, should not be considered a precedent for demands by those in the ROTC or academy programs for similar recognition.

The platoon leaders class program has recently experienced increasing shortages of new candidates:

	Percent
Platoon leaders class quota attained:	
Fiscal year 1968	97
Fiscal year 1969	77
Fiscal year 1970	72

In order to continue the necessary input of platoon leaders class candidates, service-connected incentives are required. It is considered that monetary subsidization of platoon leaders class applicants would greatly increase the enrollment incentive.

The present platoon leaders class program poses a financial problem to those students who are not financially well-to-do. The student is required to devote a portion of his summers to training which reduces his earning power to assist in paying for his education. Accordingly, considering the high cost of a college education, many qualified and desirable officer candidates are lost. If the proposed legislation were passed, the financial assistance provided in the platoon leaders class program would offset the loss of earning power and, therefore, make the program more attractive to qualified undergraduates.

It is envisioned that under normal circumstances, financial assistance would be provided to a selected platoon leaders class candidate only during the school year (9 months) and then only if he satisfactorily completes the required military training during the previous summer. There would be no additional clothing, training, or travel expenses beyond those currently existing in the present platoon leaders class. A stipend equal to that paid to members of the Senior Reserve Officers' Training Corps is considered an appropriate amount to provide partial assistance in defraying educational costs, though not so much as to be the main attraction for enrollment. In return for acceptance of financial aid, individual candidates would become liable for a minimum of 2 years' enlisted service should they fail to complete the program by acceptance of a commission, with an increasing service obligation of 6 months for each part or whole school year during which financial assistance was received. With acceptance of a commission, an officer's initial period of active duty would be increased by 6 months for academic year during which he received subsidy, commencing with a 2½-year obligation for those who complete the program without drawing any subsidy.

The program as envisioned would be phased into operation to reach a maximum goal of 3,000 officer candidates drawing a stipend at any one time.

FISCAL DATA

The cost of the program for the next 5 years based on 1970 dollars is estimated as follows:

Year	Number of officer candidates	Cost
1	1,000	$900,000
2	1,500	1,350,000
3	2,000	1,800,000
4	2,500	2,250,000
5	3,000	2,700,000

The above figures are based on the assumption that the subsistence allowance for members of the Senior Reserve Officers' Training Corps will be increased to $100 per month as is currently proposed. The cost of the program would reach a maximum of $2,700,000 annually. Authority for the program is required for 5 years, with extension to be the subject of future study and recommendations.

DEPARTMENTAL POSITION

The Department of the Navy on behalf of the Department of Defense strongly recommends enactment of this legislation as indicated by a letter from the Acting Secretary of the Navy which is set forth below and made a part of this report.

INCREASED SUBSISTENCE ALLOWANCES FOR SENIOR RESERVE OFFICERS' TRAINING CORPS

The bill (H.R. 6724) to amend section 209 (a) and (b) of title 37, United States Code, to provide increased subsistence allowances for Senior Reserve Officers' Training Corps members, was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–443), explaining the purposes of the measure.

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

PURPOSE OF THE BILL

Section 209 (a) and (b) of title 37, United States Code, was enacted to provide members of the ROTC, appointed under sections 2104 and 2107 of title 10, United States Code, with a subsistence allowance. A member selected for advanced training under section 2104 of title 10, United States Code, is entitled to a subsistence allowance of not less than $40 per month nor more than $50 per month beginning on the day he starts advanced training. A financial-assistance-grant member appointed under section 2107 of title 10 is entitled to a subsistence allowance at the rate of $50 a month beginning on the day that he starts his first term of college work.

The allowance for the financial-assistance-grant member is derived from the act of August 13, 1946, chapter 962, section 4, 60 Stat. 1058. This act established the so-called Holloway Plan whereby certain Naval Reserve Officers' Training Corps students were provided with full tuition scholarships at selected colleges and universities. In addition to the payment of tuition, the Government paid for books and laboratory fees, and the student was provided with retainer pay at the rate of $600 per year. Subsequent amendments changed the retainer pay from the rate of $600 per year to retainer pay at the rate of $50 per month. The purpose of the allowance—originally called retainer pay—was to help defray the cost of food, lodging, and incidental expenses.

It has been noted above that the $50 allowance was originally established in 1946, and, for finanical-assistance-grant students has remained unadjusted since that time. The subsistence allowance provided full coverage of room and board expenses at 85 percent of these institutions in 1946. In 1970, the $50 per month allowance will not cover room and board expenses at any of the 53 schools having an NROTC program.

The Committee agrees that the $100 per month is a proper allowance for ROTC cadets. The Committee also agrees with the House amendment which would prohibit cost of living adjustments to this $100 per month allowance without congressional approval. Further, the Committee is in agreement that no justification exists for the payment of

subsistence allowance during the first 2 years while the cadets are not in school and have no military obligation to participate in summer training.

FISCAL DATA

The bill as introduced is estimated to have cost $22,600,000 annually. By reducing the number of months a first- and second-year ROTC student could draw subsistence, we have reduced the bill by approximately $930,000 per year. Additionally, because the number of scholarships requested were also reduced, this amounts to a further reduction of $1,500,000 or a total committee reduction in the bill of $2,430,000. Thus, the total annual cost of the program is now estimated to be $20,170,000.

PILOT RATING REQUIREMENTS FOR MEMBERS OF UNIFORMED SERVICES

The bill (H.R. 7950) to repeal sections 3692, 6023, 6025, and 8692 of title 10, United States Code, with respect to pilot rating requirements for members of the Army, Navy, Marine Corps, and Air Force; and to insert a new section 2003 of the same title, was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–444), explaining the purposes of the measure.

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

PURPOSE OF THE BILL

The purpose of the bill is to repeal sections 3692, 6023, 6025, and 8692 of title 10, United States Code, so as to eliminate specific flying hour requirements and certain obsolete provisions, and to add a new section to the same title to permit military pilots to be trained in a manner consistent with mission need, safe operation in U.S. airspace, and up-to-date pilot training techniques.

EXPLANATION OF THE BILL

The current law, written in 1916 and amended in 1926, requires that for pilot training a pilot must fly in a heavier-than-air space craft for at least 200 hours. New techniques in flight simulators make this requirement over-restrictive with respect to current and future development in flight training. The language in this bill would eliminate that requirement and would substitute therefor a provision which would permit the Secretary of a military department to prescribe an undergraduate pilot course of instruction.

DEPARTMENTAL POSITION

The Air Force on behalf of the Department of Defense strongly recommended enactment of this legislation.

FISCAL DATA

Enactment of this proposed legislation would not result in an increase in budgetary requirements.

PROMOTION OF MEMBERS OF THE UNIFORMED SERVICES IN A MISSING STATUS

The bill (H.R. 8656) to amend titles 37 and 38, United States Code, relating to promotion of members of the uniformed services who are in a missing status, was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–446), explaining the purposes of the measure.

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

PURPOSE OF THE BILL

The purpose of this bill is to insure that promotions of personnel carried as missing under title 37, United States Code, are valid for all purposes, including Federal benefits to survivors, even when the date of death of the missing member is later determined to have occurred prior to the promotion date.

EXPLANATION OF THE BILL

Under the present law, title 38, United States Code 402(a), dependency and indemnity compensation paid to the survivors of a serviceman who dies on active duty are based on the pay grade held by the member on the date of his death. If this date is determined to have been prior to the effective date of promotion, the promotion cannot be considered in determining compensation payments.

After the cessation of hostilities in Southeast Asia, there is a strong possibility that personnel accounting and identification procedures for those members carried in a missing status, as defined in title 37, United States Code 551(2)(B) will uncover positive evidence that many of them died during the period of their captivity. Under title 37, United States Code 556, the service Secretary or his designee is charged with the responsibility of making status determinations in these cases. The actual date of death for these people must be based on the evidence and information available, such as aircraft wreckage and remains, intelligence data, eyewitness reports of released prisoners, and other similar sources. In certain cases where conclusive evidence such as this may not be available, a presumptive date of death will be made predicated on circumstantial evidence. Although any money credited to a member's account or received by his next of kin as a result of promotion to a higher grade is not repayable to the Government, the family must suffer the anguish of being notified that payment of death gratuities and any subsequent benefits will be based upon the lower grade held on the date of death.

Enactment of this bill would provide for increased dependency compensation payments to survivors based on the higher grade or rank held and may serve to alleviate some of the burden borne by survivors in these cases.

The effective date of February 28, 1961, is necessary to cover all missing in action personnel of the Vietnam conflict.

FISCAL DATA

Enactment of this bill will not result in any increase in budgetary requirements to the Department of Defense. However, assuming the worst possible circumstances, the additional cost of the Veterans' Administration will not be in excess of $135,000 yearly.

NEW U.S. TROOP WITHDRAWALS FROM VIETNAM

Mr. MANSFIELD. Mr. President, I commend President Nixon for his announcement yesterday afternoon that 45,000 U.S. troops will be withdrawn in the months of December and January. This is a decided increase over the 14,000 a month withdrawal rate which is in effect at present. It is an indication that by the end of January 1972, U.S. forces in Vietnam will be reduced to somewhere around 139,000 men.

It is anticipated, based on what the President said, that before the end of January arrives he will make another decision and report it to the American people.

It is to be hoped that this acceleration will continue and that it will not be too long before all American troops will be withdrawn from Southeast Asia and "the rug pulled out from under" those of us who have been advocating such a procedure. I am delighted at the prospect if it means all U.S. Forces will be withdrawn sooner.

It is to be hoped, also, that the reason for the 2-month announcement lies in the possibility that there may be negotiations. There have been no negotiations up to this time. I feel quite certain that the President is working through all possible channels, public and private, to bring about an end to the war in Vietnam. I wish him all the success in the world.

I am hopeful, too, that when the final withdrawal is announced, it will be final and there will be no residual U.S. force left in Indochina.

May I say that I adhere quite strongly to the views expressed by Gen. Matthew B. Ridgway—a soldier in the tradition of George Marshall—who advocated in a Foreign Affairs Quarterly article last summer that there should be a complete withdrawal within 9 months and that the only military personnel left should be the Marines who would be on guard at the U.S. Embassy, as they are in practically every other country in the world.

The President is to be commended for stepping up the withdrawal rate. I hope that the acceleration will continue; that it will not be too long before our prisoners of war are released and the fate of the locatable MIA's is determined; and that this war, which has caused so much damage to this country, mentally, physically, socially, culturally, and otherwise, will be brought to an end.

Mr. GRIFFIN. Mr. President, I commend the distinguished majority leader for his statement. It was temperate and statesmanlike, which is in keeping with the statement he is generally disposed to make. I associate myself with most of what he has said.

The announcement yesterday by President Nixon and his answers to questions presented at the press conference provide a most encouraging picture for all of us who want the war in Southeast Asia to come to an end, particularly to get U.S. troops out of there.

It was heartening for the President to state and acknowledge a fact; namely, that the offensive combat role of U.S. troops in Vietnam has already ended.

As the distinguished majority leader has said, the rate of withdrawal will be significantly stepped up as a result of the announcement yesterday. Surely, even the most dubious, the most doubtful must be convinced by now that this President is doing what he said he would do; namely, to bring our role in that war to an end. The President is doing just that. He has kept every promise he has made, up and down the line.

Mr. President, I ask unanimous consent that a transcript of the President's announcement and news conference be printed in the RECORD.

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

TRANSCRIPT OF PRESIDENT NIXON'S NEWS CONFERENCE ON FOREIGN AND DOMESTIC AFFAIRS

OPENING STATEMENT

Won't you be seated, ladies and gentlemen?

Ladies and gentlemen, I have an announcement of a substantially increased troop withdrawal from Vietnam. When I entered office on Jan. 20, 1969, there were 540,000 Americans in Vietnam and our casualties were running as high as 300 a week.

Over the past three years, we have made progress on both fronts. Our casualties, for example, for the past five weeks have been less than 10, instead of 300, a week, and with regard to withdrawals, 80 per cent of those who were there have come home—365,000.

I have now had an opportunity to appraise the situation as it is today. I have consulted with my senior advisers and I have an up-to-date report from Secretary Laird.

Based on those consultations and consultations with the Government of South Vietnam, I am now able to make this announcement: Over the next two months, we will withdraw 45,000 Americans. I will make another announcement before the First of February. As far as that second announcement is concerned, before the First of February, the number to be withdrawn—the rate that is—as well as the duration of the announcement, will be determined by three factors.

First, by the level of enemy activity and particularly by the infiltration route and its rate, because if the level of enemy activity and infiltration substantially increases, it could be very dangerous to our sharply decreased forces in South Vietnam.

Second, the progress of our training program, our Vietnamization program in South Vietnam, and third, any progress that may have been made with regard to two major objectives we have, obtaining the release of all our P.O.W.'s wherever they are in Southeast Asia and obtaining a cease-fire for all of Southeast Asia.

Those three criteria will determine the next announcement, both its duration and its rate.

Now, I will be glad to take questions on this announcement or any other subject, domestic or foreign, you would like to make.

QUESTIONS AND ANSWERS

1. Laos and Cambodia

Q. Mr. President, to be clear on the cease-fire, that includes Laos and Cambodia as well as South Vietnam?

A. That is our goal, Mr. Lisagor. Yes, sir. As you know, we offered that in my talks of last year in October. We have been continuing to offer it. We would, of course, believe that attaining that goal would bring peace to the whole area, which is what we want, and of course would greatly reduce any need for a very heavy American aid program that presently we have for particularly Cambodia.

2. Prisoners of war

Q. Mr. President, do you have any reason for encouragement on the release of prisoners of war from any source?

A. No reason for encouragement that I can talk about publicly. I can say, however, that we are pushing this subject as I have indicated on several occasions in a number of channels and we have not given up. We will never give up with regard to our prisoners of war. That is one of the reasons why an announcement is being made for a shorter period rather than a longer period, because the moment that we make an announcement that is too long, it means that whatever negotiating stroke we might have is substantially reduced.

3. Infiltration by enemy

Q. Mr. President, what has been the most recent trend towards the infiltration by the enemy and do you have figures for that and also, what rate would have to be maintained for you to carry out your optimum plan?

A. We would have to examine that situation at the time. The infiltration rate has come up some as it always does at this time of year. However, it is not as high now, just as the casualties are not as high now and the level of enemy activity as it was last year. We want to see however, what the situation is in December and January, which, as you all know, are the key months when infiltration comes along, because that will determine what the activity will be in April, May, June and July on the battlefield.

Q. Mr. President.

A. Yes, Mr. Bailey.

4. February troop ceiling

Q. To be clear, what is your new Feb. 1 troop ceiling or are you doing it the way you have done it before by setting a new troop ceiling at the end of the withdrawal period?

A. It will be a new troop ceiling for the end of the withdrawal period. I think we would have to cover that later. The 45,000 should be taken off the present ceiling. We are reducing the ceiling by 45,000.

Now, incidentally, I should say, too, that in terms of the withdrawal, I think it would be proper to inform the press on this matter. We are going to withdraw 25,000 in December and 20,000 in January. Obviously we would like to get a few more out before Christmas and we were able to do this after Secretary Laird made his report.

Q. In this present situation, you are announcing a two- or three-months—

A. Two months.

Q. Two-months withdrawal, whereas the last time it was seven or eight months, I believe. How does this situation, in terms of negotiating need that you spoke of, differ from the other one and can you tell us if you now, as a result of this two-month withdrawal, foresee an end to the United States combat role in Vietnam?

A. Well, first, the situation is very different because, as wet get down in numbers, each withdrawal has a much more dramatic effect on the percentage that we had there; 45,000 as against, for example, 184,000, which is the present troop ceiling, is a lot different from 25,000 as against 539,000 or 540,000, which was our first withdrawal program.

So, consequently, it is essential, as we get closer to the end, if we are going to maintain any negotiating leverage, that the withdrawal periods, in my opinion, be somewhat shorter.

With regard to the other questions that we have on this—does that cover that point?

Q. Yes, sir. About the combat role though.

A. Well, the combat role, let us understand, based on the casualties, as far as the offensive situation is concerned, is already concluded. American troops are now in a defensive position. They, however, will defend themselves, and what casualties we have taken—they are very small—will be taken in that defensive role.

You will find, as you analyze the battlefield reports, as I do from time to time, that the offensive activity, search and destroy, and all the other activity that we used to undertake, are now being undertaken by the South Vietnamese.

5. Role of U.S. troops

Q. Mr. President, have you sent or are you sending orders to the forces in South Vietnam regarding the offensive and defensive role? Could you outline that for us?

A. That is a matter which is worked out by General Abrams in the field, and it is one that has just gradually come about. No orders need to be given for that purpose. And, incidentally, that is possible due to the fact that the South Vietnamese have gained the capability to handle the situation themselves.

Also, there is another reason. As we get to 184,000, and at the end of this period, 45,000 less than that, what offensive capabilities we have are very, very seriously limited.

6. Peace negotiation

Q. Mr. President, you said there was no movement on the prisoners-of-war issue. Is there anything at all to report on negotiations either through Paris or through some other means?

A. I would respond to that only by saying that we have not given up on the negotiating front. This announcement is somewhat of an indication that we have not given up on the negotiating front. I, however, would not like to leave the impression that we see the possibility of some striking breakthrough in negotiations in the near future.

But we are pursuing negotiations in Paris and through whatever other channels we think are appropriate.

7. Private POW talks

Q. One might infer from what you said previously that there has been progress on the prisoner question privately. Would that be a correct inference to draw?

A. No, it would not be a correct inference to draw. I wish it were, because this issue should, of course, as well all, I think, be separated from the issue of the combat role of Americans and our withdrawal program. It is a humanitarian issue. We have not, as yet, had any progress in our talks with the North Vietnamese in getting them to separate that issue from the rest.

On the other hand, we have not given up on the negotiating track, and we are going to continue to press on that track because that is the track on which we eventually are going to have success in getting our prisoners back.

8. Progress on prisoners

Q. There has been no progress, either publicly or privately, on getting release of our prisoners?

A. I do not want to give any false encouragement to those who are the next of kin or who are close relatives of our prisoners. I can only say, however, that we, on our part, have taken initiatives on a number of fronts here. So the possibility of progress in the future is there. As far as the enemy's position is concerned, it is still intransigent.

9. Air power in Vietnam

Q. Mr. President, from the conditions that you know now in Vietnam and Southeast Asia, can you foresee in the near future a substantial diminution of American air power use in support of the Vietnamese?

A. Well, air power of course, as far as our use of it is concerned, will continue to be used longer than our ground forces, due to the fact that training Vietnamese to handle the aircraft takes the longest lead times, as we know, and we will continue to use it in support of the South Vietnamese until there is a negotiated settlement or, looking further down the road, until the South Vietnamese have developed the capability to handle the situation themselves.

As far as our air power is concerned, let me also say this: As we reduce the number of our forces, it is particularly important for us to continue our air strikes on the infiltration routes. If we see any substantial set-up infiltration in the passes, for example, which lead from North Vietnam into Laos and, of course, the Laotian trail which comes down through Cambodia into South

Vietnam—if we see that, we will have to step them up.

That is why we have been quite categorical with regard to that situation, because as the number of our forces goes down, their danger increases, and we are not going to allow the enemy to pounce on them by reason of our failure to use air power against increased infiltrations, if it occurs.

10. Peking-Moscow trip

Q. Mr. President, do you expect to discuss methods, possibly, to help alleviate the situation in Indochina in your visit to Peking and to Moscow?

A. I do not think it would be helpful to indicate at this time what we will discuss with regard to Indochina when our visits to Peking and Moscow take place. We are hopeful and continue to be hopeful that we can make progress on handling this problem ourselves, and that it may not have to be a problem that will have to be discussed in those areas.

Incidentally, I think it would not be well to speculate as to what, if anything, either Peking or Moscow can or will do on this matter. All that I can say is that we are charting our own course, and we will find our own way to bring it to a halt.

We will, of course, welcome any assistance; but we are not counting on it from either source.

11. North Vietnam's strength

Q. Is it not true that at this particular point the North Vietnamese are probably at their weakest they have been since the war, and is this because of floods and lack of resources?

A. The major reason they are the weakest since the war is because of Cambodia and Laos, and the floods, of course, have hurt them, too.

Miss Thomas?

12. 1968 campaign promise

Q. In connection with your answer on negotiations, is what you are saying that perhaps you might not be able to keep your 1968 promise to end the war, which I believe was your campaign pledge, rather than just ending America's role in the war?

A. I would suggest that I be judged at the time of the campaign, rather than now, on that. I would also suggest that every promise that I have made I have kept to this date and that usually is a pretty good example of what you might do with regard to future promises.

13. Residual U.S. forces

Q. Mr. President, we read much speculation that you plan to keep a residual force, 40,000 or 50,000 men, in Vietnam until the prisoner-of-war issue is settled completely and all prisoners are out. Is that still valid?

A. Well. Mrs. Cornell [Laughter.]

Q. Touche. [Laughter.]

A. First, if the situation is such that we have a negotiated settlement, naturally that means a total withdrawal of all American forces. It also not only means a total withdrawal of American forces in South Vietnam, it means a discontinuation of our air strikes and also withdrawal of forces stationed in other places in Southeast Asia or in the Asian theater that are directly related to the support of our forces in Vietnam.

That is, in other words, what is involved if we can get a negotiated settlement. If we do not get a negotiated settlement, then it is necessary to maintain a residual force for not only the reason—and this is, of course, a very primary reason—of having something to negotiate with, with regard to our prisoners, but it is also essential to do so in order to continue our role of leaving South Vietnam in a position where it will be able to defend itself from a Communist take-over.

Both objectives can be fulfilled, we believe, through a negotiated settlement. We would prefer that. If they are not fulfilled through a negotiated settlement, then we will have to go another route and we are prepared to do so.

14. Amnesty for exiles

Q. Mr. President, do you foresee granting amnesty to any of the young men who have fled the United States to avoid fighting in a war that they consider to be immoral?

A. No.

15. Arms limitation talks

Q. Mr. President, you met this afternoon with our SALT negotiating team, which is returning to Vienna. Earlier this year you expressed the hope that some kind of agreement could be made. Do you foresee some kind of SALT agreement before the end of the year?

A. We have made significant progress in the arms limitation talks. The progress, for example, with regard to the hot line and the progress with regard to accidental war is quite significant. Also, we have made significant progress in the discussion on limitation of defensive weapons and we are beginning now to move into discussions on offensive weapons.

Whether we are able to reach agreement by the end of the year, I think, is highly improbable at this point. I say highly improbable—not impossible. It depends on what happens.

Our goal is—and I discussed this at great length with Mr. Gromyko when he was here—our goal is, of course, at the highest level to urge our negotiators to try to find a common basis for agreement. But it must be a joint agreement. We cannot limit defensive weapons first and then limit offensive weapons. Both must go together. It will happen.

I would say this: I believe we are going to reach an agreement. I believe we will make considerable progress toward reaching that agreement before the end of the year. I think reaching the agreement before the end of the year is probably not likely at this time, but great progress will be made and I think by the end of the year we will be able to see then that our goal can be achieved.

16. Wage-price guidelines

Q. Mr. President, are you satisfied with the guidelines laid down by the pay commission and the price board and are you concerned about the effect of a likely bulge of increases in wages and prices after the freeze and public confidence on Phase Two?

A. Well, the possibility of some bulge, of course, has always been there, as you know, so when I announced the freeze it was widely speculated that once the freeze was off and once we then moved to guidelines, that there would be therefore some increase in wage rates and some increase also in prices. The freeze could not be kept on indefinitely.

However, I think the decisions of both the pay board and the price board have been very sound. They did not, in some instances, perhaps, reach the goals some would have liked. I think some businessmen thought the wage increases should have been in the neighborhood of 3 to 4 per cent. That would have been a very good thing from their standpoint, perhaps. It would have been totally unrealistic. It would have broke the board wide open.

I think 5.5 per cent is an achievable goal. That would be a substantial reduction insofar as the wage-price push for 1971, as compared to 1960, 1969, and 1968.

As far as prices are concerned, the guidelines that have been laid down would cut the rate of inflation approximately in half. That is real progress.

One other point I should make. I noticed that many of you very properly have written about the uncertainty with regard to Phase Two. That is inevitable. It is inevitable in any free economy. We can have total certainty only with total control of the economy. But with a totalitarian economy we have no freedom as far as our economy is concerned and we would destroy the major advantage the United States has in its competitive position in the world, in other words, the free-enterprise system.

I believe that this answer of the pay board and the price commission is a very realistic one. I believe it will succeed and one of the major reasons I believe it will succeed is the enormous public support that we had not only during the 90-day period, but that we continue to have for the period after the freeze. That public support will make this work.

Q. Mr. President, could I be quite clear on the withdrawal?

A. You mean "perfectly clear," right? [Laughter.]

Q. Is the 45,000 to be taken from the 184,000, sir? Does it come from the Dec. 1 target figure?

A. Yes, that is right. You take your ceiling of Dec. 1 and take 45,000 from that and you get where we will be on Feb. 1. Let me point out, incidentally, that we are always slightly below our ceiling, as you know, with regard to actual withdrawals. But we have set as the ceiling for Feb. 1 the 45,000 from 184,000, but we will probably be below that at that time by a few hundred or maybe even a few thousand.

17. Date for Peking trip

Q. Mr. President, have you set a date to go to China yet?

A. I have nothing to announce on that at this time.

18. Reaction of Thieu

Q. Mr. President, if we can assume that President Thieu was informed at least of the withdrawals, can you tell us what his reaction was?

A. Complete approval. President Thieu, along with General Abrams, and General Binh and the others who work together in the combined joint chiefs over there, have been, just as Secretary Laird has reported, enormously impressed with the speed of the training program and the ability of the South Vietnamese to defend themselves.

It has gone faster than we had thought, and also, as was pointed out by one of the earlier questioners here, the level of enemy activity has not been as great as it was, due to the fact that the enemy doesn't have the punch it had. Cambodia took a great deal out of the enemy's punch. Laos took a great deal out of its punch. And in addition to that, those torrential floods have made it difficult for the enemy to be as effective in its attacks as it was previously.

That does not mean, however, looking to the future, that we must not be on guard. That is why I said we are going to watch this infiltration route and rate very, very carefully in the critical months of December and January before making another withdrawal announcement.

19. Aid for Cambodians

Q. Mr. President, in your most recent foreign aid bill, you requested a total of $341-million in military and economic aid for Cambodia. The head of the Government of Cambodia has just renounced democracy as a viable form of government, which some people think has analogy to earlier developments in Vietnam. What assurance can you give the American people that we are not sliding into another Vietnam in Cambodia?

A. We didn't slide into Vietnam. That is the difference. In Vietnam, conscious decisions were made to send Americans there to become involved in combat. I am not criticizing the decision; I am reflecting what the situation was.

It was not a question of sliding in; but

was a question of decisions being made, first, to send American combat troops in. Those were first made by President Kennedy, the first troops that went in; and then the decisions to bomb in the north. Those were made by President Johnson, and the increases in forces.

Let's look at Cambodia. We have made a conscious decision not to send American troops in. There are no American combat troops in Cambodia. There are no American combat advisers in Cambodia. There will be no American combat troops or advisers in Cambodia.

We will aid Cambodia. Cambodia is the Nixon doctrine in its purest form. Vietnam was in violation of the Nixon Doctrine. Because in Cambodia what we are doing is helping the Cambodians to help themselves, and we are doing that rather than to go in and do the fighting ourselves, as we did in Korea and as we did in Vietnam. We hope not to make that mistake again if we can avoid it.

20. Stock market advice

Q. Mr. President, in May of 1970, when stocks hit their biggest low of the year, you gave counsel to buy. Now that we have reached the biggest low in 1971, what is your counsel today to the American investor?

A. Don't sell. [laughter].

I would like to comment on that particular matter, because if my advice had been taken, you would have done reasonably well then, as you know. As I said in Detroit, whether it is investments in stocks or bonds, or, for that matter, in real property, which is my only source of investment, if I may paraphrase what one of the television commercials I have heard often enough, I am bullish on America. However, I would strongly advise anybody who invests to invest on the long term, not the short term.

On the long term, 1972 is going to be a good year. When we see, for example, inflation cut in half, which is our goal, when we see employment beginning to rise—it rose over a million during the period of the freeze—and when we see something else, when we see our economy now being built on the basis of peace rather than war, this is a time when people looking to the future, planning to hang on, could, it seems to me, well invest in America with the hope that their investments will prove well.

1968, for example, was a very bad time to buy, and yet it appeared to be like the best of times. Stocks were high. Unemployment was low. Everybody thought we had high prosperity, but prosperity was based on 300 American casualties a week, 500,000 Americans in Vietnam, 25 to 30 billion dollars being spent on a war in Vietnam and on a burgeoning rate of inflation.

At that time, therefore, I would not have advised, and I trust many brokers did not advise their clients, to buy, because when prosperity is based on war and inflation, you are eventually going to have a setback.

The new prosperity that we are working toward—and we have some rocky times; we have had some and we may have some more—but looking toward the year 1972, as I appraise the situation, the new prosperity, based on jobs in peacetime, on peace production primarily, and based on a checked rate of inflation, will be a much sounder prosperity and, therefore, a better time to invest in America.

Q. Thank you, Mr. President.

TRANSACTION OF ROUTINE MORNING BUSINESS

The PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business, not to exceed 30 minutes, with statements therein limited to 3 minutes. Is there morning business?

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. BYRD of 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.

THE FISCAL SITUATION OF THE UNITED STATES

Mr. BYRD of Virginia. Mr. President, the Revenue Act of 1971 as reported by the Committee on Finance reduces the revenues for fiscal 1972 by $11.2 billion. It reduces the revenues for fiscal 1973 by $9.8 billion. Those figures include ADR's.

Mr. President, the Senate yesterday in amending the pending bill further reduced the revenues by slightly less than $3 billion.

The deficit for the fiscal year which ended this past June was $30 billion. The Joint Committee on Internal Revenue Taxation estimates the deficit for the current fiscal year at $35 billion.

I think it is cause for serious concern that the Government has been running these tremendous deficits for last year and the current fiscal year. For that reason it seems unwise to reduce the revenues further while the deficit is so large.

QUORUM CALL

Mr. BYRD of 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.

PROGRAM

Mr. GRIFFIN. Mr. President, if I may be recognized, I would like to ask, for the benefit of the Senate, what the distinguished majority leader can tell us about the schedule for the rest of the day and also anything he can tell us about the schedule for next week.

Mr. MANSFIELD. Mr. President, for the information of the Senate and in response to the question raised by the distinguished acting Republican leader, it is anticipated that there will be a number of rollcall votes today, and there is a possibility even that the first vote will occur around 10:30.

Following that, we will have an amendment offered by the distinguished Senator from New Jersey (Mr. WILLIAMS), on which there is a 30-minute limitation, and on which very likely there will be a rollcall vote. Other amendments will be offered today, and other votes will be taken.

It is anticipated that the Senate, in view of the hard day's work completed last night, will be in until 4 or 5 o'clock this afternoon. I think that would be a reasonable time unless, of course, the Senate decides otherwise.

It is hoped that the unfinished business will be completed sometime around the middle of next week. However, that is only a hope at present. We do not know.

It is anticipated that following the disposal of the tax legislation before the Senate, either the defense appropriations bill or phase II of the President's economic package will be taken up. So we do have some important legislation.

Speaking personally, I am tremendously pleased with the way in which the Senate functioned yesterday and the amount of work which it accomplished. Regardless of how one voted, I thought the Senate was operating at its best.

UNANIMOUS-CONSENT AGREEMENT TO PROVIDE FOR 15-MINUTE ROLLCALL VOTES FOR THE REMAINDER OF THE SESSION

Mr. MANSFIELD. Mr. President, in view of the fact that we have for the last several days had the first of the rollcall votes for the day on a 20-minute basis, as has been the custom throughout the year, I ask unanimous consent, with the approval of the acting minority leader, that beginning today and for the rest of the session the rollcall votes be limited to 15 minutes, with the proper notification, on the five-bell basis, be in effect as it has been over the past several days.

Mr. BYRD of West Virginia. Mr. President, there was some suggestion yesterday by our able colleague (Mr. HUGHES) that the warning bells ring midway.

Mr. MANSFIELD. I think that is a good idea in order to give Senators a little more time. I amend my request to that extent. I hope that the attachés on both sides will notify Senators of this situation and inform them that this will be the procedure for the rest of the session.

The PRESIDENT pro tempore. Is there objection to the request of the majority leader? The Chair hears none, and it is so ordered.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letter, which was referred as indicated:

PROPOSED AMENDMENT OF TITLE 28, UNITED STATES CODE

A letter from the Director, Administrative Office of the United States Courts, transmitting a draft of proposed legislation to amend title 28 of the United States Code to provide for the appointment of officers and employees of the Court of Claims, the Court of Customs and Patent Appeals, and the Customs Court, and for other purposes (with an accompanying paper); to the Committee on the Judiciary.

SENATE RESOLUTION 192—SUBMISSION OF A RESOLUTION TO CREATE A SELECT COMMITTEE ON THE COORDINATION OF THE U.S. ACTIVITIES ABROAD TO OVERSEE ACTIVITIES OF THE CENTRAL INTELLIGENCE AGENCY

(Referred jointly to the Committees on Armed Services and Foreign Relations.)

Mr. SYMINGTON. Mr. President, I submit a resolution, and I ask unanimous consent that it be jointly referred to the Committee on Armed Services and the Committee on Foreign Relations.

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

The resolution reads as follows:

S. RES. 192

Whereas, it is the responsibility of the Senate to exercise general oversight with respect to the foreign relations of the United States; and

Whereas all Ambassadors of the United States are the President's representatives in the countries to which they are accredited and are responsible for supervising and coordinating the activities of all United States Government agencies in that country; and

Whereas the activities abroad of all United States Government departments and agencies affect the conduct of the foreign relations of the United States: Therefore be it

Resolved, That there is hereby created, effective at the beginning of the Second Session of the Ninety-Second Congress, a select committee to be known as the Select Committee on the Coordination of United States Government Activities Abroad (hereinafter referred to as the Select Committee) to consist of six Senators of whom three shall be appointed by the chairman of the Committee on Foreign Relations from among the members of that committee, and three shall be appointed by the chairman of the Committee on Armed Services from among the members of that committee. No more than two of the members appointed from each such standing committee shall be from the same political party. The chairmanship of the Select Committee shall alternate at the beginning of each new session of the Congress between the Chairman of the Committee on Armed Services and the Chairman of the Committee on Foreign Relations or their respective designee.

SEC. 2. (a) It shall be the function of the Select Committee to oversee the coordination of activities of United States Government departments and agencies, including the Department of Defense and the Central Intelligence Agency, operating abroad under the authority of the Ambassador and affecting the foreign relations of the United States. In carrying out its functions under this resolution, the Select Committee shall keep itself fully and currently informed of all such activities.

(b) The Select Committee shall meet at least once a month while the Senate is in session and at such other times as the Select Committee shall determine.

SEC. 3. (a) For the purposes of this resolution, the Select Committee is authorized in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to hold hearings, (3) to sit and act at any time or place during the sessions, recesses and adjournment periods of the Senate, (4) to employ personnel, (5) to subpena witnesses and documents, (6) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel, information, and facilities of any such department or agency, (7) to procure the temporary services (not in excess of one year) or intermittent services of individual consultants, or organizations thereof, and to provide assistance for the training of its professional staff, in the same manner and under the same conditions as a standing committee of the Senate may procure such services and provide such assistance under section 202 (i) and (j), respectively, of the Legislative Reorganization Act of 1946, (8) to interview employees of the Federal, State, and local governments and other individuals, and (9) to take depositions and other testimony.

(b) The Select Committee shall have a professional staff of at least three members appointed by agreement of the two senior members of the Select Committee from the majority party and the two senior members of the Select Committee from the minority party.

(c) Subpenas may be issued by the Select Committee over the signature of the chairman or any other member designated by him, and may be served by any person designated by such chairman or member. The chairman of the Select Committee or any member thereof may administer oaths to witnesses.

(d) A majority of the members of the Select Committee shall constitute a quorum for the transaction of business, except that a lesser number, to be fixed by the Select Committee, shall constitute a quorum for the purpose of taking sworn testimony.

SEC. 4. All departments and agencies of the United States Government which conduct activities abroad under the authority of any Ambassador of the United States shall keep the Select Committee fully and currently informed of their activities abroad.

SEC. 5. The Select Committee shall take special care to safeguard information affecting the national security.

SEC. 6. The expenses of the Select Committee under this resolution, which shall not exceed $250,000 through February 28, 1973, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the Select Committee.

SENATE CONCURRENT RESOLUTION 50—SUBMISSION OF A CONCURRENT RESOLUTION TO AUTHORIZE PRINTING OF HANDBOOK ENTITLED "GUIDE TO FEDERAL PROGRAMS FOR RURAL DEVELOPMENT" AS A SENATE DOCUMENT

(Referred to the Committee on Rules and Administration.)

Mr. TALMADGE. Mr. President, when I became chairman of the Senate Commitee on Agriculture and Forestry, I immediately established a Subcommittee on Rural Development. I felt that the problems of the rural areas of the Nation demanded more attention and a greater effort on the part of the Federal Government.

The lack of job opportunities and economic activity in many of our rural areas has driven millions of people into the Nation's cities. The subcommittee has attempted to examine the causes of the decline of some of our rural areas and it has attempted to devise legislation which will revitalize rural America.

The subcommittee has held extensive hearings on the problems and the promise of rural America, both in Washington and in field hearings around the country. One recurring theme that has come from these hearings has been the local citizens' dismay and frustration in attempting to deal with a complex and confusing Federal bureaucracy. Not only are Federal rural development programs underfunded and scattered in a number of different Federal agencies, but there is no centralized coordination of programs in the executive branch designed to aid the people of rural America.

Our committee is attempting to deal with this problem through legislation. Two bills pending before the committee include provisions for the coordination of the rural development activities within the executive branch. My distinguished colleague from Oklahoma (Senator BELLMON), has proposed an amendment to S. 1612, the President's rural revenue sharing proposal, which would go a long way toward the coordination of rural development activities in Government.

One important provision of this amendment would require that an office be established as near as possible to the headquarters of every multijurisdictional planning and development district in the States. This office would have all the necessary information in regard to all rural development programs and it would accept the filing of applications for funds under these programs.

I believe that the Bellmon approach has considerable merit, for it attempts to coordinate Federal programs on the local level. It is the local level which is important to the average citizen. A citizen's impression of his government is formed primarily by his contacts with the officials in the local offices of government.

One of the things that the Subcommittee on Rural Development noted during its hearings and studies is that there is no good Federal publication which is designed to tell local government officials and lay leaders what Federal assistance is available.

The need for this kind of information is much greater in rural America than it is in our large cities. Large cities can, of course, afford to hire experts and technicians who can seek Federal funds on a full-time basis. The smalltown mayor and the rural county commissioner have no such assistance. They must rely on their own knowledge and on the information given to them by their representatives in Congress. Where there are good multicounty planning districts, the local government officials can get information through the staffs of these districts. Our examination of existing documents which are supposed to explain Federal programs convinces us that there is no government published document which gives an understandable explanation of the Federal programs available for the development of rural America.

The Office of Management and Budget does publish annually a "Catalog of Federal Domestic Assistance." The first thing that is wrong with this document is that it is too big and poorly organized to be understandable by a small town mayor or lay leader. It contains information about several hundred programs that have no relevance to rural America. It contains a great deal of unnecessary statements which are difficult to understand about programs that are rel-

evant to rural America. I have examined this document myself and I would not know where to begin looking to find information about a specific problem.

The OMB publication is organized according to the Federal Government's pattern of agency organization, not according to the needs of the ultimate user of Government services.

In addition, the catalog of Federal domestic assistance omits a great deal of information that is quite essential for an understanding of the Federal Government. It does not tell a smalltown mayor a rural businessman, or a lay leader where to go or what to do. But the most important shortcoming of the OMB publication is that it fails to use plain English. Apparently it is not within the capacity of the Federal bureaucracy to produce literature which the average person can understand.

When the junior Senator from Delaware (Mr. ROTH) was a Member of the House of Representatives he did considerable work in classifying and disseminating information about Federal assistance programs. He even had a catalog of these programs published as a House document. I understand that the publication of the Roth compilation led to many improvements in the OMB catalog of domestic assistance programs. However, Mr. ROTH's compilation was published in 1969 and it was not aimed specifically at rural development programs. Moreover, it follows the agency pattern of organization in its organization of Government programs rather than classifying programs according to the needs of the people who use Government services.

I have been extremely impressed by the "Guide to Federal Programs for Rural Development" that was published by the Independent Bankers Association. Senator HUMPHREY, chairman of the Rural Development Subcommittee, brought this document to my attention and I have distributed a few copies to some interested people in my State. These people were very enthusiastic about the publication and requested several additional copies to give to their friends. Senator HUMPHREY and I became interested in making this document available to the leaders of rural America.

The organizational structure of this "Guide to Federal Programs for Rural Development" is designed to be of greatest usefulness to the local banker, county agriculture agent, and lay leader who is largely unfamiliar with the organizational structure of the Federal Government and with the detail laws and regulations governing the programs they operate. The following paragraphs taken from the introduction to this publication explain its basic organizational structure:

There are four general categories covered in this Guide: Part I—Business, Industry and Agriculture; Part II—Community Facilities; Part III—Community Functions and Services; Part IV—Planning. Each category (or section) is printed on a different colored paper stock in order to make the guide-book as "easy-to-use" as possible.

Each Chapter in this handbook is devoted to a specific community development function for which there are related or matching Federal assistance programs. The Chapters are intended to parallel "spheres of interest" at the local level; and each Chapter includes the government-wide approach to a particular local problem. This type of organization brings the resources of several different Departments and agencies together under one Chapter heading. All programs with similar objectives will be found side-by-side, regardless of how they are separated organizationally at the Federal level for administrative or budget purposes.

Individual programs are described in summary form, and arranged alphabetically under chapter headings. Cross references are used to avoid repetition.

I know that the U.S. Congress should not be in the printing business. However, I feel that it is our right and our responsibility to print documents which are really needed to help people cope with our gigantic Federal bureaucracy.

I believe that we can have this guide to Federal programs printed for a bargain price. The Independent Bankers Association contracted with John A. Baker, former Assistant Secretary of Agriculture for Rural Development, to produce this book.

If the Senate had to contract to have this job done again, the research and composition required would cost the Congress at least $50,000. In order to get this document published for the use of rural development leaders around the country, the distinguished Senator from Minnesota (Mr. HUMPHREY) asked the president of the Independent Bankers Association for the right to publish the book as a Senate document. Mr. Donald M. Carlson graciously gave his consent for the publication.

Therefore, I am today submitting a Senate concurrent resolution to authorize the printing of the "Guide to Federal Programs for Rural Development" as a Senate document with 12,000 copies for the Committee on Agriculture and Forestry.

The concurrent resolution reads as follows:

S. CON. RES. 50

Resolved by the Senate (the House of Representatives concurring), That with the permission of the copyright owner the handbook entitled "Guide to Federal Programs for Rural Development", published by the Independent Bankers Association of America, be printed with emendations as a Senate document, and that there be printed 12,000 additional copies of such document for the use of the Senate Committee on Agriculture and Forestry.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 325

Mr. BEALL. Mr. President, on January 27, 1971, I introduced S. 325 which would establish a survivors annuity program for widows of military personnel.

I am pleased that Senator MARGARET CHASE SMITH, the ranking Republican member of the Civil Services Committee, in cosponsoring this measure and I ask unanimous consent that at the next printing of the bill her name be added.

The PRESIDING OFFICER (Mr. STAFFORD). Without objection, it is so ordered.

S. 2507

At the request of Mr. BAYH, the Senator from Minnesota (Mr. HUMPHREY) was added as a cosponsor of S. 2507, to amend the Gun Control Act of 1968.

S. 2551

At the request of Mr. ROTH, the Senator from Montana (Mr. MANSFIELD), the Senator from Utah (Mr. MOSS), and the Senator from Tennessee (Mr. BROCK) were added as cosponsors of S. 2551, to provide for a national program for an improved national securities transfer system, including a commercial securities depository corporation, and for other purposes.

REVENUE ACT OF 1971—AMENDMENTS

AMENDMENT NO. 671

(Ordered to be printed.)

Mr. TUNNEY proposed an amendment to the bill (H.R. 10947) to provide a job development investment credit, to reduce individual income taxes, to reduce certain excise taxes, and for other purposes.

AMENDMENTS NOS. 672 THROUGH 674

(Ordered to lie on the table and to be printed.)

Mr. FULBRIGHT submitted three amendments, intended to be proposed by him, to House bill 10947, supra.

AMENDMENT NO. 675

(Ordered to be printed and to lie on the table.)

Mr. NELSON submitted an amendment, intended to be proposed by him, to House bill 10947, supra.

ADDITIONAL COSPONSORS OF AMENDMENTS

AMENDMENT NO. 619

At the request of Mr. STEVENSON, the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of amendment No. 619 to the bill (S. 2712) to extend and amend the Economic Stabilization Act of 1970, as amended, and for other purposes.

ADDITIONAL STATEMENTS

OUR FOREIGN AID PROGRAM

Mr. MANSFIELD. Mr. President, in the Billings, Mont., Gazette of November 8, 1971, appears a rather thought-provoking editorial entitled "Toward Better Aid."

I ask unanimous consent that the editorial be printed in the RECORD.

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

TOWARD BETTER AID

The death in the Senate of the creaky, costly foreign aid program that has functioned since Marshall Plan days need not be considered calamitous.

It opens the door for a revaluation of the whole idea of aid, and creates the opportunity to introduce new programs geared closer to the need of developing nations.

Indeed, a presidential commission has already blueprinted radical reforms for the aid program, including a complete separation of

military and economic aid; the dissolution of the old Agency for International Development; and the creation of a new U.S. lending agency that would make capital available on a loan basis to nations desiring to modernize their economic infrastructure.

The old foreign aid program deserved to die. In the postwar years it was a valuable primer for the economies of war-torn nations. And in the 50s and 60s, the program was justified as a tool of the cold war: if people in the poverty nations were given the means to advance, they would not turn toward communism.

That idea was never sound: the belly-theory of anti-communism was invalid. Poverty has little to do with the communization of nations; indeed, communism flourished in many of the more prosperous nations. And so that rationale died a quiet death.

Then, more recently, the aid seemed to exist simply as a part of the status quo: we continued with it because we had always done it. We did it even though it had little visible effect on the economies of recipient nations. We did it because there had evolved a large aid bureaucracy whose business was to promote and administer foreign aid.

The demise of the aid program will surely result in a great debate on the merits of future aid programs. And out of that debate, will, we hope, emerge a new concept of lending and technical assistance that will enable a rich and generous people to share some of our bounty with the world's desperate and hungry ones.

THE GULFCOAST PULPWOOD ASSOCIATION STRIKE

Mr. HARRIS. Mr. President, there is a myth in this country—which a lot of powerful people want to see perpetuated—that poor black people are the enemies of poor white people. That is not so. Their only enemies are the politicians and others in our society who have profited for so long from the division between blacks and whites.

This is the lesson we must learn and make clear to the Nation from the strike of the Gulfcoast Pulpwood Association against the Masonite Corp. in Mississippi.

Three thousand wood haulers—half of them black and the other half white—have gone on strike in protest over Masonite's new procedure for measuring the wood these men haul. This new procedure has reduced the hauler's incomes by 20 to 25 percent. When you are making between $2,000 and $3,000 a year—which is the average income for these men—you begin to realize that it is not enough in this country just to be white anymore.

White wood haulers in Mississippi have realized this—and joined forces with blacks to win a strike that will decide whether they and their families will ever have the opportunity to share in the good things in American society.

I support the strike of the Gulfcoast Pulpwood Association, and will do whatever I can to help them in their struggle. My deepest hopes are that this common effort of the black and white people of Mississippi is only the beginning of a new effort across the country, a political movement in which people of all types of backgrounds will stand up together to fight the entrenched interests in America.

PAY BOARD AND PRICE COMMISSION REGULATIONS

Mr. MATHIAS. Mr. President, every American is affected by the regulations of the Pay Board and the Price Commission. I believe the detailed provisions of these regulations, which have been published today in the Federal Register, should be disseminated as widely as possible. For this reason, Mr. President, I would like to ask unanimous consent that the regulations be printed in full at this point in the RECORD.

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

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

TITLE 6—ECONOMIC STABILIZATION

CHAPTER I—COST OF LIVING COUNCIL

Part 101—Coverage, exemptions and classification of economic units

Part 101—Coverage, Exemptions and Classification of Economic Units is added to Title 6, Chapter I, Code of Federal Regulations.

Since the immediate implementation of Executive Order No. 11627 is required, the Council finds that notice and public procedure with respect to these regulations is impracticable and that good cause exists for making the regulations effective in less than 30 days. Therefore, Title 6 of the Code of Federal Regulations is amended by adding a new Title 6, by adding a new Chapter I, and by adding a new Part 101, as set forth below, effective at 12:01 a.m. on November 14, 1971.

DONALD RUMSFELD,
Director, Cost of Living Council.

Subpart A—General

Sec.
101.1 Purpose and scope.

Subpart B—Price Adjustments—Classification and Procedures

101.11 Price category I firms; prenotification and reporting requirements.
101.13 Price category II firms; reporting requirements.
101.15 Price category III firms; monitoring and spot checks.
101.17 Reclassification.

Subpart C—Pay Adjustments—Classification and Procedures

101.21 Category I pay adjustments; construction pay adjustments; prenotification requirements.
101.23 Category II pay adjustments; reporting requirements.
101.25 Category III pay adjustments; monitoring and spot checks.
101.27 Reclassification.

Subpart D—Exemptions; Items Not Included in Coverage

101.31 General.
101.32 Exemptions.
101.33 Items not included in coverage.

Subpart E—Definitions

101.51 Definitions.

Subpart F—Special Temporary Provisions

101.101 Special provisions applicable from Nov. 14, 1971–Jan 1, 1972.

AUTHORITY: The provisions of this Part 101 issued pursuant to Economic Stabilization Act of 1970, as amended, Public Law 91–379, 84 Stat. 799; Public Law 91–588, 84 Stat. 1468; Public Law 92–8, 85 Stat. 13; Public Law 92–15, 85 Stat. 38; Executive Order No. 11627, October 15, 1971, 36 F.R. 20139.

Subpart A—General

§ 101.1 Purpose and scope.

(a) The purpose of this part is to establish the economic units and transactions which are covered by, and exempt from, the controls, standards and criteria established for the post-freeze economic stabilization period. The purpose is also to establish categories of economic units which must comply with the prenotification, reporting, and other procedural requirements prescribed by the Cost of Living Council. In general, such controls, standards and criteria are applicable to all price adjustments and to all pay adjustments, unless otherwise provided, regardless of the category into which any such adjustment falls. However, the procedural requirements vary depending upon the category.

(b) This part applies to all price adjustments and all pay adjustments which occur during the post-freeze economic stabilization period, except those which are specifically exempt under this part.

(c) This part does not apply to economic transactions which are not prices, rents, wages, and salaries within the meaning of the Economic Stabilization Act of 1970, as amended. Examples of transactions not within the meaning of the Act are:

(1) State or local income, sales and real estate taxes;
(2) Workmen's compensation payments;
(3) Welfare payments;
(4) Child support payments; and
(5) Alimony payments.

(d) The Cost of Living Council may allow such exceptions or permit such exceptions as it deems appropriate with respect to the coverage, classification, and other procedural requirements prescribed in this part. Requests for exceptions to and exemptions from the coverage, classification, and other procedural requirements of this part shall be submitted to the Cost of Living Council through procedures established by the Internal Revenue Service.

Subpart B—Price Adjustments—Classification and Procedures

§ 101.11 Price category I firms; prenotification and reporting requirements.

(a) A price category I firm is a firm with annual sales or revenues of $100 million or more.

(b) Each price category I firm shall submit a prenotification to the Price Commission of each proposed price adjustment in accordance with regulations issued by the Price Commission.

(c) No proposed price adjustment shall be put into effect by any price category I firm unless such price adjustment has been approved or permitted to take effect in accordance with regulations issued by the Price Commission.

(d) Each price category I firm shall submit quarterly reports to the Price Commission with information on prices, costs, and profits in accordance with regulations issued by the Price Commission.

§ 101.13 Price category II firms; reporting requirements.

(a) A price category II firm is a firm with annual sales or revenues from $50 million to $100 million.

(b) Each price category II firm shall submit quarterly reports to the Price Commission with information on prices, costs, and profits in accordance with regulations issued by the Price Commission.

§ 101.15 Price category III firms; monitoring and spot checks.

(a) A price category II firm is a firm with annual sales or revenues of less than $50 million.

(b) The price adjustments of price category III firms are not subject to prenotifica-

tion or reporting. However, they are subject to monitoring and spot checks, as are price adjustments by firms in other categories.

§ 101.17 Reclassification.

(a) Upon the recommendation of the Price Commission, the Director of the Cost of Living Council has authority to reclassify firms so as to subject a price category II firm to the procedures applicable to price category I firms, and to subject price category III firms to the procedures applicable to price category I firms or price category II firms.

(b) If the pay adjustments of a firm are classified as category I pay adjustments, the Director of the Cost of Living Council has authority to reclassify the firm, for price adjustment purposes, as a price category I firm. If the pay adjustments of a firm are classified as category II pay adjustments and for price adjustment purposes, the firm is classified in category III, the Director of the Cost of Living Council has authority to reclassify the firm as a price category II firm.

Subpart C—Pay Adjustments—Classification and Procedures

§ 101.21 Category I pay adjustments; construction pay adjustment; prenotification requirements.

(a) A category I pay adjustment means a pay adjustment which applies to or affects 5,000 or more employees or which applies to or affects employees who are engaged in construction as defined by section 11(a) of Executive Order No. 11588, March 29, 1971.

(b) Prenotification of each proposed category I pay adjustment shall be submitted to the Pay Board in accordance with regulations issued by the Pay Board.

(c) No proposed category I pay adjustment shall be put into effect unless such pay adjustment has been approved or permitted to take effect in accordance with regulations issued by the Pay Board.

§ 101.23 Category II pay adjustment; reporting requirements.

(a) A category II pay adjustment means a pay adjustment which applies to or affects from 1,000 to 5,000 employees.

(b) Each category II pay adjustment shall be reported to the Pay Board in accordance with regulations issued by the Pay Board.

§ 101.25 Category III pay adjustments; monitoring and spot checks.

(a) A category III pay adjustment means a pay adjustment which applies to or affects less than 1,000 employees.

(b) Category III pay adjustments are not subject to prenotification and reporting. However, they are subject to monitoring and spot checks as are pay adjustments by firms in other categories.

§ 101.27 Reclassification.

(a) Upon the recommendation of the Pay Board, the Director of the Cost of Living Council has authority to reclassify category II pay adjustments to category I pay adjustments, and to reclassify category III pay adjustments to category I pay adjustments or category II pay adjustments.

(b) If a firm is a price category I firm, the Director has the authority to classify all pay adjustments of the firm as category I pay adjustments. If a firm is a price category II firm, the Director has the authority to classify all pay adjustments of the firm as pay category II pay adjustments, unless that firm's pay adjustments are already classified as category I pay adjustments.

Subpart D—Exemptions; Items Not Included in Coverage

§ 101.31 General.

Price adjustments with respect to the property and services set forth in this subpart are exempt from or not included in the coverage of the economic stabilization program established pursuant to the Economic Stabilization Act of 1970 and Executive Order No. 11627, October 15, 1971.

§ 101.32 Exemptions.

(a) *Raw agricultural products.* Agricultural products which retain their original physical form and have not been processed. Processed agricultural products are products which have been canned, frozen, slaughtered, milled, or otherwise changed in their physical form. Packaging is not considered a processing activity. Examples:

Exempt	*Nonexempt*
Live cattle, calves, hogs, sheep and lambs.	Carcasses and meat cuts.
Live Poultry	Dressed broilers and turkeys.
Raw milk	Pasteurized milk and processed products such as butter, cheese, ice cream.
Shell eggs, packaged or loose.	Frozen, dried or liquid eggs.
Sheared or pulled wool.	Wool products.
Raw honeycomb honey.	Processed and blended honey-butter product.
Mohair.	
Hay: bulk, pelleted, cubed or baled.	Dehydrated alfalfa meal or alfalfa meal pellets.
Wheat	Flour.
Feed grains including:	
Corn	Mixed feed.
Sorghum	Cracked corn.
Barley	Rolled barley.
Oats	Rolled oats.
Soybean	Soybean meal and oil.
Leaf tobacco	Cigarettes and cigars.
Baled cotton, cottonseed, cotton lint.	Cotton yarn, cottonseed oil, cottonseed meal.
Fresh potatoes, packaged or not.	Frozen french fries. dehydrated potatoes.
Unmilled rice	Milled rice
All raw nuts—shelled and unshelled.	Roasted, salted or otherwise processed nuts.
Fresh mushrooms	Canned or freeze dried mushrooms.
Fresh mint	Mint oil.
Fresh hops.	
Dried beans, peas, and lentils.	
Sugar beets and sugar cane.	Refined sugar.
Maple sap	Maple syrup and sugar.
All seeds for planting.	Seeds processed for other uses.
Raw coffee bean	Roasted coffee bean.
All fresh vegetables and melons including:	Canned and frozen vegetables.
Tomatoes.	
Lettuce.	
Sweet corn.	
Onions.	
Green beans.	
Cantaloupe.	
Cucumbers	Dill pickles.
Cabbage	Packaged slaw.
Carrots.	
Watermelons.	
Green peas.	
Asparagus.	
Pepper.	
Broccoli.	
Cauliflower.	
Spinach.	
Green lima beans.	
Honeydews.	
Escarole.	
Garlic.	
Artichokes.	
Eggplant.	
Brussels sprouts.	
Beets.	
Unpopped popcorn	Popped popcorn.
Stumpage, or trees cut from the stump.	Milled lumber.
All fresh or naturally dried fruits, packaged or not, including:	Canned, artificially dried frozen fruit or juices.
Fresh oranges	Glazed citrus peel.
Grapes and raisins.	Canned grapes, wine.
Apples	Applesauce.
Peaches	
Strawberries	
Grapefruit	
Pears	
Lemons	
Plums and prunes	Canned prunes and prune juice.
Cherries	
Cranberries	
Avocados	
Blueberries	
Apricots	
Tangerines	
Olives, uncured	Canned olives.
Nectarines	
Raspberries	
Blackberries	
Figs	
Tangelos	
Limes	
Dates	
Papayas	
Bananas	
Pomegranates	
Currants	
Persimmons	
Garden plants and cut flowers.	Floral wreath.

(b) *Seafood products.* Raw seafood products including those which have been shelled shucked, iced, skinned, scaled, eviscerated, or decapitated.

(c) *Custom products and services.* (1) The folowing products when custom made to individual order:

(i) Leather goods;

(ii) Wigs and toupees;

(iii) Fur apparel;

(iv) Jewelry.

(2) The following custom services when provided to individual order:

(i) Tailoring of clothing;

(ii) Framing of pictures and mirrors;

(iii) Taxidermy.

(d) *Exports, imports, and shipping rates.* (1) Exports, including products sold to a domestic purchaser who certifies that the product is for export.

(2) Imports, but only the first sale into U.S. commerce.

(3) International ocean shipping rates.

(e) *Damaged and used products.* Damaged products and used products other than rebuilt products.

(f) *Government property.* (1) Abandoned or confiscated property sold by a government agency (Federal, State or local) pursuant to authorization of a court.

(2) Property sold by the United States, including lease-sales.

(g) *Real estate.* (1) Sales:

(i) Unimproved real estate.

(ii) Real estate with improvements completed prior to August 15, 1971.

(iii) Real estate with improvements completed on or after August 15, 1971, if

(*a*) The sales price is determined after the completion of construction; or

(*b*) The wage rates are known to the builder and are not altered by actions of the Pay Board after the sales price is established.

(2) Rentals:

(i) Industrial, farm, and nonresidential commercial property.

(*a*) Rental units, including houses, apartments, or any other residential rental property, on which construction is completed, and which are offered for rent for the first time, after August 15, 1971.

(*b*) Rehabilitated dwellings for which the cost of rehabilitation exceeds one-third of the total value of the rehabilitated property (including the cost of rehabilitation), offered for rent in the newly rehabilitated condition for the first time after August 15, 1971.

(h) *Securities and financial instruments.* (1) Securities as defined in § 101.51.

(2) Property subject to net leases as defined in 26 United States Code 163(4)(a).

(3) Commercial paper.

(4) Commodity futures sold on an organized commodities exchange but not including the commodity (unless otherwise exempt).

(i) *Miscellaneous.* (1) Royalties and other payments from the sale of copyrights, manuscripts, and like materials prepaid for publication.

(2) Dues paid to nonprofit organizations.

(3) Wages below the minimum wage established by Federal law.

(4) Insurance premiums charged for all new life insurance policies including ordinary, term, and group policies, and individual endowments and annuities (fixed and variable), but excluding credit-life insurance.

(5) Antiques.

(6) Art objects including paintings, etchings, and sculpture.

(7) Collectors' coins and stamps.

(8) Precious stones and mountings into which precious stones are set.

(9) Rock and stone specimens.

(10) Handicraft objects.

§ 101.33 Items not included in coverage.

The following items are not covered by this part or Executive Order No. 11627, October 15, 1971, on and after the effective date of this part.

(a) *Federal pay adjustments.* Federal Government employees' pay adjustments which are based upon Federal law and regulations and are determined by Presidential directives and adjustments in the compensation and allowances of members of the Armed Forces.

(b) *Raw sugar prices.* Raw sugar price adjustments, which are controlled under the provisions of the Sugar Act of 1948, as amended.

Subpart E—Definitions

§ 101.51. Definitions.

As used in this part—

"Annual sales or revenues" means the total income of a firm during its most recent fiscal year from whatever source derived.

"Cost of Living Council" means the Council established pursuant to Executive Order No. 11615, August 15, 1971, as amended, and continued under the provisions of Executive Order No. 11627, October 15, 1971.

"Employer" means a firm which employs one or more persons who receive a wage or salary.

"Exception" means a waiver in a particular case of the requirements of any order or regulation issued pursuant to the Economic Stabilization Act of 1970, as amended.

"Exemption" means a general waiver with respect to a certain class of property, services, or economic transactions set forth in Executive Order No. 11627, October 15, 1971, or these regulations and which excludes such property, services, or economic transactions from the application of the Economic Stabilization Act of 1970, as amended.

"Firm" means any person, corporation, partnership, joint-venture, or sole proprietorship or any other entity however organized, including charitable, educational, or other eleemosynary institutions and any Federal, State, or local governmental entity.

"Pay adjustment" means a change in wages and salaries which includes all forms of direct or indirect remuneration or inducement to employees by their employers for personal services, which are reasonably subject to valuation, including but not limited to: Vacation and holiday payments; bonus; layoff and severance pay plans; supplemental unemployment benefits; night shifts, overtime, production; and incentive pay; employer contributions for insurance plans (but not including public plans, e.g. old age, survivors, health, and disability insurance under the Social Security system, Railroad Retirement Acts, Federal Insurance Contributions Act, Federal Unemployment Tax Acts, Civil Service Retirement Acts and the Carriers and Employees Tax Act); savings, pension, profit sharing, annuity funds, and other deferred compensation and welfare benefits; payments in kind, job perquisites; housing allowances; uniform and other work clothing allowances (but not including employer-required uniforms and work clothing whether or not for safety purposes); cost-of-living allowances; commission rates, stock options, and other fringe benefits; and benefits which result in more pay per hour or other unit of work or production (e.g. by shortening the workday without a proportionate decrease in pay).

"Pay Board" means the Board established pursuant to section 7, Executive Order No. 11627, October 15, 1971.

"Prenotification" means notice submitted to the Price Commission or Pay Board relating to a proposed price adjustment or pay adjustment.

"Price adjustment" means a change in the unit price of property or services or a decrease in the quality of substantially the same property or services, unless exempt or outside the scope of the Economic Stabilization Act of 1970, as amended.

"Price Commission" means the Commission established pursuant to section 8, Executive Order No. 11627, October 15, 1971.

"Security" means any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificates of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, or, in general, any interest or instrument commonly known as a "security," or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to our purchase, any of the foregoing.

Subpart F—Special Temporary Provisions

§ 101.101 Special provisions applicable from Nov. 14, 1971-Jan. 1, 1972.

Notwithstanding the provisions of §§ 100.11 and 100.21:

(a) Pay adjustments scheduled to take effect between November 14, 1971 and January 1, 1972 pursuant to existing contracts or pay practices in effect before November 14, 1971, need not be prenotified to, or approved by, the Pay Board, but must be reported to the Pay Board in accordance with its regulations and will be otherwise subject to such regulations. The provisions of this subparagraph shall not apply to pay adjustments which are subject to the provisions of Executive Order No. 11588, March 29, 1971.

(b) After November 14, 1971 and until January 1, 1972, a price category I firm is not required to submit a prenotification and obtain approval of a proposed price adjustment if it meets the criteria of § 300.51 of this title.

[FR Doc. 71-16762 Filed 11-12-71; 7:08 pm]

CHAPTER II—PAY BOARD

Part 201—Stabilization of wages and salaries

On August 15, 1971 the President announced a freeze on prices, rents, wages, and salaries for a period of 90 days ending midnight, November 13, 1971. By Executive Order No. 11627 of October 15, 1971, the President provided for an orderly transition from the 90-day general freeze to a more flexible system of economic restraints. Under that Order, the President established a Pay Board to be composed of 15 members (i.e., five representatives each from labor, business, and the general public) to be appointed by him. On November 8, 1971, the Pay Board adopted policies governing pay adjustments to be effective after the 90-day general freeze. A statement of that policy is set forth below as an appendix to regulations prescribed by the Pay Board.

Pursuant to the authority vested in the Pay Board by the Economic Stabilization Act of 1970, as amended (Public Law 91-379, 84 Stat. 799; Public Law 91-558, 84 Stat. 1468; Public Law 92-8, 85 Stat. 13; Public Law 92-15, Stat. 38), Executive Order No. 11627 (36 F.R. 20139, October 16, 1971), and Cost of Living Council Order No. 3 (36 F.R. 20202, October 16, 1971), the Pay Board hereby adopts the following regulations (including the policy statement) in implementation of the President's economic program. A new Chapter II—Pay Board is hereby established in title 6—Economic Stabilization of the Code of Federal Regulations and a new Part 201—Stabilization of Wages and Salaries is added thereto.

Because of the need for immediate guidance from the Pay Board with respect to the provisions contained in these regulations, it is hereby found impracticable to issue such regulations with notice and public procedure thereon under 5 U.S.C., sec. 553(b), or subject to the effective date limitation of 5 U.S.C., sec. 553(d).

Effective date. This part shall be effective at 12:01 a.m. on November 14, 1971.

GEORGE H. BOLDT,
Chairman of the Pay Board.

Subpart A—Introduction

AUTHORITY: The provisions of this Part 201 issued under Economic Stabilization Act of 1970, as amended (Public Law 91-379, 84 Stat. 799; Public Law 91-558, 84 Stat. 1468; Public Law 92-8, 85 Stat. 13; Public Law 92-15, Stat. 38), Executive Order No. 11627 (36 F.R. 20139, Oct. 16, 1971), and Cost of Living Council Order No. 3 (36 F.R. 20202, Oct. 16, 1971).

Subpart A—Introduction

§ 201.1 Purpose.

The purpose of these regulations is to establish rules and standards to stabilize wages and salaries, as defined in § 201.3, in accordance with the provisions of Executive Order No. 11627, and to provide guidance and procedures for an orderly transition from the 90-day general freeze imposed by Executive Order No. 11615. All persons are required by law to comply with the provisions of the Economic Stabilization Act of 1970 as amended, and all Executive orders, regulations (including this regulation), circulars, and orders issued thereunder, and all persons are expected to comply voluntarily with such law, orders, and regulations. The policies governing pay adjustments, adopted by the Pay Board on November 8, 1971, are attached as an appendix to this part.

§ 201.2 Extent to which the regulations under this chapter supersede or affect prior regulations and other published matter.

(a) To the extent that any provision of Economic Stabilization Regulation No. 1, as amended, or any provision of the circulars issued pursuant thereto is inconsistent with the provisions set forth in this chapter, the provisions of this chapter shall be controlling.

(b) To the extent that neither the Cost of Living Council nor the Pay Board issues regulations with respect to specific matters concerning wages and salaries, such matters shall continue to be subject to Economic Stabilization Regulation No. 1, as amended, and the circulars issued pursuant thereto.

§ 201.3 Definitions.

For purposes of this part—

"Party at interest" means:

(1) A bargaining representative of employers who could be required to pay the wages and salaries in question, or in the absence of such bargaining representative, an employer who could be required to pay the wages and salaries in question; or

(2) A bargaining representative of employees who could receive payment of wages and salaries in question, or in the absence of such bargaining representative, an employee who could receive payment of wages and salaries in question.

"Wages and salaries" includes all forms of direct and indirect remuneration or inducement to employees by their employers for personal services, which are reasonably subject to valuation, including but not limited to: Vacation and holiday payments; bonuses; layoff and severance pay plans; supplemental unemployment benefits; night shift, overtime, and incentive pay; employer contributions for insurance plans (but not including public plans, e.g. old-age, survivors, health, and disability insurance under the Social Security system, Railroad Retirement Acts, Federal Insurance Contributions Acts, Federal Unemployment Tax Acts and Civil Service Retirement Acts); savings, pension, profit sharing, annuity funds, and other deferred compensation and welfare benefits; payments in kind; job prerequisites; housing allowances; uniform and other work clothing allowances (but not including employer-required uniforms and work clothing whether or not for safety purposes); cost-of-living allowances; commission rates, stock options, and other fringe benefits which result in more pay per hour or other unit of work or production (e.g. by shortening the workday without a proportionate decrease in pay).

Subpart B—Pay Stabilization

§ 201.10 General wage and salary standard.

On and after November 14, 1971, the general wage and salary standard shall be applicable to new labor agreements and, where no labor agreement is in effect, to existing pay practices. On and after such date, permissible annual aggregate increases will be those normally considered supportable by productivity improvement and cost of living trends. Initially, the general wage and salary standard is established as 5.5 percent. The appropriateness of this figure will be reviewed periodically by the Pay Board, taking into account such factors as the long-term productivity trend of 3 percent, cost of living trends, and the objective of reducing inflation.

§ 201.11 Review of new contracts and pay practices in relation to the wage and salary standard.

In reviewing new contracts and pay practices, the Pay Board will consider ongoing collective bargaining and pay practices, and the equitable position of the employees involved, including the impact of recent changes in the cost of living upon the employees' compensation.

§ 201.12 Reduction of wages and salaries.

No reduction in wages and salaries being paid November 13, 1971, will be required pursuant to this part unless and to the extent that such wages and salaries were increased in violation of the Economic Stabilization Act of 1970, as amended, and orders and regulations issued pursuant thereto.

§ 201.13 Scheduled increases in wages and salaries for services rendered after August 15, 1971, and before November 14, 1971.

Payments of scheduled increases in wages and salaries for services rendered by employees after August 15, 1971, and before November 14, 1971, which were not made because prohibited by the freeze, may be made retroactive only if approved by the Pay Board. The Pay Board may approve such payments in the following circumstances applicable to individual cases or categories of cases:

(a) It is demonstrated that the employer of the employees on whose behalf such payment is being sought raised the prices for his products or services prior to August 16, 1971, in anticipation of wage and salary increases scheduled to be paid to such employees after August 15, 1971.

(b) It is demonstrated that a wage and salary agreement or pay schedule or practice adopted after August 15, 1971, succeeded an agreement, schedule, or practice that expired or terminated prior to August 16, 1971, and retroactivity is demonstrated to be an established past practice of an employer and his employees or retroactivity had been agreed to prior to November 14, 1971.

(c) It is demonstrated that the proposed retroactive payment satisfies such further criteria as the Pay Board may hereafter establish to remedy severe inequities.

§ 201.14 Wage and salary increases effective after November 13, 1971.

Existing contracts and pay practices previously set forth will be allowed to operate according to their terms except that specific contracts or pay practices are subject to review, when challenged by a party at interest or by five or more members of the Pay Board, to determine whether any increase is unreasonably inconsistent with the criteria established by this Board. In reviewing existing contracts and pay practices, the Pay Board will consider ongoing collective bargaining and pay practices and the equitable position of the employees involved, including the impact of recent changes in the cost of living upon the employee's compensation.

§ 201.15 Unaffected wages and salaries.

Until further action of the Pay Board, those classes of wages and salaries which were held by the Cost of Living Council not to be subject to control by the freeze shall not be affected by this part. However, this section shall not exempt any contracts subject to Executive Order No. 11588 of March 29, 1971, relating to the stabilization of wages and prices in the construction industry, as amended by Executive Order No. 11627 of October 16, 1971, further providing for the stabilization of the economy, from the general wage and salary standards in this part.

APPENDIX

Policies governing pay adjustments adopted by the Pay Board, November 8, 1971

1. Millions of workers in the Nation are looking to the Pay Board for guidance with respect to permissible changes in wages, salaries, various benefits and all other forms of employee total compensation. It is imperative to have a simple standard with as broad a coverage as possible at as early a date as possible. There is probably a need for exceptions and for individual consideration of special situations as soon as practical, and guidance to the millions whose pay relations are relatively simple is an early essential.

2. This general pay standard is intended, in conjunction with other needed measures, to meet the objectives which led to the establishment of this Board.

3. The general pay standard should be applicable to:

(1) Changes that need approval before becoming effective;

(2) Changes that must be reported when they become effective; and

(3) All other changes requiring compliance but not requiring specific approval or reporting.

4. (a) Effective November 14, 1971, the general pay standard shall be applicable to new labor agreements and, where no labor agreement is in effect, to existing pay practices. The general pay standard would provide:

On and after November 14, 1971, permissible annual aggregate increases would be those normally considered supportable by productivity improvement and cost of living trends. Initially, the general pay standard is established as 5.5 percent. The appropriateness of this figure will be reviewed periodically by the Board, taking into account such factors as the long-term productivity trend of 3 percent, cost of living trends, and the objective of reducing inflation.

In reviewing new contracts and pay practices, the Pay Board shall consider ongoing collective bargaining and pay practices and the equitable position of the employees involved, including the impact of recent changes in the cost of living upon the employees' compensation.

(b) Existing contracts and pay practices previously set forth will be allowed to operate according to their terms except that specific contracts or pay practices are subject to review, when challenged by a party at interest or by five or more members of the Board, to determine whether any increase is unreasonably inconsistent with the criteria established by this Board. In reviewing existing contracts and pay practices, the Pay Board shall consider ongoing collective bargaining and pay practices and the equitable position of the employees involved, including the impact of recent changes in the cost of living upon the employee' compensation.

(c) Scheduled increases in payment for services rendered during the "freeze" of August 16 through November 13, 1971, may be made only if approved by the Board in specific cases. The Board may approve such payments in cases which are shown to meet any of the following criteria:

(1) Prices were raised in anticipation of wage increases scheduled to occur during the "freeze."

(ii) A wage agreement made after August 15, 1971 succeeded an agreement that had expired prior to August 16, 1971, and retroactivity was an established practice or had been agreed to by the parties.

(iii) Such other criteria as the Board may

hereafter establish to remedy severe inequities.

5. Following approval of special procedures by the Pay Board with respect to hearing "prior approval" cases and other special situations, application may be made for an exception to the general pay standard and for a hearing on such matters as inequities and sub-standard conditions.

6. No retroactive downward adjustment of rates now being paid will be required by operation of the general pay standard unless the rates were raised in violation of the freeze or of the general pay standard.

7. Provisions may be considered for vacation plans, in-plant adjustments of wages and salaries, in-grade and length of service increases, payments under compensation plans, transfers and the like.

(FR Doc. 71-16753 Filed 11-21-71; 4:43 pm)

CHAPTER III—PRICE COMMISSION

Part 300—Price and rent stabilization

It is the purpose of the regulations hereby adopted to provide guidance and procedures for the implementation of Price Commission policies designed to achieve a goal of holding average price increases across the economy to a rate of no more than 2½ percent per year. It is expected that all persons will voluntarily comply with the provisions contained in these regulations and all orders and other guidance issued hereunder.

In order to prescribe regulations for the stabilization of prices and rents after November 13, 1971, a new Chapter III—Price Commission is hereby established in Title 6—Economic Stabilization of the Code of Federal Regulations, and a new Part 300—Price and Rent Stabilization is added thereto and the following regulations are hereby adopted effective November 14, 1971:

Subpart A—General

Sec.

AUTHORITY: The provisions of this Part 300 issued under the Economic Stabilization Act of 1970, as amended (Public Law 91-379, 84 Stat. 799; Public Law 91-558, 84 Stat. 1468; Public Law 92-8, 85 Stat. 13; Public Law 92-15, 85 Stat. 38), Executive Order No. 11627 (36 F.R. 20139, October 16, 1971), and Cost of Living Council Order No. 4 (36 F.R. 20202, October 16, 1971).

Subpart A—General

§ 300.001 Summary.

The rules contained in this subpart relate to increases in prices and rents which are allowable after November 13, 1971, with respect to:

(a) Sales and leases of personal property,
(b) The furnishing of services, and
(c) Sales and leases of real property.

See § 300.011 for the general rule regarding increases in prices with respect to sales and leases for property and with respect to services. For special rules applicable to—

(d) Manufacturers, see § 300.012,
(e) Retailers and wholesalers, see § 300.013,
(f) Service organizations, see § 300.014,
(g) Rental property, see § 300.015,
(h) Regulated industries, see § 300.016.

For rules relating to firms required to notify the Price Commission before a price and rent increase can take effect, see § 300.051. For rules relating to firms required to make periodic reports to the Price Commission, see § 300.052. See § 300.101 for definitions of terms used in this subpart. For rules with respect to certain special situations, see §300.201 and following. For rules exempting certain transactions from the operation of this subpart, see §300.401.

§ 300.011 General rule.

Except as otherwise provided in this subpart, no person may charge a price or rent, with respect to any transaction involving sales or leases of property or services occurring after November 13, 1971, which exceeds the base price as determined under the rules prescribed in Subpart F of this part.

§ 300.012 Manufacturers.

A manufacturer may charge a price in excess of the base price (as determined under Subpart F of this part), to reflect allowable cost increases in effect on or after November 14, 1971, reduced to reflect productivity gains; provided, however, that the effect of all of a manufacturer's price changes is not to increase its profit margin as a percentage of sales, before income taxes, over that which prevailed during the base period (as defined in § 300.101).

§ 300.013 Retailers and wholesalers.

(a) *In general.* A person engaged in retailing or wholesaling may charge a price in excess of the base price where—

(1) The customary initial percentage markup with respect to the property sold is equal to or less than such person's customary initial percentage markup which prevailed during the base period (as defined in § 300.101), provided

(2) The effect of all such person's price changes is not to increase its profit margin as a percentage of sales, before income taxes, over that which prevailed during the base period.

(b) *Posting Requirement.* (1) a retailer is required to display prominently at the place of sale, base prices with respect to:

(i) All food products (except those which are exempt under the provisions of § 300.-401); and

(ii) Those 40 items in each department which have the highest sales volume, or those items which account for 50 percent of total sales in each department, whichever is less.

Such base prices must be posted on or before January 1, 1972. No increase in price is allowable under paragraph (a) of this section until such base prices have been posted.

(2) A retailer must utilize the following interim procedure until base prices are posted under subparagraph (1) of this paragraph, with respect to base prices for all products (except for those exempted under § 300.401), and thereafter, with respect to base prices not posted under subparagraph (1) of this paragraph:

(i) There shall be posted on each floor of his establishment at least one sign (minimum of 22" x 28"), as specified below, announcing availability of base price information:

Base Price Information

Information regarding the lawful base price for any item sold by this store not posted may be obtained by filling in a Base Price Information Request Form available at (specify location) and by handling it to (fill in). You will receive a speedy answer by mail.

(ii) There shall be made available in at least one location on each selling floor, Base Price Information Request Forms, as specified below:

Base Price Information Request Forms

Please furnish me with your base price on the following item sold in your store:

Item _____
(Describe)
Retail price_____
Style No_____
Department where sold_____
Name _____
Address _____
_____ Zip _____

(c) The retailer shall respond to each such written request for base price information within 48 hours from receipt of the request using a letter, in substance similar to the one specified below, and signed by the owner or by an officer of the company:

To: (Name, Address, City, Zip)

Dear _____:

In reply to your request, we are pleased to inform you that our base price for _____ _____ is $_____.

Sincerely,

_____
Owner or company officer

§ 300.014 Service organizations.

A person which is a service organization may charge a price in excess of the base price with respect to the furnishing of services or the leasing of personal property only to reflect allowable cost in effect on November 14, 1971, and cost increase incurred after November 14, 1971, reduced to reflect productivity gains: *Provided, however,* That such increased price shall not result in an increase in such person's profit margin as a percentage of sales, before income taxes, which prevailed during the base period.

§ 300.015 Rental of real property.

(a)–(c) [Reserved]

(d) *Special record requirement.* Persons leasing or offering to lease any real property shall maintain records showing—

(1) The base price (as defined in Subpart F of this part) charged with respect to each unit of real property,

(2) The reason for any difference in the price described in subparagraph (1) of this paragraph and the price allowable on or after November 14, 1971, and

(3) The reason for any difference between the price described in subparagraph (1) of this paragraph and the maximum price allowable during the period beginning August 15, and ending November 13, pursuant to executive Order 11615.

Such records shall be made available upon the request of any tenant, prospective tenant, or representative of the Price Commission.

§ 300.016 Regulated public utilities.

(a) *In general.* A person which is a regulated public utility as defined in section 7701 (a)(33) of the Internal Revenue Code of 1954 (26 U.S.C. section 7701(a)(33)) may

charge a price, rate, or tariff in excess of the base price if such increase has been approved by a regulatory agency. A regulated person who had gross receipts of $100 million or more during its most recent fiscal year ending on or before November 13, 1971, shall inform the Price Commission of all requests for rate increases and immediately notify the Commission in writing of any agency order granting an inrcease and of any other authorized increase. A regulated person who had gross receipts between $50 and $100 million during its most recent fiscal year ending on or before November 13, 1971, shall immediately notify the Commission in writing of any agency order granting an increase and of any other authorized increase.

(b) *Special rule.* In the case of rate increases which were approved by a regulatory agency before November 14, 1971, but which were not permitted to take effect due to Executive Order 11615, such rate increase may take effect with respect to transactions occurring after November 13, 1971. However, before such increases may take effect, such regulatory agency shall review such increases with regard to their consistency with the purposes of the Economic Stabilization Act of 1970, as amended.

§ 300.051 Prenotification firms.

(a) *In general.* A person which is a prenotification firm (as defined in § 300.101) may not charge a price in excess of the base price before the Price Commission has approved such increased price. However, in the event the Price Commission does not act upon a requested price increase within 30 days after receipt by the Price Commission of the request for such increase, such increase may go into effect.

(b) *Exceptions.* Prenotification requirements are not applicable:

(1) For wholesalers and retailers.

(2) With respect to price changes resulting from calculation of a base price under Subpart F of this part or from the operation of § 300.203, relating to contracts entered into prior to August 15, 1971.

(3) In respect of any price increase which reflects increases in costs of labor which become effective during the period November 14, 1971, through December 31, 1971.

(c) *Manner of notification.* Such person shall notify the Price Commission of its intention to raise the price of a product or service on forms to be prescribed by the Commission and shall provide information sufficient to enable the Commission to make a determination with respect to such proposed increase. If the Commission finds that the information submitted is not sufficient to make such a determination it shall notify the person and the 30-day period provided in paragraph (a) of this section shall begin to run from the time the additional information is submitted.

(d) *Reporting requirement.* Such person shall file a quarterly report with the Price Commission within 15 days after the end of each fiscal quarter commencing with its first fiscal quarter ending after November 13, 1971. Such quarterly reports shall be made on forms to be prescribed by the Commission and shall contain the information required by such forms.

§ 300.052 Reporting firms.

(a) *In general.* A person which is a reporting firm shall file a quarterly report with the Price Commission in the form provided in paragraph (b) of this section within 15 days after the end of each fiscal quarter commencing with its first fiscal quarter ending after November 13, 1971.

(b) *Manner of filing.* The quarterly report required under paragraph (a) of this section shall be made on forms to be prescribed by the Commission and shall contain the information required by such forms.

§ 300.080 Other consideration.

In making any determination, the Price Commission will take into account whatever factors it considers relevant to an equitable resolution of the case and considers necessary to achieve the overall goal of holding average increases across the economy to a rate of no more than 2½ percent per year.

§ 300.101 Definition of terms.

(a) *In general.* Except as otherwise provided, the definitions contained in this section shall only apply for purposes of Subpart A of this part.

(b) *Organizations subject to freeze*—(1) *Manufacturer.* The term "manufacturer" means a person who carries on the trade or business of making, fabricating, or assembling a product or commodity by manual labor or machinery for sale to another person or persons.

(2) *Retailer and wholesaler*—(i) *Retailer.* The term "retailer" means a person who carries on the trade or business of selling property to ultimate consumers.

(ii) *Wholesaler.* The term "wholesaler" means a person who carries on the trade or business of purchasing property and, without substantially changing the form of such property, reselling it to another person who is not the ultimate consumer.

(3) *Service organization.* The term "service organization" means a person who carries on the trade or business of selling or making available services, including the leasing of property to another person or persons. The term also includes nonprofit organizations, governments and governmental instrumentalities which carry on such activities. The term also includes a person which provides professional services.

(4) *Person.* The term "person" includes any individual, trust, estate, partnership, association, company, corporation, or instrumentality of a governmental unit. However, such term does not include a foreign government, an instrumentality of a foreign government or an international organization.

(c) *Accounting terms*—(1) *Customary initial percentage markup.* The term "customary initial percentage markup," means, the customary initial percentage markup, determined on an item, product line, department, store or other pricing unit basis according to the person's customary pricing practice. For these purposes, the initial markup is that markup which is applied to merchandise when first offered for sale.

(2) *Allowable cost.* The term "allowable cost" means any cost, direct or indirect, unless disallowed by the Price Commission.

(3) *Profit margins.* The term "profit margin," means the ratio that net profits (determined before taxes) bears to gross sales as reported on the person's published financial statement and in accordance with generally accepted accounting principles consistently applied. For purposes of determining net profits, extraordinary items and taxes on income shall not be taken into account.

(d) *Reporting requirements*—(1) *Firm.* The term "firm" means a person whose gross income, in whole or in part, is derived from sales. For purposes of this section, if a firm or firms are controlled directly or indirectly by another firm, the controlled firm or firms and the controlling firm shall be treated as a single firm.

(2) *Reporting firms.* The term "reporting firm" means a firm subject to the requirements of § 101.13 of Chapter I, Part 101 of this title.

(3) *Prenotification firms.* The term "prenotification firm" means a firm subject to the requirements of § 101.11 of Chapter I, Part 101 of this title.

(e) *Base period*—(1) *Base period.* The term "base period" means the average of any two of a person's last 3 fiscal years ended prior to August 15, 1971, the selection of such 2 fiscal years to be made by such person.

(2) *Markup base period.* The term "markup base period" shall mean, at the person's option, either

(i) The last customary initial markup prior to November 14, 1971, or

(ii) The person's last fiscal year ending prior to August 14, 1971.

(f) *Base price.* The term "base price" means base price as defined in Subpart F of this part.

(g) *Other definitions*—(1) *Product.* The term "product" means an item of tangible personal property offered for sale to another person or persons.

(2) *Product line.* The term "product line," means an aggregation of products of the same manufacturer or different manufacturers, substantially similar as to intended function, usage, and structure, and offered for sale simultaneously, or within the same commercial season, by a person or persons.

(3) *United States.* The term "United States" means the States, the District of Columbia, the Commonwealth of Puerto Rico.

§ 300.201 Seasonal patterns.

(a) *In general.* Notwithstanding any provisions of this subpart, prices (including rents) which normally fluctuate in distinct seasonal patterns may be adjusted subject to the provisions of this section.

(b) *Distinct fluctuation.* Prices must show a large or otherwise distinct fluctuation at a specific, identifiable point in time. Such distinct fluctuations must be an established practice that has taken place in each of the past 3 years. New persons may determine their qualifications from those generally prevailing with respect to persons similarly situated, selling or leasing in the same marketing area. If there are no such similar persons in the immediate area, qualification may be established by reference to the nearest similar marketing area.

(c) *Time of price fluctuation.* The price fluctuation referred to in paragraph (b) of this section may not take place at a time other than the time at which such fluctuation took place in the preceding year unless the date of the price fluctuation is tied to a specific event such as a previously planned introduction of new models.

(d) *Allowable price.* If the requirements of paragraphs (b) and (c) of this section are met, the maximum price which may be charged by such person shall be either—

(1) The base price determined under the provisions of Subpart F of this part, or

(2) The price charged by such person during the first 30 days of the period following the seasonal price adjustment in the preceding year, whichever is greater. For purposes of this subparagraph (2), the price charged during such 30-day period shall be the weighted average of the prices charged on all transactions occurring during such period.

(e) *Limitation.* Notwithstanding the provisions of paragraph (d), of this section, the price charged by such person may not result in an increase of its profits margin as a percentage of sales, before income taxes, over that prevailing during the base period.

(f) *Return to nonseasonal prices.* Prices must be adjusted downward at the same date or identifiable point in time as in the previous season.

§ 300.202 Taxes.

Notwithstanding any other provision of this subpart, prices with respect to transactions occurring after November 13, 1971, may be increased dollar-for-dollar to reflect increases in excise taxes (including sales and use taxes), and duties on imports (including the import surcharge imposed by the President on August 15, 1971), but not increased

franchise, gross receipts, property, or income taxes.

§ 300.203 Contracts entered into prior to August 15, 1971.

Notwithstanding any other provisions of this subpart, the price specified in any binding contract for the sale of property or services entered into prior to August 15, 1971, with respect to any delivery or performance occurring after November 13, 1971, shall be allowable provided that the contract price shall not exceed that amount which would result in an increase in the person's profit margin as a percentage of sales, before income taxes, over that prevailing during the base period.

§ 300.204 Formula-determined rentals.

Leases of personal or real property entered into prior to August 15, 1971, in which the periodic rental price is determined by means of a formula specified in the lease agreement may continue with such formula in effect. However, any increases in the periodic rental price due to the passage of time or increases in the consumer price index shall not be allowed.

§ 300.401 Exemptions.

The provisions of this Part 300 shall apply to all transactions involving the sale or lease of property and services except those enumerated in Subpart D of Part 10 of this title.

§ 300.498 May 25, 1970, limitation date.

No provision in this subpart shall operate to require a person to establish a price or rent which is lower than the average price which was received by the person in arms-length transactions involving the property or service on May 25, 1970. In cases where there were no arms-length transactions on May 25, 1970, involving the person, the nearest date preceding May 25, 1970, on which such a transaction did occur shall be deemed to be May 25, 1970, for purposes of this section. However, the rules contained in this section shall not apply if the person did not offer the property or service on May 25, 1970, due to causes other than the temporary closing of his business.

§ 300.499 Price Commission address.

Any document, report, or other information required by these regulations to be sent directly to the Price Commission shall be addressed to—Price Commission, 2000 M Street NW., Washington, DC 20508.

Subparts B—E [Reserved]

Subpart F—Base Price

§ 301.501 In general.

The rules in this subpart relate to the determination of the base price for the purposes of applying the provisions contained in Subpart A of this part, after November 13, 1971, with respect to:

(a) Sales and leases of personal property,

(b) The furnishing of services, and

(c) Sales and leases of real property.

The base price is either (1) the ceiling price permitted for the period beginning August 15, 1971, and ending November 13, 1971, or (2) such ceiling price as adjusted in accordance with the rules provided in this subpart which shall then constitute the base price. See § 300.505 for rules relating to the determination of the base prices with respect to sales and leases of personal property and with respect to services, § 300.507 for rules relating to the determination of base prices with respect to sales and leases of real property, and § 300.509 for rules relating to the determination of base prices with respect to sales and leases of new property and with respect to new services, as therein defined.

§ 300.505 Sales and leases of personal property and services.

(a) *Sales of personal property and services.* The base price with respect to sales of personal property and services is the highest price charged by the person to a specific class of purchasers in a substantial number of transactions involving such personal property or services during the freeze base period (as defined in § 300.513).

(b) *Leasing of personal property.* The base price with respect to the leasing of personal property is the highest price charged to a specific class of purchasers with respect to leases of the same or substantially identical personal property in a substantial number of transactions during the freeze base period.

(c) *Ten-percent rule.* For purposes of paragraphs (a) and (b) of this section and paragraph (b) of § 300.507, the highest price in a substantial number of transactions during the freeze base period shall be the highest price at or above which 10 percent of the units were priced in transactions with a specific class of purchasers during the freeze base period.

§ 300.507 Sales and leases of real property.

(a) *Sales of real property.* This section applies to sales of real property not exempted under § 300.401. The base price with respect to the sale of any interest in real property which is held by the person for sale in the ordinary course of trade or business is the highest price received with respect to the same type of interest in similar real property during the freeze base period. In the case of a sale of an interest in real property which is not held for sale in the ordinary course of a trade or business, such interest shall be deemed to be new property for purposes of paragraph (d) of § 300.509.

(b) *Leases of real property*—(1) *In general.* The base price for a lease of an interest in real property is the highest price charged by the person with respect to the same or substantially identical rental units in a substantial number of transactions during the freeze base period. A provision is a lease of an interest in real property executed prior to August 15, 1971, which provides for an increased rental to take effect August 14, 1971, may take effect after November 13, 1971, to the extent such increased rental does not exceed the base price for the rental of such real property.

(2) *Property vacant during freeze base period.* If the property had been vacant for more than 1 year prior to the beginning of the lease period, the provisions of § 300.509 (b) relating to new real property shall apply.

§ 300.509 New property and new services.

(a) *In general.* For purposes of this section, new property or new services means property or services which the person has not offered for sale (or lease in the case of property) at any time during the 1-year period immediately preceding the date on which the person is offering the property or service for sale (or lease).

(b) *Lease of real property.* In the case of a person offering real property for lease which was never previously leased, the base price shall be determined by a computation based on the average arms-length price received by persons leasing comparable property in the same marketing area. For purposes of determining the average price referred to in the preceding sentence, only a quantity of transactions which is not insubstantial in relation to the total number of such transactions need be taken into consideration. A property, or part thereof, which undergoes a substantial capital improvement shall be treated as new property for purposes of a lease. For purposes of this paragraph a substantial capital improvement means a permanent improvement or betterment made to increase the value of the property or to restore the property or part thereof, the cost of which equals or exceeds at least 3 months' rent and exceeds $250.

(c) *Personal property or services.* Personal property or services shall be deemed new if substantially different from other property or services in purpose, function, quality, or technology or if the use of such property or service effects a substantially different result. Property or services that differ from other property or services only in appearance, arrangement, combination, or function shall not be considered as new. A change in fashion, style, form, or packaging will not ordinarily be deemed to create a new property or service. A property, or part thereof, which undergoes a substantial capital improvement shall be treated as new property for purposes of a lease. For purposes of this paragraph a substantial capital improvement means a permanent improvement or betterment made to increase the value of the property or to restore the property, the cost of which equals or exceeds at least 3 months' rent and which exceeds $100.

(d) *Base price determination.* In the case of a person offering new property or new services, the base price shall be deemed to be, at the election of such person, either—

(1) The price determined under the method prescribed in paragraph (e) of this section, or

(2) The price determined under the method prescribed in paragraph (f) of this section.

(e) *First method.* The method referred to in paragraph (d)(1) of this section is a method by which a person may determine the price with respect to new property or services by a computation based on the unit cost (including direct and indirect costs) of a similar property or services of such person plus a factor for profit (before income taxes) which equals the profit rate actually earned with respect to such similar property or services. The rules in this paragraph shall not be applicable to transactions involving property or services with respect to which the person offers no other property or services which are similar thereto.

(f) *Second method.* The method referred to in paragraph (d)(2) of this section is a method by which a person may determine the price with respect to new property or services by a computation based on the average prices received in a substantial number of arms-length transactions by persons selling or leasing comparable property or services in the same marketing area.

§ 300.511 Geographic limitation.

The provisions of this subpart shall not be applicable to transactions for sales, leases, or services occurring outside the United States. For purposes of this paragraph, a transaction shall be deemed to occur outside the United States if delivery of the property or rendering of the service which is the subject matter of the transaction occurs outside the United States, or if real estate which is the subject matter of the transaction is located outside the United States. If personal property which is the subject of a lease is used both inside and outside the United States during the period of the lease, the transaction shall be deemed to have occurred exclusively in the United States and the provisions of this subpart shall apply. Similarly, if services are partially rendered in the United States, and partially outside the United States, the services shall be deemed to have been performed exclusively in the United States.

§ 300.513 Definitions.

(a) *In general.* Unless otherwise indicated, the definitions contained in this section shall apply for purposes of Subparts F and G of this part.

(b) *Transaction.* A "transaction" shall be deemed to occur at the time and place a binding contract is entered into between the parties to the transaction. A "transaction" shall mean an arms-length transaction, and shall include only transactions between unrelated persons which are not members of a controlled group.

(c) *United States.* The term "United States" means the States, the District of Columbia, and the Commonwealth of Puerto Rico.

(d) *Person.* The term "person" includes any individual, estate, trust, partnership, association, company, corporation, governmental unit, or instrumentality of a governmental unit. However such term does not include a foreign government, an instrumentality of a foreign government, an international organization.

(e) *Freeze base period.* The term "freeze base period" means either—

(1) The period beginning July 16, 1971, and ending August 14, 1971, or

(2) If a person had no transaction during the period specified in subparagraph (1) of this paragraph the nearest preceding 30-day period in which he had a transaction.

(f) *Unrelated person.* The term "unrelated person" refers to a person other than a person described in 26 U.S.C. section 267(b), as amended.

(g) *Controlled group.* The term "controlled group" means a controlled group of corporations are defined in 26 U.S.C. section 1563(a).

(h) *Price.* The term "price" includes commissions, membership dues, margins, rates, fees, charges, tariffs, and premiums without regard to the form in which paid. The term also includes rents for the lease of real or personal property.

(i) *Service.* The term "service" includes all services rendered by one person for another person other than in an employment relationship (determined under the normal common law rules). The term also includes for example professional services of any kind and services rendered by membership associations for which dues are charged.

(j) *Sale.* The term "sale" includes all sales, exchanges, transfers, and dispositions.

(k) *Lease.* The term "lease" includes any contract for the use of real or personal property of any description.

(l) *Rent.* The term "rent" means any price for the use of real or personal property of any description. The term also includes any charge, no matter how denominated in the lease or other agreement, for the use of any property or for any service in connection with the use of leased property.

(m) *Class of purchasers.* The term "class of purchasers" means purchasers to whom a person has charged a comparable price for comparable property or service during the freeze base period pursuant to customary price differentials between those purchasers and other purchasers. The term "customary price differentials" includes, but is not limited to, price distinctions based on discounts, allowances, add-ons, premiums, and extras based on differences in volume, grade, quality, or location or type of purchaser, or terms or conditions of sale or delivery.

Subpart G—Procedure and Administration

§ 300.601 Records and ceiling price lists.

(a) *In general.* Any person who sells property or services, or leases property subject to the price and rent stabilization requirements of this Part 300 shall keep such permanent books of account or records as are sufficient to establish the base prices for all such property or services offered for sale or lease by such person and the prices at which such property or services were actually sold or leased.

(b) *Inspection of records or lists.* Records required to be maintained under paragraph (a) of this section shall be made available for inspection at any time upon the request of an officer or employee of the Internal Revenue Service for the purpose of ensuring compliance with the requirements of this part.

(c) *Special rule for imported items.* In addition to the records and lists required to be maintained under paragraphs (a) and (b) of this section, any item which has been imported into the United States and upon which an import surcharge has been imposed by the President in conjunction with other measures taken under the Economic Stabilization Act of 1970, as amended, shall when sold, clearly have indicated upon the accompanying sales ticket or invoice the exact amount of the import surcharge the seller is passing on to the customer or that such an import surcharge though so imposed, is not being passed on.

(d) *Period for keeping records.* All records required to be kept under this section shall be maintained and preserved by the person required to keep such records for at least 4 years after the last day of the calendar year in which the transactions or other events recorded in such accounts or records occurred or the property was acquired by such person, whichever is later.

§ 300.612 Exceptions by ruling.

(a) *In general.* The Chairman of the Price Commission, or his delegate, will by rulings make such exceptions from the operation of this Part 300 as the Price Commission deems necessary for the purpose of preventing or correcting gross inequities.

(b) *Requests for exceptions.* Except as otherwise prescribed by the Price Commission, persons requesting exceptions from the operation of this Part 300 should submit their request, in writing, to the District Director of Internal Revenue for the district in which such person has his residence or principal place of business. The request should state the reason why the exception is being requested and should contain sufficient information to establish to the satisfaction of the Price Commission that—

(1) The application of the provisions of this part to such person would result in a serious hardship or gross inequity, and

(2) That the request for exception is not part of a plan having as one of its principal purposes the avoidance of the purposes of the Economic Stabilization Act of 1970, as amended, and this Part 300. (See § 300.613 for a more detailed description of the manner in which a request for determination by the Price Commission should be made.)

§ 300.613 Rulings.

(a) *In general.* In the interest of sound administration of the Economic Stabilization Act of 1970, as amended, and this Part 300, the Internal Revenue Service will answer inquiries of persons regarding their status for price and rent stabilization purposes and as to the applicability of this Part 300 to their proposed acts or transactions.

(b) *Price stabilization ruling.* A "Price Stabilization Ruling" is an official interpretation of the law by the Internal Revenue Service which has been published in the Price Stabilization Bulletin. Price Stabilization Rulings are published for the information and guidance of the Price Commission, Internal Revenue Service officials and others concerned.

(c) *Ruling guidelines.* (1) Rulings will be issued only with respect to prospective transactions.

(2) Rulings will not be issued on alternative plans of proposed transactions or on hypothetical situations.

(3) A ruling will not be issued if the national office of the Internal Revenue Service knows or has reason to believe that the same or identical issue in connection with a possible violation of this part by the person who is the subject of the ruling request is before any field office of the Service or any other agency charged with enforcement of this part.

(4) Further, a ruling will not be issued with respect to a matter upon which a recent court decision adverse to the Government has been handed down until the Government has decided whether to follow the decision or litigate further.

(d) *Instructions.* Any person requesting a ruling should direct such request, in writing to the District Director of Internal Revenue for the district in which such person has his residence or principal place of business. Each request for a ruling must include—

(1) A complete statement of all such information as is relevant to the status of the person and proposed transaction under this Part 300,

(2) Copies of all relevant documents affecting such status or transactions, and

(3) A statement, executed under penalty of perjury, that such statements and documents, to the knowledge of the person making the request, are true and accurate. Only one ruling request may be made with respect to a particular transaction, and no ruling request may be made with respect to an issue described in paragraph (c)(3) of this section.

(e) *Determination letters.* In the discretion of the Internal Revenue Service the request of the person may be answered with a determination letter directed solely to the attention of the person in cases in which the Service deems the question not of sufficient importance to the Price Commission, the Internal Revenue Service, or the public in general to warrant the issuance of a ruling.

§ 300.614 Adverse determinations and appeal.

If a person receives an adverse determination letter (as described in paragraph (e) of § 300.613) he may, within 10 days, file a written request for a conference with the district director who issued such adverse determination letter. If the district director fails to reverse his initial determination following such conference, the person affected may, within 10 days after notice of such final determination, file written application for an appeal, together with a brief outlining the basis for such appeal, with the Price Commission. A copy of the application for appeal and the brief shall, at the same time, be directed to the Internal Revenue Service, Attention: Assistant Chief Council (Stabilization), Washington, D.C. 20224.

§ 300.615 Failure to obtain relief.

If a person is denied relief by the Price Commission, either because of an adverse determination or because of the Price Commission's refusal to grant an appeal, such person may, within 30 days, file an action for relief in the appropriate U.S. District Court.

Whenever any person has reason to believe that a violation of these regulations has taken place, such person should contact the nearest office of the Internal Revenue Service. Such cooperation on the part of every citizen will insure that the price stabilization program achieves its maximum and intended effect.

§ 300.651 Penalties.

(a) *Illegal practices.* Any person who, by means of inducements, commissions, kickbacks, retroactive increases, transportation arrangements, premiums, discounts, special privileges, tie-in agreements, trade understandings, in the falsification of records, the substitution of inferior commodities, the failure to provide the same services and equipment previously sold or leased, or in any other manner seeks to obtain a higher price or rent than is permitted by this part shall be subject to the provisions of paragraphs (b) and (c) of this section.

(b) *Injunctions.* Whenever it appears that any person is engaged, or is about to engage, in any act or practice described in paragraph (a) of this section, the U.S. Government may, in its discretion bring an action in the proper district court of the United States to enjoin such acts or practices. Upon a proper showing, a permanent or temporary

injunction or restraining order may be granted. In addition, upon proper applications, such court may issue mandatory injunctions commanding any person to comply with any provision of this Part 300.

(c) *Fines.* Any person who willfully violates the provisions of this Part 300 shall, upon conviction thereof, be subject to a fine of not more than $5,000 for each violation. See section 204 of title 2 of Public Law 91-379 (84 Stat. 800).

Because the purpose of this Price Commission regulation is to provide immediate guidance as to the price and rent stabilization rules applicable after November 13, 1971, it is hereby found impracticable to issue this Price Commission regulation with notice and public procedure thereon under 5 U.S.C., section 533(b), or subject to the effective date limitation of 5 U.S.C., section 553(d).

C. JACKSON GRAYSON, Jr.,
Chairman of the Price Commission.

[FR Doc. 71-16759 Filed 11-12-71; 4:43 pm]

COST OF LIVING COUNCIL

[Order No. 5]

SECRETARY OF THE TREASURY

Delegation of Authority Concerning Implementation of Stabilization of Prices, Rents, Wages, and Salaries

Pursuant to the Economic Stabilization Act of 1970, as amended (hereinafter referred to as the Act), and the authority delegated to the Cost of Living Council by Executive Order No. 11627 (hereinafter referred to as the Executive order) it is hereby ordered as follows:

1. There is hereby delegated to the Secretary of the Treasury (hereinafter referred to as the Secretary), subject to the general policy guidance of and coordination with the Cost of Living Council (hereinafter referred to as the Council) and in accordance with the general policy of the Act, authority to interpret, implement, administer, monitor, and enforce the stabilization of prices, rents, wages, and salaries pursuant to the coverage, classifications, and implementation procedures established by the Council. Such functions will include, but not be limited to, the following:

(a) Operation and maintenance of local service and compliance centers established in support of the economic stabilization program in Standard Metropolitan Statistical Areas and such other places as the Secretary may determine;

(b) Dissemination of information and guidance to the public;

(c) Issuance of rulings and the receiving, analyzing, and responding to inquiries relating to the application of regulations and other guidance issued by the Council and the establishment and operation of an appeal procedure;

(d) Receiving, analyzing, investigating, and preparing and forwarding recommendations upon applications for exceptions and exemptions from coverage, classifications, and the implementation procedures to the Council for decision;

(e) Conducting monitoring investigations as to the effectiveness of the stabilization program;

(f) Receiving, investigating, and resolving by obtaining compliance, where possible, complaints received with respect to program violations and recommending enforcement action to the Council, where necessary;

(g) Making factual determinations on behalf of the Council in furtherance of any functions herein delegated; and

(h) Maintaining adequate records and the making of periodic reports to the Council.

2. All executive departments and agencies shall furnish such necessary assistance to the Secretary as may be authorized by law.

3. The Secretary may redelegate to any agency, instrumentality, or official of the United States any authority under this order, and may, in carrying out the functions delegated by this order, utilize the services of any other agencies, Federal or State, as may be available and appropriate.

4. The Director, Office of Emergency Preparedness, shall continue to exercise responsibility and authority under Council Order No. 1 as necessary to complete actions in process and to effectuate an orderly transfer of functions to the Pay Board established by section 7 of the Executive order and the Price Commission established by section 8 of the Executive order.

5. Nothing in this order shall be construed to limit or otherwise supersede the authority heretofore delegated to the Pay Board by Council Order No. 3 or to the Price Commission by Council Order No. 4.

6. This order shall be effective at 12:01 a.m., November 14, 1971.

By direction of the Council.

DONALD RUMSFELD,
Director.

[F.R. Doc. 71-16760 Filed 11-12-71; 4:43 am]

PRICE COMMISSION

[Order No. 1]

SECRETARY OF THE TREASURY

Delegation of Authority Concerning Implementation of Stabilization of Prices and Rents

Pursuant to Executive Order 11627 and the authority delegated to the Price Commission (hereinafter referred to as the Commission) by Cost of Living Council Order No. 4 (hereinafter referred to as the order), it is hereby ordered as follows:

1. There is hereby delegated to the Secretary of the Treasury (hereinafter referred to as the Secretary), subject to the general policy guidance of and coordination with the Commission and consistent with the general policy of Executive Order 11627 as developed by the Cost of Living Council, authority to interpret, implement, administer, monitor, and enforce the stabilization of prices and rents pursuant to the criteria, standards, and implementation procedures established by the Commission. Such functions will include, but not be limited to, the following:

(a) Operation and maintenance of local service and compliance centers established in support of the economic stabilization program in Standard Metropolitan Statistical Areas and such other places as the Secretary may determine;

(b) Dissemination of information and guidance to the public;

(c) Issuance of rulings and the receiving, analyzing, and responding to inquiries relating to the application of regulations and other guidance issued by the Commission and the establishment and operation of an appeal procedure;

(d) Receiving, analyzing, investigating, and preparing and forwarding to the Commission for decision recommendations upon applications for exceptions from the criteria, standards, and the implementation procedures;

(e) Conducting monitoring investigations as to the effectiveness of the stabilization program;

(f) Receiving, investigating, and resolving by obtaining compliance, where possible, complaints received with respect to program violations and recommending enforcement action to the Commission, where necessary;

(g) Making factual determinations on behalf of the Commission or in furtherance of any functions herein delegated; and

(h) Maintaining adequate records and the making of periodic reports to the Commission.

2. All executive departments and agencies shall furnish such necessary assistance to the Secretary as may be authorized by law.

3. The Secretary may redelegate to any agency, instrumentality, or official of the United States any authority under this order, and may, in carrying out the functions delegated by this order, utilize the services of any other agencies, Federal or State, as may be available and appropriate.

4. This order shall be effective at 12:01 a.m., November 14, 1971.

By direction of the Commission.

C. JACKSON GRAYSON, Jr.,
Chairman.

[FR Doc. 71-16761 Filed 11-12-71:4:43 pm]

PAY BOARD

[Order No. 1]

SECRETARY OF THE TREASURY

Delegation of authority concerning implementation of the stabilization of wages and salaries

Pursuant to Executive Order 11627 and the authority delegated to the Pay Board (hereinafter referred to as the Board) by Cost of Living Council Order No. 3 (hereinafter referred to as the order), it is hereby ordered as follows:

1. There is hereby delegated to the Secretary of the Treasury (hereinafter referred to as the Secretary), subject to the general policy guidance of and coordination with the Board and consistent with the general policy of Executive Order 11627 as developed by the Cost of Living Council, authority to interpret implement, administer, monitor, and enforce the stabilization of wages and salaries pursuant to the criteria, standards, and implementation procedures established by the Board, Such functions will include, but not be limited to, the following:

(a) Operation and maintenance of local service and compliance centers established in support of the economic stabilization program in Standard Metropolitan Statistical Areas and such other places as the Secretary may determine;

(b) Dissemination of information and guidance to the public;

(c) Issuance of rulings and the receiving, analyzing, and responding to inquiries relating to the application of regulations and other guidance issued by the Board and the establishment and operation of an appeal procedure;

(d) Receiving, analyzing, investigating, and preparing and forwarding to the Board for decision recommendations upon applications for exceptions from the criteria, standards, and the implementation procedures;

(e) Conducting monitoring investigations as to the effectiveness of the stabilization program;

(f) Receiving, investigating, and resolving by obtaining compliance, where possible, complaints received with respect to program violations and recommending enforcement action to the Board, where necessary;

(g) Making factual determinations on behalf of the Board or in furtherance of any functions herein delegated; and

(h) Maintaining adequate records and the making of periodic reports to the Board.

2. All executive departments and agencies shall furnish such necessary assistance to the Secretary as may be authorized by law.

3. The Secretary may redelegate to any agency, instrumentality, or official of the United States any authority under this order, and may, in carrying out the functions delegated by this order, utilize the services of any other agencies, Federal or State, as may be available and appropriate.

4. This order shall be effective at 12:01 a.m., November 14, 1971.

By direction of the Board.

GEORGE H. BOLDT,
Chairman of the Pay Board.

[FR Doc.71-16763 Filed 11-12-71; 7:18 pm]

A TRIBUTE TO POLISH INDEPENDENCE DAY

Mr. WILLIAMS. Mr. President, 53 years ago the proud and courageous people of Poland, determined to, once again, obtain and preserve a "free and united Poland," announced their independence. November 11, 1918, will continue to be appropriately honored by Poles and their descendants as "Polish Independence Day." It is especially fitting that all Americans join in paying tribute to this outstanding accomplishment.

Prior to 1918, however, the people of Poland were faced with both triumph and disappointment. A successful attempt to establish a constitutional government in the late 1700's demonstrated the Polish desire to become a self-governing nation, and its capability of self-determination. Unfortunately, however, the powerful Russian Army destroyed this form of government following only 1 year of existence, and soon divided this small country with Prussia.

The ensuing years were intermittently shared with hardship and misrule. A continual struggle by Russia and Germany to control Poland eventually led to the German occupation in the early 1900's. It was not until 1918, following the disarming and expelling of German troops, that the people of Poland were once again given the opportunity to proclaim their independence.

Mr. President, although these years of renewed liberation and self-government were again short lived for these courageous people, their struggle to be free continues. It is, therefore, particularly appropriate that we, in the United States, acknowledge this great accomplishment and pay special tribute to "Polish Independence Day."

POLITICAL PRISONERS IN CUBA

Mr. GURNEY. Mr. President, in light of recent proposals advanced by certain Senators regarding a change in the Nation's position toward the Castro government of Cuba, I should like to bring to the attention of the Senate a matter of great importance. It is the exceedingly poor condition of Castro's political prisoners inside Cuba.

I ask unanimous consent that an article published recently in the Miami News and a letter from a constituent of mine on the subject be printed in the RECORD.

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

"TIGER CAGE" PRISONS REVEALED

(By Hilda Inclan)

Thousands of persons locked in tiny, airless cells in Communist Cuba, wasting away, waiting to die . . .

Their only "crimes," in many cases: Their political inclinations.

This is the gist of letters smuggled into this country from prisoners in those jails; from prisoners in the 1971 version of the infamous "Tiger Cages" of the Vietnam War, where thousands of prisoners of war were herded together like animals.

They are men and women from all walks of life; sugar cane cutters, blue-collar workers, peasants, clerks, doctors, teachers, technicians, newspapermen.

The Miami News today is publishing from one of these prisoners a letter that reveals details never before made public in English. He is in the Boniato jail.

Prisoners in this jail, in Oriente Province, have been kept incommunicado for two years. Their entire dinner fits in a small can of condensed milk.

Plagued by scurvy and other diseases, they are denied medical attention. The windows in their tiny 5' by 10' cells are securely boarded up with steel plates. They are allowed no sunshine or exercise. Their bathroom is a hole in the floor.

Two persons are in each cell.

"It seems impossible that what we are telling is actually happening here," the Boniato prisoner wrote. "Only you, those that were here, the Frenchmen that were prisoners of the Communists in Indochina, the North Americans taken prisoner in Korea; only they know that we are not lying."

Pictures of German concentration camps after World War II shook the world. But no pictures can be taken of Cuba's prison camps.

In Boniato, no outsiders can enter.

In another prison camp—in Manacas—conditions are slightly better. Isolation is not as complete.

Still, a sugar mill worker who would have been freed in December was murdered Aug. 5.

He fell to the ground, a gunshot wound in his head, a victim of the rage of the Prison Camp Director.

He was shot during a flurry that occurred when prisoners from another jail were being transferred to Manacas. Other prisoners were wounded.

In Boniato, three other political prisoners were killed by guards during an alleged escape attempt.

The letter, and others, being smuggled out by the prisoners at great personal risk, are the only way they have of communicating their plight to the outside world.

The method of smuggling the letters out cannot be told.

Some of the prisoners in Boniato, Manacas and other jails have been there virtually since Fidel Castro came into power in 1959.

All are accused of anti-Castro activity and opinions.

They all share the same cells, the same fate.

Estimates as to the number of prisoners run as high as 100,000. No one seems to know for sure exactly how many jails there are.

TRANSLATION—"WE ARE SUBJECT TO EXTERMINATION"

"Tiger Cages" of Cuba, Boniato Prison, June 10, 1971 My dear brother . . .!

This letter is not an outcry, it isn't a call for help. We know that we are alone. We know about the apathy of international bodies, of the press of the free world, that which appears to be so dynamic in denouncing injustices but doesn't say one word about what is going on in the prisons of Cuba. What do they want, that we send them photographs? The communist jails are not the jails of democratic countries. Nobody can enter here. This is the only piece of paper that I have been able to get to write to you. The physical integrity of many prisoners will be risked to try to get these lines out to you.

Our situation is very difficult. These are the "Tiger Cages" of Cuba. All of the political prisoners of Boniato are being subjected to the most brutal and inhuman plan of physical extermination that America has heard of in all its history.

We've already been here for two years incomunicado in cells with windows and doors hermetically walled up with steel plates. The total lack of light has made many of us almost blind. I am writing this letter lying down on the floor, using the very soft light that comes in through the small space underneath the bottom of the door. . . .

The cells are five feet wide and ten feet long. That's the way political prisoners here live, two for each cell, without getting out of their cells for years. As a bathroom we have a hole in one corner and a faucet that never has any water. Our excrement and our urine accumulate constantly in fetid puddles. We lack any articles of personal hygiene. Our food doesn't reach 900 calories per day. Everything served is carefully weighed. One lunch fits inside an empty can of condensed milk; one dinner, the same; that is our plate, one of those cans. Our breakfast; hot water with sugar and one ounce and a half of bread.

"LOOK LIKE PRISONERS IN CONCENTRATION CAMP"

Our diet is composed solely of corn flour and boiled noodles and white rice, all of it served with tiny spoons. The absence of proteins and other foods is total. There are men here whose weight has gone down to 70 pounds. I must weigh 115 pounds. The last time they came over to weigh us with a portable scale my weight was 120 pounds. I have lost 35 pounds. My thighs measure 15 inches, my biceps 10. My legs, 11, my waist, 26. All of us look like the prisoners in the concentration camps at the end of the Second World War. Those photographs shocked the world. But here, no pictures can be taken.

Our fate is that of every prisoner of the communists that will not accept their "rehabilitation" plan: physical extinction and biological experimentation is our destiny.

There is no medical assistance. All of us are sick. Scurvy is creating havoc here. Our bodies are full of some dark pustules, our gums are swollen, our teeth are loose, bloody. Hemorrhages through the nose follow every sneezing spell. Our ankles, in many of us, are a hodgepodge of varicose veins. It's been more than ten years already, and you've been more than ten in communist jails.

Skin illnesses, ulcerations of all mucous tissues, mouths full of sores, constant diarrhea. It seems impossible that some of the men here be alive. They are ghosts. The government promised in this type of imprisonment to "punish" us for our decision not to go into the "rehabilitation" plan, and to reduce us to rags. They have already accomplished that. A. — We are already rags. Physically, we will never again be men. Many of us will die here.

We are being subjected, scientifically, to a plan of mental and physical liquidation directed by Czech, Cuban Communist and Russian doctors. They experiment biologically with us, observe us constantly, and subject us to diverse stimuli.

Many of us have reached a crisis point and gone mad. There's been several suicide attempts. The terror and the physical tortures of these years have been too much.

Fernando Lopez del Toro hung himself. We are under the constant threat that the people in the garrison may come over and beat us savagely; the constant pressures, the total isolation. For two years, our families have known absolutely nothing about us. The government denies to them our real situation. That is why I'm telling you, our situation is very difficult.

But we expect nothing from Democracy or from the Latin American governments that have ignored us and turned their backs on our sacrifice.

To denounce this situation to the world is useless. We have become disillusioned about the reception given these letters. It seems impossible to the outside world that what we are telling them is actually happening here. Only you, those that were here, the Frenchmen that were prisoners of the Communists in Indochina, the Northamericans taken prisoner in Korea; only they know that we are not lying.

We are here, in the "Tiger Cages of Cuba," dying for Democracy, defending the principles of the free nations. But it is sad to fight defending freedom and justice and be

forgotten by the free and just men of the world
Long Live Free Cuba!
Long Live Democracy!
Down with communism!
Your brother,
A.
Tiger Cages of Cuba
Political Prison of Boniato, Oriente, Cuba.

HIALEAH, FLA.,
October 5, 1971.

Mr. EDWARD J. GURNEY,
U.S. Senate,
Washington, D.C.

DEAR MR. GURNEY: Thank you for your letter congratulating me for becoming a citizen of the United States.

I am proud of being a citizen of this wonderful country where I have found the freedoms that I was denied in my native land. I believe that with my background I can fully appreciate the freedoms endowed by your ancestors, since I know the distress of living without them, and I can assure you that I would take active part in government.

But just because I have attained these rights does not mean that I must forget those who are still suffering, specially those in communist jails. This is the reason I am writing you, to ask you to please bring this subject up in Congress, so that the United States will formally accuse Cuba before the United Nations regarding the brutal treatment given to the political prisoners in the communist island.

I am enclosing a letter secretly taken out of the Boniato prison in Cuba, which appeared in a recent issue of the Miami News. Please read it, and learn of the atrocious conditions in which these prisoners live, and let other Congressmen know about it.

This man is not alone, there are close to 100,000 political prisoners living under identical conditions. These men are hopeless, and have no faith, any more, in what the free world can do for them. Let it be the United States, the greatest nation on earth, the champion of freedom and democracy, who accuses Castro and his government of this ignominious prison. The United Nations should force him to better the living conditions of these human beings whose only crime have been defending freedom and justice.

Very truly yours,

CELIA SUAREZ.

THE NECESSITY OF ENLIGHTENED EDUCATION

Mr. MATHIAS. Mr. President, at this time of increasing concern over the financial crisis facing our Nation's institutions of higher education, I think it appropriate that we take time to remember the absolute necessity of enlightened education to the individual and to this Nation. We cannot afford to imperil such quality through financial neglect of our colleges and universities. Richard Franko Goldman, president of Baltimore's famed Peabody Institute of Music, recently brought this point home in an address on the occasion of the Institute's annual convocation. This address illustrates the potential of education at its best. I ask unanimous consent that the text of his speech be printed in the RECORD.

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

ADDRESS BY RICHARD FRANKO GOLDMAN

I shall take a few minutes of your time today to talk about a concept of education, and particularly about how this concept relates to the Peabody. What kind of school Peabody is, should be, or will be, is a matter of concern to all of us. And I will try today to outline very briefly some of the thoughts and ideas that motivate me as Director and President.

I shall begin by quoting one of the great educators and artist-philosophers of all time. Goethe observed that "the instruction which the true artist gives us opens the mind." On that simple observation, we can begin to construct an abbreviated and condensed, but nevertheless workable definition of what both art and education ideally can be.

Education is of course—and this seems to us merely a platitude—an opening of the mind. But although most would acquiesce in the platitude, everything possible is done in general education today to *prevent* the opening of the mind. On this, I recommend to you a somewhat incendiary book, recently published, by Ivan Illich. The book is entitled "Deschooling Society." Illich is quite serious about his thesis that the school, as now constituted, must be abolished if real education is to be made possible. Education today, as most of us know, is confused with the acquisition of skills (some marketable, some not), with the retention of what are presented as facts (without of course any reference to antecedent principles), with the arithmetic of curricula, and the confirmation of local or transient prejudices.

This is, of course, *not* the opening of the mind. We must assume that education has been, is, and always will be possible, but this may indeed prove to be a rash assumption. For the moment, however, I will make it, and try to talk a bit about our school in this context. One must, also, begin with negatives. The concept of instruction by the true artist, as Goethe intended it, is not exactly the concept of education requiring the accumulation of a specified number of points over a given period, usually four years, in the field (more or less) of specialization, whether this be academic or professional. Students here have made a choice; the art and practice of music. For some of you, I am afraid, the study of music means simply the development of a marketable skill (let us hope that it will remain marketable!); to others among you, it may mean that, but much more besides. It is to both kinds of musicians that I wish to address myself.

I daresay that I have already distressed and disturbed some of you by my off-hand reference to the development of skills. I hope, however, that you will give me credit for being very much in favor of skill. I assure you that I am. But I do wish to insist, as many have done before me, that skill alone is not art, and that the acquisition of a technical or mechanical skill is not the result of education, but of training or physical education.

Training and education are not the same, but our current simplifications do not always make this distinction. We have reached a fairly simple-minded view of education, especially in the United States, in which an arithmetical total of points qualifies anyone for a degree, and in which the possession of a degree, conversely, guarantees that the possessor is "educator." We award "academic" degrees in Physical Education, in Retail Marketing, and a wondrous variety of other intellectual pursuits, in which, no doubt, baton-twirling will eventually be included.

There are many absurd ideas abroad. We even hear such extraordinary phrases as "terminal education." We are told that everyone has a *right*, without any effort implied, to "receive" an education. But education is simply not something that one *receives;* nor is it anything that ever ends or ought to end. To learn, rather than to be taught, is a privilege, not a right; it also implies willingness, interest and liveliness. It is easy to be taught, but it is hard to learn. Education cannot be made easy; it is by nature difficult. And if it does not go on and on and on, it is possible to say that it never began. And, despite rumors to the contrary, there has never been a demand for education in any higher sense; the demand is for some easy substitute that will provide an officially sanctioned illusion.

As a result of the delightfully mad idea that education, like any other product, can be packaged and sold in 4-year installments, we are faced with the mountainous task of educational book-keeping, with questions of courses, credits, simplifications, complications, specializations, and with the idea of the Curriculum, which has become a sacred cow, tended by "officially" sanctioned groups of evaluators, accreditors, educational lobbyists, and statisticians who send out endless questionnaires in an attempt to find out what time it is, or what percentage of your faculty is left-handed. We are afflicted by a low seriousness about higher things. The curriculum becomes a matter of formal and rigid design, departure from which is punishable by statute. But it should perhaps be remembered that the word *Curriculum* in Latin originally meant race-course, and one can perhaps draw a moral from our derived definition. You may run as fast as you can to the finishing line, but do not be surprised if, as you think you are getting there, that finishing line seems to be moving faster than you are.

There are, I fear, a number of practical realities. An institution, even an enlightened one, cannot be totally disorganized or even unorganized. But we can cope with the organization if we keep our minds and hearts alive to the ideal possibilities.

To return to Goethe for a word of transparently simple sense that can be directly applied to the Conservatory: "It is but a part of art that can be taught; the artist needs it all." This, our artist-teachers understand, because they are artists. They know that skill alone is not art, and that skill itself is not easy. They know that art and life are whole and inseparable, not to be divided up into little segments not related one to another. They know this because the teacher and the artist in each of them also are whole and inseparable. Our teachers and artists say to us, again in Goethe's words: "Let us keep a clear and steady eye on what is in ourselves; on what endowments of our own we mean to cultivate; let us be just to others; for we ourselves are to be valued only insofar as we can value."

And what of our endowments and our values? Let us consider for a moment some reasons for our being here at all. The first reason is simple: we are here at the service of the art of music, the practice and study of which imply the value which we attribute to it. We are not, ideally, here simply occupied with Voice or Trombone or Conducting or Counterpoint, but rather with the sum of all these and more. And just as music is larger than the sum of all of these, so it is larger than all of us. This is something we must never forget. The uses of musical skill are many, but perhaps the most rewarding and enduring is the formation of the mind and spirit through the understanding of those masterpieces that have come to us from the past, or of those that may today exist in our midst. Let us remember that the *past* now includes Webern, Schoenberg and Stravinsky. That we may perceive continuity, and yet still place our skills at the service of the present, is an essential aim of education in music, or, for that matter, in any thing at all.

To take a parallel example: we may choose to learn German for a variety of reasons, such as becoming a stewardess on a Lufthansa plane; but one of the more plausible, if less immediately practical reason, is to be able to read Schiller or Goethe or Nietzsche or Hesse in the original. And it is surely one of the properties of a serious education that it forms us to *prefer* reading Schiller or Goethe to reading Hitler. So also

education forms our minds to prefer reading any original work to any prepared summary, opinion or commentary. Such education is, in virtue of its realization, simultaneously a selection. We must see and think for ourselves, must learn to prefer the artist to the commentator, and (if I may be permitted) the poet to the pedant. We must learn, in fact, that the music is more important that the program note.

In music we have certain advantages. We deal almost always with the thing itself, the real thing, the object of our study. We *perform* Mozart instead of reading anecdotes about his life or writing essays on his character. This is the justification—and no other is needed—for the development of skills and techniques. For the *educated* or *complete* musician knows that Bach, Mozart and Beethoven are not merely vehicles for his skills. They are indeed the justification of his cultivation of his endowments. And this cultivation never ceases. The end is acquaintance with the masterpiece, even with the beautiful and the sublime; but it is not easy; for of the masterpiece it has been said: "We must grow up to it; it will not descend to us."

Thus, in a very real sense, before you can do anything for Mozart, in the way of understanding and performing, there is much that Mozart must have done to, or for, you. And you must be willing and able to accept and realize what Mozart or Beethoven can do for you, and to know that compared to this, what you can do for them is very little, even at best. At that best, your understanding and love can then provide a living and moving experience for your listeners and hearers; you will have communicated some knowledge of your own, and that communication, in turn, is also a part of an education, both your own and that of those surrounding you whose lives you can in some small way influence.

We must not think that we can learn or know everything. That is an illusion that has nothing to do with education. In this Phi Beta Kappa address of 1909, Woodrow Wilson, then President of Princeton, said: "The mind does not live by instruction. It is no prolix gut to be stuffed. . . . The object of a liberal training is not learning, but discipline and enlightenment of the mind. . . . What we should seek to impart in our colleges, therefore, is not so much learning itself as the spirit of learning. You can impart that to young men, and you can impart it to them in the three or four years at your disposal. . . . (This spirit) means citizenship in the world of knowledge, but not ownership of it."

What we must know is how much there is to know, and to find some basis of judgment to determine what is worth knowing. Education, conceived in this way, should have as its primary aim that of enabling us to recognize excellence, whether artistic, intellectual or moral. It should teach us not to settle for the second best of all possible worlds, whether in art or music, or morality. For education, and particularly esthetic education, is indeed and must be, directed toward moral ends.

By this I mean simply that response to education requires a certain transcending of one's self, or one's immediate capacities and interests, at the same time as it means the establishment of a real self, of a "selfhood" as conceived by philosophers such as Karl Jaspers and Martin Buber. It involves a humility and a reverence for what is truly to be revered, and what is truly beyond us, and for what can help us grow in perception ultimately reflected in conduct.

We cannot continually live on the rarefied plane of the masterpiece, of works such as the D minor Quartet of Mozart or the Opus 131 of Beethoven. They are not for every day, for such intensity of experience can be tolerated only when every nerve is prepared and every sense alive. But one must know that they are there, and that there are illuminated occasions when one can experience them. One must sometimes experience *awe*, and the D minor and Opus 131 are awful and terrifying; one must experience the sense of one's own littleness, but at the same time of one's limitless potential. We can learn to know that despite our own insignificance, if we are responsive, how important and great man can be, at least for a moment.

Philosophers from Plato to our own day have cherished the belief that the study of any art, the pursuit of any artistic discipline, should conduct the mind to Ideas of Order, Ideas of Harmony and Ideas of Perfection. To do things reasonably, to do things congruously, to do things well—these are not ignoble ends. The opened and activated spirit does not arrive at these ideas or these ends by an immediate gravitation; it progresses toward them on a long road that takes more than four years to travel. But one must be willing to begin.

If Peabody is to be the kind of educational institution that I should like it to be, we must learn together how to perceive and to value what is excellent, enduring, transcendent and alive. We must strive not only to become better artists, but better people. We must be aware of the light this is given us, and attempt to make our own small light, felt.

FEDERAL SALARY ADJUSTMENTS

Mr. MOSS. Mr. President, last night I addressed the Veterans' Administration Council, assembled in Washington, on a very difficult subject—Federal salary adjustments. All day, bits of information on phase II of the President's economic plan were trickling out. The President himself made an announcement of permissible pay increases to be effective on November 13, 1971. I struggled to get final, accurate word to these elected representatives of the Federal employees of the Veterans' Administration—the second largest department of our Government in terms of number of employees.

During the day, I was told that the President's freeze of the pay increase granted to Federal workers as of January 1, 1972, remained in force—that indeed he may not have power to unfreeze, since he acted under the terms of the law in his action to freeze, and Congress failed to disapprove the freeze within the time granted to it by law. However, at 6 o'clock on November 12, the TV news reported the freeze lifted from Federal salaries next January, and a phone call to the wire services confirmed this information.

Therefore, at 8 o'clock I passed this word to several hundred Federal employee representatives. You can picture my embarrassment to find I was misinformed and that I had passed along the misinformation. My speech, as written, was correct. Federal salaries remain frozen through June 30, 1972, even though military salaries and private industry salaries may rise at once. The Federal employees are victimized unfairly.

I ask unanimous consent that my speech be printed in the RECORD.

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

PHASE II AND THE FEDERAL EMPLOYEE

(By Senator FRANK E. MOSS)

I talk to you tonight on the eve of phase II of the President's new, new economics. The big question is what is going to happen when the thaw sets in tomorrow. I wish I could turn the clock ahead and tell you.

The painful spelling out of phase II is now underway. Both the price and pay commissions are working long hours, and each day we learn a little more of what our future holds.

We already know that some hikes will be allowed in the private sector. The pay board voted earlier this week to apply a five and one half percent yardstick to new pay increases coming due after November 14. As I understand it, the five and one half percent criterion is intended as an average, and it is possible some agreements may exceed this figure for equity reasons, and some may be limited to a smaller percentage raise. But the important point is that the wage freeze is to be allowed to thaw a little, and that an increase in the neighborhood of five and one half percent will be permissible any time after November 14.

As things now stand, this thaw will not apply to the Federal employee. He will not be allowed the 5.6% wage increase the Bureau of Labor Statistics said he is entitled to on January first under the provisions of the Federal Pay Comparability Act of 1970. He will not be allowed any part of it in January. The freeze the President placed on the Federal pay raise still stands, denying to the Federal employee any benefits other wage earners may receive under the new guidelines.

It is risky to make any positive statements about what will, or will not, happen in Washington, particularly on Capitol Hill. But in my opinion there could be some clearer pay raise weather ahead for the Federal employee. The United States Senate could act in his behalf and the House of Representatives could too. I can't speak for the White House.

You all know what has happened thus far to the Federal employee pay raise. The Nixon administration bitterly opposed lifting the freeze in the first week in October, when I led the fight in the United States Senate to do so.

And, as you are also aware, we lost this fight by a sizeable vote.

You might be interested in hearing about some of the "behind the scenes" maneuvering.

On Wednesday, October 6, the United States Senate passed, quickly and by a substantial margin, the Moss-Mathias amendment to the military appropriations bill guaranteeing equitable treatment to all wage earners under phase II—whether they worked for the government or for private industry.

By this action the Senate said that the Federal employee should be given a pay raise at the same level which the pay commission decided was equitable for the private enterprise employee. We did not say the raise should be set at the 5.6% level which BLS has said was necessary to achieve comparability. We merely said that if wages in the private sector were allowed by the pay commission to rise, the same wage increase should be allowed for the Federal employee.

We had every reason on that Wednesday in October to believe that the Senate would take the next logical step and put an end to the special "freeze" on Federal salaries. For, how could the principle of equitable treatment possibly be implemented if private industry wages were to be "unfrozen" on November 14 while Federal wages were to remain "frozen" for an additional seven and one half months—until June 30, 1972?

But overnight the administration whips went to work, and many Senators who voted for this principle on Wednesday, reversed themselves and voted against this principle when the crunch came on Thursday. The Moss Resolution went down—resoundingly.

Some people have criticized my challenge of the administration on this Federal pay issue. They said that I was somehow "inter-

fering" with the administration's economic program—worse yet, that I was obstructing its efforts to fight inflation.

I don't agree. For two and a half years, Congress asked the President to do something about the economy. For two and a half years, the Congress argued for an adequate incomes policy to fight inflation and for an adequate program of fiscal incentives to create more jobs. For two and a half years the administration followed its "game plan" and said everything was fine . . .

Then on August 15, 1971, the administration made a complete turnabout. With unemployment at its highest level in a decade, with inflation eating up our savings at a greater rate than we could earn interest on it, with the economy on the brink of catastrophe, the President agreed to act.

And what did he do? He put together a program composed largely of those same proposals which he had so long resisted. Now people are saying that no one should question any part of the new program.

I believe that criticism is essential—it is the breath of a democracy. I believe, moreover, that it was the criticism of our economic policies by the Congress and the press and the public which helped bring about the needed change.

Like everyone else, I want the administration's program to succeed—we must control inflation, we must bring down prices, we must put our economic House in order. But free and open discussion in the American tradition cannot go out the window while we seek these most desirable goals.

Furthermore, I feel that it is the role of the Congress not only to question those policies which they feel are wrong, but to offer constructive alternatives. Criticism by itself is sterile, constructive recommendations and action are not.

I like to think it was the constructive action we tried to take a month ago in the United States Senate to right a wrong inflicted upon the Federal employee which triggered the alternative solution offered last week.

What Senator Mathias and I tried to do in early October, and which was opposed on the floor by some of the members of the Senate Post Office and Civil Service Committee, has now become, in November, the official position of that committee. For on November 3, the committee unanimously reported a bill which would in one stroke lift the freeze the President has placed on federal pay raises and allow the Federal employee to receive pay increases on January 1 to the extent that wage earners in the private sector are authorized wage adjustments by the wage board.

A similar bill by Congressman Udall has been ordered reported in the House.

As I said earlier, it is hazardous duty to be positive about what congress will do with any piece of legislation, but there is a good chance, in my opinion, that the new bill will be considered by the Senate, and I hope, passed. There is considerable steam behind it—steam generated by the American Federation of Government employees, the AFL-CIO, and other representatives of organized labor, and by the protests of thousands of individual Federal employees.

I also can't help but wonder whether the sudden mellowing in the views of several Republican members of the Post Office and Civil Service Committee, and their sponsorship of a proposal they voted to defeat on the Senate floor only a scant month ago, could indicate that the administration is having some second thoughts about a policy which treats in such a cavalier fashion those who might be called "its own."

I don't know—I can only wonder.

We shall see.

Now, on this eve of Phase II, what else is there which indicates the shape of things to come for the federal employee.

By its very nature, a freeze captures a moment of time and locks us into it. Nothing is ever quite the same again—A period of history is gone forever.

The first question about Phase II that most federal employees want answered is this:

Will longevity pay step raises be resumed?

As of this afternoon, no formal decision had been announced, regardless of what you may have read in the newspapers. But I can assure you that longevity pay step raises will be allowed.

I talked with the pay board late this afternoon and I was told that a notice is being prepared to appear in the Federal Register either tomorrow morning or Monday morning (depending on how fast the attorneys can work) which will spell out the regulation allowing step increases.

So they are everything but official tonight.

Longevity pay step raises, however, will not be retroactive to cover the three month period of Phase I. Those that occurred during Phase I will be made effective only with the beginning of Phase II.

There are some other things we can also say with assurance about Phase II:

Promotions of positions of greater responsibility will continue to be permissible for federal employees.

The setting of initial pay for new employees will not be affected—that usual regulations will be followed.

Federal employees returning to service will have their salary set depending on the job they have accepted.

Pay may be increased if there was an administrative error in processing the personnel action.

Premium pay will not be affected, regardless of when the employee begins to work over-time or night or holiday or Sunday or hazardous duty.

There will be no retroactive payment for any within grade or quality increases which were frozen during Phase I. This is true for both wage and general schedule employees.

Phase II, whatever it may bring, will not sweep into law a cornucopia of Federal employee legislation. There have been times, in the past, when a legislator could appear before an audience of this sort and honestly label a session of the Congress—or a full Congress itself—as a landmark Congress for the Federal employee—as one in which singular progress has been made in providing employee benefits and strengthening employee rights. The first session of the 92nd Congress will not fall into this category.

Few of the bills pending which establish new pay schedules, such as the wage board bill, or increase the Federal share of payments, such as the health insurance bill, are likely to see final action.

This is true also of the fringe benefit bills, such as the measure on which the House has held hearings to allow a person to retire when his age and years of service total 80, and of other bills improving early retirement prospects. I doubt that they are going anywhere right now either.

The economic belt-tightening in which the country is engaged in an effort to stem inflation, makes very unlikely the passage and signing of bills which bring economic benefits to the Federal worker.

I look on these days of phase II as a period in which friends of the Federal worker must be vigilant to make sure that the Federal employee is treated fairly and equitably, and that none of the rights and privileges he now has are taken away from him.

As much as I regret it, I fear that the establishment of new programs or the making of old ones more equitable must wait for more propitious times—that is, if they would increase Federal take-home pay.

In the few minutes I have remaining, I would like to use you, the members of the Veterans Administration Council, as a sounding board for reactions on some new legislation I am developing.

I am concerned, as I know you are too, about what is going to happen to the many men and women who are being "riffed" from the Federal Government under the President's instructions to cut personnel back by five percent. Some agencies and departments may be able to make the adjustments by attrition—by cutting jobs through retirements and normal job turnovers—but others are having to let people go.

I know, because a number of them from my State have appealed to me to help them repair their shattered plans and altered status. The rif notices have come like bolts out of the blue, and few families have enough of an economic cushion to keep up for many months their house and insurance and car payments, and buy their groceries and children's shoes, without a salary check, or some other type of income trickling in.

A "riffed" person is particularly up against it when there is also a federal freeze on hiring. And, when in addition, the employee lives in an area of high unemployment, when there are few jobs in private industry, he is in monumental trouble.

The bill I shall propose in the next few days is patterned after the Emergency Employment Act of 1969. It would amend Civil Service Laws to provide funds for local and State government in areas of high unemployment to hire "riffed" Federal employees for periods up to two years. This would make available to hard-pressed local governments the talents and skills of federally trained public servants who would, in many instances, be able to step right into a job, and do it well.

It would give the "riffed" Federal employee the assurance of being useful and receiving a paycheck during his period of transition, and afford him time to find another job for which he is suited either in private industry or the Federal Government. It might also even provide him with permanent employment with the State or county unit by which he is employed, should this prove advantageous both to him and the local government involved. Or the temporary job might teach him new skills he could use in finding a permanent one elsewhere. The possibilities are great; the horizons are limitless.

I see in this program also a sturdy vehicle to help us readjust from a war to peacetime economy—from the changing priorities we are already facing as the war in Vietnam winds down. Some Federal agencies will have less work as the war ends—others will have more as we concentrate more fully on domestic problems.

There are likely to be large segments of our Federal work force in transition between jobs—and out of luck completely in areas where there are no other Federal installations, and transfer elsewhere is not practical for one reason or another and where private jobs are scarce too.

The type of program I am envisioning could be a life-saver in the months and years ahead—as I see it. But I would like your opinion.

JUVENILE DELINQUENCY HEARING IN BALTIMORE

Mr. MATHIAS. Mr. President, on October 8, I held a hearing in the city of Baltimore on the problems of juvenile delinquency. The hearing was also intended to elicit comment from the Baltimore community on S. 2148, the Juvenile Delinquency Prevention and Rehabilitation Act of 1971 which I introduced on this subject along with 30 of my Senate colleagues.

I was grateful for the participation of Mr. Michael J. Kelly, administrative assistant and criminal justice coordinator for the mayor of Baltimore, and Messrs. Robert M. Thomas, John T. Enoch, and James Bundy, who make up the Ad Hoc Juvenile Delinquency Committee of the Baltimore City Bar Association.

I found these hearings most helpful in my inquiry into the causes of juvenile delinquency and possible avenues of Federal interest in its prevention. I hope this will be just a first of its kind. I know of no more useful way to spend my time and energy than on the eradication of crime and the assistance of America's youth.

Mr. President, I ask unanimous consent to print in the RECORD various statements presented at this hearing.

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

STATEMENT OF SENATOR CHARLES MATHIAS, JR.

I want to welcome you all here today for what I hope to be a productive exchange between those of us here who are on the dias, and those of you who are in the audience and will be testifying.

I hope that you will all be free to ask questions and respond to any of the testimony. I do not wish to control these hearings; they are for the benefit of all of you as well as for the benefit of the Federal legislative process.

In my capacity as a member of the Senate Judiciary Committee, I have called these hearings for two reasons. First, and most importantly, I want to get a greater understanding of the problems of juvenile delinquency in the state of Maryland. This, I hope, will be the first of a number of statewide hearings. It is my earnest intention to explore this problem in the greatest detail. I have started in Baltimore City, for I feel that the need is the greatest in the large urban areas, and it is here where the Federal Government has been guilty of the greatest neglect.

My second reason for having these hearings at this time is to get some reaction from you regarding a piece of legislation which I have recently introduced in this field of Juvenile Delinquency. Senate Bill 2148, with well over one-fourth of the Senate as cosponsors is, in my mind a unique—even revolutionary—piece of legislation.

We have attempted here today to gather individuals from different professions and interests throughout the city. There are indeed so many people who have something valuable to say in this important area that no doubt we have excluded many. Let me say, however, if any of you who, after listening to the testimony today, feel that you would like to make a further contribution to this hearing, this committee will receive your testimony and insert it into its permanent record.

I do not wish to take up much of the time, for I am here today to hear you—to listen and ask questions—not to make a speech. But let me briefly explain to you Senate Bill 2148.

[Reference to a displayed chart.]

This chart clearly indicates what S. 2148 does to the present law. There should be extra copies of this bill for those who want to follow as I explain, as well as a limited number of copies of the present law governing federal distribution of law enforcement funds.

The Law Enforcement Assistance Administration (or LEAA) was established as part of the Safe Streets Act of 1968. It required each state to establish a State Planning Agency which would have the function of submitting to the LEAA a comprehensive law enforcement plan for that state which, if approved, would be funded by the federal government. In Maryland, this state agency is called The Governor's Commission on Law Enforcement and the Administration of Justice. Funds are appropriated to LEAA by Congress; this fiscal year almost $500 million is given to implement this federal grant program, with about 7 million of this going to our Governor's Commission.

So we are talking about a considerable amount of money.

FIRST COMPARISON

At the present time, this comprehensive state plan submitted to LEAA does not require a juvenile justice component. This to me is just ridiculous, when in many jurisdictions, offenses by juveniles comprise over 50 percent of the total crime picture. If we are to alleviate this category of crime, *at the very least we must plan for it.*

SECOND COMPARISON

At the present time, even though juvenile delinquency comprises such a high percentage of a jurisdiction's crime, there is no guarantee that the state will spend the needed money to combat it. Each state can spend any amount it wishes. This amendment requires 40 percent of all Federal assistance from LEAA to be spent on juvenile delinquency. This figure is not inflexible and it might be altered. But the objective of this section is to assure that a certain amount of this Federal assistance will be spent on juvenile delinquency.

THIRD COMPARISON

At the present time, states are not pursuing as vigorously as I would like them to alternative methods of incarceration. We have seen—we now know—that bad prisons produce bad results, that our traditional institutions are simply not doing the job. And, the more inadequate the job, the more you—the public—will suffer, S. 2148 requires 50% of the money appropirated under this new Title F to be allocated to alternative methods of incarceration and rehabilitation. The bill does not attempt to dictate what these alternatives should be; it only recognizes the present failure and requires the states to find substitutes. And again, the 50 percent figure is only for purposes of the bill's introduction.

FOURTH COMPARISON

This is an area which I am most concerned about; a problem which I believe we have just *got* to correct. Most states still house and treat—at one particular correctional level—both juveniles and adults. They put them in the same cell, with the juvenile's cell companions often becoming his teacher in crime. The juvenile comes out of the correctional experience a lot worse than he was when he went in, and the whole vicious recidivistic cycle begins—and ends with one of you. In the area of status crimes—which are juveniles crimes which if committed by adults would not be punishable as crimes—the juvenile has most to lose. For it is here, if he or she is treated like the adult criminal recidivism is the greatest and the sameness of treatment is the unfairest. Status crimes for instance are truancy and runaways—crimes which really require no criminal intent and are purely inherent to juveniles. These crimes—if they are to remain crimes—must be treated distinctly and this bill accomplishes this objective.

FIFTH COMPARISON

Presently, many states just don't put enough energy into creating advanced techniques to fight juvenile delinquency, in addition to creative alternative method of incarceration mentioned above, the juvenile justice component must contain other advanced techniques. For instance, disagnostic facilities and services on a state wide, local and regional level, comprehensive drug abuse education and prevention programs, and delinquency prevention programs including family and school counseling, are all encouraged in this amendment.

SIXTH COMPARISON

Eighty-five percent of money alocated to the states by LEAA is presently being distributed on the basis of overall population. The total juvenile and adult population is considered. None of the money reflects the juvenile populations of each state and the added expense or burden which that risk population incurs. S. 2148 requires 85 percent of its appropriation to be distributed to the states on the basis of their juvenile population.

SEVENTH COMPARISON

At the present, LEAA is spending about $90 million, or 19 percent of its funds, on the prevention and treatment of juvenile delinquency. S. 2148 authorizes to be appropriated $500 million. This would raise that proportion figure to about 50 percent, which would then be in line with the proportionate amount of crimes committed by juveniles and the law enforcement energies spent to alleviate the problem.

END CHART

The bill is clearly designed to give more money to states and to those cities with big juvenile delinquency problems.

The fight against juvenile delinquency is not an easy one. It must start in the home, continue in the school and be watched over by our city, state and Federal governments. But clearly, if we lose this fight, our nation has the most to lose. Quite frankly, ladies and gentlemen, we *are* losing this fight.

The juvenile delinquents of today can be the taxpayers of tomorrow or the criminals of tomorrow. The choice is both theirs and ours.

I have some figures about Baltimore City crime but since our time is so short—I will withhold these and refer to them in my questioning.

CRIMES OF JUVENILE POPULATION

Crimes of violence, among the juvenile population, increased over a ten year period. Measuring 1970 against 1960 there were 151 percent more arrests for crimes of serious violence. I think what this reflects is the climate of our country—the climate of our society over the last several years—where violence has become an accepted way of life; one to which we have become inured. I think the Vietnam conflict has certainly been a significant contributing factor to this escalating violence, and I think the availability of weapons is certainly a contributing factor. I think that what is happening among juveniles, insofar as crimes of violence are concerned, is merely an indication of what is happening throughout our whole social fabric.

The fact is that in cities you have the tensions, the hostilities, and the breeding grounds for sudden eruptions and violence that are not found, too often, in the suburbs. As I indicated before, juvenile crime in the suburbs is increasing at a greater rate than in the cities, although it is basically a property type offense. I think that in our cities the crowded conditions, the deprivations of some of the young people, the fact that so many youths have dropped out of school, the availability of weaponry, and the tremendous increase in drug use by adolescents have contributed immeasurably to the increase in violent crimes committed by young people. The simple fact is that just like their older comrades in the drug field, youths must resort to crime to satisfy their drug habits. I would say that approximately 50 percent of the crimes of violence that we see in Juvenile Court, the assaults and robberies, have their roots in drugs. This is particularly a serious problem in our metropolitan areas today.

I must say, in all candor, that I do not feel the "correctional system" as such, has been able to make a satisfactory adjustment in this area. I say this, not because they do not see the need, not because they do not want to, but because they just do not have the tools and the equipment to be able to cope with the situation. The training schools are no more than warehouses. At present, the average length of a child's residence in a training school in Maryland is four months. This is essentially because authorities have to push children out the back door to make room for those coming in the front door.

If we had alternative facilities for training schools and if the training schools themselves were able to segregate out the hard-core incorrigibles, then we could concentrate on those youths who need the treatment. We could give these children much lengthier treatment, more in-depth treatment. One of the superintendents of the training schools told me recently that 10 percent of his juvenile population demands 90 percent of the time of the staff, so that the other 90 percent of the children get 10 percent of the attention of the staff.

I think that this bill is one of the most significant and vital pieces of legislation introduced in the United States Congress in many, many years. If we look at our priorities correctly, this is, to me, the most fundamental problem facing our society. I think that the enactment of this legislation would be the greatest step toward meeting the crime problem that we all decry and towards meeting the basic needs of our children.

TESTIMONY OF MR. RONNIE CLARK, INVESTIGATOR, PUBLIC DEFENDERS OFFICE, BALTIMORE, MD.

To try to throw out of the minds all those terrible myths about America, to try to look at it as clearly as possible, one is still confronted with a whole system of contradictions. A great many of these contradictions are due to the fact that American people have not yet, by and large, been able to resolve their relationship to the old world that they fled or to the new world that to some degree at least, one may say they conquered. The Black problem in America is certainly the greatest and the most significant contradiction in American life today. It may also prove to be, after all, the most hopeful fact in all of our history. Black Americans are so uncertain of themselves because there is nothing, in effect, at one's back; by that I mean—when you look back to find out who you are, you find yourself before a kind of vanishing history. Vanishing, in fact, all the way back to the shores of Africa and never really excavated into any useful human terms on the continent in which we now live. We have that and now the conclusion is that everybody in America knows, feels that everything is changing. Everything!

If you are an American of African ancestry it may take some time to discover exactly who you are, and we are talking about nearly 30 million people who are embarked in one way or another in their search. No one knows what this present course will bring about and many suffered a certain terror for this reason. It means that there are a great many things that one takes for granted, and if everything is changing the identity that I have involved is terribly menace and indeed may disappear. How are we going to reconstruct a reality that will be our identity. That will serve us through our lives again? You forget, therefore, in America, what you get in every society when this begins to happen. You get a tremendous social strain, stress, and chaos. Very hard to read it from the outside and very hard to endure and sometimes very hard to read from the inside. There are those people, of course, everywhere, forever, who are determined that change shall not come. They're among us, they are in every generation and I suppose it's one of the parts of the human condition. Then there are those people, and thank heaven they appear in every generation, too, who are aware that the very constant in life is change, and they struggle to implement this change so that you get, for an example, a Senator Mac Mathias, a man who has embarked upon a campaign to better the life conditions of his constituents regardless of race, creed, or color. It is with this fact in mind that I offer the foregoing testimony in support of his campaign to rectify the inequities in the Senate Bill S. 2148.

It is without reservation that I can attest to both personally and as, shall we say, a sort of crusader in seeing that justice is brought to the Black community especially among its juveniles.

I can say that if this type of concern was available during my childhood and my early teens, there is a very good possibility that I would not have ran afoul of the law.

My name is Ronnie Clark, ex-school dropout, ex-addict, ex-convict, and currently a fugitive in the white man's society because I'm black. I was born in Baltimore City some 25 years ago and as a result of the racist society in which I was born, I became the product of a broken home because this society did not then, as it will not now, allow a Black man the satisfaction of advancing on his own merits.

I attended the public schools of Baltimore City in which I managed to learn a little of nothing that was relevant to my existence in a Black ghetto. I was taught the run of the mill subjects by teachers who really didn't give a damn—whose only interest was in getting a paycheck each pay-day. The school system itself was not interested in giving Black children skills that would enable them to learn the type of material that would enable them to identify with their surroundings, and to me this was my first introduction to the White man's penal institutions—taught nothing, expected to learn even less, but told "I must be able to cope within this honkie society." I finally was kicked out of both Forest Park and Carver for truancy and fighting, but not before I had learned the lesson that the White man wanted me to learn. I was an addict—a hard-core addict—at the age of 13, introduced to this hellava existence by my older friends.

At the age of 16, the Orioles felt I had enough potential to become a professional baseball player and signed me to a contract to play with their farm team in Bluefield, West Virginia. But, under my physical condition—drug addiction—I was forced to return home to seek relief for this habit. From then on, it was a constant down-hill pattern.

It was only a short time after returning that I got "ripped off" for larceny and was placed on probation, which I immediately violated and was busted on another larceny charge and incarcerated in the Baltimore City Jail. Before my life of crime ended, I had been "ripped off" approximately 25 times for various charges, ranging from misdemeanors to felonies, for such things as pushing drugs to homicide.

Now, let me tell you about this damn place they send you for so-called rehabilitation. At age 16, I was locked up at Baltimore City Jail, with hardened criminals. This is where my education began. I believe in that short period of time, I learned more tricks on how to be a better thief than I learned during my 11 years in the public schools. After being sentenced, I was sent to Maryland State Penitentiary and then to Hagerstown. There were no facilities in any of these institutions for teaching juveniles any type of useful trade except at Hagerstown.

While at Hagerstown, I was enrolled in a butcher shop class and believe it or not, I completed the course. But, would you believe that whitey had another trick bag for me when I hit the street on parole. I applied for a job in a Government-funded program to be told simply that there were no jobs available for ex-drug addicts. Trained by the establishment to come out and steal again. This is what they have for most young Blacks who have had the unfortunate experience of being sent to your so-called rehabilitation centers.

Let's not get me wrong. I did receive a thorough education in racism, direct, overt. Beyond a shadow of a doubt—racism. My teachers were White, Anglo-Saxon, Protestant, God-fearing, flag-waving and nigger hating * * *. These kindergarten dropouts and fugitives from the hills of Tennessee and dummies from the clay pits of Georgia hated a Black man more than God hates sin.

Then one bright day a newly scrubbed know nothing honkie tells you—"I have come to counsel you on how to survive in society." This individual who really doesn't know his * * * from a hole in the ground about the way Blacks live or drug addiction is going to put the in-mates on the straight and narrow, but the only thing they succeed in doing is drawing a paycheck, because the majority of the programs that are effective in the prisons are run by in-mates and all the personnel do is police you. Their major concern is security.

Something has to be done to modify this system. We first have to start with the fact that the reason that you have a large segment of Blacks on addiction is because, until recently, when the Great White Witch started riding the backs of the nice suburbia honkie kids in suburbia, we did not have a drug problem in the United States, because we all know whitey didn't sell dope, shoot dope, and hang on corners all night. You do not see the pigs running up and down the streets in suburbia and taking names on every corner because whitey's kids didn't do any wrong. But, now it has hit the fan and whitey finds that his kids, in a more sophisticated way, are being turned on and strung out on the Great White Witch. So he's concerned. He is becoming concerned about what is going on in the institutions because his kids are finding out what it is like behind those closed doors. But the Black kids know how to survive in this jungle. But the man still shows his contempt and hatred for the Black kid because whitey is not called in for offenses like Black kids. He is not subjected to confinement in the same ratio as Black kids for the same identical crime. He is released in the custody of his parents because they say "we're going to get him to the doctor for psychiatric help." But tell me how in the hell is a Black mother on welfare going to get her little Black baby the same type of help.

We can help do something about this problem by not snatching the Black kids out of society or trading one institution for another. But give them some hope such as half-way houses equipped with personnel who understand the problem and put some programs in them for him. Allow him to remain where he can establish a meaningful society. Locate the problem and work with the problem and not the result. Ask the kid what he wants to do and help him to do it. Help him to learn to deal with himself.

I've been home now since August 1970, clean, because the urinalysis test verifies this fact, and I take them regularly to maintain my job with the Public Defender's office where I am an investigator seeking to aid my brothers who are in the same bind that I was in a year ago. I can relate because I know where they are coming from and I know where they are going. I got my Ph. D. from the University of the Streets. But, I feel that when a program such as this is successful, whitey will find a way to kill it. Will Steve Harrison, Chief Public Defender, who really gave me a chance to start a new life for myself be allowed to continue his crusade? In the event he isn't appointed permanent chief of Baltimore City, will my co-

workers and I die because of our backgrounds? Will we die? Because a dream is a hope, and a hope is a chance, and Steve Harrison gave us our chance.

STATEMENT OF EDDIE M. HARRISON, DIRECTOR, PRETRIAL INTERVENTION PROJECT

Senator McC. Mathias and Honorable Members of the Committee: I wish to express my appreciation for this opportunity to speak at this hearing and urge the passage of the proposed Juvenile Delinquency Prevention and Rehabilitation Act of 1971.

The problem we are faced with today is a prime concern of everyone. The cry has gone out from Courts, prosecutors, police, correctional institutions and parole departments throughout the country for increased funds to meet a situation that has grown to crisis proportions and is still growing.

Statistics concerning the rate at which crime has increased are readily available, and rather than waste time restating figures which are common knowledge to most of us, I would like to present my views on the problems and possible solutions to crime as they relate to our urban areas, and in particular as they relate to youthful offenders.

First, let us realize that crime is *not* a problem in Baltimore or in any other large urban area. More mace, guns, riot equipment, judges, police, prisoners, and a slight change in the law could solve any city's crime problem by simply eliminating those persons accused of crimes for an indefinite period. But by doing so we would be fostering the same situations that resulted in the recent Attica massacre.

I along with many others contend that crime is *not* the real problem that we should be concerned about. The commission of a crime is only the symptom of a much greater and more complex maze of problems. We can never hope to cause any substantial decrease in crime as long as we continue to ignore the problems of the people accused of the crime. Simply stated, the *real* problem is the social, economic, political and educational deprivation of human beings who refuse to be suppressed.

I speak to you in two capacities; first, as a man who started out as a juvenile offender in 1957 and was a part of the identical problems we are attempting to solve in 1971; and secondly, as Director of the Pre-Trial Intervention Project, which on a very small scale is just beginning to provide what I consider to be a realistic approach to the problems we are actually faced with.

To clarify my statement concerning crime, I would like to relate an experience from my childhood. I was put out of junior high school after numerous conflicts with teachers and other students. I was a trouble-maker in the first degree and created a problem for the school. The obvious solution was to have me transferred to another school.

This proved not to be much of a solution after all, because instead of waiting to be put out of the second school, I just refused to attend. I eventually became known to the juvenile authorities. Their solution was to remove me from the community and place me in the School for Boys at Laurel, Maryland. At no time during the whole process did anyone consider *my problems!* The school dealt with its problem—a trouble making juvenile. The Juvenile Court dealt with its problem—a delinquent youth. And I wandered by the wayside, labeled a juvenile delinquent, until in 1960 I was charged with first degree murder, convicted, and sentenced to die in the electric chair.

This course, in varying degrees, can be multiplied by 12,000, and it will give you an approximate account of what the situation in Baltimore City could look like for the coming year, if our public institutions do not come to grips with the real situation and apply viable and realistic methods of solving those problems. As in my case at school, I felt that education was not relevant to my everyday living experience. The things I needed to know could not possibly be taught in school; for example, how to shoot crap, pimp, back numbers, and cut dope. The real problem was that the standards of my environment, though considered abnormal and in fact illegal by the established society, were normal and acceptable to my peer group. Just as committing a crime was not a problem to me, learning to shoot crap was not a problem for the school or for the Court. No one understood that I was simply trying to assert my manhood and be respected among my peers as a success. In no way, then, could society correct the problem I created for them without first having an indepth understanding of the conditions which caused it.

As Director of the Pre-Trial Intervention Project, I am charged with the responsibility of guiding youthful offenders toward more socially acceptable methods of dealing with the realities of their environment and how to attain their adulthood.

All of us here today have the equal responsibility of effecting the type of change that will enable more people to escape the vicious cycle which begins with being born poor and deprived.

I am here today to urge support for the proposed "Juvenile Delinquency Prevention and Rehabilitation Act of 1971" which points up the neglect on the part of the Federal Government to spend sufficient money and effort to solve the growing problems of juvenile delinquency. As the rate of crime has increased over the years, we should have responded with new treatment approaches and realistic preventative measures in proportion to the expenditures in apprehension and detention of persons suspected of crime.

Perhaps the Omnibus Crime Control and Safe Streets Act of 1968 was a step in that direction. However, I too feel that the federal aid offered under that Act should concentrate more heavily in the area of juvenile delinquency prevention, because, plainly, the present methods and facilities for dealing with juveniles are not only grossly inadequate but simply do not work. By insisting that states who receive federal aid under this Act allocate considerable monies to developing new types of prevention and rehabilitation programs for juveniles, these agencies are forced to recognize the entire scope and magnitude of the problem facing them.

In supporting the present bill, S. 2148, I strongly recommend that consideration be given to the pre-trial diversion concept, which removes alleged offenders from the traditional court process at a crucial point and, with supportive services, attempts to deal with the problems which may have led the individual to commit criminal acts.

In conclusion, it is my sincere hope that this Bill is passed by the Congress so that agencies needing assistance will receive proper guidelines in realistic and essential utilization of those funds.

Thank you.

STATEMENT OF DR. JOEL ELKES, JOHNS HOPKINS UNIVERSITY

I welcome the opportunity to testify in strong support of this farsighted Bill. It is clear that there is a link between crime and youth. More somber still is the rising spectre of crimes committed by children. I think we know some of the factors which make for crime: Poverty, crowding, urbanization, a breakdown of family life, unfulfilled high expectations, the free availability of small cheap guns, the continued presentation of violence on TV, and an antiquated welfare system, are among such factors. Organized crime has also become part of the highly profitable economic cycle of Drug Abuse. I believe that we also know the remedies. A profound turning around of our National priorities: Housing, Work, Education, restoration of Family and Community, and a productive use of leisure. If I restate the obvious, it is simply to make the point that in Juvenile Delinquencey and Drug Abuse, we are merely witnessing the overt symptoms of a deeper disorder, which is within our means to treat, if and when we so decide. Until then, our work in delinquency will be merely remedial. Yet even in such remedial work, there is hope and opportunity. For, in such work, carried out now, and carefully evaluated over time, there may lie the germ of many innovations and social inventions which may serve our youth well when the process of reordering and recovery truly gets on its way. The analogy of the peacetime application of wartime inventions may not be out of place. We are "at War"; against poverty, crime, drug abuse, alcoholism, juvenile delinquency. We have to deal with emergencies. We are in need of economic, social and educational inventions of high order. We are in need of new kinds of institutions, new attitudes; in need of people trained appropriately in new mixes of skills and approaches. It is this opportunity which I sense in this Bill.

There is a relation between environment and interpersonal attitudes and values. If the environment breeds and perpetuates crime, alternative environments must be provided. The bill rightly addresses itself to the traditional models of Correctional institutions and Detention Centers, which are not preventing recidivism. A restructing of existing institutions is not easy, but should be tried. A *network* of alternative facilities is needed, reaching from Out-patient care and Screening Centers, through Halfway Houses, Group Homes, Residential Centers, to Training schools, which should live up to the mission implied in this term. Yet one would submit that such efforts would be well meant, and ineffective, unless they are accompanied by a profound change in attitude and responsibility in the community to which the offender returns. Environments shape people. Values are socially generated, maintained and reinforced. A society fearfully relegating its responsibilities to authority and to the "expert" colludes in the very process it wishes to avoid. Participation by the community in the preventive and rehabilitative process is essential.

The family and the school are the most important nurturing agents in this process. It is the failure of the family *as* a school, and the lack of any social institutions to take over its functions, which has, in large measure, led to the erosion of culture and community which we are witnessing. Urban and suburban children are both deprived. In an age of mass communication, (where the average child spends as much time in front of a television screen as he will in a college classroom) the American family, traditionally strong and well joined, seems to have abrogated much of its native responsibility. I happen to be committed to the concept of a *self-helping society*, i.e. a society capable of using the skills of the expert without abrogating its primary responsibility for its own well being. The concept of Self-Help, Accountability, and Responsibility have always been at the heart of the American ideal. Our specialized technologies could be used to serve these ends, rather than defeat them.

I suppose that what I am arguing for is a *Systems Approach* to our problem aimed at creating, in each community, a self-reinforcing network of competent persons and institutions who are charged with planning *with* the young, opportunities and outlets for the young. The coping capacities of young people can be very great provided they have Support (including peer support); Models (including peer models); and are allowed an honest access to their feelings. Children first learn to love and to hate, and learn many things on this primitive template.

If awareness of hate, including self hate, passes unexpressed, it bars the awareness or expression of other feelings, including affec-

tion. There is a blunting of feeling, the shrinking of self-image, or flight into florid phantasy, which may be acted out in crime. Good communication can, thus lead to good self-communication; constructive channeling of aggression through work, gaming, or 'rapping' in a peer group can provide alternative to the loneliness of the street, or the way of the gun.

I would submit that the Behavioral Sciences may have a good deal to offer in dealing with the present emergency. We know something about the Learning Process in man. We know, for example, that motivation is deeply connected with learning. That nothing spurs a youngster like curiosity, and the sense of personal discovery. We know that man responds more readily to reward than to punishment; that social recognition among peers, and in the family, can powerfully enhance self-image, and, thus, one's perception of the world. We know that awareness of hate and other negative emotions is as important to effective functioning as awareness of sterile 'positive' phantasies. We know that reality of the self is best experienced through a combination of work, play, and love between people. To put it another way, an honest access to real feelings, as and when they are experienced, coupled with well-rewarded tasks in a system in which social values are shared and reinforced, run as a kind of common denominator through a good family, and a good school and a well working institution.

The young of today are the parents of tomorrow. By helping the young toward personal competence and responsibility; by giving them opportunities to foster these qualities through contact with younger children, or with peers, or in the service to dependent people, we may, in fact, be training competent parents for tomorrow.

A number of techniques are now available to enhance personal competence, personal awareness, achievement, and motivation. Other techniques include parent effectiveness training, and an understanding of the rules governing family life. Yet other techniques include Behavior Modification, and the use of Pcsitive Reinforcement, including social or interpersonal reinforcers to enhance academic performance and social skills. Some approaches employ mixtures of programmed instruction and group methods to teach youngsters some of the basic elements of citizenship. Also, a range of experimental techniques is being tried in various imaginative experiments to enhance the effective element in cognitive education. Yet, a carefully planned use of these 'mixes' in the prevention, treatment, or the rehabilitation of juvenile delinquency is still lacking.

The lack, as always, is of trained people. I would like to recommend four lines of action.

1. *A survey* of all facilities and resources in the juvenile care area in each state, cutting across agencies, and bureaucratic domains, to identify persons, institutions, and organizations who could participate in the design of alternative environments, educational methods, and care systems for the young. A mutually reinforcing Network of Resources, and persons could be established in each state, region by region, county by county. A Special Action Office of Youth, responsible directly to the Governor of each state, could initiate and maintain such a process. The application of the Behavioral Sciences in such an approach is still in its infancy.

2. *The creation of Centers (or Colleges) for Training for Youth Leaders.* These Centers should be charged with developing curricula in the applied Social, Behavioral, and Educational Sciences relevant to training of youth leaders for field work. A Center (or College) could act as a coordinating body for field experience and field placement. It should emphasize Learning by Doing; and should judge its product by performance in the field, rather than academic distinction. There is already considerable emphasis on interpersonal skill training, and the application of behavioral sciences in community colleges. Yet a central resource would catalyze the development of effective new mixes of instruction, and the acquisition of skills.

3. The Systematic *Creation of Work Opportunities for the Young*, preferably in the area in which they live; the work to be done part-time while at school, and full-time during vacation. This could be done through the setting-up of corporate entities, bringing together private initiative and public funds to train youngsters in skilled trades, and personal services. Training opportunities could be arranged through State and Vocational Schools and Colleges. Compensation could come from counties or cities, through private contributions, or public funds. A series of *Neighborhood Work Programs* where skills are fed directly into the youngsters' community, (with the ensuing pride and recognition) could go some way toward absorbing the frustrated energies of such children.

4. For specialized at 'risk groups,' the creation of work and training programs *away* from their neighborhood. These special environments should combine work and values, cognitive skills, and development of interpersonal relationships. Specialized Sheltered Workshops, or Farm Communes well led, vested with responsibility and some self-governance, could be envisioned in this category.

In essence, I suppose, we speak of the biological need of Youth for Hope. We must create an Ecology for Hope.

STATEMENT BY DR. STEPHEN M. BERMAN, DIRECTOR OF PSYCHOLOGICAL/PSYCHIATRIC SERVICES

Senator and Gentlemen: I appreciate the opportunity to address you today. Although I don't presume to be so bold as to speak with such authority as if I have the answers to juvenile delinquency and crime, I hope, as a result of my training and professional endeavors that I will be able to identify some causes of juvenile delinquency, the consequences for which individuals and society pay so dearly, and finally, to demonstrate the need for positive movement towards a solution such as the bill we are discussing here today.

Research has repeatedly demonstrated that delinquency and criminal behavior are learned and not inborn. Further, that problem behavior in a child is indicative as well as predictive of future problems in adulthood. This is most certainly substantiated by the fact that most people who are presently incarcerated in penal institutions have a history of criminal and delinquent behavior dating back to childhood. We must first recognize that juvenile problems not dealt with have a much greater probability and propensity of working their way into more intricate and serious adult offenses—offenses against property as well as persons.

Clearly, then, we must consider the prevention and correction of juvenile delinquency as a process of habilitation as opposed to rehabilitation; the thought presented here is that rehabilitation means restructuring what was once appropriate, turned inappropriate, eventually restructured back to appropriate behavior while habilitation refers to the original learning, understanding and carrying out of appropriate behavior.

The task that our society must come to grips with concerns not only strong programming, but direct involvement with the parents, neighborhood and community if we are to achieve the goal of adequately responding to the task of defeating juvenile delinquency. Juveniles must learn self-discipline, self respect, confidence, respect and not fear of the law, and be able to incorporate the meaning and nature of their lives as individuals with respect to the total society. If any degree of success is to be achieved, I am positive that the parents and community must be totally immersed in a mammoth effort or it is doomed to failure. The correctional system as it is presently structured, has not met with the success desired and this is due to the lack of parental and community involvement. Too often the term corrections and correctional facilities are limited to institutions whether they are of a maximum, medium, or minimum security type. Only when the stark realization strikes us that corrections must extend into society will we be able to cope with the rehabilitation of convicted felons and the prevention of juvenile delinquency. The major thrust here is that the habilitation or rehabilitation of juvenile delinquents as well as adult offenders cannot be conquered through administrative, custodial and treatment efforts alone. It must include the people in the free society. Time and time again it has been shown that the recidivist returns because he has not been able to adjust nor gain acceptance in a free society. The proposition that a juvenile or an adult be taken from an environment and institutionalized or incarcerated and after a period of time be returned to the same environment that originally contributed to his deviant behavior, with the expectation that he will somehow be changed for the better and become a productive citizen, borders on moronic simplicity.

It is imperative that juvenile delinquency and criminal behavior as well as the correction of same be recognized as a massive social problem; one that can no longer be cast aside as not demanding immediate attention and swift action. In certain primitive and ancient societies the way deviant behavior was treated was to banish the individual. With the idea in mind of habilitation and rehabilitation of persons as well as the realization that it is no longer feasible or even possible in most cases to banish individuals, we must accept and deal with this huge social problem.

It is not only necessary to educate the offender, but also the public as well. In this way all persons will be afforded a better understanding of this social problem and remove the stigmas and sterotypes which it fosters. In so far as prevention is concerned, juveniles must be made knowledgeable in relation to the world in which they live and taught sellable skills in addition to promoting specific interests and hobbies. In order to effectively and efficaciously deal with the massive problem of juvenile delinquency and ensuing rehabilitative efforts, all energies must be centered in and around the individuals in our neighborhoods and communities and for the most part be directed at the heart of these areas so that the pulse of society as well as of the individual who makes it up can be intelligently dealt with. In view of what has been stated above, I wholeheartedly endorse Senate Bill S. 2148. Thank you for the opportunity of speaking before you today and if you have any questions, I will be most happy to answer them.

STATEMENT OF THE BALTIMORE POLICE DEPARTMENT, REPRESENTED BY LT. COL. GEORGE C. SCHNOBEL, MAJ. EDWIN L. LAWRENCE, AND MAJ. CLARENCE E. ROY

Senator Mathias—ladies and gentlemen: As a member of the Baltimore Police Department, I wish to thank you for the opportunity to bring before you some facts concerning juvenile delinquency in our great city of Baltimore.

Commissioner Donald D. Pomerleau would like to have made this presentation himself, but a prior out of town commitment has prevented him from being here.

However, he has asked me to express these sentiments concerning juvenile delinquency and Senate bill #2148.

In order to make this presentation as concise and succinct as possible, I have purposely divided it into three (3) categories:

(1) The growing problem of juvenile delinquency in Baltimore.

(2) The efforts being made by our department to prevent and combat juvenile delinquency, and

(3) The present needs to modernize and expand our facilities for processing juvenile offenders.

The crime picture in Baltimore indicates a severe rise in the number of juvenile offenders in recent years. The fact that this picture is reflected across our Nation is obvious. The uniform crime report, published by the Federal Bureau of Investigation, indicates that 1,346 persons under the age of 18 years were arrested for murder or nonnegligent manslaughter in 1970, in the United States. The report also informs us that 312,066 youths were arrested for larceny, theft. These figures would certainly indicate the need for the proposed legislation.

Baltimore police officers arrested a total of 8,803 persons under the age of 18 years in 1965.

By 1970, the same category of arrests totaled 12,835.

As of August 31, 1971, our officers had arrested 10,377 youthful offenders.

A projected figure for the year 1971 would exceed 13,500 arrests.

The flagrant use of narcotics and dangerous drugs has played a significant role in the rise of juvenile offenses.

The expertise of the modern day police officer in the detection of drugs and drug violations, has also contributed to the rising arrest figures. For instance:

In 1965, only 55 youths were arrested for violations of narcotic and drug laws.

However, in 1970, the police arrested 497 juveniles for narcotic violations.

359 males, 74 females.

Of course, the social and economic factor also enters the picture. The appalling detail in the youthful crime picture is the 60% rate of recidivists in Baltimore.

Many programs have been implemented by the police department in our efforts to combat the delinquency problem.

The Boys Clubs, one of our most fruitful programs, was established in 1944. Because of its success and demands for its services, the number of Boys Clubs was increased to four in 1945. There are many activities involved in the program which stress the development of the total person, including:

(1) Athletic programs.

(2) Instructions in arts and crafts.

(3) The use of wood working tools in fully equipped workshops.

(4) Bus trips to places of interest to boys.

(5) Each club is equipped with ping pong tables, pool tables and television sets for use by the boys.

During the winter months, the boys are taken to indoor swimming pools on Wednesday nights, while others are instructed in the proper care and use of rifles. (This portion of the program is affiliated with the National Rifle Association.)

During the summer months, the summer camp is in full swing. Located at Fort Ritchie, in Cascade, Md., atop the Catoctin Mountains, the camp offers the use of three large barracks, a dining hall, athletic fields, hiking areas as well as boating and swimming facilities.

The summer program is available to all club members at a price of $15.00 for a two (2) week period. This fee represents about one third the cost of their keep. (Underprivileged children who cannot afford this fee are taken to camp, free of charge). Approximately 500 boys take advantage of the camp each summer. The far reaching value of this program cannot be estimated. Over 20,000 boys have been taken to camp during the past 26 years. However, it has been found that the personal, sympathetic and constructive guidance provided by the police officers have resulted in creating good wholesome attitudes and conduct on the part of the boys.

This is reflected by the fact that over 350 former members of the Boys Clubs have become police officers. Former members have also gone on to become successful doctors, lawyers and clergymen. Many are commissioned officers in the various military services. Several members of the Maryland legislature, the head football coach at Towson State College and one member of the U.S. Foreign Service are former Boys Club members.[1]

Since there was no allocation of money in our budget for such a program, a search for community support was necessary. The variety clubs of Baltimore agreed to assist us and did so for many years, until the cost became prohibitive.

In 1954, a group of prominent businessmen formed an organization to be known as "Buddies, Incorporated" and have supported the Boys Clubs in fine fashion. However, since "Colt Night" has been discontinued, these men are looking for new sources of financial assistance.

It is my belief that each of the nine police districts should have a Boys Club in operation, and that their activities should be expanded.

Another valued program involves our four store front centers which are located in the inner city. These are convenient neighborhood locations for citizens, including juveniles, to meet and talk to members of the police department in an informal atmosphere. The officers assigned to the store fronts also participate as coaches for little league baseball clubs, basketball teams, softball and football teams. They also organize clubs for boys and girls in the neighborhood. These officers also transport children to rock and roll shows at the civic center and arrange trips to the Naval Academy, Enchanted Forest, Friendship Airport, Washington, D.C., Fort McHenry and other places of interest.

The most recent program adopted by the community relations section is the use of a large command truck, which has been utilized as a mobile unit, manned by community relations personnel.

This unit responds to areas in the city which have experienced social unrest.

The truck is constructed so that upon arrival at a given location, its sides can be opened, creating a roof and flooring which expand the size of the vehicle tremendously. The officers exhibit films pertaining to crime prevention, education, and even cartoons for the little tots.

Many juveniles seek the advice of the officers pertaining to their own particular problems.

The use of this unit has been praised by community leaders, as well as the parents throughout the areas.

This unit acts as a mobile store front.

During the year 1970, the community relations section presented a drug abuse program in many elementary, junior and senior high schools. Officers in this division are graduates of the Bureau of Narcotics and Dangerous Drugs Training School in Washington, D.C.

Our community relations section is also involved in Project Go, a program co-sponsored by industry and commerce. The Baltimore public schools and the police department. This project is designed to:

(1) Involve the pupil in curriculum development;

(2) Help the pupil in planning for his future;

(3) Make the school important as a vehicle for growing opportunities in careers;

(4) Help the pupil develop an awareness of his potential;

(5) And assisting the pupil in developing realistic concepts of his self worth and dignity.

The officer friendly program, another involvement of the community relations section began its operation in November, 1970. This program is co-sponsored by our department and the Sears Roebuck Foundation.

The objectives of the program are to provide the primary grade children with the opportunity to develop an understanding of his rights, responsibilities and obligations, as junior citizens living in the city of Baltimore. The program is set up in three phases:

(1) The orientation period

(2) A class room demonstration

(3) A follow up period

The program is geared to the kindergarten and first grade levels.

Four officers are assigned to Officer Friendly and in the short time it has been in existence, they have reached 20,000 children in 120 schools.

In the fall of 1969, Sergeant Dickerson, officer Day, and Reverend Metcalf, a local minister, inaugurated the "Police Awareness Program" in the high schools of one of our police districts.

This was a pilot program to test the value of police involvement in public schools.

The officers hoped to create a better understanding between the police and the youth of our city, through better communication. Funded by the Mayor's Commission on crime, the program far surpassed the officer's expectations.

The officers announce their coming in advance, to overcome the apprehension of students who observed their entrance into the schools. Classes were first shown a slide presentation which dealt with the major functions of the police department.

These classes were followed up by the personal appearance of an officer in each individual classroom, at which time the officer initiated a dialogue with the students. There were no prepared talks on the part of the officers. They allowed the students to decide the subject matter. In this way, the officers found that many misunderstandings could be erased. Many attitudes toward policemen were changed. The students began to understand why police have to react to certain situations in various manners. All question by the students were answered honestly, a point which the students quickly recognize.

In the fall of 1970, two additional officers joined the staff and the program was geared to reach as many high schools as possible throughout the city.

As a result, the officers were able to relate to 18,000 students on at least two (2) occasions. Again, the reaction was quite positive. The program has been acclaimed by the Mayor, the President of the City Council, School Principals Department heads and the news media. The programs that I have described are each making a great contribution to the prevention of juvenile delinquency but they should be expanded.

A greater need, at this time, is the upgrading of youth detention to be coupled with youth rehabilitation.

Our present facility at the Pine Street Station is slated for demolition within a matter of weeks.

We will then be housed in the northeastern police station. This move represents an improvement, but should be considered a temporary arrangement at best.

The northeastern district facility, presently approved by the courts, will rapidly reach the point of saturation.

There will be a limited number of rooms and beds and when these are filled to capacity, detention cells will have to be used for supplemental quarters.

The number of juvenile detentions are increasing and during the detention period, the youth has a bed but little else.

[1] George Freeburger, City Council Charles Wheatley.

For instance, there are inadequate facilities for the juveniles to bathe and there is no form of recreation during the detention. There is an urgent need in the city of Baltimore for a juvenile reception center, staffed by the Department of Juvenile Services—probation and after care division, who could process the child during the initial confinement period.

The use of police station or jail cells prior to the evaluation of the child is no longer socially acceptable.

It would remove the police from the "jailing" process into the more desirable field of juvenile protection.

A desirable atmosphere would reflect that of a reception center rather than a police facility.

Processing of the youthful offenders by the Department of Juvenile Services would allow our youth and patrol divisions to concentrate more vigorously on the problem of crime prevention.

You have probably already come to the conclusion that something must be done to assist local law enforcement agencies in preventing and combating juvenile delinquency. The Senate bill before us has within it's text a means of helping to alleviate this problem. Through this amendment to the Omnibus Crime Control and Safe Streets Act of 1968, a larger portion of the allocated funds would be used for preventing and combating juvenile delinquency. These funds are desperately needed if we are to make a positive impact upon crime involving our young people.

Presently, our facilities for handling youthful offenders are archaic and totally inadequate for the simple reason that there are insufficient funds to update and improve them. Although we are using our present manpower to it's greatest efficiency, we are unable to meet the continuing requests for juvenile services. If we had the funds available, we could increase the number of officers and related personnel working in this area.

Remember, the youthful offenders of today will be the hardened criminals of tomorrow, if positive action is not taken.

STATEMENT BY D. N. FORNARO, PRESIDENT, METROPOLITAN BALTIMORE COUNCIL, AFL–CIO UNIONS

I speak in favor of S. 2148 to provide for a comprehensive grant program for the prevention of juvenile delinquency and for the rehabilitation of juvenile delinquents.

The time has long past that definite and constructive procedures be instituted for the prevention of juvenile deliniquency and especially, for the rehabilitation of juvenile delinquents. We have sat still too long and watched the sore of juvenile delinquency fester and spread the disease among our young people, those to whom the reins of leadership will be passed. Oh, I know that many arguments will be ventured as to the whys of this problem of juvenile delinquency—an unpopular, undeclared war—the uncertainty of the times—the change of accepted manners and morals—and many others, but while the whys are being argued, the problem is growing greater. The need for action is long overdue—the time has past when we can foolishly waste precious time in arguing—something must be done and it must be done yesterday!

S. 2148 is a start—it is a beginning—a step to be followed by another and another—but at least for the present, a step. To merely remove from society a juvenile who has committed a wrong and close him away in an institution to brood, to harbor resentments, is no sane or logical answer to our problems. These juveniles must be provided with every opportunity to understand themselves, their weaknesses, their needs, their rights and their responsibilities. They must be given every opportunity to be able to take their place in the community as responsible, law-abiding citizens, with a definite place in society and a definite role which they must fill. For many, the process will be long because they must first become a vital part of a family unit, which is of course the firm basis of any community, of any society. Too many of our juvenile delinquents have never known the security of a family, have never felt the warmth of a home where love and respect prevail, have never been made to feel that they are important, as human beings who are vital and needed in the family unit. *Would* that we could start from the very beginning and correct all the wrongs that society has committed on these young people, but unfortunately, time has wickedly denied us that opportunity. And so, we must take up the task of working backwards to rehabilitate those who are delinquents and hope that in doing so, we can prevent the need for such extensive rehabilitation programs in years to come.

It is noteworthy to me that in S. 2148 specific attention has been given to the provision for "special training and other qualifications in order to meet personnel standards required in dealing effectively with juvenile delinquents and pre-delinquents". This, to me, is especially significant because it is an indication that at least we have realized that our young people deserve to be treated as special, that a program of this importance must be dealth with by those especially trained to communicate with the juvenile, and thereby be more effective in his rehabilitation and more importantly, in the prevention of possible delinquency.

I could go on at greater length about the merits of this bill, but suffice it to say that I support S. 2148. It is, I hope, only a stepping stone, to be improved and enlarged until hopefully one day the need for rehabilitation programs will be minor as a result of an adequate and positive prevention program. Perhaps it could be summed up with an old saying—"an ounce of prevention is worth a pound of cure."

MR. HERMAN KATKOW, DIRECTOR OF THE MAYOR'S ADVISORY COMMITTEE ON SMALL BUSINESS

I presume that the invitation for me to testify this afternoon was extended in my official capacity as the Director of the Mayor's Advisory Committee on Small Business. However, I would also use this opportunity to express views based upon my experience and observations as a businessman in a high crime area, as a father, and as a deeply concerned citizen. Let me confess that I bring with me no data that might be considered "expert" testimony—I assume that the statistics and the case histories are available from other sources.

Over the years the problems of small businesses have been so numerous, what with competition from chain stores and discounters, deteriorating neighborhoods, inability to obtain adequate insurance, lack of capital, high taxes, urban renewal and shoplifting, just to name a few, that one might have been hard-pressed to identify problem #1, and indeed, problem #1 may have varied from one small businessman to another. In recent years, however, identification has been no problem at all. Few would disagree that crime is our prime problem, and that a substantial part of that problem is that of juvenile crime. We tend to think of juvenile crime in terms of overt anti-social actions which break the law, which, of course, is correct. Insofar as the small businessman is concerned, however, there is an additional element which cannot really be so classified, and is yet, part of the very same problem. For lack of better definition, I'll call it juvenile harassment. The juveniles involved here are generally the younger ones, whose actions, for lack of alternative things to do, take the form of group loitering in front of and in the vestibules of stores, baiting the merchant and his employees in various ways and other varieties of game-playing. This group possesses a high degree of amorality and can really be considered as a cadre of criminals-in-training. It is no exaggeration to say that crime has been a major contributing factor to the closing of many small businesses and a strong deterrent to attracting new businesses in the inner city. I might add, parenthetically, that while a few years ago, the term "inner city" referred to a few selective areas generally located just beyond the boundaries of our Central Business District, today, it can be applied to just about anywhere between downtown and the Beltway.

This, of course, has resulted in less goods and services being available to the residents, an acceleration in the decline of the neighborhoods, and an increasing erosion of the tax base. It has been estimated that within ten years, more than half of the population of the United States will be under 25 years of age. We really have little time or alternatives. We *must* find solutions to juvenile crime and find them quickly.

I am glad that this bill resists the temptation to again hack away at the exposed branches of the crime problem by the usual recommendations for beefing up security and more punitive measures, but looks to the much more difficult job of getting down deeper into the twisted and tangled roots from which the problem grows. The former is certain to be more politically popular and more easily saleable, but I believe it would be a most grievous mistake if we utilized the funds provided in this bill only for that. We are witnessing daily, often in the most tragic way, the futility of imposed discipline. Of course, it is necessary, but, at least, it can only be of short term duration. The only discipline worth the use of the word must be self-directed and self-controlled. This *inner* discipline is the only permanent solution to juvenile delinquency. I believe the most serious problem we face, and that which mitigates against this solution, is the complete lack of motivation by those who are potential or actual delinquents. Even among those young people who tend to shy away from actual law breaking, there is a very large element who have become completely disenchanted with the status quo, or to use their own vernacular have been "turned off" from the "system" and have developed a set of values completely different than ours. The more sophisticated of this element try in many ways to tell us—we, who are identified as the "establishment"—of the great social and economic inequities that our system has produced. We tend to give them better and more rational arguments than they give us—but despite the most legitimate justifications that we can muster, the harsh fact remains—yes, there *are* great inequities, and if we are to be completely honest with ourselves, we are only taking teeny baby steps in trying to resolve them. They do not believe the lip service we render as to ameliorating people problems when they see $30 billions per year and thousands of lives poured down the drain in Southeast Asia during the past decade. Some of this frustration and feeling of powerlessness has got to rub off on their less sophisticated peers who may justify criminal actions with a feeling of retaliation against those they see as responsible for their plight.

Last week, I sat as a member of a small group discussing drug abuse. I would like to bring you one observation made by our guest at that meeting, a man who has dealt with narcotic addicts on a privileged communication basis every day for many years. He stated that, despite the tremendous diversities that existed within the hundreds of addicts he has counseled, there was one factor that was common to all of them, be they black or white, rich, poor or middle class, juvenile or adult, male or female. That factor is a sense of worthlessness. I would submit that a similar feeling of lack of self-esteem or even self-hatred is a consistent pattern among juvenile delinquents, be they

addicts or not. They have been told by society, by parents, and others in various ways that they are just no good s.o.b.'s and will never amount to anything—they have been told this, verbally or non-verbally, so often that it becomes a self-fulfilling prediction.

Every now and then, when I run across something I consider profound, I jot it down. A European philosopher wrote this in another generation, but it seems to apply even more today: "Man would fain be great and sees that he is little, would fain be happy and sees that he is miserable, would fain be perfect and sees that he is full of imperfections, would fain be the object of the love and esteem of men, and sees that his faults merit only their aversion and contempt. The embarrassment wherein he finds himself produces in him the most unjust and criminal passions imaginable, for he conceives a mortal hatred against that truth which blames him and convinces him of his faults." This bill provides funds to seek new and innovative ways to deal with the problem of juvenile delinquency. Extensive research is needed in how to provide motivation—how to furnish a sense of achievement and accomplishment. The problem is as much psychological as it is educational and economic. In addition to the group therapy these new programs might provide, I would hope they would borrow heavily from the experience gained in such varied programs as Junior Achievement, Daytop Village, George Junior Republic, and others, all designed for active individual participation building towards the ultimate goal of self-pride and self-discipline.

I would further hope that funds would be available to study and to recommend a new experimental, controlled program of education beginning in the elementary schools, and utilizing a highly specialized teaching cadre who can travel from school to school so that each class would have at least one weekly session. Such a program, however titled, would have as its primary objective the instilling within each child a feeling of high regard for his own individual status, and should include such subject matter as sex education and drug abuse. Some will scorn this kind of approach as impractical and unrealistic. However, as a businessman, I am of necessity a pragmatist, or perhaps a better self classification is a "practical idealist", and when I see how the world has changed in our time, and is continuing to change, creating new problems and intensifying old ones, and how these problems cry out for new approaches, then I must feel that perhaps the idealistic approach is truly the genuinely practical one.

I would close with another profound bit I jotted down recently—this one in years by an American psychiatrist: "Man's humanity to man can be a kind of medicine for individuals who have been deeply afflicted by inhumanity."

STATEMENT BY EDWARD J. MCNEAL, EXECUTIVE VICE PRESIDENT OF THE MARYLAND RETAIL MERCHANTS ASSOCIATION

My name is Edward J. McNeal and I appear here as the Executive Vice President of the Maryland Retail Merchants Association. We are appreciative of the opportunity to testify before you today and to make comments upon Senate Bill 2148, introduced by Senator Mathias and twenty-five other Senators.

In presenting our testimony today, we wish to indicate at the outset that we do not profess great expertise in the field of juvenile delinquency or the rehabilitation of juvenile delinquents. We have, however, over the past few weeks, under the auspices of the Retail Merchants Association of Baltimore, been conducting a campaign directed primarily at the juveniles, which concerns itself with the serious problem of shoplifting.

About thirty days ago the FBI released, in its annual report, statistics which revealed the startling figure that the incidents of shoplifting had increased 221% in the past ten years. This economic loss is one that is shared not only by the stores but by all those who seek to acquire goods.

Our studies indicate that a substantial percentage of all the shoplifting which is done by amateurs is done by teenagers between the ages of 13 and 19. Our program is not designed primarily as a vehicle to apprehend, prosecute and convict the teenager, but rather to inform him of the consequences of shoplifting and hopefully to deter him from stealing in the first place.

We take no pleasure in apprehending anyone in our stores, and in fact we are in the business of selling and would much prefer to concentrate on that rather than to establish an elaborate security force to apprehend the thief. We certainly take no pleasure in spending tens of thousands of dollars for elaborate electronic equipment and other devices, all designed to curb this ever-growing social problem.

We would much prefer, as I am sure your committee and the Congress would prefer, to see ways and means developed whereby offenders could be made aware of the consequences of their acts and whereby genuine and constructive rehabilitation programs were made available. Only through this kind of an approach will long-term benefits accrue to individuals and to society as a whole.

We are particularly pleased to note the proposal which you have under consideration today has as its purpose providing assistance to local government to develop and implement programs and projects for the prevention of juvenile delinquency and for the rehabilitation of the delinquents. This we applaud; and congratulate you, Senator, for taking the initiative.

We particularly note, among the services that might be provided, under this proposal, is the expanded use of probation as an alternative to incarceration, including programs of probation subsidies. An interesting suggestion was made to us by one of the District Court judges at the beginning of the anti-shoplifting program. This judge said that it is very frustrating to him to see the young offender brought before him with no previous record and to have the facts presented which give clear indication that the person apprehended is guilty. The dilemma that he faces every day is either to grant probation or to subject the individual to a severe penalty which is provided for under the law.

He frankly admitted that more often that not be granted probation, but he indicated he would much prefer to have some alternative . . . perhaps the development of a clinic whereby the subject could be granted probation subject to his attendance at a series of classes once a week for a stated period in which he would be subjected to a specific course on the dangers inherent in the acts which he had committed, e.g., how these acts have the potential of jeopardizing his future, his entrance to college, his permanent work record, or any one of a number of opportunities.

As we read the legislation which you have before you, an opportunity might be developed to create such a clinic or a school, and the judge to whom I refer might be able to grant probation to an individual subject to the qualification that he attend this clinic for a period of time.

We are embarked on a massive public awareness campaign through the media of television, radio and the press, and we are receiving excellent cooperation. We have as our goal the curtailment of the serious problem of shoplifting because we believe that everyone suffers when people steal from stores. Ours, in a sense, is a negative kind of effort designed to curb a serious problem.

The way we see it, the legislation which you have before you provides an outstanding opportunity for a constructive, positive effort. It gives to the states and the local sub-divisions the chance to utilize much-needed federal funds to create new programs and to take action in a positive way to deter the youngster from activities which have the potential for permanently damaging his future. Sure, we are interested primarily today in the problem of shoplifting, but as citizens of the community we realize that there are many other problems, particularly the drug problem, which are commanding the immediate and serious attention of the Congress.

In the limited expertise that we have in this field, we would lend our enthusiastic support to the proposal which you have before you because we believe that it provides a positive alternative to the beginning of a life of crime.

We applaud the stated purposes of the act. We know of no more constructive way to assist the young offenders or potential offenders than to develop and implement a program for the *prevention* of juvenile delinquency and the rehabilitation of juvenile delinquents. Only through this means will we prevent them from going on to more serious offenses and prevent them from permanently jeopardizing their future.

A LETTER WRITTEN TO MR. ROBERT BONNELL OF BALTIMORE

MR. ROBERT BONNELL,
Baltimore, Md.

DEAR BOB: I thank you for the support you give to Senate Bill 2148 introduced by our own Senator Mathias out of great concern for our young people of today.

We desperately need programs and facilities to deal with thousands of young people here in America who are very apt to find themselves becoming juvenile delinquents unless something is done. In the area of drug abuse alone, we know our most critical need in Maryland is for residential facilities for adolescents and at the moment we have *none.* While countless young people can be helped by ambulatory programs, seeing a doctor or going to group therapy, on a once a week basis; there are many, many more who need to be taken out of their environment completely for three to nine months. This is necessary if they are going to "get their heads together" and determine what they want to do with their lives while they are protected from the daily pressure from their peers to "do some stuff" or to continue firing up. There are so many of these young people, I would say a majority, who we can help to get over the hump and live full productive lives if we can give them assistance now. They need help in recognizing their strengths, developing their abilities, knowing how great they really are but they can't do it alone and most families are not prepared to give the concentrated attention this calls for.

Many people don't realize that many young people, and some not so young, while on methadone programs are still supplementing their methadone with additional methadone or with heroin and are continuing to get involved in crime in order to do this. Methadone is an important tool when properly controlled and with supportive services, but we need so much more for our adolescents. I hope you will give Senator Mathias' bill all the support you can possibly give. Our young people are fantastically good but they do need help.

Faithfully,

FREDERICK HANNA,
Rector, All Saints Episcopal Church.

STATEMENT OF ROBERT C. HILSON, DIRECTOR OF THE DEPARTMENT OF JUVENILE SERVICES OF THE STATE OF MARYLAND

Senator Mathias and other distinguished Committee Members, I deem it a pleasure to

have this opportunity to appear before you to express my views on Senate Bill 2148 and its potential impact, not only upon the juvenile system, but also its impact upon the entire criminal justice system.

My name is Robert Hilson and I am the Director of the Maryland Department of Juvenile Services—the State Agency charged with the administrative responsibility for the provision of those services rendered to the several juvenile courts and for the operation of the State juvenile training, diagnostic, detention and rehabilitation institutions. I am also here today representing Dr. Neil Solomon, Secretary of Health and Mental Hygiene for the State of Maryland under whose administration, the Department of Juvenile Services falls.

Senate Bill 2148 undoubtedly is one of the most enlightened pieces of legislation concerning delinquency that I have seen. Enlightened because it begins at the most crucial stage of our justice system enlightened because major focus is placed on those considered to be most amenable to change; and enlightened because of the emphasis and stress placed on the development and expansion of rehabilitation programs which are community-oriented rather than institutionally-oriented.

Unfortunately, our juvenile courts have had far too few alternatives available to them as dispositional means of handling the many troubled youth who appear before them. Even more unfortunate is the fact that far too little attention and resources have been directed in the areas of prevention and proper diagnoses of needs, which in effect, would have a direct correlation with the number of inadequate resources available to the courts for dispositions.

Maryland is very fortunate in having legislation which vests responsibilities for comprehensive services under a single State agency, i.e., thhe Department of Juvenile Services. It is the goal and objective of the Department to develop appropriate community based programs of varying types to meet the varying needs of our youngsters. It is our considered opinion that the overwhelming majority of our troubled youth can, and will, make the necessary changes in attitude and behavior within such community programs, thereby leaving the institutional programs available only for those selected youngsters who require external controls whereby they can return to the community where the ultimate adjustment has to be made.

The Department of Juvenile Services has embarked upon a program to attain these goals. Presently we have well over 250 children in residential care in the community through the use of specialized foster homes, group homes, purchase of services from private vendors, etc. These youngsters might well have been confined to institutions were it not for this approach. We, however, have just begun to scratch the surface as to the needs in this area. And, as usual, the availability of funding is the major reason for the pace at which we are proceeding. State funding for the Department has steadily increased during the four years of the Department's existence; federal funds under the Omnibus Crime Control and Safe Streets Acts of 1968 have been utilized to the extent available. Yet, additional massive amounts of funding are required if we are ever to make a dent in the increasing rates of delinquency, and in the development of programs which prevent delinquency and which are truly rehabilitative for the adjudicated youngster.

There is no question that traditional methods of treating delinquency have not been successful. Recidivism rates remain high; staff frustrations increase by the inability to supply them with the needed tools to do the job so many of them desperately desire; and community and legislative responses continue to mount at what appears to be an ineffective use of the tax dollar.

New and innovative programs must be developed. The children of today have different needs than those of a generation ago yet we are still, to a large extent, operating on principles developed several generations ago. Change is long overdue and Senate Bill 2148 provides a vehicle for this change. Forty percent of Federal funding granted to a State should indeed be a minimum amount and I am not unaware of the many, many needs in the other areas of our criminal justice systems. However, I feel that the emphasis must be placed at the juvenile level if we are going to make any changes at all in the adult system. Money *effectively* spent at this level should certainly reduce the need for increasing funding at the adult level. Changes *must* be made at the juvenile level, particularly in the area of juvenile delinquency prevention. These youngsters deserve the opportunity, which heretofore has not been available in sufficient quantities, to make the needed changes within themselves and within the community if they are to avoid what has been for too many of them, a graduation into the adult system. Senate Bill 2148 would permit this opportunity.

We heartily support your efforts as expressed in the Bill.

LETTER SUBMITTED BY GEORGE P. BROWN, DIRECTOR, INSTITUTE OF CHILDREN

Hon. CHARLES MCC. MATHIAS, Jr.
U.S. Senator, U.S. Senate,
Washington, D.C.

DEAR SENATOR MATHIAS: Thank you for enclosing a copy of your Bill S. 2148 and inviting me to submit comments. To me, the most impressive features of this proposed legislation, in addition to the attention directed at rehabilitation of the delinquent, are: (1) The provisions for prevention through the employment of a variety of community based services—family and individual counseling, advanced educational concepts and practices which improve the youths abilities to think and to learn. (2) A body of persons referred to as the administration with the responsibility for assessing the merits of a grant proposal, after setting down rules and regulations to be adhered to.

Left not spelled out in this Bill is the consideration of who will constitute the administration. This is a very crucial consideration because it is well established that the causes of any given socially unacceptable behavior have multiple causes that cut across disciplinary lines and therefore members of all such disciplines should have representation on any such administrative board in order to assure that all factors operating in a particular case receive due weight. One of the major recommendations of the Joint Commission on Mentally Ill Children which incidentally was chaired by a resident of Maryland, Dr. Reginald Lourie, was that advocate groups, multidisciplinary in composition, be established at federal, state and local levels to assure the provision of comprehensive services to all children and their families. Important members of such boards would be lay citizens. A model of this kind could, it seems to me, be included in your legislation which would greatly enhance the likelihood of its achieving its goals.

It is very heartening to see evidence, exemplified by your bill, that there is concern for the welfare of our fallen families and their children. Hopefully, in the not too distant future, the statement made in the preface of the Report of the Joint Commission on Mentally Ill Children to the effect that America neglects its children will no longer have validity.

Again thank you for inviting me to offer comments and suggestions.

Sincerely,

GEORGE P. BROWN, Sr., M.D.
Superintendent, Regional Institute for Children and Adolescents—Baltimore.

STATEMENT OF JACK COHEN, EXECUTIVE VICE PRESIDENT, BOYS' TOWN HOMES OF MARYLAND

Ladies and gentlemen: It is my pleasure to speak here today, in support of this bill which strives to assist our nation in its battle against Juvenile Delinquency, spiraling crime rates, costly expenditures and the terrible loss of human resources. I am here as a "friendly critic" . . . in an effort to present certain views, that in my opinion, would greatly enhance the funding methods, directing emphasis to specifics.

Since 1961, when the Juvenile Delinquency Act began, efforts have been made to attack our nation's No. 1 problem—crime.

We are all aware that a multitude of factors contribute to the over-all problem; however, it has become quite obvious that massive efforts must be directed toward Juvenile Delinquency Prevention and Rehabilitation.

Herein lies a "fuzz" area that needs more definition and more specific direction. Since actual criminal activity confronts us daily and since the need for more apprehension and more containment is most obvious, the major portion of funds never reach the area of pure prevention.

This is easily understood, since our city fathers do not find pure prevention "dramatic or visual" . . . thereby continuing to spend available funds elsewhere.

In 1970–71 merely six percent of safe streets funding was directed to the area of pure prevention.

This is a big mistake!

The 15-year-old boy commits more serious crime in the United States than any other age group.

Only 1½ per cent of Baltimore's teen-agers commit 45 per cent of the City's crime.

Each year in Maryland, 1200 youngsters, for want of a better place, are sent to hard-core penal institutions, where more likely than not, they were trained to be criminals instead of tamed to be good citizens.

For many, many years such facilities were the only available route . . . and as many as 70 to 80 per cent of the "rehabilitated" boys became "repeaters" within a very short time.

This terrible recidivism rate points up the need for new approaches.

Boys' Town Homes of Maryland is one of those groups that seeks to head off crime, to diagnose the potential delinquent early . . . long before he is the 15-year-old boy.

We believe in getting these troubled youngsters early . . . we work toward preventive programs . . . designed to offer "Pre-Entry" therapy, to prevent the youngster from incarceration and keeping him out of the Criminal Justice system.

We believe that this process must begin early in his elementary school education after the first sign of serious antisocial behavior patterns.

Our "pilot" program, now more than five years old, is greatly responsible for a movement away from training school incarceration and to the establishment of community-based, "people size" homes, serving approximately a dozen boys (8–12 years of age) for a period of six months to a year.

It can cost up to $300,000 to keep one offender locked away from society for a period of 35 to 40 years. Isn't it good business to spend approximately $7,000 a year now . . . and avoid the big price tag later?

To reduce incarceration . . . we must reduce recidivism!

When we reduce recidivism we reduce crime.

In an effort to make Senate Bill S. 2148 more effective and more likely to deal in specific areas of concern, I suggest:

(1) That we acknowledge rehabilitation to be that type of therapy that deals with a discharged offender or criminal after he has been incarcerated in a security facility . . . attempting to break the "repeater" pattern.

(2) We suggest that we acknowledge that the term "pure prevention" be that type of therapy that deals with youth when he first

shows serious antisocial behavior patterns and prior to his assignment to a training school or institution.

This effort should be designed to prevent the first incarceration and motivated to keep this troubled youngster out of the Juvenile Justice system entirely. It can truly be considered Pre-Entry therapy.

(3) In order to start promptly enough and to gain the greatest opportunity for correction, we suggest that the priority age group be limited, directed to the 6-12-year-old child.

If the 15-year-old boy commits the most serious crime in the United States, it is obvious that our target for "pure prevention" should begin early enough with the elementary school child.

In this light, we suggest the following changes to Part "F" Sections 471 through 474—

(A) We suggest that an appropriation of $100 million—no less than $75 million be specifically directed to the area of "pure prevention" and pre-entry therapy.

(B) We suggest that Section 474 be changed to: "Determination of funding be determined by population of juveniles 6–17 years of age (not 11–17)."

COMMENT

Utilizing the 11–17 category would be a direct contradiction to Section 473, which "directs professionals from elementary and secondary schools to detect, work with and divert from the Juvenile Justice system, any youngsters in need of assistance.

This obviously means the age of initial contact and concern must be as early as the 6-year-old. The "pure prevention" would most likely be applicable in the 6-12-year-old age group if we are going to prevent the occurrence of the 15-year-old criminal.

"Rehabilitation" however, would most likely be applicable in the 11-17-year-old age group, since a very large percentage of youth do begin incarceration in training schools at 11 years of age.

In our Boys' Town Homes program (8-12-year-olds), the first five boys released to their own home environment, were 11 to 12 years old.

We therefore, take strong objection to a late start . . . we must stop pushing aside the first and second-grader who shows signs of future criminal activity, simply because he is more easy to ignore, in the presence of the overbearing criminal activity that is ever present. We must stop pushing the mild offender and troublesome child to the "rear of the bus."

"When you find yourself knee deep with alligators . . . it is quite difficult to remember that you should have long ago drained the pond!"

(C) We suggest that Section 471 be changed to read: "It is the purpose of this Part to assist states and units of general local government and through sub-grants, assist non-profit, private agencies or organizations to develop and implement programs and projects for the Prevention of Juvenile Delinquency and for the Rehabilitation of juvenile offenders."

COMMENT

State and city agencies must be encouraged to seek out non-profit, private agencies, religious groups and organizations . . . and encourage their participation in "pure prevention" and "rehabilitation" programs.

They must encourage community groups to take hold and bring forth a multitude of "Pilot" programs such as: Big Brothers, Scouting, and Boys' Town Homes of Maryland, to seek other ways to fight the spiraling crime percentage.

As an objection to the appalling crime activity, Boys' Town Homes of Maryland was created over five years ago and pioneered the first move toward "preventive crime", through the use of small community-based homes instead of institutional incarceration . . . encouraging "Preventive" and "Corrective" Therapy as early as 8 years of age.

Today, all of Maryland's surrounding states—Virginia, Delaware and Washington, D.C., are already adopting community-based homes as a substitute for training schools and institutions.

Most times, our professionals are too overburdened, too entrenched, underfinanced and understaffed, to "reach out" for the new, less dramatic, "pilot" approaches—such as "pure prevention" and pre-entry Therapy.

Please, Ladies and Gentlemen, let us begin early and act effectively . . . let us prevent incarceration because it is six to seven times more costly and more difficult to achieve successful results.

When you save a boy . . . you gain a man!

FORMER SENATOR SPESSARD HOLLAND OF FLORIDA

Mr. MUSKIE. Mr. President, I wish to express my deep personal grief at the recent death of the distinguished former Senator from Florida, Spessard Holland. Certainly one of the pleasures of my career in the Senate was the opportunity to work with and know this outstanding American.

Senator Holland served the public in every level of government. He was a county prosecutor, a judge, a member of the Florida State Legislature, Governor of the State of Florida, and finally a U.S. Senator. In each of these public offices, he served ably and well. This great diversity of experience enhanced the contribution that Senator Holland made in the Senate in the consideration of national legislation. Few men in the Senate could draw on such a wealth of experience to aid the Senate in the consideration of the great issues of our time.

As someone who has been concerned for some time with the environment, I should like to acknowledge Senator Holland's contributions in this area. As Governor of Florida, he established the Game and Fresh Water Fish Commission which did much to preserve the environment of Florida. He is rightly known as the father of the Everglades National Park.

Spessard Holland is no longer with us, but his contributions to his State and to our society remain.

Mr. MATHIAS. Mr. President, Tom Wicker is a sensible man. Few citizens, journalists or otherwise, can rival his intellectual grasp of the problems of our Nation and our age. But unlike many of those who may aspire to be his intellectual equals, he is also able to distinguish between the objective and the subjective, between the facts and the emotions.

An example of his ability in this regard is a recent article in the New York Times entitled "The Rehnquist Dilemma," and I ask unanimous consent that it be printed in the RECORD.

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

THE REHNQUIST DILEMMA

(By Tom Wicker)

The spectacle of Senator Edward Kennedy defending the reputation of William Rehnquist against allegations by Joseph Rauh of the A.D.A. suggests the painful dilemma in which liberals and civil libertarians have been placed by Mr. Rehnquist's nomination to the Supreme Court.

This nomination is not like that of Clement Haynsworth, whom President Nixon earlier tried to put on the Court. Judge Haynsworth was not confirmed by the Senate on the ostensible ground that his record on the bench showed a lack of perception of possible conflict-of-interest situations.

Nor is the Rehnquist case similar to that of Mr. Nixon's other rejected nominee, G. Harrold Carswell. Judge Carswell was found to have made misstatements to a Senate committee, and his confirmation hearings disclosed a glaring lack of qualification for the Supreme Court.

The Rehnquist matter is not even like that of Lewis Powell, whom Mr. Nixon has also named to the Court.

Mr. Powell is a pillar of the Southern establishment, a good credential in the Senate; he is 64 years old and his tenure on the Court will be limited by that; he is not expected by most observers to become a powerful leader within the Court.

Mr. Rehnquist is a horse of a very different color. At 47, he can look forward to a long and active tenure on the bench. Moreover, his record is that of a hard-working and vigorous champion of conservative political causes, both in Arizona and within the Nixon Administration. Persons in and out of the Administration who know his work credit him with superior intellect and skill in the law.

Thus Mr. Rehnquist on the Court is altogether likely to become a driving force for the principles he espouses. There are those who believe that as the years go along he will be a more formidable leader than Chief Justice Burger in the conservative wing of the Court—a wing that may already be in the majority on some issues and will almost surely become dominant if Mr. Nixon wins another term in the White House.

It is no wonder, then, that liberals and libertarians are desperately casting about for means of defeating the Rehnquist nomination in the Senate. Mr. Rehnquist's record of opposition to civil rights measures, his strong advocacy of state powers that would threaten Bill of Rights guarantees—at least what many people passionately believe to be guarantees—his youth and his obvious leadership qualities might alter the course of the Supreme Court for decades to come.

But the hard fact is that no one has as yet produced any evidence of the kind of ethical tangles that ruined Judge Haynsworth's chances—and before that led to the resignation of Abe Fortas from the Court; nor has anyone been able to identify misstatements like those that sank Judge Carswell, let alone a lack of legal or intellectual qualifications.

It was, in fact, on the matter of Mr. Rehnquist's integrity that Senator Kennedy rebuked Mr. Rauh. The latter had suggested that the nominee had been less than candid in denying ever having been a member of the John Birch Society. The Senator could hardly be sympathetic to a man of Mr. Rehnquist's views, but he insisted that the nominee's basic integrity was unchallenged.

So the real question before the Senate is whether it can, or should, reject Mr. Rehnquist solely because of his political views. On the one hand, the writers of the Constitution, in giving the Senate the power to confirm or reject Presidential nominees to the judiciary, clearly meant the legislative branch to play a substantive role with the executive branch in this process. The Senate has the right, therefore, to judge for itself the qualifications of a man to sit on the Supreme Court.

On the other hand, to make that judgment solely on the basis of his political views (which, after all, may change) is dangerous business. It presumes some kind of rightfull political orthodoxy; it would tend to

politicize the courts according to the temporary political coloration of Congress; it could punish some individuals for their ideas and frighten others out of having any.

Moreover, it is bound to lead to retaliation, as it did when Republicans and conservatives defeated President Johnson's nomination of Justice Fortas to be Chief Justice, at least partially on political grounds. Paying off that score had a good deal to do with Judge Haynsworth's subsequent rejection.

It may be argued that Mr. Nixon should not have handed Senators this dilemma by appointing an activist political figure to a nonpolitical court, but the precedents are ample, and the Senate is likely to compound the damage if it denies Mr. Rehnquist his Court seat solely because of his political views.

AGENDA FOR PHARMACISTS

Mr. HUMPHREY. Mr. President, on October 14, 1971, I addressed the 73d annual convention of the National Association of Retail Druggists, meeting in New Orleans, La.

In my remarks I laid out a three-point agenda for America's pharmacists in addressing the national priority of achieving quality health care for the American people. First, it is essential that our pharmacists undertake a major educational drive to overcome the extensive problem of drug abuse in America. Second, they have a vital role to play in the national effort to control the dispensing of dangerous drugs. And third, retail druggists must directly participate in the development of effective health care delivery systems across the Nation.

In connection with these programs, I outlined several legislative objectives which I believe must be achieved in the present Congress. I ask unanimous consent that the full text of my remarks be printed in the RECORD.

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

REMARKS BY SENATOR HUBERT H. HUMPHREY

Few statements about the neighborhood drugstore have been as emphatic and to the point as that made recently by Willard Simmons, who has done such an outstanding job as your executive secretary. "The community's first line of defense," he said, "in providing effective health care for all citizens lies in the efficiency of the independent retail pharmacist."

I say this is a vital truth that must be heard in America today as we struggle to get our forces in position to launch a major attack on the grave problems threatening the denial of the effective prevention and treatment of illness to increasing numbers of people.

I call on you today to move forward from this vital line of defense at three critical points. First, it is essential that our pharmacists press home a major educational drive to overcome the extensive problem of drug abuse in America.

Second, there must be a combined assault to establish effective controls over the dispensing of dangerous drugs and to stop the traffic in narcotics.

And third, as I have urged on previous occasions, our pharmacists must insist upon being in the vanguard of our Nation's offensive against inadequate health care delivery and sharply rising hospital and medical costs.

The pharmacist is the only health-care professional whose exclusive specialization is in the area of drugs, including drug abuse. He is exceptionally well equipped both to screen and to promulgate information on the "generic equivalents" of "uppers" and "downers", "snappers", "yellow submarines", and "Dolly"—that lexicon of totally new names that frightens not only parents but our children and youth.

That is why I have strongly endorsed the national education and information program, recently announced by the American Druggist Blue Book, to assist the nation's 55,000 drug stores in focusing public attention on the growing drug abuse epidemic across America. The sign to be posted in the neighborhood drug store under this program says it all: "This Pharmacy Is A Drug Abuse Information Center."

And Richard Wilson and my friend George Wilharm, NARD, past president, have rendered an important service in calling a meeting earlier this year to plan the expanson of N.A.R.D.'s program of education and publicity about drugs. The emphasis on this program's theme, "Never Abuse . . . Respect Drugs," ought to be the rallying point of a nationwide effort to bring under control the spreading physical and psychological dependence upon drugs that undermines human dignity and destroys people's ability to cope effectively with reality, thereby tearing the fabric of society.

You are all aware of my proposal that pharmacists in uniform be utilized as an integral part of drug abuse education teams in our armed services. Colleges of pharmacy are already doing a tremendous job in an all-out faculty-student campaign on their respective university campuses to get across the message of drug abuse to the youth of America. But unfortunately, our military services have failed to recognize this outstanding resource that can effectively "reach" hundreds of thousands of young men and women. Bill Skinner, of the American Association of Colleges of Pharmacy, has put the case very well, in saying that "what is needed is an officer who knows drugs, has authority to deal with the causes of drug abuse on various command levels, and who has the respect of the troops he educates. Today's pharmacy graduate is just the man for the job." And yet, in response to my request, the Department of Defense has been unable to identify the number of pharmacists used in drug education programs, nor does it know how many of these potential drug abuse educators are in the military ranks as jeep drivers, typists, and infantrymen.

But the neighborhood pharmacists have a vital job to perform right in their own towns as well. So often, parents are unaware of the chemical components of diet pills, pain pills, pep pills, and tranquilizers—that whole family of "mind-altering" drugs whose abuse can be quite "legal" but whose effect can be physically and psychologically destructive from an overdose, or even a so-called "adult" dosage taken by a child, or just from the refusal of the patient to follow the pharmacist's directions about the period of time between doses. And yet so often the person on the other side of the pharmacy counter really hopes for guidance from the pharmacist that he or she cannot get elsewhere about a prescription or an over-the-counter drug purchase.

The second line of attack in which the pharmacist must be involved in defending the health of the American people is in the area of establishing controls over the traffic in dangerous drugs. Congress launched this offensive last year in the enactment of the Controlled Dangerous Substances Act. But we have learned that there is much more to be done before this attack can be pressed home.

I have introduced legislation for a two-pronged offensive, through the establishment of a Drug Cure and Control Authority as an independent agency to coordinate the many drug abuse programs in the Federal Government. One thrust is aimed at public education and the treatment and rehabilitation of the drug addict. The other is aimed at more vigorous and better coordinated law enforcement to crack down on the illegal narcotics traffic. I feel the Administration's proposal fails to give adequate attention to this vital requirement for effective enforcement of the law.

And I have introduced further legislation to establish drug abuse treatment programs at our community mental health centers across the land. We have simply got to reach the abuser of drugs where he is, if we are truly concerned to help him, and if we want to break the web of despair before others become trapped in it.

The pharmacist is going to have an increasingly vital role as we struggle to bring drug abuse and narcotics addiction under control. You are all aware that our major pharmaceutical companies are moving toward a crash program to develop antagonist drugs to combat narcotics addiction. The problem is severe, or it would not have led one physician to recommend recently that control at present may be possible only through giving addicts the drugs that they crave.

And yet we have not begun to recognize the scope of the problem if the words "drug abuse" paint for us only a picture of an addict in the throes of withdrawal in a filthy tenement. For there is a great measure of truth in the charge that America has become a drug-abused society, taking pills to get started and then to slow down, to get a lift or to relax, and so on. And psychiatrists are becoming increasingly concerned about a possible trend toward the excessive prescription of psychoactive drugs to treat what may be really life situations and problems outside the pale of psychiatry or medicine.

Medical practitioners and pharmacists must be working together now if such problems are going to be solved. I strongly believe that the dispensing of drugs must be the responsibility of the pharmicist who is able to evaluate the quality and properties of various and constantly "new" drugs, and who must keep accurate records and assure the use of proper labels and containers. He has strong professional and business incentives to perform these tasks to the best of his ability, and these incentives should be respected and strengthened.

Finally, the voice of our nation's pharmacists must be heard as plans are developed to bring rising health care costs under control and to assure the effective delivery of health services. In fiscal 1970, Americans spent $67.2 billion for medical care, but it is expected that this level will jump to $105.4 billion by fiscal 1974. And we know that the paychecks of the American people will not increase 56 percent by then to meet these costs.

One fact that is often overlooked, however, is that prescription costs have been held down, the average charge reported in a pharmacy survey for 1970 being $4.06, or only some 4 percent higher than the previous year—and a reported net decline over a longer period. Meanwhile, with average sales showing an increase, these pharmacies reported a net profit at the lowest level since 1932. Now these are facts, and they should be kept clearly in mind as we seek to determine the inflationary forces pushing up our health care costs.

But it is also a fact of life that there can be no further delay in the establishment of a national program of health-cost insurance, tied to a comprehensive program to substantially expand our health care resources and assure their equitable distribution and the efficient delivery of health services.

We must, in short, guarantee every child at birth a right that is as precious as the right of citizenship—the right to good health.

To do this we must match supply with the heavy demand for adequate health care that exists in America today. That means more hospitals, more doctors, nurses, and allied professional personnel, more regional

medical programs for our rural areas and neighborhood health centers for the inner city, and assistance for more group practice plans.

And a national program of health insurance must be designed to meet the needs of people, providing for the effective prevention as well as the immediate treatment of illness, and at a reasonable cost, and with efficient administration that assures adequate and prompt compensation to health care providers.

There is a great deal we can learn from the strengths and weaknesses of the Medicare and Medicaid programs. I have been particularly concerned to fill one of the major gaps in medicare coverage for the elderly—prescription drugs for home patients. Last May I introduced legislation to include this coverage. Of importance to retail pharmacists is the requirement in this bill that reimbursement be on the basis of actual acquisition cost plus a dispensing allowance to cover such elements as cost of overhead, professional services, and a fair profit, in clear recognition of variable factors affecting costs and services in different local areas. I strongly believe that this requirement should be directed to all health insurance and group practice plans. A second basic requirement, also included in my bill, is that the pharmacy must be reimbursed within a reasonable period, or the Government will have to pay interest on the debt.

Prescription drugs represent the largest single personal health expenditure that the aged must meet almost entirely from their own resources. But there is another reason for expanding this coverage, and that is that drug therapy is carrying more and more of the burden of restoring people to health and usefulness. Why, then, under Medicare, should a person have to be hospitalized to be furnished drugs? This is a grossly inefficient practice, taking up badly needed hospital bed space, and contributing to skyrocketing health care costs. It is well known that many patients can receive drugs for an entire year for the price of one day's stay in the hospital.

This then, is the three-fold agenda I want the pharmacists of America to pursue vigorously over the coming months: Drug abuse education; the control of dangerous drugs; and involvement in the planning and development of health-care plans to assure equity, efficiency, and reasonable compensation in the delivery of health services to all the people of America.

You have an enviable and proud tradition, going back more than 4,000 years, in the performance of these tasks—a tradition of professionalism and of good business sense, but above all, a tradition of human compassion. You have an increasing responsibility to be a health advisor in your neighborhood. This is a profound challenge, but it also presents an unparalleled opportunity to serve the people of this great land.

REIMBURSEMENT OF REASONABLE COSTS OF HOSPITAL SERVICES

Mr. MATHIAS. Mr. President, many of my colleagues will be interested I think in what, seemingly, is a rather insignificant provision of H.R. 1, the social security amendments, which is now pending before the Senate Finance Committee.

This provision, even if obscure, is nevertheless very significant. It is of great importance not only to our Nation's hospitals, many of which are in desperate financial straits, but indeed to the quality of medical care for many millions of Americans. And I refer, Mr. President, to a group of Americans which, the Congress has already acknowledged, are in great medical need: the beneficiaries of medicaid and maternal and child health programs.

The provision of H.R. 1 to which I address myself is section 232, which relates to reimbursement of reasonable costs of hospital services. The Maryland Hospital Association has recently and very eloquently written to me in opposition to section 232:

This proposed amendment would permit the states to make their own determinations of what constitutes the "reasonable cost" of hospital care delivered to beneficiaries of the Medicaid and Maternal and Child Health Programs. Further, this section forbids such payments to exceed those paid under Medicare, but it *grants permission to the states to pay less than the Medicare per diem.*

As further described by the Maryland Hospital Association, this provision is threatening to the very existence of some Maryland hospitals—so much so, the association suggests that—

It will move up the due date for financial collapse of those hospitals that choose to continue to care for and about the patients covered by the two programs.

What is more, the MHA asserts that—

Consideration of the patient has been neglected in this formula and that is the most depressing aspect of the entire matter.

Mr. President, section 232 of H.R. 1 obviously raises a number of very serious questions. For the benefit of my colleagues in the Senate I ask that the entire text of their letter be printed in the RECORD

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

LUTHERVILLE, MD.

Hon. CHARLES MCC. MATHIAS, JR.,
Hon. J. GLENN BEALL,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MATHIAS AND SENATOR BEALL: Your colleagues on the Senate Finance Committee are preparing to decide an issue of such profound importance to voluntary hospitals that we are compelled to approach you in this somewhat unusual manner to request unusual joint action.

We ask that you deliberately involve yourselves in the Finance Committee's current consideration of H.R. 1, the Social Security Amendments Bill of 1971.

As in previous versions, this measure contains a number of provisions which Maryland hospitals believe will add difficulty to their responsibility to see that certain government health insurance programs work programs work properly. New administrative irritants are presented by some provisions while other provisions would introduce hindrances to the actual process of delivery hospital care and services to covered patients. Both of you will recall past correspondence from me conveying our objections to elements of this sort in other legislative proposals.

The bill in question is different. Irritants and hindrances aside, H.R. 1 contains one section so threatening to the very existence of some Maryland hospitals that we draw your attention only to it in seeking your joint action on the matter.

See Section 232. This proposed amendment would permit the states to make their own determinations of what constitutes the "reasonable cost" of hospital care delivered to beneficiaries of the Medicaid and Maternal and Child Health Programs. Further, this section forbids such payments to exceed those paid under Medicare, but it *grants permission to the states to pay less than the Medicare per diem.*

That is a generous invitation and it is one that no state will choose to ignore.

In Maryland, where hospitals are now reimbursed by Medicaid and the Maternal and Child Health Programs on the basis of the raw cost of delivering services (a basis we contend is inadequate in the first place), the effect on some institutions of a Section 232 state license will be quick and grim. Especially in light of the recent consultants' study—documenting the various ways that Maryland hospitals have been battered by cost-based reimbursements—we can anticipate the immediate consequences of an approval of this amendment. It will move up the due date for financial collapse of those hospitals that choose to continue to care for and about the patients covered by the two programs. Other institutions will immediately see that they no longer enjoy the choice.

Our alarm over this matter is grounded not only upon our knowledge of what it will do to hospitals, but also upon our perception of what the thing itself represents.

Section 232 reveals a peculiar legislative assumption that some hospitals are able to enrich themselves by serving a volume of patients covered by the programs in question. The only institutions that serve such a volume, however, are the ones located in the inner city. If Congress permits and encourages the states to squeeze further in that place, the people of the inner city will have no hospitals available to them. Look at the financial condition of such institutions already.

Section 232 also suggests to us that the Congress—or some members of it—believe that a new way has been found to ease certain financial burdens of the states. This amendment, we agree, appears to constitute an easy way to do just that—far easier than say through formal revenue sharing. If we are correct in identifying the prime political virtues of Section 232 i.e., it will give the appearance of decisive action to cut hospital costs; it will provide financial relief to the states; and it is directed against an industry that has yet to earn respect for its political clout, then we can be certain that this section can indeed win Congressional approval. Somehow, consideration of the patients has been neglected in this formula and that is the most depressing aspect of the entire matter.

I would fail to execute an important duty if I did not take additional space here to carry this tact further in advising you of the enormous resentment now held by hospital trustees, administrators and medical staffs in Maryland over the ease and frequency with which the federal and state governments are escaping their enacted commitments to health care.

Hospital people in this state are sick and tired of being sick and tired over the ways and means by which the executive and legislative branches of government eviscerate their own health care creations. The players are familiar—the executive with his rules and regulations and the lawmaker with his amendments. Together they set out not to abandon or repeal a program (for to do so on the cold basis of cost alone would embarrass), but to make it impossible for those entrusted with *the duty to deliver on the promises of the program* to do so.

Physicians and hospitals are entrusted with the delivery responsibilities of such health care programs. Neither can understand how government can manage its constant surprise over the fact that health care is expensive. Neither can understand how government can advance a Section 232 and not see at the same time that if you liquidate the very institutions that care for the governmentally-insured patient, you also strike at the patient himself.

We specifically and respectfully request you to take whatever actions you can take

together to delete Section 232 from H.R. 1 before it is reported out of the Senate Finance Committee.

We look forward to hearing from you as soon as possible.

Sincerely,

RICHARD J. DAVIDSON,
Executive Vice President.

CANADA AND THE NEP

Mr. GRAVEL. Mr. President, high among the cases of either bungling or bad judgments in the conception and implementation of President Nixon's new economic policy must be the shoddy treatment of our closest neighbor—Canada. As a result, anti-American feeling in Canada has probably never been higher. Add to this the recent Amchitka nuclear test in the face of deep-felt and widespread Canadian opposition and the near term outlook for United States-Canadian relations is gloomy indeed.

Contrary to the President's remark that Japan is our largest trading partner, trade between Canada and the United States is equivalent to the United States's trade with Japan, Germany, Italy, France, and Great Britain combined—some $11 billion. The United States takes 70 percent of Canada's exports and provides 75 percent of her imports. This latter figure represents 25 percent of all U.S. exports.

The President's 10-percent import surcharge directly affects about $2¼ billion in Canadian exports to the United States—mostly in the processed and manufactured products sectors which are labor-intensive. Canada's manufacturing sector—already adversely affected by the appreciation of the Canadian dollar—produces 40 percent of her total exports and 83 percent of that 40 percent goes to the United States. In the agricultural sector certain Canadian exports enter the U.S. duty free and certain others come in under fixed import quotas; but there remain about 65 percent of Canada's agricultural exports valued at $219 million on which the surcharge will apply.

These statistics indicate some of the realities the import surcharge portion of the President's new economic policy foists onto the Canadians. It was in this context that Prime Minister Trudeau in a September interview remarked with admirable restraint:

> It's a bit disconcerting—but when the Americans look at what they're doing they say: "Well you know, we're doing this to the Europeans," they don't seem to realize what they're doing to Canadians.

In our efforts to rectify the Japanese and German international trade and finance relations with us we have surely—and I believe unnecessarily—complicated life for the Canadian Government. I understand that some quick estimates of the likely impact of the surcharge on Canadian firms—many of them multinational in character—are a direct loss of export sales at annual rates of $400 million after 3 months, $700 million after 6 months, and $900 million after 1 year. The resulting loss of jobs in export industries might approach 40,000, 70,000, and 90,000 over these respective periods. Of the 1,300 firms responding to the Canadian Government's inquiry, 150 said they would have difficulty surviving if the surcharge lasted a year. Those particular companies export about $377 million worth of goods and services to the United States and employ around 45,000 persons. And this at a time when the number of unemployed in Canada is nearing a half million—or 7 percent of the work force.

As virtually everyone agrees, the real key to the hurtfulness of the administration's 10-percent surcharge is the length of time it stays on. Such crass protectionist features have a way of hanging on, and Secretary Connally has given no reason for optimism in his statements on the matter. From Canada's point of view if this surcharge remains in effect, employment would be exported from Canada to the United States at a time when unemployment in Canada is running at a level higher than that in the United States.

Moreover, Canada's export opportunities in U.S. markets will be damaged further if Congress approves the adoption of the President's "job investment-tax credit" with a buy American provision and the proposed disc legislation.

These are perhaps some of the considerations which prompted Prime Ministre Trudeau to say in the same interview mentioned earlier:

> If we can decipher what the Americans are doing, assuming they themselves can make it clear, then we will be able to discuss with the Canadian people what posture we must follow, and what posture we would advise to them.

It is informative to recall the purposes of the 10-percent import surcharge as expressed by the President on August 15 and elaborated by other spokesmen:

To encourage the U.S. trading partners to revalue their currencies in terms of the American dollar;

To encourage the lowering or removal of tariff and nontariff barriers that discriminate against American imports;

To encourage other nations to accept a greater share of their international responsibilities.

Canada's record in these three areas deserves high marks indeed. Canada has held its foreign exchange reserves in U.S. Treasury bills and dollars instead of gold. Its dollar was floated in May of 1970 and has stabilized around a 6- or 7-percent upward revaluation. The United States has not contended that Canada maintains protectionist trade restrictions that hinder our exports to that country the way Japan does, for example. Canada is a NATO ally, shares the defense of the North American continent in Norad, and conducts a significant foreign aid and development program.

Therefore, Mr. President, in the administration's own terms there is no real explanation for applying the 10-percent import surcharge to Canada except indifference or ignorance.

Everyone understood the need for the United States to undertake a new economic program to strengthen both the external and the internal position of the U.S. economy. This program contains some elements with great constructive potential. I think primarily of the initiatives to reduce the rate of cost and price inflation in the United States. There is no question but what inflation in the United States has contributed greatly to the present international finance problem, and good price performance in the United States will contribute greatly to its solution.

Unfortunately, the new U.S. program contains elements that are prejudicial to the development of world trade on a sound and sustainable basis. There is great danger that our policies may set the tone for other countries, and that a solution of the imbalance in world trade and payments will be sought through widespread use of protective practices. As pointed out by E. J. Benson, Canada's Minister of Finance, and others, this is what will happen if international cooperation fails to find a means of adjusting the world imbalance within a framework of expanding trade. This is what will happen if countries are left to deal with the situation in isolation.

The cumulative spreading of restrictive trade practices would be a disaster for all of us. It would mean the end of the expanding world trading system, from which the world has derived such great benefit in the past 25 years. Some would be hurt worse than others. Canada is among those who have the greatest interest in an open trading system, and who is most vulnerable to a fracturing of that system. But no country would be immune. Even those who depend relatively little on world trade could not escape the widespread frustration and political turmoil that would be spawned by a shrinking of world commerce.

In light of the way we have treated Canada so far in our new economic policies it is the mark of considerable magnanimity that the Canadian Government, in the wake of the President's announcements, has directed its efforts on the international front toward dampening tendencies abroad to adopt countermeasures of retaliation which would escalate into a trade war.

Still the Canadians are quite properly keeping careful watch for what signals we may give. It is hard not to sympathize with Mr. Trudeau when he says of the United States:

> They will have to realize that Canadians are also a proud nation and that if they are really trying to rearrange the North American Continent so that we are just a supplier of natural resources and that we won't be able to find jobs for our growing labour force and we won't be able to have an advanced technological society that we can manage ourselves, that is a very, very serious hypotheses. I don't think the Americans realize this or envisage it.

For my part, I feel that we have once again not distinguished ourselves in dealing with our closest friend and neighbor with whom we share the continent and a highly integrated pair of economics. I hope the administration will recognize this and rectify these mistakes as phase II of the NEP unfolds. It does not really become us to treat Canada in the manner of the person who never writes to his friend and counts on the presumed strength of that friendship to weather the neglect.

THE GOLDEN RULE

Mr. MATHIAS. Mr. President "Do unto others as you would have others do unto you" is one of the oldest rules governing the conduct of man. It has been called the Golden Rule. Unfortunately one does not hear the Golden Rule quoted very often today. It seems that modern man is deaf to the words his ancestors preached. Perhaps, in the jargon of the 1970's, the Golden Rule cannot hack it and is destined to be buried with relics from the past.

WBAL–TV, in Baltimore, believes that a resurrection of the Golden Rule is in order. In an advertisement, the station discussed the problems that could be eliminated if man would do unto others as he would have others do unto him.

I commend WBAL's initiative and ask that the station's message be included in the RECORD.

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

WHEN DID THEY REPEAL THE GOLDEN RULE?

A recent FBI report cites the alarming fact that, during the past decade, "serious crimes" in the U.S. increased nearly fourteen times faster than the population.

This started us wondering, too, about increases in the "little crimes."

Not the countless misdemeanors which clog court dockets, but rather those minor abuses committed daily by, and upon, our fellow citizens—those little acts of carelessness or callousness which add their slight, but persistent, burdens to the general malaise.

Disrespect for the rights of others, thoughtless slander, cheating (in all its varied and subtle forms), rudeness, unwillingness to hear other points of view, littering (including the mindless scattering of verbal, as well as more tangible, rubbish), infecting our young with our ignorances and prejudices—the list is seemingly endless.

Each little bit adds to the common load, to further worsening of the quality of life.

Now, we doubt that the link between "serious crimes" and "little crimes" is quite as obvious as 19th century essayist Thomas De Quincey's wry observation:

"If once a man indulges himself in murder, very soon he comes to think little of robbing; and from robbing he next comes to drinking and Sabbath-breaking, and from that to incivility and proscrastination."

Still, the suspicion lingers that unpleasantness just may be contagious.

A possible remedy has been suggested which, frankly, we almost hesitate to mention.

For one thing, it has been around such a long time, and everyone has heard it. For another, it sounds too simple.

Do unto others as you would have others do unto you.

Never has anything been more sorely needed, or more seldom mentioned, than this Golden Rule in today's plastic world. Despite the cynics' jeers, we can't think of a better guideline for helping people get along with people—whether neighbor with neighbor, or nation with nation.

Yet, judging by mankind's record, it must be the most difficult of all rules to follow.

Or, in reality, has the Golden Rule been working for us all along, whether we subscribe to it or not?

Could it be that those scowling store clerks, those gruff business associates, those abrasive people down the street, are possibly—just possibly—giving us only what they get?

If so, maybe it's time we find out if pleasantness can be contagious, too.

We're not suggesting, of course, that a mere reaffirmation of the Golden Rule would solve all the world's woes.

But it might be worth a try.

Let's work together . . .

ISRAEL SHOULD BE ALLOWED TO SURVIVE

Mr. RIBICOFF. Mr. President, on November 7, the distinguished senior Senator from Missouri, who serves both the Senate Foreign Relations and Armed Services Committees, spoke on the subject of American assistance to Israel. In his address, Senator SYMINGTON authoritatively set the record straight on this issue. Refuting the false claims of Israel's detractors, Senator SYMINGTON pointed out that—

Despite the heavy military contributions to these other countries, the State of Israel has never received one cent of grant military assistance from the United States. All transactions with respect to military equipment have been made either through the Foreign Military Sales program, or by direct commercial sales.

He then compared this with the fact that—

The Arab nations who currently threaten the existence of Israel have received $1.5 billion in military assistance from American taxpayers.

Senator SYMINGTON summed up his careful analysis of total American economic assistance to Israel by stating that the true figure of what the United States has given Israel in its struggle for survival is $660 million, less than one-half of 1 percent of our total foreign aid costs.

In conclusion, the Senator urged widespread support of Senate Resolution 177, calling for the immediate shipment of Phantom jets to Israel. This measure, in which Senator SYMINGTON had such a vital role, is only the latest in a number of important actions undertaken by Senator SYMINGTON in order to protect vital American interests in the Middle East. His deep understanding of the military, strategic, and foreign policy implication of our Nation's policies in the Middle East, and his leadership in the Senate on this subject, rank him as one of America's foremost statesmen in this area.

The widespread support recently shown in the Senate during consideration of the foreign aid bills for American economic and military assistance to Israel, makes Senator SYMINGTON's remarks last week particularly timely.

I ask unanimous consent that the text of Senator SYMINGTON's remarks be printed in the RECORD at this point:

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

ISRAEL SHOULD BE ALLOWED TO SURVIVE

Thank you, very much, for the honor you extend me this evening at your Forty-sixth National Convention. This evening I could never forget.

Nineteen years ago next January, Colonel—now General—Chaime Herzog, military attache to his brother-in-law Ambassador Abba Eban, came to my newly acquired office in the Senate and asked this question:

"If the United States gives arms to certain countries behind the Iron Curtain, countries you know would never be on your side in any real confrontation, why won't your Government sell them to Israel, who you know would?"

As Secretary of the Air Force under President Truman at the time the State of Israel was founded in 1948, I was well informed about the sympathetic interest and efforts of my Government towards that creation; therefore it appeared a logical question.

Nineteen years later it would still appear logical. The cast of characters has been altered, but the thrust of Herzog's question is equally pertinent.

The United States continues to defend the so-called free world in such places as Korea, Vietnam, and Europe, with relatively little help from some of its allies and none whatever from others.

Why, therefore, should there be continuing hesitancy on the part of the Administration in the selling—note that word "selling," not "giving"—of military equipment to a country of the free world that has been willing, and continues to be willing, to invest the blood of its youth as well as its treasure in the defense of its freedom.

The cost of the Vietnam, Laos, Cambodian, and Korean ventures, along with our defense expenditures in Europe and other parts of the globe, have been heavy indeed; whereas the cost of our grant military aid to Israel has been nothing.

Under these circumstances, and in any case, surely it is to our own national interest to stand by a country which is both willing and anxious to be a partner in the fight for freedom and self-determination. Based on the realities of the world in which we live today—and not on any theoretical or nostalgic basis—this would clearly seem to be in our own interest.

For years the old other two countries which make planes of the type Israel needs for its security, France and the Soviet Union, have been either giving or selling their latest model planes to the Arab countries; and that means Israel now has but one source of plane supply left if it is to survive—the United States.

This Administration justified its current policies of withholding plane sales on the grounds it is maintaining a "military balance" between Israel and the Arab states.

Well, as Governor Al Smith used to say, let's look at the record.

About fifteen months ago we received irrefutable evidence that Soviet pilots were flying MIG–21's out of Egypt; and only a few weeks ago were told by this Administration that Soviet pilots are currently flying in Egypt new MIG–23 (Foxbat) planes, the world's most modern long-range fighter. (In passing, the United Arab Republic is the first country in which the Soviets have stationed Foxbats outside the borders of Russia proper.)

Despite intelligence reports which state regularly that the ratio of number of planes favors the Arab countries against Israel by around six to one, this Administration, in defending its "non-sale" policy, has consistently maintained that the superior quality of the Israeli pilots balances out this tremendous difference in quantity.

If the balance was right, however, prior to our finding out that these Mach 3 Foxbat planes were stationed in the UAR along with their Russian pilots, how can said balance be right today?

Now to another aspect of this strange situation.

An oft repeated story has gained some credence around Washington to the effect that this Government of yours and mine has been giving at least as much support to Israel as to any other nation.

Once again, "Let's look at the record."

How many here tonight realize that from 1945 to the present the United States has distributed over $149 billion in foreign aid to

some 130 countries around the globe, more than $40 billion of which has been in military assistance?

To South Vietnam we have now given the most—$15.2 billion in various forms of assistance up to the fiscal year 1971. Much additional has been hidden in the Defense Budget and it would appear inevitable that further United States assistance will continue for some time.

Next in given aid is South Korea, a nation that has fought bravely against Far East communist satellites—but no more bravely than Israel has against Middle East communist satellites.

To South Korea we have given some $10.1 billion (that figure not including the cost of the Korean War); and this year this Administration is requesting an additional $642 million for Korean military assistance.

To India, a country which consistently criticizes our polices and almost never votes with us in the United Nations on important issues—example, the recent expulsion of Nationalist China—we have given over $8 billion.

Turkey, Taiwan and Italy have each received some $5 billion in aid from the United States.

The following nations have received more aid from the United States than has the State of Israel: Great Britain, France, Pakistan, Greece, Germany, Japan, Brazil, Yugoslavia, the Netherlands, Spain, Iran, the Philippines, Belgium, Thailand, Laos and Indonesia.

In addition we gave Indochina—the four countries of North and South Vietnam, Laos and Cambodia, prior to their partition in 1954—over a billion and a half dollars.

Now as to Israel.

Despite the heavy military contributions to these other countries, the State of Israel has never received one cent of grant military assistance from the United States. All transactions with respect to military equipment have been made either through the Foreign Military Sales program, or by direct commercial sales.

Compare that with the fact the Arab nations who currently threaten the existence of Israel have received $1.5 billion in military assistance from American taxpayers.

With respect to economic assistance, since Israel first became a nation the United States has provided a total of $1.3 billion in economic aid. In that connection, however, let us note that in ranking the largest recipients of United States overseas loans and grants—military and economic—Israel is not even among the first 20, actually is twenty-fourth on the list.

There have also been vague and inaccurate rumors about the purchase of Israeli bonds and straight contributions on the part of our citizens; so let's get that record straight.

Since 1953, United States citizens have invested $1,402,000,000 in these non-tax-deductible bonds; and up until July of this year those investors have received a total of $667 million return on their investment.

In addition, the United Jewish Appeal, a voluntary agency, has collected some $1.55 billion during a similar period. This money has been given to various voluntary agencies in Israel.

Although contributions to the United Jewish Appeal are considered "tax deductible" by the United States Government, these funds are transferred strictly on a non-governmental basis, both here, and in Israel.

With respect to these two types of private transactions, at our request the U.S. Treasury Department now estimates that the total loss of revenue resulting from the tax deductible nature of the $1.55 billion contributed to the United Jewish Appeal is $430 million.

This latter amount, however, is partially offset by an estimated revenue gain of $130 million paid on the investment return of $667 million on Israeli bonds; therefore, the net revenue loss to the United States Treasury is $300 million.

In other words, if this net revenue loss of $300 million is added to the $360 million of grants-in-aid, the total amount our Government has given Israel in 22 years—nearly a quarter of a century—is less than $700 million; or, if loans are included, total assistance amounts to $1.4 billion.

Loans really shouldn't be included, however, because, contrary to what has happened with respect to loans to many other countries, Israel is completely current in its repayment of these borrowings.

In other words, and in summary, the true figure of what we have actually given this nation in its struggle for survival is some $660 million. That is less than one half of one percent of the total cost to us of foreign aid since the program was started.

Most of my adult life has been connected in some fashion with problems that have to do with the security of the United States—and after long experience I am certain in my own mind that the more brave and resourceful friends we have in this nuclear space age, the better for our own future.

This presentation to you this evening is based on the cold, hard facts. No one can know the people of Israel over a period of years, however, without developing for them friendship and deep respect; and that is the chief reason why I am truly grateful at receiving this award. That is why also I urge you to join seventy-seven of my Senate colleagues in a plea to this Administration to sell Israel the planes they consider essential to their security and progress.

FOREIGN MILITARY AID

Mr. MATHIAS. On Thursday, November 4, the Council for a Livable World sponsored a conference in Washington on the subject of foreign military aid. Few topics are of more immediate importance to the Congress today than foreign aid and I believe that the conference provided a very useful contribution to our deliberations. I should like to share with my colleagues two of the presentations made at the conference: the first an address by the distinguished senior Senator from Idaho, FRANK CHURCH; the second a speech by the former Assistant Secretary of Defense for International Security Affairs, Paul C. Warnke, I ask unanimous consent that the speeches be printed in the RECORD.

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

CLOSING THE DOOR ON ARSENAL DIPLOMACY

(By Senator Frank Church)

One week ago, the United States Senate rejected the 1972 Foreign Aid Bill. Whether this action will be viewed in future years as a beginning of the end of our "arsenal diplomacy" remains to be seen.

What can be said is that for a generation the United States, in the eyes of the world, has seemed more intent on furnishing swords than plowshares. During the last 20 years, we have bestowed on foreign governments $8.1 billion in military vehicles and weapons, $7.1 billion in aircraft, $6.1 billion in ammunition, $2 billion in ships, $2.2 billion in communications equipment, $1.5 billion in missiles and $3.1 billion in other supplies. Services, granted in the form of base construction, training, repairs and spare parts, amounted to an additional $8 billion for a staggering total of $37 billion dispensed abroad since 1950.

The armaments which these sums represent—that is, delivered weapons—are no less staggering:

Nearly 4,400 F–84 fighters; more than 2,800 F–86 fighters; nearly 3,350 aircraft trainers; 22,000 tanks; 83,000 trailers; 160,300 two-and-one-half ton trucks; 2.3 million carbines; 2.4 million rifles; 77,500 machine guns; 30,000 mortars; and 32,500 missiles.

As if to augment these massive gifts of arms, the Defense Department is now engaged in a rambunctious sales campaign. Our subsidized sales to foreign governments already exceed $16.1 billion, while Pentagon officials anticipate orders worth another $15 billion in the next decade.

Clearly, these Pentagon-packaged sales—quite apart from ordinary commercial sales by private American manufacturers—have become a big business in which our Federal Government plays a central role. Today, the United States Government is the principal arms dispenser of the world—giving away, arranging credit and promoting the sale of a volume of arms more than six times that of our nearest rival, the Soviet Union. It is estimated that, since 1945, the total military outflow from the United States is an estimated $165 billion. However, government accountants throw up their hands at the task of ever obtaining an exact accounting. In January of this year, the chief auditor of the Congress, Comptroller General Elmer Staats, told the Joint Economic Committee that nowhere in government is there a complete tabulation of the billions we have spent to arm foreign nations.

Reviewed historically, this lavish dispersal of armaments is a relatively new development—a development that cuts against the grain of our national traditions. Before World War II, sentiment in this country was decidedly against export of weapons. Munition makers were scorned; their trafficking in arms condemned as mischievous, if not evil.

The shift came in 1940 with the outbreak of World War II. France was to fall in May of that year, and Great Britain brought under siege. President Roosevelt approved transfer of 50 American destroyers to the British Navy in exchange for rights to build military bases on British territory in the Western Hemisphere. The gates to the American arsenal, thus pried apart, were soon thrown open to the enormous demands of the war. Under the far-reaching Lend-Lease Act, we furnished $48.5 billion worth of weapons and supplies to 42 foreign governments—nine-tenths of which went to Great Britain, the Soviet Union and France.

The guns of World War II, however, had hardly fallen silent before we commenced a new program of arms aid. We provided Chiang Kai-shek with arms and supplies originally worth $800 million in an unsuccessful effort to help him retain his faltering grip on the mainland. Starting in 1947, with the Truman Doctrine, we helped Greece, threatened by a Communist guerrilla war, and Turkey, then under intense Soviet pressure. The onset of the "Cold War" brought additional demands for military aid—demands which intensified with the invasion of South Korea. In 1950, Congress voted $1.3 billion in military assistance to 14 countries, thus inaugurating the post-war period of "arsenal diplomacy" for the United States.

Subsequently, the dollars rained so thick and fast that, at one point unfilled orders in the "pipeline" exceeded $12 billion, leading Congress, in some embarrassment, to level off new appropriations at about $1.5 billion a year. Even so, between mid-1950 and mid-1955, our military aid totaled $14 billion, more than one-half of the total $26 billion in foreign aid during that five-year period. By 1963, an all-time high of 67 foreign governments were receiving some form of assistance from us; each had its own special shopping list brought to our disbursement window. Currently, 46 countries are allocated assistance. And more than 8,900 Americans are engaged abroad administering our arms-disbursement programs. In addition, 320,000

foreign soldiers from 70 countries have been trained within the United States or at special schools operated abroad, at a total cost of $1.4 billion.

In recent years, however, financial pressures have increased the emphasis on sales. Much of what we gave away for 20 years, we are now selling. During the past five years of sales for cash or easy credit, 30 countries have bought for cash and 15 for credit. Total sales to date exceed $13 billion.

"Buy American," *Business Week* once reported "is becoming an increasingly prevalent slogan in the world arms market." It has an Orwellian cast because under our "Food-for-Peace" program approximately $700 million in military sales have been consummated, through the device of counter-part funds to recipient nations.

So it has happened that, within the short span of 30 years, the pendulum of our governmental policy toward export of arms has swung all the way from naive abstention to zealous promotion. Neither extreme is acceptable; the time has come for us to recover our balance.

To be sure, our present involvement is based, like a stool, on the legs of three seductive arguments: First, that we give military aid to help foreign governments resist Communist aggression from without and subversion from within; second, that we give it to strengthen our influence with the military elite in other lands, frequently an important bulwark against Communist penetration; third, that the sale of weapons helps to redress the deficit in our balance of payments—caused, in large part, by the overseas deployment of our own troops.

These arguments grow out of our immediate post-war experience. In the wake of World War II, the westward thrust of Russian power did threaten to engulf Western Europe. The Marshall Plan—NATO formula produced spectacular results in rejuvenating the war-torn economy of Western Europe and forging a common shield against the Soviet Union.

The general success of this policy in Europe inoculated our thinking on other fronts. Around the whole periphery of the Communist world, in the Middle East and Asia, we were soon applying the same formulas for assistance that had worked so well in Western Europe. But in these seething countries which had just thrown off colonial rule, conditions called for a highly discriminating kind of military aid. Instead, we slapped it on with eager hands.

We agreed to support armed-force levels totally devoid of strategic reality, as though it were possible for Turkey or Iran, without American intervention, to defend themselves successfully against a major Russian attack, or for Taiwan to resist successfully an all-out invasion from the mainland of China.

Such unrealistic force levels, fed by our military assistance programs, have inevitably imposed top-heavy burdens on the fragile economies of many of these underdeveloped lands, with the result that we have had to prop them up with huge financial transfusions just to prevent their collapse. We have robbed our effort to better the threadbare life of the multitudes, as we fostered that repugnant spectacle, so familiar around the rim of Asia today, a "combination of ill-fed people and well-fed armies deploying the most modern equipment."

In the course of this policy, the scale of our military aid has led to scandalous waste. Many a country on the periphery of the Communist world has been turned into a dumping ground for American military equipment. A staff report of the Foreign Relations Committee issued this year points out that the GAO found in one country that although the military assistance program had been "virtually completed" in 1966, the Defense Department decided to keep the program staff in operation and not until 1969 was the staff even reduced. We also have been told of parking lots filled with rusting vehicles and rows of tanks inoperative for lack of trained mechanics.

But these logistical excesses are more than matched by the political naivete which has characterized our military assistance programs in Asia and the Middle East. With the containment of Russia and China our avowed objective, we have been easily seduced into fueling regional arms races motivated more by ancient rivalries than by any shared concern over the threat of Communist aggression. We armed Greece and Turkey to strengthen their defenses against the Soviet Union, but they spoil over Cyprus, where U.N. troops have been sent to police an uneasy truce. We armed Pakistan that she might better resist invasion by Russia or China, but Pakistan didn't reckon either Russia or China an enemy and knew, in any case, that the arms had value only as against India.

All this is not to say that we should never have embarked on a military assistance program in Asia or the Middle East. In a country such as Korea, arms aid was essential to deal with the militant nature of the Communist threat, and may have to be extended to cover the withdrawal of half of our own troops. But the program should have been restricted to countries where the need was clearly apparent, and, where given, scaled to the capacity of recipient countries to absorb.

The second broad justification for serving up American military hardware on a global platter, much of it to countries far removed from Communist neighbors, is that it serves to bolster resistance to subversion from within, and gives us more leverage with the military "elite" in many foreign lands. By supplying American weapons, so the argument goes, we can win favor with the army commanders and thus contribute to the maintenance of internal stability.

Our obsession with stability betrays our misconception of the dynamics of change in underdeveloped societies. Violent revolution will eventually occur wherever legitimate grievances can find no other outlet. Even if it served our interest to generally suppress revolutions elsewhere—which it assuredly does not—we haven't bayonets enough in our arsenal, or money enough in our treasury, to quench the smoldering fires of revolution wherever they occur. Therefore, instead of globalizing our military assistance in pointless proliferation, we should converge it on those particular fires which, in our own national interest, we must try to put out.

The revolutions which have concerned us most are those the communists either start or try to take over. Usually they are labeled by the insurgents as "wars of liberation." When any government is so challenged, its survival depends less upon the weapons we supply than upon the willingness of the population to rally behind it. If the great bulk of the people are loyal, then the guns and ammunition we furnish can make the difference. This was the case for us in Greece, as it was for the British in Malaya. But in Cuba, where the Batista government was loathed, the weaponry we gave it proved of no avail against Castro. He didn't walk over Batista's army, he walked through it.

The most poignant example, of course, is Vietnam itself. Our involvement there began with the military aid we extended to the Saigon Government, equipping it with forces vastly superior to its adversaries. Yet, the Saigon Government steadily lost ground. Massive injections of U.S. weapons, ammunition, equipment and supplies failed to turn the tide against the insurgents, though they were overmatched in numbers and totally outgunned. Our own troops had to be summoned and the war converted into an American engagement.

The lesson of Vietnam should make us wary of instituting new military aid programs elsewhere. But it hasn't happened that way. Even now, we are rapidly expanding our military aid in Cambodia, from a modest start of $7 million 18 months ago, to $341 million for this fiscal year!

And far from the theater of war in Southeast Asia, we are busily engaged in instituting new—and perpetuating old—military aid programs, even in the most unlikely place of all, Africa. Here our favorite rationalization is that the gift of arms may gain us favor with the restless young African armies which have either seized or which threaten to seize political power. We cling to this belief despite all the evidence which has accumulated against it. As an institution, particularly in unstable lands, the military will often assert control over the government, but its allegiance can never be bought by the gift of arms.

The army we equipped in Iraq brought down the government we supported by a coup which caught us by surprise. The military assistance we furnished the armed forces of the Dominican Republic did not prevent them from overthrowing the elected regime of Juan Bosch, which we strongly favored at the time. Moreover, the same army later proved unable to put down the subsequent uprising in Santo Domingo, where the landing American marines only underscored, as it did in Vietnam, the failure of military aid.

For that matter, the communist powers have done no better. In Indonesia, it was a Soviet-equipped army which turned upon the Indonesian Communist Party, putting 200,000 or more of its members to the sword. In Algeria, it was Russian-furnished tanks which ringed Ben Bella's palace and helped overthrow the Soviet-supported leader. Even in Egypt, the military aid that Sadat receives from the Soviet Union equips the very security forces that regularly suppress communist activity along the Nile.

Not only have we refused to recognize that foreign armies are a risky investment, but we seem never to take into account the political cost we bear for supporting them. In any poor country of Asia, Africa or Latin America, where there is an unconscionable concentration of wealth in the hands of the few, where civil liberties are suppressed and despotism dominates, the army is usually the hated symbol of the status quo. Military governments, however stable they may appear, tend to be brittle as well as repressive, and lavishing upon them "Made-in-America" tanks and jet fighter planes can't help but estrange the United States from the discontented people, thus delivering into Communist hands a lively issue to exploit against us.

For these reasons, our military grants, which have become a routine part of the foreign aid package we offer foreign governments, ought to be terminated in most cases. The give-away arms program should be drastically curtailed.

As for our sales of the wares of war, helping to alleviate our balance-of-payments deficit, we should not let such palliatives blind us to far more important long-range foreign policy considerations. It may make good fiscal sense to sell arms to developed nations—Britain or Canada or West Germany—but we should avoid export sales into troubled regions where war hangs in the balance and we should never promote sales contracts that conflict with our basic foreign policy objectives. Yet, as it now stands, the tail often wags the dog, with short-range tactics frequently usurping our long-term strategic interests.

There are beginnings of encouraging signs of change.

The 1971 report of the Senate Foreign Relations Committee on our military-economic aid program states:

"The issue is not 'should we provide aid?' It is 'How?' and 'How much?' The first question must be answered before the second can be approached sensibly—and the old answers of the past to 'How?' are outmoded and discredited. The future of foreign aid is

bleak indeed until a new program can be developed which will command greater respect and support, both with the public and the Congress, than the current program commands."

The pressures which have made the United States the leading arms merchant to the world must be thoroughly probed. The beginning of wisdom is the recognition that there is a problem and then the search for answers can begin.

The defeated foreign aid bill contained authorizations for 46 countries to receive military grant aid and 43 to receive military sales or credit assistance. In recent years, the Committee has attempted to construct the program, both as to the number of recipient countries and the amount of funds authorized. In the latest instance, the Committee reduced from $705 to $565 million the authorization for military grant assistance. Before the bill was defeated on the Senate floor, my amendment to reduce it further by another $113 million was approved by nearly a two-to-one majority. The depth of the feeling against military grant aid was best expressed by Senator Kennedy who said that this program is "the worst aspect of the bill now before us, contaminating what remains by its very presence."

A few minutes later, the Senate killed the entire bill. Again and again, we in the Senate have asked for meaningful revision of foreign aid, particularly the military component, only to be ignored by the Executive Branch. The Senate vote apparently has gotten the message across. Now, perhaps, we can draft a new and sensible program.

REMARKS OF PAUL C. WARNKE

The entire focus of this Conference has, of course, been dramatically altered by last week's vote of the United States Senate to reject the Foreign Aid Bill. Despite widespread criticism of the program and growing uncertainty as to its basic objectives, the abrupt Senate action came as a shock and a surprise. Because of the many programs designed to alleviate massive human suffering and to improve the international quality of life, continuation of American participation in aid to poor countries seems to me essential. But, at the same time, we must not miss the present opportunity to take an overall look at foreign aid and to analyze and even dissect its various components.

Among the most important consequences of this development should be the complete separation of military aid from economic aid. Virtually everyone who has studied the aid program over the past several years, either from within or from without Government, has concluded that this separation should take place. Indeed, I don't think it will be possible to regain any wide base of support for foreign aid if the persistent and uneasy pairing of economic and military assistance continues to leave the entire aid program in the context of the Cold War between the United States and the two Communist giants.

Accordingly, it would be my hope that the Congress can find some formula to continue emergency relief and economic development programs on an interim basis pending the working out of a new and comprehensive foreign aid program. I also hope, however, that no such stopgap approach will be applied to military assistance. Instead, the unexpected development of last week should lead the Congress to do that which should have been done long ago—that is, to look at military aid not as a prepackaged composite, but instead on a country-by-country basis, with each individual decision being made in light of our own stakes and the impact of our arms on the well-being of the people of the area.

I regard it as both unfortunate and inaccurate that the insistent Administration response to the Senate vote is to characterize it as a threat to our national security and a blow to our hopes of bringing about a peaceful world through negotiations. I don't believe that either our own security or the interests of peace are served by continued shipment of weapons of war to every corner of the globe. Neither do I agree that more military aid to small American allies is necessary to permit us to withdraw our forces overseas. If our own security requires strong military capability in some area, we cannot leave our fate even in friendly foreign hands. If our security is not endangered, we should be shown some very good reason for fueling someone else's fight.

I should make it clear that I don't believe that peace would be ensured if only we would disarm unilaterally. I don't discount the great military strength possessed by the Soviet Union, nor can I feel fully confident that the Soviet Union, under its present or some future leadership, can be trusted always to forgo the use of military force to achieve its objectives. Nor, at this early stage in our efforts to bring about improved relations, can I be confident that the People's Republic of China can be counted upon to refrain voluntarily from the development and exercise of its immense military potential.

But most of our military aid is of little or no utility in terms of the military threats that are or may be posed by China and Russia. The NATO Alliance and our assured nuclear retaliatory capability are the means by which any Soviet aspirations for military conquest can be kept in check. Of the NATO group, only Greece and Turkey are recipients of military aid. Our programs for these countries can be reviewed in terms of their over-all importance to the strength of the NATO forces. Included in this review should be the countervailing consideration posed by overt American financial support for a Greek government that shows no signs of moving to restore democratic processes. The strength of NATO depends not on troops and firepower alone but also on its morale and the domestic support within each nation for its role as a NATO member. Military assistance to Greece contributes incrementally to NATO's physical strength. But our partial subsidization of a regime resolutely opposed to the principles of freedom can only erode NATO's moral base.

Outside of Western Europe, it is, I suggest, silly to think that military aid to small countries can be of any significance to deterrence of the Soviet Union or the People's Republic of China. This, to me, has been one of the obscured premises of the Nixon Doctrine. It has now been made explicit. As phrased by Secretary Rogers: "The Nixon Doctrine . . . provides that we will gradually reduce our troop strength in some of the Asian countries and, at the same time, support them financially and in military ways so they can take up the slack."

We have, in the past, followed a policy consistent with the thesis that military aggression from China or Russia had to be anticipated and could be controlled. But to the extent that there is genuine threat of military aggression from one or both of these countries, American military assistance—whether doubled, trebled or increased by any other multiple—is not a realistic alternative to direct American military participation. A Defense Department spokesman is quoted as saying: "We think the substitution of money for U.S. manpower is a policy worth pursuing." As against Soviet or Chinese threats, it's no policy at all.

Only the American guarantee of direct involvement can provide a military deterrent to aggression against Western Europe. In the Pacific, our naval and air forces, and the absence of any Chinese amphibious capability, provide military protection for the countries off the Asian mainland. But no amount of military assistance to the small countries of Asia could make them remotely a match for a China or a Soviet Union bent on military conquest.

Insofar as the threat of superpower confrontation is concerned, military aid to small American allies, or even to big American allies outside the NATO context, can only be an irritant. Our greatest hope here, indeed the only real hope for world survival, is a course of development in relations that will keep all of the superpowers away from mutual annihilation. In this respect, all of us must welcome the President's efforts to arrive at mutually beneficial understandings with Peking and with Moscow. And in disengaging ground forces from Asia or elsewhere, the proffer of increased military aid may make the withdrawal of American troops politically more palatable, and the lives of our ambassadors a little easier, but this is at very best an inordinately expensive palliative.

The twin constraints on the superpowers are the common sense realization that the game isn't worth the candle and the fear of other superpower retaliation. Accordingly, in continuing military assistance to Korea, to Taiwan, to Pakistan, to the Middle East and to countries in Africa and South America, we must justify it on grounds other than the continuation of a cutrate Cold War by use of American proxies.

In some instances, it seems to me, the elimination of an American military presence and an increase in American military aid might significantly increase the risk of local conflict and hence the dire prospect of superpower involvement.

We can and should, in my opinion, continue to remove American troops from Korea. They are irrelevant to any Chinese threat and unneeded to provide a purely incremental part of South Korea's ground force superiority over North Korea. But would an effort to make the South Koreans completely self-sufficient militarily, by providing an air force to match that of North Korea, actually lessen the danger of forceful attempts at reunification of that divided peninsula?

Military aid to Taiwan was once justified as keeping alive the hope of eventual recovery of the mainland. I assume we need no longer indulge that myth. But what then is the present justification for substantial military assistance? Does Taiwan need more—or as much—to defend itself? And would its decisions be sounder if it had to finance modernization of its forces out of its own healthy economy?

The sorry history of military aid to India and Pakistan need not be recounted this morning. But certainly the Pakistani do not regard our arms aid as necessary to defend themselves against China, which has become their principal arms supplier. The role of outside nations, and of the United States in particular, should be to reduce tensions between Pakistan and India and find some solution to the Bengali tragedy, rather than in arming the potential antagonists.

The Middle East presents, of course, a special problem because of our special interest in Israel. The amount and type of arms necessary to provide Israeli security must be considered apart from any over-all program of military assistance and, in my view, should be dealt with outside the Cold War context. No amount of Israeli military might can match Soviet capability. But Israeli security from attack by the other nations of the area can provide the confidence that may permit an eventual resolution of the local problem. As for aid to countries like Jordan, I am not impressed by the argument that we must furnish it or else they will turn to the Russians. I see no political gain and surely no military necessity in our insistence in remaining No. 1 in the sale of arms to countries that don't need them and can't afford them. The only practical purpose in arming Jordan is to help King Hussein maintain control in a sorely divided nation. Is this a legitimate goal for American military aid in Jordan or anywhere else?

Insofar as military assistance in Africa or South America are concerned, the traditional justifications have been the continuation of American influence and the preservation of internal security. There are, I submit, a lot of unanswered questions about the influence we derive from arms supply. A State Department White Paper of a couple of years ago documented persuasively the thesis that the withdrawal of military assistance was ineffective in influencing a country's internal policies. I submit that this is equally true of the bestowing of military assistance. Military hardware may be an effective bribe for vocal support internationally. It has yet to be shown to be a useful tool for improving domestic behavior. I would prefer to believe that the instability and poverty in South America reflect an absence of American influence, rather than the results of our positive efforts. Our military aid there, and in Greece, cannot fairly be blamed for causing military coups. But it obviously did not serve to prevent them. Our influence should be directed in the poorer countries, toward economic programs that may better the lot of the ordinary citizen rather than indulging the whims of a fading military elite.

Regrettably, in the present state of world affairs, we can't get entirely out of the arms business. Until we can move toward genuine political accommodation, arms limitation, and mutual troop reduction, we cannot, I believe, afford to disband the NATO military alliance. History gives us special responsibilities in Korea and in the Middle East. But any program to substitute American military aid for American military presence is self-defeating, misleading and dangerous. At best, it can only retard the development of the kind of relations with the other superpowers where our competition can be confined to the political and diplomatic arenas. Far more likely is the possibility that such a substitution will intensify local antagonisms and encourage efforts to resolve political differences by military force. At worst, the local hostilities that ensue can lead to direct involvement of the nuclear superpowers.

If the Nixon Doctrine rests on increased military aid, then it's no new policy for the 70's. It is, instead, an effort to continue an old policy by less effective means. Before accepting the means, the American people should insist first that we know and accept the policy.

THE RIGHT TO HEALTH

Mr. HUMPHREY. Mr. President, last month I was invited to deliver the fourth annual Harold S. Diehl lecture at the annual meeting of the American Public Health Association in Minneapolis, Minn. I called for new directions in domestic and international health care under a firm public policy commitment that the right to health must be regarded as a basic right for every American citizen.

We know that a major and comprehensive effort must be made to meet the deep concern of the American people over the inadequacy and rising costs of our health care delivery system. That effort should include an intensive and sustained program of research on major diseases where information on the latest developments is immediately collated and disseminated. Second, the maldistribution of our health care resources must be corrected through the widespread establishment of health centers in rural areas and in the inner city. And these centers, tied in with medical schools and major hospitals, can initiate innovative measures for the prevention and diagnosis of illness, as well as its treatment.

Third, there must be a substantial expansion of educational resources to provide more doctors, and particularly now more paramedical and allied health professions personnel; and existing medical manpower must be more effectively organized on an areawide basis through the extensive promotion of such programs as group practice plans.

And while reforming our health care system, we must design an insurance system that will effectively help people to meet the costs of health care.

But we must also come to recognize that illness cannot be dealt with only through medical research and treatment. We must get at the broader causes of ill health that lie in the increasing tensions of daily life, in deteriorating and unsafe neighborhoods, in the degradation and despair of poverty, and in widespread child malnutrition that is not confined to poor families.

However, the establishment of effective health care in America will not succeed until we address the international challenges of major diseases and widespread illness. America must make a major investment in international medical research, accelerating measures to combat deadly sicknesses that afflict entire peoples, and providing for the instantaneous telecommunications exchange of medical discoveries and progress.

Basically, we must come to recognize health as fundamental to hope and progress at home and throughout the community of nations.

Mr. President, I ask unanimous consent that the full text of my remarks before the American Public Health Association be printed in the RECORD.

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

REMARKS BY SENATOR HUBERT H. HUMPHREY

I am honored by your invitation to deliver the Fourth Annual Harold S. Diehl Lecture, however uncertain I may feel about following the distinguished presentations by Dr. Robert Q. Marsden, Sir George Godber, and by my good friend, Dr. Luther Terry.

It has been my high privilege and genuine pleasure to have known Dr. Diehl as a personal friend since the days when I served as mayor of this great city and he was dean of the University of Minnesota Medical School. And this nation remains in debt to this great man for his intensive efforts in the American Cancer Society to focus public attention on the health hazards of cigarette smoking.

There is an old proverb that speaks to a profound concern of the American people today:

"He who has health, has hope.
He who has hope, has everything."

Hope is what makes for a dynamic people, for change, and for improvement. But hope in the promise of the future is diminished in direct proportion to the difficulties people confront in obtaining adequate health care, and to the continuing prevalence of major diseases in America despite remarkable advances in their prevention, treatment, and cure.

I am speaking about crowded hospital wards—about entire rural counties without a doctor—about the heavy burden of high medical costs—about the poor mother in the city ghetto who must take her sick child miles to a hospital clinic and then wait in line for hours.

I am talking about arteriosclerosis that accounted for almost one-half of all deaths from all causes in the United States in 1968—about cancer that will strike two of every three families over the years—about the 20 million people in America suffering from some form of mental or emotional illness and the 126,000 children born this year who will be diagnosed as retarded—about the 17 million Americans afflicted with severe arthritis requiring medical care, while arthritis and rheumatism rank second among the chronic conditions which prevent people from carrying on their major activity—and about the harsh fact that 94 times every day of the year an American man, woman, or child will lose his or her sight.

These killing and crippling diseases can and must be overcome.

The right to health must be regarded as a base right for every citizen.

And we must recognize that the conquest of major diseases and the establishment of effective health care delivery systems demand a comprehensive and sustained *international* program of close cooperation. Far too often, the political leaders of the world, in their attempt to solve major problems, have forgotten that in vast regions of the globe—in many areas of Africa, South Asia, the Middle East, and Latin America—we are dealing with largely sick populations. The solution of the social and economic problems of these areas is directly inter-related with the solution of the health problems of the people. And the major diseases known to man do not respect national boundaries. There can be no East-West ideological conflict, for example, in the conquest of cancer.

But in America we must begin now, today, to launch an all-out attack on the causes of ill health and disease. This demands a fundamental political decision at the national level to channel resources, knowledge, and hard cash into the establishment of a sustained and comprehensive drive to make health care and biomedical research in America second to no other nation.

First, government must recognize that effective medical research demands a continuity in Federal funding. It takes time for a research team to work together and to develop a precise and instantaneous information exchange network with other research centers. A temporary shut down of laboratory experimentation and clinical treatment creates a lag period many times over in the progress of research.

Yet, the Administration "defunded" some 19 research clinic programs under the National Institutes of Health in 1970. And its original budget request for NIH research programs for fiscal 1972, with the exception of the $100 million Special Cancer Research appropriation, actually represented a decrease of $20 million below the level of appropriations for these research programs in 1971.

However, the will of Congress was made absolutely clear in the enactment of the final appropriations bill in August, which included an increase of $142 million in NIH research program funds. And it will probably be necessary, once again, for Congress to strongly oppose the impoundment of any of these appropriated funds by the executive branch.

On-going, widespread, and diverse biomedical research programs are absolutely essential in the discovery of new cures and new methods of treatment for major diseases. To make this point abundantly clear, we need only recall the sharp decline in death rates for polio, whooping cough, hypertensive heart disease, and tuberculosis that have resulted from these discoveries.

But the second part of a new national program to protect the health of the American people bears directly on the process of achieving these discoveries. And that is the establishment of an extensive information system to collate, index, evaluate, and disseminate the results of new developments in medical science.

An important beginning was made by Congress in the enactment of legislation estab-

lishing the National Library of Medicine. But except for the recent passage of appropriations for building construction and facilities improvement, the library has been forced to operate on a minimal budget.

Third, the Federal Government must target all health resources assistance on bringing health care to the people. Men, women, and children who are sick and without hope must be the focus of our concern—not expanded research for the sake of publishing more technical monographs; not improved hospital facilities for the greater convenience of doctors alone.

There are two programs of direct relevance here: Regional Medical Programs and Neighborhood Health Centers. And both are few and far between.

Regional Medical centers play a vital role in the delivery of health care throughout this country, particularly in rural areas where there is a serious shortage of doctors and medical facilities. Yet this year it was clear that the administration had cut back on this program.

Over Fiscal 1971, Congress had appropriated a total of $121.6 million for the regional medical programs, recognizing the progress being made in experimental health delivery systems in rural areas, in advanced training programs for nurses to handle physical examinations so that doctors could concentrate their attention on special medical problems, or in the development of a college training program in the allied health professions, to cite only a few examples.

In Minnesota, the RMP has helped train 631 nurses, 544 doctors, and 114 medical electronic technicians for intensive coronary care units. The program has also worked to improve 119 medical libraries in community hospitals.

But the Administration impounded $44.5 million in funds appropriated by Congress for these programs. In its original budget request for the current fiscal year, the Administration went even further, asking for less than half of what the Congress had appropriated the previous year. But Congress appropriated almost $103 million.

Nevertheless, there is more to be done. The regional medical centers are not yet effectively tied in to medical schools and to both public and private research centers. Nor is there yet a close cooperation of the private and public health professions in these programs.

But there must also be an intensive effort to improve health care in the inner city. The vital program of Neighborhood Health Centers, receiving assistance from the Office of Economic Opportunity, must be transformed from an experimental project into a substantially expanded, permanent program where preventive as well as curative medicine is practiced, and where diagnosis through multiphasic health screening makes the detection of disease as important as its treatment. And there must be an emphasis upon making out-patient services directly accessible and readily available to community residents, particularly to assure good health care for children and infants.

Neighborhood health centers cannot stand alone, however. They must be tied in wherever possible with medical schools and community hospitals, providing the essential back-up of specialized resources and services.

Nor can health professionals involved in neighborhood health centers overlook the vital importance of sustained programs of education in personal health care and nutrition for neighborhood residents.

The fourth part of a new health program for America must be the substantial expansion of professional personnel resources. We know that our Nation is currently short 50,000 doctors, 18,000 dentists, 150,000 nurses and thousands more allied and para-professional health personnel. But even last year, 61 of our 101 medical schools were drawing Federal distress funds simply to remain in operation.

And the total supply of health personnel is only part of the problem. The health manpower that exists is maldistributed—it is concentrated in middle-class suburban America.

It has remained for Congress to address these problems. It has had to reverse budget cutbacks in funds for medical school construction grants. It has had to act and act again, in the face of Administration vetoes, to expand medical education resources. Right now, additional health manpower and nurses training bills are in conference, awaiting final action.

I cannot understand the Administration's sense of priorities in medical education. Though the Soviet Union's population is only 17 percent larger than ours, their medical schools turn out 350 percent more graduates. Meanwhile, the United States is importing about 1,700 foreign-trained physicians every year, who now make up about 14 percent of our available medical manpower, and account for a much higher percentage of our hospital internships and residencies.

We must continue to expand the range of health education opportunities—through increased scholarships, particularly for youths of lower-income families; through expanded and improved medical school resources and streamlined curricula; and through a greater emphasis on the para-professional fields. And we must place the emphasis on getting the graduates where they are needed, through appropriate incentives.

And I believe the redistribution of medical manpower can be greatly furthered by making financial aid available for starting hundreds of additional group practice plans. These should be allied with efficiently administered hospitals, where there is professional and public participation in the formulation of policies, and where there is an area-wide coordination of total health care resources. In any such program, the health professional should be assured reasonable and adequate compensation, and the person seeking health care should be granted a reasonable freedom of choice.

Last year, Congress had to over-ride a Presidential veto of a major new program of hospital construction and modernization which it had enacted to meet a national need for the modernization of 455,000 bed spaces, and the provision of 250,000 new hospital bed units. Hospital costs have soared, while again and again we witness patient beds crammed into hospital corridors. This is unconscionable, and every effort must be made to bring the supply in line with the demand before hospital costs can be brought under control.

Matching supply and demand—that is the key, I believe, to the establishment of an effective, comprehensive health care system. And we must design an insurance system that will effectively help people to meet the costs of health care.

But a new program of health care for America cannot be addressed solely to the problems of costs and of resources. For we are talking about the care of people. And health care professionals must expand the horizon of their perception and study to recognize the impact of the physical and social environment on health.

I am talking about the tensions of everyday life that continue to rise with the pace of our existence. What has been termed the threat of "future shock", an adaptational breakdown in the face of the pace of social change, is already very much with us.

That is why preventive as well as curative psychiatric care must be made an integral part of group-practice or health center programs. That is why we must recognize the impact of the political environment on health—the deep need of people for livable, decent, and safe cities. And that is why the despair of poverty must be assigned a key role in the causes of ill health.

And I am talking about the extensive evidence of malnutrition among children, even children of higher-income families.

That is why I intend to press for legislative action on the Universal Child Nutrition and Nutrition Education Act, which I recently introduced, to eliminate the incredible patchwork of limiting legislation and regulations that afflict our child nutrition programs. We must assure that every child has the right to good nutrition.

These are the comprehensive and perceptive investments that the United States simply must make if the health of the American people is to be protected. Our goal should be to assure each child born a right that is as precious as the right of citizenship—the right to health. For it is health that nourishes hope, and it is hope that has always been the strength of this great Nation.

But we cannot be satisfied with doing the job of establishing effective health care within our own boundaries. Nor will we succeed in this effort unless we recognize the international challenges of major disease and sickness, which demand a comprehensive and sustained attack by the entire community of nations.

It is in recognition of this basic truth that I undertook the chairmanship of the International Health Study of the U.S. Senate in the late 1950's. The work of that Senate committee opened a whole new range of challenges and opportunities in the conquest of disease, to the American public.

We pressed hard for the enactment of a Joint Resolution to establish a National Institute for International Medical Research. I called upon Chairman Krushchev to agree to a program of unlimited Soviet-United States cooperation in a united war against cancer.

These were startling proposals at the time, but I strongly feel they are absolute requirements now. We must launch an offensive for health, and it must be international in scope.

There is an acceleration of activity in this direction. Vital programs of medical research, vaccination, and treatment under the auspices of the World Health Oragnization are having increasing success in combatting tropical diseases, such as malaria, and in turning back tuberculosis and smallpox and yaws. Cholera has been resurgent, however, and the control of trachoma and leprosy is made difficult by limited resources and manpower.

And the Stockholm conference on pollution represents an important recognition of the broader scope that must be given to an attack on the causes of disease and ill health.

Important programs are underway to exchange medical knowledge and research, as exemplified by the enactment of the International Health for Peace Act, providing vital financial assistance and scholarships.

These are but a few examples of what can be accomplished. But further opportunities can be seized. We must continue to support the establishment of American sponsored research hospitals in areas of greatest need, as has been done in Poland. This can be furthered by the use of generated currencies under American aid programs, and administered through the establishment of binational foundations.

We must give central importance to the expansion of basic research across the world—a critical resource for medical science, that is in incredibly short supply.

The United States should make a substantial investment in the World Health Orga-

nization program for the mass eradication of selected diseases.

And the United States Public Health Service must have the means to make its technical know-how available to the world.

Let us, then, launch an international war against the enemy which limits mankind, deprives him of his birthright, cuts him down prematurely—the enemy of disease and disability.

And let us recognize that an important step can be taken, through an unselfish and cooperative health effort, to create a climate of relationships out of which further political agreements between East and West may some day be reached, and the basic right of the new nations of the world to equality of opportunity for development be given full recognition.

It is this climate of hope and promise for all peoples that we earnestly seek.

Let us, therefore, dare to try!

HAROLD D. MILES

Mr. MATHIAS. Mr. President, I rise to salute Harold D. Miles, a 15-year-old Annapolis, Md., youth who last summer rescued two little girls and a man from drowning. Young Mr. Miles has been presented citations for heroism both by President Nixon and by the Governor of Maryland, Marvin Mandel.

Mr. President, I ask unanimous consent that the Senate join in honoring Harold D. Miles by printing in the RECORD the report of the Annapolis Evening Capital of his awards.

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

NIXON, MANDEL CITE HERO, 15

(By Kathryn Woestendiek)

An Annapolis youth who saved two little girls and a man from drowning last month has received recognition for heroism from both President Nixon and Governor Marvin Mandel.

Harold D. Miles, 15, son of Mr. and Mrs. Elmer J. Miles of 721 Monterey Ave. received a letter and certificate from Nixon Monday praising his recent act of heroism.

"Your willingness to help others in need deserves the respect and admiration of all our fellow Americans," the President's letter in part said, "and in recognition of your outstanding humanitarian concern, I want you to have the enclosed certificate. It comes to you with my best wishes for the future."

Young Miles met yesterday with Sen. Robert Pascal and Gov. Mandel and was presented an award for heroism as well as a silver plate embossed with the state seal.

He has also received a letter of appreciation from the family of the two little girls whose lives he saved.

Mr. and Mrs. Virgil Brown, parents of Robin, 9, and Cheryl Downs, 11, thanked Harold for rescuing their daughters as well as attempting to prevent the drowning of Annette Lorraine Brown, 10.

The family also extended thanks to Harold's mother, for ordering the ambulance that transported the victims to Anne Arundel General Hospital.

Miles saved the children and the man, a relative, from drowning in Weems Creek on July 26.

REPRESSION IN NORTHERN IRELAND

Mr. RIBICOFF. Mr. President, the violence and acts of terror in Northern Ireland are bound to continue and increase in intensity unless the oppressed minority there feel there are genuine prospects for peaceful alternatives.

Today's New York Times carries an account by Tony Lewis, writing from London, of the ordeal of one man interned without trial under the Special Powers Act. The article states that there was nothing special about this particular episode, and shows, according to Lewis, "why, despite all the announced reforms of recent years, the Catholics remain so totally alienated from the Ulster system." Lewis, who in the past has written perceptively on this subject, gets to the crux of the issue in Northern Ireland today.

The end of internment, and the abolition of the current Parliament in Northern Ireland are two of the key elements in Senate Resolution 180, which I introduced, and which is cosponsored by Senators KENNEDY and WILLIAMS.

As time goes on, more people, in Britain, in the United States, and elsewhere, will come to the inescapable conclusion that the present system in Northern Ireland, as Mr. Lewis states, "can never bring peace."

I would like to call this article to the attention of all of my colleagues who are seeking a better understanding of the crisis in Ulster.

I ask unanimous consent that the text of the column by Mr. Lewis, "The Incident of Mr. Fox," be printed at this point in the RECORD.

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

THE INCIDENT OF MR. FOX

(By Anthony Lewis)

LONDON, November 12.—It began with a letter from the Ardoyne, a Roman Catholic ghetto of Belfast.

"My husband's name is John Joseph Fox, he was in the British Army for six and one-half years, also he was on reserve. We came home to Ireland after 25 years in England where all the children were born. . . .

"Now they have taken my husband into prison from his home on the 9th of August and he is still a detainee at Crumblin Road Prison. He was beaten up terrible, in fact he thought it was the end for him. . . . I know they have made a mistake so why don't they let him go? I just don't understand. . . ."

Mrs. Fox wrote to Victoria Brittain, an English journalist who had stayed in the Ardoyne last spring on assignment for The Times of London. Miss Brittain turned the letter over to The Times, which printed it.

Stormont, the Northern Ireland Government, at once denounced the letter as false. Mr. Fox was not being detained without trial as a suspected terrorist, an official said: He was in jail awaiting trial on a charge of car theft. He had appeared in court on that charge on Aug. 25, been remanded to prison (denied bail), and appeared and been remanded again on five later occasions.

When that official denial was published, it seemed odd. Do British courts really deny bail in auto theft cases? Could a man be held in jail for months before trial on such a charge? A simple check showed that the answer to these questions was no.

The Stormont statement was in fact a farrago of untruths. Officials, asked to check, took two days and then admitted they had been wrong: Mr. Fox was being detained under the Special Powers Act, just as his wife had said. The facts were:

Mr. Fox was charged with the theft of a car last June. He pleaded innocent, producing what he said was a canceled check for the car and its proper documents. He was freed on bail of $1,200, later reduced to $480.

On Aug. 9, the day Stormont began interning suspected Catholic terrorists, Mr. Fox was seized under the Special Powers Act and taken with other detainees to Crumlin Road Prison. If it were not for that, officials now agree, he would be free on bail. But the Government has neither lifted the detention order nor proceeded with the car theft case.

Mr. Fox has now been detained under the Special Powers Act for more than three months. Ordinarily Stormont decides within 28 days whether it has grounds to enter a formal internment order against a suspect, but even that has not happened. Mr. Fox is in limbo. And his prison is not in Greece or Brazil or the Soviet Union but in what the Ulster Protestants proudly insist is a part of the United Kingdom.

There is nothing very special about the episode—it does not come near the worst horrors of Northern Ireland. It just happened to be played out before a public audience, and it shows why things are as they are: why, despite all the announced reforms of recent years, the Catholics remain so totally alienated from the Ulster system.

If you live in the Ardoyne, you are convinced that there is no truth in Stormont, that there can be no real commitment to equal rights. You are convinced also that there is no assurance of fair treatment from the Ulster police, or of justice in an Ulster court.

None of this is to say, from an outsider's viewpoint, that injustice is all on one side. It would be impossible to say that after the I.R.A.'s cruelties, or after the terrible scenes of Bogside women shearing and tarring a girl because she loved a British officer.

But no nice balance from outside can change what the Catholic one-third of Northern Ireland perceives as reality: It lives in a sectarian Protestant state, created fifty years ago for the very purpose of maintaining Protestant domination, and there can be no hope until the structure of that sectarian state is dismantled.

That is the truth that successive British Governments have tried to avoid: The Stormont system, with its separate, perpetually Protestant Parliament and Executive for Northern Ireland, can never bring peace. No one should pretend that there is an easy way out of the Irish troubles, but the way has to begin with British recognition that the Stormont idea has failed.

OBSCURE COLLEGES DESERVE AID

Mr. MATHIAS. Mr. President, amidst the growing national concern for the financial plight of our colleges and universities, I would like to bring to the attention of my colleagues a type of college which is particularly threatened. As described in a recent article by Eric Wentworth in the Washington Post, the Carnegie Commission on Higher Education has issued a report underscoring the difficulties faced by our Nation's 500 "invisible colleges," seven of which are located in Maryland. Coauthored by Calvin B. T. Lee, new chancellor of the University of Maryland's Baltimore County campus, the report makes evident the vital role which this type of small private college plays in offering American students a diversity of choice, as well as a chance to secure their education in a close, cohesive atmosphere. Furthermore, the authors suggest that "subsidizing these small private colleges could prove

less costly in many cases than further expanding the public higher education facilities." Mr. President, I ask unanimous consent that the full text of Mr. Wentworth's article be printed in the RECORD.

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

OBSCURE COLLEGES DESERVE AID

(By Eric Wentworth)

If America's 500 "invisible colleges" are to be rescued from extinction, the states are going to have to subsidize them, according to the Carnegie Higher Education Commission.

A commission report—written by Alexander W. Astin, research director for the American Council on Education, and Calvin B. T. Lee, new chancellor of the University of Maryland's Baltimore County campus—contends that these colleges "by and large . . . justify their existence."

As Astin and Lee define them, "invisible colleges" include those private, four-year campuses which tend to be small, unselective, underfinanced, often church-linked and concentrated in the Southeast and Midwest.

They have names like Avila and Biola, Yankton and Yampa Valley, St. Mary of the Woods and St. Mary of the Plains, Olivet Nazarene and Free Will Baptist Bible, Embry-Riddle Aeronautical Institute and the Kansas City Art Institute.

Local institutions on their "invisible colleges" list included:

District of Columbia: Benjamin Franklin College Capitol Institute of Technology, Gallaudet College, Southeastern University and Washington Bible College.

Maryland: Columbia Union College, Eastern College, Maryland Institute College of Art, Ner Israel Rabinical College, Peabody Conservatory of Music, Saint Mary's (formerly Saint Charles College) and Woodstock College.

Virginia: Bridgewater College, Eastern Mennonite College, Frederick College, Lynchburg College, Randolph-Macon Women's College, St. Paul's College, Shenandoah College and Virginia Union University.

Despite their obscurity, these colleges represent about a third of all four-year institutions and enroll nearly half a million students, both white and black.

The "Invisible Colleges" deserves to survive, Astin and Lee assert, because they provide diversity in an era when the more prominent institutions have been playing follow-the-leader.

Moreover, they "provide a warmer and more cohesive atmosphere . . . give the student greater opportunities to participate in a number of activities, and . . . have traditionally designed their programs to suit a student clientele that is in many respects similar to the less able and less well-prepared students who are currently imposing a heavy burden on the public institutions."

Astin and Lee believe these colleges neither can nor should upgrade their students, faculty and other academic resources to the levels of more elite institutions.

They thus propose a novel approach for state aid, suggesting that "it might be possible to convince legislators that subsidies should be based on an institution's lack of selectivity; preference might be given to those institutions whose entering students' high school grades and ability test scores fall below a certain level."

The authors propose that subsidies be further limited to support for strengthening the colleges' "unique educational programs," for developing new programs to help less able or poorly prepared students, and for helping boost enrollment.

Many of these colleges, they point out, have uneconomically low enrollments at present. They face increasing competition from low-tuition public colleges which largely attract the same types of students.

On the other hand, increasing enrollments at the "invisible colleges" could help ease some of the growth pressures at state-run campuses. Indeed, the authors suggest, subsidizing these small private colleges could prove less costly in many cases than further expanding the public colleges.

Astin and Lee thus propose that both state and federal policymakers take a closer look at the role of "invisible colleges" and include them in higher education planning.

Some 35 states, according to the Chronicle of Higher Education, are providing direct or indirect aid to private colleges at present. Others are considering such steps.

CONCLUSION OF MORNING BUSINESS

The PRESIDENT pro tempore. Is there further morning business? If not, morning business is concluded.

REVENUE ACT OF 1971

The PRESIDENT pro tempore. Under the previous order, the Chair will now lay before the Senate the unfinished business, H.R. 10947, which the clerk will report.

The legislative clerk read the bill by title, as follows:

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.

The Senate proceeded to consider the bill.

The PRESIDENT pro tempore. The pending amendment is No. 649, offered by the Senator from Minnesota (Mr. MONDALE), with a limitation of 2 hours, equally divided and controlled by the proponents and the opponents of the amendment.

Mr. MONDALE. Mr. President, I yield myself such time as I may need.

The PRESIDENT pro tempore. The Senator may proceed.

Mr. MONDALE. Mr. President, this amendment would defer for 1 year the social security tax increase scheduled to go into effect next year.

Under the present law a $3 billion social security tax increase is scheduled for January 1, 1972. This comes about because the amount of earnings subject to the social security tax rises from $7,800 to $9,000 under existing law. In addition, the social security bill now before the Committee on Finance calls for a further increase in the tax base to $10,200, and an increase in the tax rate from 10.4 to 10.8 percent.

Coupled with the tax base increase already legislated for 1972, this would represent one of the largest social security tax increases in history. We do not know either when or in what form the social security bill will finally pass Congress, but there can be little question that these tax increases come at the wrong time from the standpoint of economic recovery. Almost all economists agree that economic recovery now requires a major increase in consumer spending. But while the present tax bill includes some cuts for individuals, unfortunately these cuts are largely canceled by the social security tax increases scheduled to go into effect January 1, 1972.

I will shortly distribute to Senators a table showing the effect of scheduled increases in social security taxes upon the individual tax savings which will come out of this tax bill. The table shows that when one looks at social security tax increases and individual tax relief through an increased exemption together, rather than separately, there is virtually no tax relief for the individual taxpayer. This is true even when the effect of the Hartke amendment increasing the personal exemption to $800 is included.

For example, a family with an income of $10,000 under the present law pays $962 in income tax. Under the House-passed bill he would pay $905 in income taxes. With the Hartke-adopted increase of personal tax exemptions he would pay $867. His maximum tax saving therefore is $95 under presently scheduled taxes.

But, Mr. President, if you subtract the scheduled social security tax increase of $62 from the $95 saving, as one must do, the net tax saving to a family with an income of $10,000 is only $33. So there is practically no aggregate improvement at all for the average taxpayer.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the complete table and analysis to which I have referred.

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

INDIVIDUAL TAX SAVINGS AFTER SCHEDULED INCREASE IN SOCIAL SECURITY BASE TAKES EFFECT

[Average family of 4. Assumes deductible personal expenses of 10 percent]

Income	Tax liabilities			Savings w/$800 exemption	Social security increase	Tax saving after social security increase
	Present law	H.R. 10947	W/$800 exemption			
$5,000	$170	$98	$70	$100	----------	$100
$7,500	561	484	450	111	----------	111
$10,000	962	905	867	95	$62	33
$12,500	1,371	1,309	1,266	105	62	43
$15,000	1,864	1,820	1,776	88	62	26
$20,000	3,060	3,010	2,960	100	62	38
$25,000	4,296	4,240	4,084	112	62	50

Mr. MONDALE. Mr. President, my amendment to defer this social security tax increase for 1 year has received the support of a number of economists and others concerned with economic problems. Deferral of the increase was recommended by the Joint Economic Committee in its excellent 1971 midyear review of the economy, dated August 16, 1971.

In the report of the Joint Economic Committee, which incidentally, was agreed to on a bipartisan basis, the committee said:

The increase in the social security tax base presently scheduled for January 1972 should be postponed until January 1973. The further increase in the tax base and the increase in the tax rate presently being considered by Congress as part of social security and welfare reform legislation (H.R. 1) should be instituted on a gradual basis, beginning no sooner than January 1973.

The committee then stated as follows:

Our second recommendation, the postponement of social security tax increases, has been less widely discussed. The magnitude of scheduled and contemplated social security tax increases may not be generally recognized. An increase in the social security tax base from $7,800 to $9,000 is already scheduled for January 1972, as a result of action taken by Congress last spring postponing this tax increase from the January 1971 starting date originally recommended by the Administration. This Committee supported that postponement. January 1971 was not an appropriate time to raise taxes. The continued sluggish performance of the economy makes it highy probable that January 1972 will be an equally inappropriate time to raise taxes. Therefore we believe that this increase in the tax base should be postponed for an additional year.

The social security and welfare reform legislation presently being considered by Congress (H.R. 1) contains, as presently formulated, a further increase in the social security tax base from $9,000 to $10,200 and an increase in the social security tax rate from 10.4 to 10.8 percent, both scheduled to take effect in January 1972. Coupled with the tax base increase already legislated, these provisions would result in one of the largest social security tax increases in history and would exert a significant and most unfortunate restraining effect on the economy. Therefore, we believe that these further tax increases should be put into effect gradually, with none of them beginning any earlier than January 1973. The social security trust funds presently contain a large surplus. Even without the tax increases, this surplus will grow by some $7 to $8 billion in fiscal 1972. Thus, postponement of these tax increases does not present any danger of impairing the sound financing of the social security system. There was virtually unanimous agreement among our witnesses, however, that the whole system of Social Security taxation raises increasingly serious questions of equity and that major reform should be given high priority.

Mr. President, this delay in the increase in social security taxes was also supported by the Committee on Economic Affairs of the Democratic Policy Council and it received enthusiastic endorsement from many of the witnesses participating in the Joint Economic Committee's recent hearings on the President's new economic policies. The Senator from Wisconsin (Mr. PROXMIRE), chairman of the Joint Economic Committee, has summarized this testimony as follows:

Postponement of Social Security tax increases scheduled for next January received widespread support from witnesses, including Heller, Schultze, Ackley, Okun and Nathan. . . . They all said that we ought to suspend it, that we should not impose it, that it would depress the economy, that it is unnecessary and could be postponed without a permanent loss of revenue.

It is quite clear that a broad spectrum of the Nation's top economists agree that we can safely defer the imposition of the social security tax increases for an additional year.

Mr. President, I ask unanimous consent that I may have printed in the RECORD some of the comments made by economists with respect to this issue.

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

EXCERPT FROM A STATEMENT BY PROF. OTTO ECKSTEIN, DATA RESOURCES AND HARVARD UNIVERSITY BEFORE THE JEC

Postpone for one year, part or all of the social security tax increases scheduled to take effect next January. In total these will add $7 billion to the tax bill paid by workers and employers in calendar 1972 (assuming enactment of the social security provisions in H.R. 1). A fully employed worker, earning $10,000 per year will pay $175 extra in social security taxes next year (and his employer another $175). On the other hand, that same worker, assuming he headed a family of four, would get only about $80 in income tax benefits from the speedup in tax reliefs proposed by the President. If half of the scheduled social security increase were postponed, the fiscal impact would be a $3 billion reduction in tax liabilities.

EXCERPT FROM A STATEMENT BY ARTHUR M. OKUN, SENIOR FELLOW, BROOKINGS INSTITUTION

Social security taxes are slated to rise on January 1, 1972—$3 billion is scheduled by present law and an additional $4½ billion is proposed by H.R. 1. If the H.R. 1 provisions are enacted, a family with a $10,000 income will have a net *increase* in combined income and payroll taxes.

The tax proposals are also unbalanced in their effects on various industries. They would provide $8 billion of incentives for the production of business equipment and automobiles, on top of the $3 billion from accelerated depreciation. In contrast, they virtually ignore all other industries, which produce nearly 90 percent of our national product.

The imbalances are incontrovertible. They are also, in my view, economically and socially unjustifiable.

Mr. MONDALE. Mr. President, the economy desperately needs further stimulation. I do not believe it is generally recognized how slow and sluggish the present economy is, how desperately short we are of the growth we need to achieve full employment, and regain the economic productivity which full employment brings.

The figures for 1971 show that in the first quarter the gross national product rose by an annual rate of 7.7 percent; in the second quarter it dropped to 4.8 percent; and in the third quarter it dropped again to a sluggish and wholly inadequate rate of 2.9 percent in real dollar terms, which is the thing we must be concerned with.

Let us compare that growth—that stagnant level of growth—and what is needed if we are interested in full employment. According to the President's manpower report, the labor force will grow at an annual rate of 1.6 percent. Productivity increases will improve at a rate of about 3 percent. Therefore, about a 4.5-percent growth rate in real terms is required to merely stay even with the growth rate of the labor force.

In other words, there must be at least a 4.5-percent growth rate if we are to avoid growing unemployment, that is unemployment higher than the already unacceptable level of 5.8 percent, which everyone knows understates the unemployment rate existing in the country.

I think any reasonable view of the economy demonstrates the need for more stimulation, for more growth: The best way to achieve it is to improve the power and the capacity of the consumer to buy, to spend as a consumer.

Postponement of the social security base increase will have favorable fiscal effects, and it has several other virtues as well.

First, it brings some relief to middle income taxpayers who are already paying excessive taxes.

If one looks at the disproportionate way in which we are delivering tax relief in the bill before us, one would have to agree with Walter Heller, who said, in effect, that the bill gives a great big juicy steak to big business and a picked-over soupbone to the average taxpayer.

The House income tax bill over the next 10 years would provide business $75 billion worth of tax relief and individual tax relief of only $14 billion. That degree of individual relief came about only because the committee went much further than the President asked to bring some relief to the individual taxpayers. I commend them for those changes, but under that improved bill we still are offering to big business the most tax relief ever accorded to them in their history; and when one considers the social security increase, the average taxpayer's bill will be largely unaffected. Moreover, this continues a trend which since 1961 has seen corporate taxes decline drastically as a percentage of total Federal taxes while social security taxes have increased even more strikingly.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing the trend of corporate taxes, personal taxes, and social security taxes as percentages of gross national product.

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

TABLE 1.—THE FEDERAL SECTOR AT FULL EMPLOYMENT AS A PERCENT OF POTENTIAL GROSS NATIONAL PRODUCT: NATIONAL INCOME ACCOUNTS

Calendar years	1961	1970	1972
Personal taxes	8.7	9.2	8.6
Corporate taxes	4.6	4.3	3.6
Indirect business taxes	2.7	2.1	1.8
Social security taxes	3.9	5.0	6.0
Total revenues	20.4	20.5	20.0

Mr. MONDALE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a table showing the distribution of income tax revenue loss over the next decade.

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

TABLE I.—DISTRIBUTION OF INCOME TAX REVENUE LOSS, REVENUE ACT OF 1971 (H.R. 10947)

[Billions of dollars]

Calendar year	Business				Individuals			
	ADR	7 percent investment credit	DISC	Total	Personal exemptions	Standard deductions	Low-income allowance	Total
1971	$0.7	$1.5		$2.2	$0.9		$0.4	$1.3
1972	1.7	3.6	$0.1	5.4	1.9	$0.3	1.0	3.2
1973	2.4	3.9	.2	6.5			1.1	1.1
1974	2.9	4.2	.2	7.3			1.1	1.1
1975	3.5	4.5	.2	8.2			1.2	1.2
1976	3.7	4.8	.3	8.8			1.2	1.2
1977	3.4	5.1	.3	8.8			1.3	1.3
1978	3.1	5.5	.3	8.9			1.3	1.3
1979	3.1	5.8	.4	9.3			1.4	1.4
1980	3.0	6.2	.4	9.6			1.4	1.4
Total	27.5	45.1	2.4	75.0	2.8	.3	11.4	14.5

Sources: U.S. Treasury. Joint Committee on Internal Revenue Taxation.

Mr. MONDALE. Mr. President, social security tax relief, it seems to me, is desperately needed to achieve equity for the middle income taxpayers.

Second, this form of tax relief, has the virtue of involving no permanent revenue loss to the Federal Treasury.

In contrast, the President's 1971 tax proposals would reduce Federal revenues by $8 billion a year permanently. Over the next 10 years, that means a $80 billion loss in Federal funds.

I think that is a highly doubtful public policy at a time when increased revenues are desperately needed for many compelling reasons here at home, whether it be for welfare reform, health insurance reform, pollution control, to bring fiscal relief to State and local governments, or for the many other high priority national needs.

What is needed now are short-term measures to stimulate consumer spending, without undermining or destroying the Federal tax base. Deferral of the social security tax increase is such a measure.

Third, this proposal heads off a rise in the cost of labor to business. This is because the employer pays half of any social security tax increase. By holding down the cost of labor, this amendment will tend to encourage employment.

In other words, in addition to stimulating the economy in terms of increased consumer purchasing, postponement of the social security tax increase also reduces the cost of labor to the employer and encourages an increase in the labor force for that reason as well. As the social security tax rises, as it is rising today so steeply, this consideration is of very great importance.

A number of arguments have been made against the deferral of this tax increase.

First, it is argued that deferring the social security tax increase will have no impact on the economy until the second half of 1972.

The argument is as follows: The social security tax increase scheduled to go into effect next January involves an increase in the tax ceiling from $7,800 to $9,000.

The tax is applied to total wages starting at the beginning of the year and continuing until the tax ceiling is reached. Therefore, deferral will not have a significant impact until the third quarter—when workers start to reach the ceiling.

To be sure, it would be better if we could find policies that would stimulate the economy immediately. At the same time, however, there can be little doubt that the fiscal help provided by deferring this tax increase will be needed in the second half of 1972.

Few people now believe that we will be at full employment by the third quarter of 1972. Indeed, most economists predict that unemployment will be within the range of 5 to 6 percent, perhaps even higher late in 1972. If the unemployment growth rate trends I have just referred to continue, unemployment will still be of great concern late in 1972. In that case, stimulus will be needed at that time to continue to work down our unemployment rate. Late 1972 is hardly the time for an onerous tax increase to become effective. Unless we defer the increase, next year the economy will be hit with a $3 billion tax increase when it can least afford it. This could be a cruel blow, indeed.

The second argument against deferral is that the tax increase is required to maintain the financial soundness of the social security system.

The answer to this is that the old-age-survivors, and insurance disability trust funds are generating surpluses. For 1971, the surplus is expected to be $3.4 billion. For subsequent years, the surpluses are shown in the table which I ask unanimous consent to have printed at this point in the RECORD.

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

NET INCREASE IN FUNDS, OLD-AGE AND SURVIVORS INSURANCE AND DISABILITY INSURANCE TRUST FUNDS

[In billions]

	Under present law	Under House-passed Social Security bill (H.R. 1)
1972	$7.2	$2.7
1973	13.0	2.9
1974	14.9	2.9
1975	16.6	12.8

Mr. MONDALE. Mr. President, the trust funds are generating surpluses because social security financing is based on some extremely conservative assumptions.

If these assumptions were discarded in favor of more realistic ones, it would be possible to considerably reduce social security taxes. Recently reports have been appearing in the press indicating that the Nixon administration is considering this very move. Adoption of more realistic assumptions has been unanimously recommended by the social security system's advisory council. This council is a prestigious, nonpartisan group of experts and advisers. In their report, entitled "Report of the 1971 Advisory Council on Social Security," dated April 5, 1971, they clearly come out for a revision in the actuarial assumptions and methodology by which we fund the social security benefits.

Mr. President, I ask unanimous consent that the recommendations of the advisory council on this subject be printed in the RECORD at this point.

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

Actuarial Assumptions and Methodology

7. *Earnings Assumption.*—The Council recommends that the actuarial cost estimates for the cash benefits program be based—as the estimates for the hospital insurance program now are—on the assumptions that earning levels will rise, that the contribution and benefit base will be increased as earnings levels rise, and that benefit payments will be increased as prices rises.

* * * * *

The Size and Function of the Trust Funds

10. *Current-Cost Financing.*—The financing of the program should be on a current-cost basis, with the trust funds maintained at a level approximately equal to one year's expenditures.

Mr. MONDALE. According to the Washington Post on October 31 of this year, the conclusions of the social security advisory council also won the support of the Social Security Administration and of the Secretary of Health, Education, and Welfare, Mr. Richardson. I ask unanimous consent to have printed in the RECORD an article entitled "1972 Social Security Dividend Eyed," written by Vincent J. Burke and published in the Washington Post of October 31, 1971.

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

1972 SOCIAL SECURITY DIVIDEND EYED

(By Vincent J. Burke)

Confronted with evidence that cash benefits of the Social Security System are overfinanced for the next 40 years, the Nixon administration is considering asking Congress to declare an election-year dividend.

The dividend could be used up entirely

canceling a major portion—$20 billion a year—of the staggering load of new payroll taxes scheduled to be imposed in the coming decade.

But it seems more likely that political pressures would dictate that a share of the dividend be passed out to beneficiaries in the form of an election-year increase in benefit payments.

The extraordinary plan—which President Nixon probably will find politically irresistible—would produce an actuarial surplus in the Social Security trust fund by shifting the system to a less conservative method of accounting in determining whether the fund is in balance.

STARTING IN 2010

The new method of accounting would, however, require sharp increases in tax rates, starting in the year 2010, when the present generation of American youth starts going on the benefit rolls.

If the new method should be enacted, and all of the "dividend" applied to erasing future tax increases, it would have this effect on Social Security taxes.

Tax rates—At present employees and their employers each pay 5.2 per cent of covered earnings—and the rate would rise to 7.4 per cent by 1977 under terms of a House-passed Social Security liberalization. If the new accounting method should be enacted, there still would have to be one more quick increase in the tax rate to help cover a deficit in Medicare's hospitalization fund. But then the rate could be frozen for decades at 5.4 per cent.

Taxable earnings—The plan would not prevent a steady rise in the maximum Social Security tax. The amount of earnings subject to tax (now $7,800 and scheduled to rise next year to $9,000) would continue rising in future years. This would be necessary to provide cost-of-living increases for beneficiaries and cover rising hospitalization costs.

WAYS OF SPENDING

In theory, the "dividend" generated by the shift in accounting methods could be "spent" in three different ways.

1—All of it could be used to provide relief to this generation of workers and businessmen from a portion—$20 billion a year—of the additional Social Security taxes which now confront them in the coming decade. Even if this were done, the payroll tax of every worker and employer would still rise above today's level. But the increase would be much smaller than is now in prospect.

2—All of it could be used to provide an across-the-board increase of close to 50 per cent in cash benefits for the 26 million persons on the rolls (who include 20 million voters over 60). But there seems no chance that the administration or Congress would choose this option, since it would require the quick imposition of a staggering new load of Social Security taxes on every worker and employer and self-employed person covered by the program.

TWO-WAY ADJUSTMENT

3—A combination prospective tax and immediate benefit adjustment—the option with the greatest political appeal—would permit some increase in the election-year benefit boost of five per cent which the House already has voted to put into effect next July.

Under the present accounting method, the projections indicate that by the end of the decade a worker earning $15,000 might be paying 7.4 per cent of $15,000, or $1,110 in Social Security taxes. Under the new accounting method, this projected tax payment would drop to 5.4 per cent on $15,000, or $810.

The shift to the less conserative accounting method would require these two steps:

1—The pretense would be abandoned that the Social Security System will someday accumulate a gigantic retirement fund to help pay future benefits. As a matter of explicit policy, the retirement fund would operate in the future as it generally has in the past with only enough reserve to pay one year's benefit.

2—Future tax needs for the retirement fund would be projected on the assumption that wages (and prices) will rise, instead of remaining level for the next 75 years, the present conservative assumption.

BACKED BY COUNCIL

Both steps were unanimously recommended last spring by the Social Security System's advisory council whose members, broadly representative of the public, included spokesmen for business, labor and private insurance companies. Since then, the two-part plan has won the backing of the Social Security Administration and Elliot L. Richardson, Secretary of Health, Education, and Welfare, and is being considered now at the Office of Management and Budget.

The first step is not controversial, but the second is opposed as imprudent by Robert J. Myers, former chief actuary of the Social Security System.

It is the second step that unlocks the door to the actuarial windfall. Because retirement benefits are weighted in favor of low-income workers, rising wages tend to produce a "profit" for the Social Security System over and above the amount needed to pay cost-of-living benefit increases.

Congress has used the profit from past wage rises to periodically liberalize benefits or postpone scheduled rises in tax rates. However, if the new accounting method were adopted, the actuarial profit achieved by projecting future rises in wages would be extracted from the retirement system in one fell swoop.

If these were done, Congress would have to boost current Social Security Tax rates whenever it chose to hike benefits above levels required to keep up with the cost of living. Rising wages could no longer be counted upon to generate profits in the Social Security System for Congress to use in periodically tinkering with liberalizing changes.

SORT OF PERPETUAL MOTION

Thereafter, if wages continued to rise almost twice as fast as prices (as they generally have in the past), the retirement system could operate for 40 years as a sort of perpetual motion machine. A benefit escalator would automatically boost benefits periodically to offset rises in the cost of living and a wage escalator would increase periodically the amount of wages subject to the payroll taxes. But there would be no need to hike the retirement fund's tax rates until 2010.

This is conceivable only because there will be for 40 years a fairly constant ratio between the number of benefit-collectors (persons over 65) and the number of benefit-payers (persons 20 to 64).

However, starting in or about 2010, this ratio will begin changing radically as the bumper crop of post-World War II babies (today's youth under 26) begins going onto the benefit rolls. Then, the ratio of beneficiaries to taxpayers will rise sharply, requiring tax rates to be set higher, perhaps 25 to 30 per cent.

Presumably, the resistance of the taxpayers would escalate, accordingly. By then, however, persons over 65 would constitute a much greater portion of the voting populace—and would wield proportionately greater political power—than they do today.

THIRTEEN-MONTH RESERVE

Because it would destroy a fiction that is part of the mythology of Social Security, an announced decision to limit the future size of the retirement fund might trouble some Americans. But "pay-as-you-go" is the practice that has been followed for years. Money currently paid out to beneficiaries comes from taxes currently paid in by workers and employers. The fund now has a reserve big enough to pay only 13 months of benefits.

Myers, a nationally known actuary who developed cost projections for the Social Security System for several decades, objects switching to the rising-wage method of projecting the system's tax needs because it assumes that wages in the future will continue to rise almost twice as fast as prices. (The difference being what economists call "productivity"). Myers says it's imprudent to assume future productivity gains will be anywhere as great as in the past and notes that in the last few years productivity gains have been almost non-existent.

But the proposal has gained support among business and labor representatives in Washington, a development that Rep. John W. Byrnes, of Wisconsin, senior Republican on the House Ways and Means Committee, finds deplorable, but understandable.

"The business guy thinks if he can postpone his taxes, that's great," Byrnes said. "And labor unions want to avoid payroll tax increases and raise benefits by taxing money out of general revenues, making the system a welfare hybrid.

"The attitude seems to be that if we can postpone the day of reckoning, let's do it. Let somebody else worry about it. We have become a soft society. We want our cake and let's not pay for it."

Mr. MONDALE. Mr. President, by the end of 1971, the social security trust fund will have a reserve of about $41 billion—more than the cost of supporting the system for 1 year. Moreover, the trust funds are generating surpluses, for the reasons just noted. Therefore, it is hard to see what harm can come from deferring next year's $3 billion tax increase.

This is not the only change that needs to be made in financing social security. The payroll tax is one of our most regressive taxes. It falls disproportionately on lower- and middle-income workers. The rapid increase in social security taxes—they are now the second largest source of Federal revenue—highlights the need for comprehensive reform.

Mr. President, earlier this year the distinguished Senator from Maine (Mr. MUSKIE) and I introduced a measure to fundamentally reform and revise our present method of funding and financing social security benefits. I ask unanimous consent to have printed in the RECORD the measure which Senator MUSKIE and I introduced, together with selected editorial comments in support of that proposal, and more particularly in support of the need for a fundamental reform in the financing of social security.

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

S. 2656

A bill to amend chapters 2 and 21 of the Internal Revenue Code of 1954, and title II of the Social Security Act, to reduce social security tax rates and provide a new method for their determination in the future, to remove the dollar limitation presently imposed upon the amount of wages and self-employment income which may be taken into account for tax and benefit purposes under the old-age, survivors, and disability insurance system (making allowance for personal income tax exemptions and the low-income allowance in determining such amount for tax purposes), and to increase benefits under such system to reflect the next tax and benefit base

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TAX AND BENEFIT BASE

SECTION 1. (a)(1)(A)(i) Chapter 2 of the Internal Revenue Code of 1954 (relating to tax on self-employment income) is amended by inserting immediately after section 1401 the following new section:

"SEC. 1401A. DEFINITION OF SOCIAL SECURITY INCOME.

"For purposes of this title, the term 'social security income', in the case of any individual with respect to any taxable year, means the wages and self-employment income paid to or derived by such individual in such year, reduced by the sum of—

"(1) the total dollar amount of any personal exemptions to which such individual is entitled for such year under section 151, and

"(2) an amount equal to the low-income allowance which is determined with respect to such individual for such year under section 141(c) (or which would be so determined if such individual were eligible for and claimed the standard deduction under section 141 for such year);

except that with respect to periods before 1972, such term means only the individual's wages and self-employment income as determined under the provisions of sections 3121 (a) and 1402 which were in effect with respect to such periods."

(ii) The heading of section 1402 of such Code (relating to definitions) is amended by inserting "other" before "definitions".

(iii) The table of sections for chapter 2 of such Code is amended by striking out the second item and inserting in lieu thereof the following:

"Sec. 1401A. Definition of social security income.
"Sec. 1402. Other definitions."

(B) Section 1402(b)(1) of such Code (relating to self-employment income) is amended—

(i) by striking out "; and" at the end of subparagraph (E) and inserting in lieu thereof "; or", and

(ii) by striking out subparagraph (F).

(2)(A) Title II of the Social Security Act is amended by inserting immediately after section 210 the following new section:

"DEFINITION OF SOCIAL SECURITY INCOME

"SEC. 210A. For purposes of this title, the term 'social security income', in the case of any individual with respect to any taxable year, means the wages and self-employment income paid to or derived by such individual in such year; except that with respect to periods before 1972, such term means only the individual's wages and self-employment income as determined under the provisions of sections 209 and 211 which were in effect with respect to such periods."

(B) Section 211(b) of such Act is amended—

(i) by striking out "; and" at the end of subparagraph (E) and inserting in lieu thereof "; or", and

(ii) by striking out subparagraph (F).

(b)(1)(A) Section 3121(a)(1) of the Internal Revenue Code of 1954 (relating to definition of wages) is amended to read as follows:

"(1) that part of the remuneration, received by an individual during any payroll period, which is equal to the number of withholding exemptions claimed by such individual under chapter 24 with respect to such payroll period multiplied by the amount of one such exemption as shown in the table in section 3402(b)(1); except that this paragraph shall not apply in determining an individual's 'wages' for purposes of the tax imposed on employers with respect to wages received by such individual under section 3111 (a)".

(B) Section 3122 of such Code (relating to Federal service) is amended by striking out the second sentence.

(C) Section 3125 of such Code (relating to returns in the case of governmental employees in Guam, American Samoa, and the District of Columbia) is amended by striking out the last sentence of subsection (a), the last sentence of subsection (b), and the last sentence of subsection (c).

(D) Section 6413(c)(1) of such Code (relating to special refunds of certain employment taxes) is amended—

(i) by striking out "or (E) during any calendar year after the calendar year 1971, the wages received by him during such year exceed $9,000,"; and

(ii) by striking out ", or which exceeds the tax with respect to the first $9,000 of such wages received in such calendar year after 1971".

(E) Section 6413(c)(2)(A) of such Code (relating to applicability in case of Federal employees) is amended by striking out "$7,800 for the calendar year 1968, 1969, 1970, or 1971, or $9,000 for any calendar year after 1971," and inserting in lieu thereof "or $7,800 for the calendar year 1968, 1969, 1970, or 1971,".

(F) Section 6654(d)(2)(B) of such Code (relating to failure by individual to pay estimated income tax) is amended to read as follows:

"(B) The term 'adjusted self-employment income' means the net earnings from self-employment (as defined in section 1402(a)) for the months in the taxable year ending before the month in which the installment is required to be paid."

(2)(A) Section 209(a) of the Social Security Act is amended by striking out paragraph (6).

(B) Section 213(a)(2) of such Act is amended by striking out "$9,000" where it appears in clauses (ii) and (iii) and inserting in lieu thereof "twelve times the second figure specifically set forth in the last line of column III of the table in section 215(a) (as in effect on the last day of the year)".

(C) Section 215(e)(1) of such Act is amended by striking out "the excess of $7,800 in the case of any calendar year after 1967 and before 1972, and the excess of $9,000 in the case of any calendar year after 1971" and inserting in lieu thereof "and the excess of $7,800 in the case of any calendar year after 1967 and before 1972".

(c) The amendments made by subsection (b) (except paragraphs (1)(F) and (2)(A)(ii) thereof) shall apply only with respect to remuneration paid after December 1971. The amendments made by subsection (a) and by subsections (b)(1)(F) and (b)(2)(A)(ii) shall apply only with respect to taxable years beginning after 1971. The amendment made by subsection (b)(2)(C) shall apply only with respect to calendar years after 1971.

DETERMINATION OF SOCIAL SECURITY TAX RATES

SEC. 2. (a)(1) Section 1401(a) of the Internal Revenue Code of 1954 (relating to rate of tax for purposes of old-age, survivors, and disability insurance) is amended—

(A) by inserting "beginning before January 1, 1972" after "imposed for each taxable year" in the matter preceding paragraph (1);

(B) by adding "and" after the semicolon at the end of paragraph (2);

(C) by striking out "January 1, 1973" in paragraph (3) and inserting in lieu thereof "January 1, 1972";

(D) by striking out "and" at the end of paragraph (3);

(E) by striking out paragraph (4); and

(F) by adding at the end thereof (after and below paragraph (3)) the following:

"and there shall be imposed for each taxable year beginning after December 31, 1971, on the social security income of every individual derived in or attributable to such taxable year, a tax as follows:

"(4) in the case of any taxable year beginning after December 31, 1971, and before January 1, 1975, the tax shall be equal to 4.0 percent of the amount of the social security income for such taxable year; and

"(5) in the case of any taxable year beginning after December 31, 1974, the tax shall be equal to the percentage determined (with respect to such income) under section 3126."

(2) Section 1401(b) of such Code (relating to rate of tax for hospital insurance purposes) is amended—

(A) by inserting "beginning before January 1, 1972" after "imposed for each taxable year" in the matter preceding paragraph (1);

(B) by striking out "January 1, 1973" in paragraph (1) and inserting in lieu thereof "January 1, 1972";

(C) by striking out paragraphs (2) through (5); and

(D) by adding at the end thereof (after and below paragraph (1)) the following:

"and there shall be imposed for each taxable year beginning after December 31, 1971, on the social security income of every individual derived in or attributable to such taxable year, a tax as follows:

"(2) in the case of any taxable year beginning after December 31, 1971, and before January 1, 1975, the tax shall be equal to 1.2 percent of the amount of the social security income for such taxable year; and

"(3) in the case of any taxable year beginning after December 31, 1974, the tax shall be equal to the percentage determined (with respect to such income) under section 3126."

(b)(1) Section 3101(a) of such Code (relating to rate of tax on employees for purposes of old-age, survivors, and disability insurance) is amended—

(A) by striking out "the calendar years 1971 and 1972" in paragraph (3) and inserting in lieu thereof "the calendar year 1971"; and

(B) by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:

"(4) with respect to wages received during the calendar years 1972, 1973, and 1974, the rate shall be 4.0 percent; and

"(5) with respect to wages received after December 31, 1974, the rate shall be the percentage determined (with respect to such wages) under section 3126."

(2) Section 3101(b) of such Code (relating to rate of tax on employees for hospital insurance purposes) is amended—

(A) by striking out "1971, and 1972" in paragraph (1) and inserting in lieu thereof "and 1971"; and

(B) by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages received during the calendar years 1972, 1973, and 1974, the rate shall be 1.2 percent; and

"(3) with respect to wages received after December 31, 1974, the rate shall be the percentage determined (with respect to such wages) under section 3126."

(c)(1) Section 3111(a) of such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended—

(A) by striking out "the calendar years 1971 and 1972" in paragraph (3) and inserting in lieu thereof "the calendar year 1971"; and

(B) by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:

"(4) with respect to wages paid during the calendar years 1972, 1973, and 1974, the rate shall be 5.2 percent; and

"(5) with respect to wages paid after December 31, 1974, the rate shall be the percentage determined (with respect to such wages) under section 3126."

(2) Section 3111(b) of such Code (relating to rate of tax on employers for hospital insurance purposes) is amended—

(A) by striking out "1971, and 1972" in paragraph (1) and inserting in lieu thereof "and 1971"; and

(B) by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages paid during the calendar years 1972, 1973, and 1974, the rate shall be 1.2 percent; and

"(3) with respect to wages paid after December 31, 1974, the rate shall be the percentage determined (with respect to such wages) under section 3126."

(d)(1) Subchapter C of chapter 21 of such Code (general provisions relating to taxes on employees and employers under Federal Insurance Contributions Act) is amended by redesignating section 3126 as section 3127 and by inserting after section 3125 the following new section:

"SEC. 3126. DETERMINATION OF TAX RATES.

"(a) INITIAL DETERMINATION OF RATES.—On or before October 1, 1974, the Secretary or his delegate and the Secretary of Health, Education, and Welfare shall jointly estimate and determine (in acordance with subsection (c))—

"(1) the rates of tax under sections 1401(a), 3101(a), and 3111(a) which would be required in current prices, for the five-year period beginning January 1, 1975, and for each subsequent five-year period beginning on or before January 1, 2045, to assure that social security revenues for the five-year period involved will be equal to social security expenditures for such period and that the total amount in the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund will not be less at the end of such five-year period (assuming the continuation of the current method of allocation between such Funds) than 90 percent of the estimated amount of the social security expenditures to be made during the first year of the immediately following five-year period; and

"(2) the rates of tax under sections 1401(b), 31u1(b), and 3111(b) which would be required in current prices, for the five-year period beginning January 1, 1975, and for each subsequent five-year period beginning on on before Juanary 1, 1995, to assure that hospital insurance revenues for the five-year period involved will be equal to hospital insurance expenditures for such period and that the total amount in the Federal Hospital Insurance Trust Fund will not be less at the end of such five-year period than 90 percent of the estimated amount of the hospital insurance expenditures to be made during the first year of the immediately following five-year period.

"(b) PERIODIC REVIEW OF RATES.—On or before October 1, of 1979 and of each fifth year thereafter (up to October 1, 2044, in the case of rates specified in subsection (a)(1), and up to October 1, 1994, in the case of the rates specified in subsection (a)(2)), the Secretary or his delegate and the Secretary of Health, Education, and Welfare shall jointly review the rates of tax determined under subsection (a) for the five-year period beginning on the following January 1. If in their judgment any of the rates as so determined do not give the assurance required by subsection (a) they shall jointly redetermine such rates in the manner provided by such subsection; and such redetermination shall supersede the estimate and determination made with respect to such rates for the five-year period involved under subsection (a).

"(c) METHOD OF DETERMINATION.—The rates of tax determined under subsection (a) or (b) with respect to any calendar year in a given five-year period shall be such that—

"(1) the total revenue received in the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund as a result of the tax under section 3101(a) with respect to wages received during such calendar year will be the same as the total revenue received in such Trust Funds as a result of the tax under section 3111(a) with respect to wages paid during such calendar year;

"(2) the total revenue received in the Federal Hospital Insurance Trust Fund as a result of the tax under section 3101(b) with respect to wages received during such calendar year will be the same as the total revenue received in such Trust Fund as a result of the tax under section 3111(b) with respect to wages paid during such calendar year; and

"(3) the rates of the taxes under sections 1402(a) and 1402(b) on social security income derived in or attributable to taxable years beginning in (or with the first day of) such calendar year are equal to the rates of the taxes under sections 3101(a) and 3101(b), respectively, with respect to wages received during such calendar year.

"(d) DEFINITIONS.—For purposes of this section—

"(1)(A) the term 'social security revenues' means all amounts appropriated to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund under section 201 (a) and (b) of the Social Security Act, plus all interest and proceeds from sales and redemptions credited to such Trust Funds under section 201(f) of such Act, plus any other amounts (including amounts described in sections 201(g), 217(g), 218(h), and 228(g) of such Act) which may be appropriated or transferred to or deposited in such Funds in accordance with any provision of the Social Security Act or of any other law;

"(B) the term 'social security expenditures' means all benefit payments made from such Trust Funds (as described in section 201(h) of such Act) under sections 202, 223, and 228 of such Act, plus all administrative expenses incurred in connection with the payment of such benefits or otherwise incurred in connection with the programs involved, plus any other amounts which may be transferred from or expended out of such Funds in accordance with any provision of the Social Security Act or of any other law;

"(2)(A) the term 'hospital insurance revenues' means all amounts appropriated to the Federal Hospital Insurance Trust Fund under section 1817(a) of the Social Security Act, plus all interest and proceeds from sales and redemptions credited to such Trust Fund under section 1817(e) of such Act, plus any other amounts which may be appropriated or transferred to or deposited in such Fund in accordance with any provision of the Social Security Act or of any other law; and

"(B) the term 'hospital insurance expenditures' means all benefit payments made from such Trust Fund under part A of title XVIII of such Act, plus all administrative expenses incurred in connection with the payment of such benefits or otherwise incurred in connection with the program under such part A, plus any other amounts which may be transferred from or expended out of such Fund in accordance with any other provision of the Social Security Act or of any other law.

"(e) ROUNDING.—Each rate of tax determined under subsection (a) or (b) shall be rounded to the nearest .1 percent (or to the next higher .1 percent if it is a multiple of .05 but not of .1).

"(f) PUBLICATION AND EFFECTIVE DATE OF NEW RATES.—Upon determining under subsection (a) or (b) the rates of tax to be imposed under sections 1401, 3101, and 3111 during any five-year period, the Secretary or his delegate (on or before October 1 of the calendar year in which the determination is made) shall publish such rates in the Federal Register; and, if any such rate as so determined for such five-year period is different from the corresponding rate for the year in which the determination is made, he shall also publish in the Federal Register the actuarial assumptions and methodology used in making the estimates and determinations involved. The rates as so published shall be effective—

"(1) in the case of the tax under section 1402, with respect to taxable years beginning in (or with the first day of) the five-year period with respect to which the determination is made.

"(2) in the case of the tax under section 3101, with respect to wages received during such five-year period, and

"(3) in the case of the tax under section 3111, with respect to wages paid during such five-year period."

(2) The table of sections for subchapter C of chapter 21 of such Code is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 3126. Determination of tax rates.
"Sec. 3127. Short title."

(e)(1) Chapter 2 of such Code (relating to tax on self-employment income) is amended by redesignating section 1403 as section 1404, and by inserting after section 1402 the following new section:

"SEC. 1403. CREDIT FOR TAX ON WAGES.

"(a) IN GENERAL.—The amount of tax deducted under section 3102 from the wages of any individual shall be allowed to the recipient of such wages as a credit against the tax imposed by section 1401.

"(b) YEAR OF CREDIT.—The amount so deducted during any calendar year shall be allowed as a credit for the taxable year beginning in such calendar year. If more than one taxable year begins in a calendar year, such amount shall be allowed as a credit for the last taxable year so begnning."

(2) The table of sections for chapter 2 of such Code is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 1403. Credit for tax on wages.
"Sec. 1404. Miscellaneous provisions."

(f) The amendments made by this section shall apply only with respect to taxable years beginning after December 31, 1971, and with respect to wages received or paid after December 31, 1971.

BENEFITS RESULTING FROM INCREASE IN TAX AND BENEFIT BASE

SEC. 3. (a) Section 215(a) of the Social Security Act is amended by adding at the end thereof (after the table of benefits) the following new paragraph:

"In order to reflect in the computation of benefits any social security income in excess of the maximum amount specifically set forth in column III of the preceding table, the Secretary shall determine, keep current, and publish in the Federal Register a revision of such table, extending columns III, IV, and V in the manner provided in this paragraph. The amounts on each additional line of column III shall be the amounts on the preceding line increased by $5 until the second figure in the last such additional line of column III is equal to the second figure in the last line of such column as specifically set forth in the table plus one-twelfth of $10,000. The amount on each additional line of column IV, up to and including the line on which in column III appears the figure most nearly equalling the second figure in the last line of such column as specifically set forth in the table plus one-twelfth of $5,000, shall be equal to the amount on the preceding line (in column IV) increased by an amount (per dollar of difference between the second figure in column III on such additional line and the second figure in column III on the preceding line) equal to one-half of the amount (per dollar of difference between the second figure in the last line of column III as specifically set forth in the table and the second figure in the next-to-last line of such column) by which the last figure specifically set forth in column IV

of the table exceeds the next-to-last figure specifically set forth in such column; and the amount on each remaining additional line of column IV shall be equal to the amount on the preceding line (in column IV) increased by an amount (per dollar of difference between the second figure in column III on such additional line and the second figure in column III on the preceding line) equal to one-fourth of the amount (per dollar of difference between the second figure in the last line of column III as specifically set forth in the table and the second figure in the next-to-last line of such column) by which the last figure specifically set forth in column IV of the table exceeds the next-to-last figure specifically set forth in such column. The amount on each additional line of column V shall be equal to 1.75 times the amount on the same line of column IV. Any amount determined under the preceding provisions of this paragraph which is not a multiple of $0.10 shall be increased to the next higher multiple of $0.10. For purposes of the first sentence of this subsection and section 203 (a), and for all other purposes of this title, the extension of the table as determined and published in the Federal Register at any given time under this paragraph shall be deemed to be a part of such table as in effect at such time."

(b) The amendment made by subsection (a) shall apply with respect to monthly insurance benefits payable under title II of the Social Security Act for months after December 1971, and with respect to lump-sum death payments under such title in the case of deaths occurring after December 1971.

TECHNICAL AND CONFORMING AMENDMENTS TO SOCIAL SECURITY ACT

SEC. 4. (a) The following provisions of title II of the Social Security Act are amended by striking out "wages and self-employment income" each place it appears and inserting in lieu thereof "social security income":

(1) Subsection (h) of section 201.

(2) Subsection (b)(1)(B), (d)(1) (last sentence), (d)(2), (d)(6), (e)(1) (C) and (D), (e)(4), (e)(5), (f)(1)(C), (f)(5), (f)(6), (g)(1) (D) and (F)(iii), (g)(1) (last sentence), (h)(2) (B) and (C), (i) (third sentence), (k)(1), (k)(2)(A), (l), (m), (n)(1), (q)(4)(B), (q)(5) (A)(ii) and (D), (q)(7) (B) and (C), (t)(4) (A), (B), and (D), (t)(5), (t)(6), and (v) of section 202.

(3) Subsections (a), (b), (c)(4), (d)(1), (f)(1), (f)(7), (h)(1)(B), (h)(3), and (i) of section 203.

(4) Subsections (a)(1) and (d) of section 204.

(5) Subsections (c)(2), (c)(6), and (o) of section 205.

(6) Subsection (1)(4)(B) of section 210.

(7) Subsection (g)(2) of section 215.

(8) Subsection (h)(1)(B) of section 216.

(9) Subsection (a)(1), (a)(2), (b)(2), (e)(1), (e)(2), and (f)(1) of section 217.

(10) Subsection (b)(3) of section 222.

(11) Subsection (a)(1) of section 224.

(12) Subsections (a)(6), (a)(7), (a) (last two sentences), (d), (e), (f)(1), and (g) of section 224.

(13) Section 225.

(14) Subsection (a) of section 229.

(b)(1) Section 201(a)(4) of such Act is amended—

(A) by inserting "or social security income (as defined in section 1401A of such Code)" immediately before "reported";

(B) by striking out ", which self-employment income" and inserting in lieu thereof "or social security income, which self-employment income or social security income"; and

(C) by striking out "records of self-employment income" and inserting in lieu thereof "records of self-employment income and social security income."

(2) Section 201(b)(2) of such Act is amended—

(A) by striking out "self-employment income (as so defined)" in clause (D) and inserting in lieu thereof "self-employment income (as so defined) or social security income (as defined in section 1401A of such Code)"; and

(B) by striking out "records of self-employment income" and inserting in lieu thereof "records of self-employment income and social security income."

(c) Section 202(u)(1) of such Act is amended by striking out "there shall not be taken into account" and all that follows and inserting in lieu thereof "there shall not be taken into account any social security income of such individual or any other individual which is derived in or attributable to a taxable year in which such conviction occurs or any prior taxable year."

(d)(1) Section 205(c)(2) of such Act is amended by inserting "and other social security income" after "self-employment income" where it first appears.

(2) Section 205(c)(3) of such Act is amended by inserting "or other social security income" after "self-employment income" each place it appears.

(3) Section 205(c)(4) of such Act is amended—

(A) by striking out "wages or self-employment income" each place it appears in the matter preceding subparagraph (A) and inserting in lieu thereof "wages or self-employment income, or other social security income,";

(B) by inserting "or other social security income" after "self-employment income" in subparagraph (A);

(C) by striking out "self-employment income" the first two places it appears in subparagraph (C) and inserting in lieu thereof "social security income other than wages"; and

(D) by striking out "self-employment income" the last two places it appears in subparagraph (C) and inserting in lieu thereof "social security income".

(4) Section 205(c)(5) of such Act is amended—

(A) by inserting "or other social security income" after "self-employment income" where it first appears;

(B) by striking out "wages or self-employment income" each place it appears in the matter preceding subparagraph (A) and inserting in lieu thereof "social security income";

(C) by inserting "or other social security income" after "self-employment income" in subparagraph (B);

(D) by striking out "self-employment income" in subparagraph (F) and inserting in lieu thereof "social security income other than wages"; and

(E) by striking out "wages or self-employment income" in subparagraph (G) and inserting in lieu thereof "social security income".

(e) Section 208(a) of such Act is amended by redesignating paragraph (3) as paragraph (4), and by inserting after paragraph (2) the following new paragraph:

"(3) whether other social security income was derived, or the amount of such income or the period during which it was derived or to which it is attributable, or the person by whom it was derived; or".

(f) Section 212 of such Act is amended—

(1) by striking out "SELF-EMPLOYMENT INCOME" in the heading;

(2) by striking out "self-employment income derived during any taxable year" in the matter preceding subsection (a) and inserting in lieu thereof "social security income (other than wages) derived in or attributable to any taxable year"; and

(3) by striking out "self-employment income" in subsections (a) and (b) and inserting in lieu thereof "social security income (other than wages)".

(g) Section 213(a)(2) of such Act is amended—

(1) by striking out "self-employment income" in the matter preceding clause (i) and inserting in lieu thereof "social security income (other than wages)": and

(2) by striking out "has self-employment income for a taxable year" and inserting in lieu thereof "for a taxable year has social security income (other than wages)".

(h)(1) Section 215(b)(1)(A) of such Act is amended by striking out "his wages paid in and self-employment income credited to" and inserting in lieu thereof "; social security income credited to".

(2) Section 215(b)(2)(B) of such Act is amended by striking out "the total of his wages and self-employment income" and inserting in lieu thereof "; social security income".

(3) Section 215(f)(2) of such Act is amended by striking out "wages or self-employment income" and inserting in lieu thereof "social security income".

(i) Section 1870 of such Act is amended by striking out "wages and self-employment income" where it appears in subsections (b)(4), (e)(2), (e)(3), and (e)(4) and inserting in lieu thereof "social security income".

(j) Whenever the term "wages and self-employment income" is used in any other provision of law or any regulation or document, with respect to the insurance system established by title II of the Social Security Act or the coverage of any individual thereunder, such term shall be construed to mean "social security income" as defined in section 210A of the Social Security Act and section 1401A of the Internal Revenue Code of 1954.

(k) This section, and the amendments made by this section, shall take effect January 1, 1972.

TECHNICAL AND CONFORMING AMENDMENTS TO INTERNAL REVENUE CODE OF 1954

SEC. 5. (a)(1) The heading of chapter 2 of the Internal Revenue Code of 1954 (relating to tax on self-employment income) is amended by striking out "SELF-EMPLOYMENT INCOME" and inserting in lieu thereof "SOCIAL SECURITY INCOME".

(2) The table of chapters for subtitle A of such Code (relating to income taxes) is amended by striking out the item relating to chapter 2 and inserting in lieu thereof the following:

"CHAPTER 2. Tax on social security income."

(b) Section 1402(h)(1)(B) of such Code (relating to exemption for members of certain religious faiths) is amended by striking out "wages and self-employment income" each place it appears and inserting in lieu thereof "social security income".

(c) Section 1403(a) of such Code (relating to title of chapter) is amended by striking out "Self-Employment" and inserting in lieu thereof "Social Security".

(d) The amendments made by this section shall take effect January 1, 1972.

[From Christian Science Monitor, Nov. 2, 1971]

FINANCING SOCIAL SECURITY

President Nixon's tax bill and congressional response to it recognize the need to spur the lagging economy by means of personal and corporate tax cuts. But in this context, there is an apparent inconsistency in the fact that social security payroll taxes, scheduled to go up as of Jan. 1, 1972, will siphon $5.2 billion more out of workers' paychecks.

The contradiction inherent in cutting income taxes simultaneously while raising payroll taxes has been noted by many economists and congressmen. To correct it, the Joint Economic Committee has proposed that the 1972 increase be postponed until January,

1973. This makes good economic sense, and it should be done.

However, the fact that another $5.2 billion is to be taken mainly from the paychecks of low- and middle-income workers raises further questions about the social security system.

To achieve this added income, Congress rewrote the withholding schedule last March so that the wage base on which the tax is assessed will go up from $7,800 to $9,000, with employer and employee each contributing 5.2 percent of the worker's salary. Under this schedule, the maximum tax on a worker would rise from $405.60 to $468. Future increases, already scheduled under the same law, would bring the employer-employee contribution up to 6.05 percent each, for a maximum worker contribution of $544.50 by 1987. These figures do not include other possible increases that might be written into the welfare reform bill in its final form. In the House version of that bill, passed in June, the taxable base would rise to $10,200 with a maximum 7.4 percent deduction by 1987. And that could go up still further, if a clause guaranteeing cost-of-living increases is retained.

Such snowballing of social security taxes over the years has raised total collections from $765 million in 1937, the first collection year, to $43 billion in 1971. If HR–1 were passed as written, the amount would reach $51.5 billion in 1973.

Critics of the payroll tax argue with reason that most of this increase has fallen on the low- to middle-income taxpayer. In so doing, it has pretty much offset efforts to cut the federal tax burden on this same class of earners. Unlike the progressive income tax, the withholding tax has a cutoff ceiling. Its effect is thus regressive. Lower-income workers depend more heavily on that first $7,800 or $10,200 than do higher-income people.

This anomaly has been noted by as nonpartisan a group as the respected Brookings Institution, which has proposed several ways by which social security financing could be subsidized from general revenues.

Another approach is reflected in a bill (S 2654) introduced by Senators Muskie and Mondale. They would make the system more progressive in effect by eliminating the taxable wage ceiling and allowing the same exemptions as are allowed for personal income taxes. The two Democratic senators would also allow a deduction equal to the low-income allowance, which exempts poor persons from income taxes. Employer contributions would remain equal to the employees' share, reflecting all exemptions. And the tax rate would be adjusted to maintain an annual balance between income and outgo.

Faced with the need to increase social security funding from one direction or the other, Congress is going to have to make some hard political choices. Strong opposition can be expected to the Muskie-Mondale proposal from Republicans and business interests, who resist the idea of transferring the principle of progressive taxation to the social security system. At the same time, this sector will likely favor the pay-as-you-go aspect of the two Democratic senators' bill. As for the Brookings Institution proposals to shift all or part of the costs of social security over to the general revenue budget, this is likely to prove little more palatable than a graduated payment system with no cutoff point for higher-income earners.

In weighing the options, one key fact should be kept in mind. Contrary to the belief of many Americans that they are putting aside dollars for their own retirement through payroll taxes—which is the way the system was originally designed—most of the money withheld from payrolls for social security is being dispensed to current recipients.

In effect, instead of saving for his own retirement the young working taxpayer is supporting his retired parents through a government-controlled system, rather than maintaining them at home as used to be the case. This means that the "trust fund" aspect of social security, based on a "save for tomorrow" philosophy, has given way to something more closely resembling the welfare or guaranteed minimum income systems which other countries fund out of general revenues. While this may be regrettable in some respects, there is an element of equity in it. Today's retirees, who put aside their payroll taxes in good faith that these funds would carry them through their autumn years, have had their savings eroded by an inflation in large part caused by policies pursued by their progeny. They deserve compensation through benefits geared to today's costs. That obligation should spur Congress to find an acceptable formula for getting the job done.

[From the Washington Post, Oct. 6, 1971]

WHO SHOULD PAY FOR SOCIAL SECURITY?

Senators Muskie and Mondale have introduced a bill which raises a fundamental economic issue: Who should pay for social security? The senators allege that the vast social security system is not only inadequately, but extremely unfairly financed: too much of the burden falls on the low and moderate wage earners. We agree and we commend them for their courage in plunging into the thicket of social security finance to try to focus national attention on this thorny but vital question.

Although almost everyone is now covered by social security, there is surprisingly little public concern about the taxes that pay for the system. Ask even a quite knowledgeable person to name the second laregst source of federal tax revenue and he is likely to hesitate. He knows the largest source is the personal income tax. The second largest source, he guesses bravely, must be the corporate income tax. Wrong. A glance at the federal budget reveals that the second largest revenue item is "social insurance taxes and contributions," scheduled to bring in nearly $50 billion in fiscal year 1972, one quarter of all federal revenue and substantially more than the corporate income tax.

At this point the knowledgeable person may protest that the social security payment is an insurance premium, not a tax. Perhaps, but it is a compulsory premium, deducted from one's paycheck just as the income tax is. Moreover, there is no close relationship between social security benefits received and the amount a particular individual has contributed. Under the law millions of people receive social security benefits who have made little or no contribution and all current beneficiaries receive benefits substantially in excess of the value of their past payments. It is time to stop pretending that the federal government just happens to be running an insurance company and face the fact that, like all civilized countries, we have a national pension system under which the working population pays taxes to support a decent level of living for those past working age. Once the problem is put that way, without the confusion of the tenuous insurance analogy, it clearly makes sense to ask, not only whether the benefits are indeed adequate, but whether the tax burden is equitably distributed.

If an "equitable" tax is one that relates an individual's contribution to his ability to pay, the social security payroll tax gets low marks for equity. Everyone pays a flat 5.2 per cent of his earnings up to $7,800 and his employer puts in a like contribution. There are no exemptions, everyone pays on the first dollar of earnings including the very poor. A large family pays the same tax as the small one with the same earnings. Since no one pays on earnings over $7,800, people with high salaries pay a smaller proportion of their earnings than people with low salaries.

Senator Muskie attempted to dramatize the problem for an Iowa audience recently with an example. "A dishwasher in Sioux City takes home $70 a week. He puts 5.2 per cent of that into social security—and he can't afford to buy a bike for his daughter. Across town, the corporate executive with $40,000 income just bought his son a new car. He's not worried about the social security tax . . . because that tax doesn't apply to any income over $7,800." That certainly does not sound very fair and one might wonder why liberal politicians have been so slow in pointing it out.

There are at least three reasons why the inequities of the payroll tax have received so little notice. First, the tax did not start out so inequitably. When it was enacted in the 1930's it applied to earnings up to $3,000, which in those days included 95 per cent of the earnings of those covered by the system. The ceiling has risen, but not as fast as average earnings, with the result that an increasing share of the burden has gradually been shifted to those in the lower part of the income distribution. Second, the payroll tax is much bigger than it used to be, both absolutely and relative to the income tax. Over the past few years income tax rates have come down while payroll tax rates have gone up; an increasing proportion of the total tax burden is being carried by the less equitable tax. Third, liberals have been reluctant to criticize the payroll tax because, with all its faults it has proved such an easy and publicly acceptable way to raise the revenue needed to support the social security system.

Senators Muskie and Mondale are not proposing to do away with the payroll tax—just to make it less burdensome to low and middle income earners. Their bill would remove the $7,800 ceiling on earnings subject to tax, and permit some exemptions from taxable earnings to relieve the burden on low-earners and people with dependents.

If the rate were kept at the present 5.2 per cent with the proposed changes, most taxpayers (63 million of them) would pay less and about 8 million people with high earnings would pay more.

The two senators may not have hit on the optimum formula, but they are certainly heading down the right track. We are glad they have raised the issue of social security finance and turned the spotlight on the shocking unfairness of throwing an increasing share of the burden of paying for social security on those least able to afford it. We hope their proposal will receive the serious attention it deserves.

Mr. MONDALE. But our proposal today to postpone the increase in the social security tax base is a much more modest one. It would bring some tax relief to the middle-income taxpayer, and increase the likelihood that consumer spending would regain its strength and promote economic recovery. At the same time it avoids the further dissipation of badly needed Federal revenue.

Postponing the increase in the social security tax base will give us time to consider important changes in the financing of social security.

As I have mentioned, the bill which Senator MUSKIE and I have introduced does propose major changes in social security financing. It is aimed at promoting the principles of equity and progressivity in social security taxation. The present system of taxation, at a flat rate, places a crushing burden on the low- and middle-income wage earner. A delay in the tax base increase should give us time to develop a social security tax system providing the progressive features we have come to expect in other tax areas.

I would hope we could delay this tax increase for an additional year, and use the time for a review of the present, I think, indefensible taxing system.

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

Mr. MONDALE. I yield.

Mr. PASTORE. What concerns me is, what will happen in the likelihood we decide to raise social security benefits, which I think is the important thing?

If we want to put money in the hands of people who are going to spend it, I know from my own experience that people on social security are having a hard job of it to get by. Of course, we keep promising that we are going to do it next year; we are going to do it later on. The big question is can we afford to postpone the payment of the contribution of industry, where we have provided a 7-percent investment tax credit, and we have already passed the ADR, which are two great boons for business. Now, on top of all this, we are going to forego their responsibility to pay into this social security fund? It is also a fact that people who are employed are in a better position to pay toward social security than those who are collecting it, for the simple reason that the latter have reached an age where they had to leave their jobs.

My big question at the moment is, Are we not better off if we increase the benefits now, rather than forego the payment into the fund?

Mr. MONDALE. I thank the Senator. I recall the question, because it is the same question that the Senator from Rhode Island put to Walter Heller the other day.

Mr. PASTORE. I raised it in committee, that is right.

Mr. MONDALE. I would give the same answer Mr. Heller gave, and that is that we can do both. It is not a question of being restricted to one or the other. We can delay the imposition of the social security tax increase, which amounts to about $3 billion, and achieve the results to which I have made reference earlier in my remarks, and we can also, and I think should, increase social security benefits.

The Senator from Rhode Island knows that I have joined with him and many others in this body in urging liberalization of benefits for those eligible under social security. I refer the Senator to a table which I introduced earlier, which shows that in 1971 there is a residual of $41 billion in the social security fund; that builds to $48 billion in 1972, $61 billion in 1973, $76 billion in 1974, and $93 billion, under present law, in 1975.

So there are adequate funds to liberalize benefits and also to delay for a single year—and that is all this amendment would do; it does not reform the social security financing system—the increase in social security taxes.

I would like to see the financing system reformed, and I hope it will be. But this amendment simply delays for a single year the $3-billion input into that fund.

Mr. PASTORE. I have been told by the staff of the Committee on Finance—and I am only repeating what has been said to me—that under the bill that was sent from the House of Representatives over here, H.R. 1, which contained this increase in benefits, plus special benefits for widows, children, and so forth, we will have to increase social security tax payments.

There seems to be an inconsistency here. The Senator from Minnesota says we can do both, and I am told we cannot even raise the benefits without raising the tax. I would like to have this explained.

My point is that if we want to place money into the hands of people who will spend it and do it immediately, I say, let us pull out from H.R. 1 that social security aspect, and do it now, then I think we would be a lot better off, because what the Senator is doing is forgoing the obligation on the part of the people who can afford to pay it as against the people who, if they got the money, would have to spend it. I do not know of anyone on social security, really, who saves any money.

Mr. MONDALE. I agree with the Senator from Rhode Island. But the Senator's question asumes that we cannot raise social security benefits. I disagree. I think we can. That is what I think Walter Heller said the other day, and I think we could have both and ought to have both.

There is another feature to this particular proposal, in that it decreases the cost of employment, so that, in addition to stimulating the economy, it makes it less expensive to hire labor, and that contributes to the incentives by reducing unemployment.

If it were a question of forgoing social security benefits, I would be opposed to this amendment. I think there is no such conflict. I think we could and should have both.

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

Mr. MONDALE. I yield.

Mr. LONG. Mr. President, I am not sure which approach the Senator wants to use; but if one proceeds on the assumption that social security revenues ought every year to bring in just enough money to pay for the benefits that are paid out, on a cash-in and cash-out basis, then the amount of social security increases in the bill that the House has sent us—and I might mention that the Senate approved almost everything in that bill last year by a vote of 81 to 0—would completely wipe out any excess in that fund.

The Senate is always of a disposition—I have never seen it fail, and I do not think I will find the Senate voting any differently in the future—to put on benefits in addition to what the House passes, for no better reason than the House has a closed rule and the Senate does not. Senators can offer their individual suggestions, and some will be appealing and will muster a majority vote. So there is no doubt in my mind, and I think the Senator from Minnesota will agree with me, that when social security legislation next comes up in the Senate, this body will vote for benefits that exceed what the House passed.

If that is the case, even to do what the Senate has already approved unanimously last year and what the House has already sent over in H.R. 1 would more than wipe out any excess in the trust funds.

Does the Senator propose that we finance the benefits that the House has already proposed, and which have already passed the Senate by unanimous vote last year, by depleting the social security fund and postponing the day when we have to raise taxes, or does he propose to finance the benefits simply by running a deficit until the fund is all gone?

Mr. MONDALE. I think there is a question of how we look at the fund. If we look at it in the conservative actuarial basis that many do, and try to be ready for some sort of deficit in the year 2010, I suppose that makes a point. But as I have shown all the experts think that this is the wrong way to view the fund. The truth is that we have a surplus in the fund of $41 billion right now. My amendment affects for only a single year the amount of the surplus flowing in the fund. We can easily delay this increase for a year, help the economy, and increase social security benefits at the same time.

Mr. LONG. That $41 billion is not a surplus: it is the trust fund itself.

Mr. MONDALE. Yes. But it depends on how we look at that fund. I think there is a great need to examine the fund and to reform it along the lines which the Senator from Maine and I suggested in the bill we introduced earlier this year. There is no question of depleting the fund. But it is wrong to build up unnecessary surpluses with unnecessary taxes which hit working people particularly hard.

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

Mr. MONDALE. I yield.

Mr. RIBICOFF. May I have the attention of the distinguished chairman at the same time, for some inquiries I would like to make?

What would the cost of the Senator's amendment be to the fund?

Mr. MONDALE. Approximately $3 billion.

Mr. RIBICOFF. And what would be the impact of the Senator's amendment on the medicare fund?

Mr. TALMADGE. $400 million.

Mr. RIBICOFF. Would the distinguished chairman enlighten us as to the status of the medicare fund today? Do we have a surplus?

Mr. TALMADGE. It will be broke in 1974.

Mr. LONG. It is in a deficit position, and it will completely run out of funds in 1974.

Mr. RIBICOFF. In other words, if the amendment of the distinguished Senator from Minnesota were adopted, not only would it have an effect upon the social security basic fund, but also it would have a deleterious effect on the medicare fund, which is in bad shape.

Mr. LONG. That is correct.

Furthermore, to the extent we reduce taxes now, we will have to raise them by even more later on. What kind of sense does that make?

Mr. RIBICOFF. May I ask this question of the distinguished chairman, with the permission of the distinguished Senator from Minnesota: H.R. 1 contains

many provisions affecting social security. Is that not correct?

Mr. LONG. Yes.

Mr. RIBICOFF. It is my understanding that the chairman of the Committee on Finance has assured the majority leader, as well as myself, that as soon as this bill is finished or the beginning of next year, depending upon adjournment, H.R. 1 will be given priority by the distinguished chairman of the Finance Committee. Is that correct?

Mr. LONG. The Senator well knows that we were proceeding on the basis that H.R. 1 was our priority bill for this Congress until the President presented his suggestion that we have this freeze on all prices and wages and that we pass this economic package, which is the pending bill, to try to stimulate the economy. After this bill is behind us, we plan to go back to H.R. 1, and to stay with it until we can complete action on that measure.

Mr. RIBICOFF. In H.R. 1 there are many amendments and revisions to the Social Security Act in its entirety. Is that not correct?

Mr. LONG. The Senator is correct, and I might add that many have already passed the Senate by unanimous vote.

Mr. RIBICOFF. May I also comment to the distinguished Senator from Minnesota—for whom I have the greatest respect as one of the most constructive Senators of this body—that many complicated factors are involved in social security. The Senator is correct in saying that the time has come for a very careful look at social security. I think the Senator is also correct in saying that we have about reached the stage to reexamine some of the basic concepts and structures of the social security system.

But may I point this out to the distinguished Senator: There are many of us who have thoughtful ideas of how the social security fund can best be used. If I may have the permission of the distinguished Senator from Rhode Island, I should like to mention an idea he has which has great merit. The idea is that, instead of excusing the payment of this tax, we should utilize these taxes for the purpose of raising social security benefits.

The distinguished chairman has talked to me about an idea that I think is constructive. As I indicated yesterday, our chairman does have some excellent ideas. The chairman, who is concerned about poverty in this country and is concerned about the working poor—even though his concepts and mine diverge in many instances—has talked with me about a proposal in the case of people who work and do not pay an income tax, because they do not earn enough.

Perhaps we should rebate to them the social security taxes that they pay and that are paid by their employers. Under such a plan a man with two children, married, earning $4,000, who pays no income tax, who has been paying into the fund 5 percent, and whose employer has been paying 5 percent, would be getting $400 a year, in order to try to encourage the working poor to work.

The reason I bring up these two suggestions is that within a few months, we will have on this floor the social security bill. There are enough ideas being advanced, including the thoughts of the distinguished Senator from Minnesota, that it would seem to me that the Finance Committee, when it goes back to marking up H.R. 1, should very seriously take into consideration the concepts of the Senators from Minnesota, Rhode Island, and Louisiana, and many others, including economists such as Prof. Walter Heller, who have felt that the time has come to reexamine the social security fund.

I fear that if the amendment of the distinguished Senator from Minnesota is adopted, we will be making it impossible to do a thorough, constructive job on real social security reform. While I sympathize with the Senator from Minnesota for what he is trying to do, I will find myself constrained to vote against him, because I think he will be setting back social security reform.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. LONG. Mr. President, in line with the point just mentioned by the Senator from Connecticut, we have had a discussion on this matter and it is true, as the Senator has said, that the social security tax hits the low-income worker harder than income tax. The Senator from Connecticut and I have both agreed, and we plan to join next year in offering a proposal which we have been working on which would provide that for persons who do not make enough money to pay an income tax, we will rebate to them or make payment to them—we had in mind not taking it out of the social security fund, but from general revenues—of an amount equal to their social security contribution.

I personally think that we should consider even paying them not only the 5 percent they have contributed, but also the 5 percent contributed on the part of the employer, because that is income generated by those people. We would prefer to pay to these low-income workers the amount of the taxes generated by their work and endeavor, both the employer contribution and the employee contribution, which would increase their income by approximately 10 percent, so that if those people would have that additional amount of money as a work incentive, they would tend to be lifted out of poverty by giving them an amount equal to their social security tax contribution.

That proposal would cost a great deal of money. As a matter of fact, I think the cost involved in the Senator's amendment here may be not quite that much. It would be a great deal of money, but it would be an efficient way to help working people who, through no fault of their own, have to get along on low earnings.

Mr. RIBICOFF. There is pending before Congress and the country the problem of what we will do in the whole field of health care. At this time, none of us knows what form of health care system will be adopted. There is the President's proposal. We have the proposal of the Senator from Massachusetts (Mr. KENNEDY) and others, and also the social security bill, H.R. 1, which contains a substantial number of health care reforms, which would have to be cut back if the Mondale amendment were agreed to. Given increased health care costs, a medicare trust fund that will soon be exhausted unless changes are made, and a desire to implement constructive reform along the lines of the suggestions of the Senator from Rhode Island (Mr. PASTORE) and the chairman, it would be impractical to accept the amendment of the distinguished Senator from Minnesota.

So, would it be the feeling of the distinguished Senator from Louisiana that, while the amendment offered by the Senator from Minnesota has some merit, it could await 2 more months or so, while we consider various reform proposals?

Mr. LONG. Let me mention two things. First, every bit of money involved in the pending amendment we will be needing for the benefits which the Senate has already indicated by a unanimous vote it is willing to provide, and which the House has also indicated it is willing to provide by sending us H.R. 1. Second, if we want to move in terms of reducing revenues, I think we could draft a much more efficient provision that would be far more helpful to the poor. That is, after all, where we would like to do something if we are going to make reductions in the social security tax picture. I would think we could draft something far more effective for those who need it the most than the bill here would provide.

Our point of view is that, in terms of tax relief, we could provide a far more efficient device to help those who need it the most. On the other hand, I think that all the revenues to the trust fund under present law, and more besides, will be needed to provide a very well merited social security increase, which we intend to recommend to the Senate this coming year. In fact, we would have, probably, voted on it already had it not been for the controversy over the welfare provisions of H.R. 1.

Mr. RIBICOFF. My prediction would be that the Senator from Minnesota would support many of these proposals. He realizes that the benefits will accrue to people who are in the lower ranges of income and those who are retired and now find great difficulty making ends meet in the inflationary economy we now have.

Mr. LONG. Knowing how the distinguished Senator feels toward the aged, the sick, the children, and the poor, my guess is that he will want to do more than we on the committee have recommended, and we have already recommended, which would use up all the trust fund revenues.

Mr. RIBICOFF. If this revenue were lost to the fund, then we would be prevented from pursuing a wide range of alternative social security reform measures.

Mr. LONG. Either that, or we would be placed in what I think is an even more indefensible position: that of having cut taxes that would be triggered in January, and then putting on a tax increase sometime next year. I think the public would not understand why we would vote to cut taxes 1 month and then double them the following month. We would do far better, I think, voting for a more modest tax increase, which is what we will have to do to shore up the medicare trust

fund, to provide for a social security benefit increase and to raise widows' benefits, and many other provisions.

Mr. PASTORE. For those of us who are not members of the Finance Committee, and for the benefit of all Senators, my very dear friend from Connecticut, Mr. RIBICOFF, has made a categorical statement that if this amendment proposed by the Senator from Minnesota should carry, it would be impossible next year to do the things that he has been talking about; that is, increasing benefits and doing all the other things which have been recommended by the House-passed bill.

Does the chairman of the Finance Committee agree with him categorically on that statement?

Mr. LONG. Yes, if we are to preserve the fiscal soundness of the trust funds. There is an alternative——

Mr. PASTORE. Either that or we raise taxes.

Mr. LONG. Or deplete the fund. Keep in mind that the amount in the fund now is sufficient to pay out only about 1 year's benefits. It has generally been agreed that we should keep at least 1 year's benefits in the fund, which is about what there is now.

Mr. PASTORE. My inescapable conviction is that if we can do anything today on social security, we should raise the benefits. If we want to put money in the pockets of the people who will spend it, then let us give it to the recipients of social security.

We have already taken care of industry. We did it last night. We gave them ADR's. We are going to give them a 7-percent investment tax credit. We have already provided for the individual taxpayer a dependency allowance of up to $800. However, we have done precious little or nothing for the people over 65 who are on social security.

If we are going to help anyone on social security, let us give it to the people who are poor. They need it. They will spend it. They will not put it in a savings account. They will spend it for rent, food, and clothes.

Mr. LONG. Mr. President, as the Senator knows, there are persons who feel we could reduce the size of the social security trust fund. What I have said is not meant to be critical of the Senators who are for the amendment.

The pending amendment provides a $1.8-billion tax cut for business—the employer share of social security taxes. Practically all of us on this side of the aisle think we have given business enough tax reduction in the bill already. Some feel we have gone too far already. However, as between voting a $1.8-billion tax cut for business or a social security benefit increase, I could not agree with the Senator from Rhode Island more, that those people who have been the most affected by inflation should be the beneficiaries of congressional action.

As between the two, if we have to choose, I would much prefer them to have a 5-percent increase than to reduce social security taxes on employers.

Mr. PASTORE. That is the point I make. When did the House pass their bill?

Mr. LONG. In June, I believe.

Mr. PASTORE. And the House said at that time they were entitled to a 5-percent increase. Here we are. We have not passed the bill in the Senate. Almost 6 months will have passed. I doubt that we will have H.R. 1 passed in the Senate before February. Then we will be in conference. And the people will have been waiting almost a year to get a miserable 5 percent that we promised to them a year ago. If that makes sense, I do not know what does.

Mr. LONG. I agree. The pending amendment would reduce the taxes that would otherwise pay for the 5-percent benefit increase. As between a benefit increase and the alternative of cutting the tax, we would do better to pay the benefits.

Mr. RIBICOFF. Mr. President, if the Senator would yield further, there is nothing to stop us when we pass the social security measure, H.R. 1, from taking into account the delay and establishing a fund to make the social security benefits retroactive. This would allow us to take care of the problem that has been so cogently put by the Senator.

I point out something else. The senior Senator from Louisiana, as I look at the summary of the amendments, has a series of very worthwhile proposals. To me, many of the proposals of the Senator are preferable, from the standpoint of best utilization of available funds, than that of the Senator from Minnesota. I have a fear that if we begin to pass amendments relating to social security in this bill, it will start a runaway Senate which will keep piling one social security amendment on after another. We will then find ourselves in a state of chaos. Then when we begin consideration of H.R. 1, we will perhaps be harpooning the President's family assistance program. So, it would seem to me that to try to write a Social Security Act by a series of amendments now will not make best use of the judgment of the Senate as to how these valuable funds in the social security fund should be expended.

Mr. LONG. Mr. President, in addition to that, when we talk to the House conferees about this measure, if we want to talk about Senate social security proposals, they will say, "Where are our social security proposals? We are the House which is supposed to initiate revenue bills. We sent you a bill 6 months ago. Where is it?"

That committee is headed by Representatives MILLS and BYRNES. They have a way of being so insistent as to be almost insulting about this kind of thing, when we propose to lift out some item about which they have given us a comprehensive suggestion.

This will happen when we want to talk about our suggestions rather than talking about the package they sent us.

I feel that this is not the appropriate time to consider or propose social security measures.

We are going to need all this revenue and a lot more to do the things that I am positive the Senator from Minnesota wants to accomplish. And I know that is the feeling of the Senator from Rhode Island. I am confident that the Senator from Indiana wants to do that, and so does the Senator from Connecticut. Everyone here wants to do that: improve the social security program. And I know I share those feelings and want to do these things. Why would we want to reduce the revenue now and then have to turn around and vote for a tax increase next year when we act on social security benefits?

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

Mr. LONG. I yield.

Mr. HARTKE. Mr. President, I agree with what the Senator from Minnesota wants to do. If there is any defect in the amendment it is that it does not go far enough.

For too long a time now poor and lower middle-class people have been the victims of a system which is clearly regressive. It is a system which bears heaviest on those with the least ability to pay. I am talking about those people working for a living and not those who are welfare recipients. I am talking about the man who earns a paycheck and goes to work every morning and comes home at night and sits up with crying children and his wife is complaining about the amount of money in his paycheck, and who finds he cannot make ends meet.

There is a story about Will Rogers who used to say that when he was about ready to make the ends meet, somebody moved the ends. That is the case today. A lot of people simply cannot make ends meet.

I am reluctant to help President Nixon out of an economic crisis which is clearly of his own making. He has put us in this mess. Now he is asking us to use programs that have been long advocated to put this country back on its feet. This amendment if passed will give a needed push to consumer spending. I will support this amendment not because it will help the President, but because it will help the country.

What the Senator from Rhode Island and the Senator from Connecticut are talking about is the effect of inflation on social security legislation generally. The Senator from Minnesota and I are talking about a temporary expedient which will provide purchasing power to a section of the economy which desperately needs it.

The basic fact is that millions of Americans who work for a living can no longer pay their bills. The wage earner is the No. 1 victim of an economic crisis which was not of his making. It is Nixon that caused that trouble.

He says that he is keeping every promise he ever made to the American people. And even some he didn't make. If he had promised to give us a recession, I did not hear about it. However, he has one now.

The Senator from Minnesota wants to pull the country out of the mess that Nixon put us in and I agree with that purpose.

Mr. LONG. Mr. President, I yield the floor at this time.

The PRESIDING OFFICER. Who has the floor?

Mr. MONDALE. Mr. President, I yield myself such time as I may require. I had promised some Senators that, if possible, I would try for a vote at 10:30.

Does the Senator from Louisiana have any objection to that?

Mr. BENNETT. I would like about 2 minutes.

Mr. LONG. I am aware of the fact that there is an awareness by Senators to vote that soon. If we can accommodate them, I would be happy to do so, but I am not sure I can. For example, the Senator from Utah wants to speak on the subject. How much time does the Senator desire?

Mr. BENNETT. I would like 2 minutes.

Mr. MONDALE. Mr. President, I would like to ask one more question and then I will be finished.

The PRESIDING OFFICER. The Senator from Minnesota has the floor.

Mr. MONDALE. I would like to ask the Senator from Indiana a question. Earlier I submitted a table which showed that under present law this year there is a $41 billion surplus in the social security fund and it will build to $93 billion in the present law by 1975. With that realization, is it not possible to have this one-shot tax deferral and still have benefits for social security recipients?

Mr. HARTKE. There is no question, as anyone knows who has watched the development of this program, and I think the Senator from Connecticut, who is an expert on this subject will agree, there is going to be a major change in the social security system. The administration, whether out of the goodness of its cold heart or whether for other reasons is trying to figure a way to get its hands on the surplus in the trust fund.

The real tragedy of the social security fund lies in the fact that this administration, under combined budget procedures, took $7 billion of the money contributed to the social security fund and put it into the general fund and treated it as revenue to reduce the budget deficit under the old accounting procedure from a $30.5 billion deficit to a $23.5 billion deficit. That has been treated as income by the administration although it has to be repaid with interest. This piece of accounting slight-of-hand cheats the social security recipient while artificially reducing the massive deficits run up by the Nixon administration.

The Senator from Minnesota is correct that there is a surplus in the social security fund. And for what is that surplus being used? It is being used to fund the cost of the war.

If Nixon thinks that war is over, tell him to stop using the social security fund to pay for the planes, and the bombs, and the guns, that continue the killing over there. Mr. President, it is wrong to use the workingman's social security deductions to pay for a war. It should go, as stated by the Senator from Rhode Island, to the people who are old.

As of January 1, unless something is changed, the withholding pay will be more in that first paycheck than it is in December. And all this talk about tax cuts, including my proposal on the $800 exemption, will mean that the amount of take-home pay, and that is what the wage earner understands, will be less on January 15 than it was on December 31.

I will say to the Senator from Connecticut, yes, if the Senate is going to deal with social security reform, many amendments are more preferable than this expedient action the Senator from Minnesota is talking about. If this is the only amendment dealing with social security I do not intend to call up my amendments which would radically rework the social security laws, but if we are going to change the social security laws I want to go all the way with my amendments and have real reform.

It is time to realize that our mistreatment of the elderly must stop. I regret that reform of social security cannot take place if we are going to have meaningful welfare reform, we must have social security with it.

If you really want to cure Nixon's recession, this is one of the most significant ways to do it.

I commend the Senator for his proposal and I will support him.

Mr. MONDALE. Mr. President, the Joint Economic Committee which studied this problem unanimously recommended this 1-year deferral.

Mr. BENNETT. Mr. President, will the Senator yield to me for 3 minutes?

Mr. LONG. I yield 3 minutes to the Senator from Utah.

Mr. BENNETT. Mr. President, we are anxious to get to a vote so I am not going to again go over all the arguments made so effectively by the chairman. There are two matters I would like to point out.

If we go this route, since social security taxes are collected beginning with the first dollar of wages, any benefit that this amendment will provide will not start next January; it will not start before about the middle of November, and no one will feel the effect until that time. By then, in spite of the pessimism of my friend from Indiana, the economy may not need it at that time.

The amendment would reduce benefits very substantially for the famliy of the young worker who dies or becomes disabled in the next few years. These young workers have the benefit of high rates. Some of us who have been in social security since the beginning find our benefits are reduced because for 20 or 25 years we were being credited with low rates.

It is estimated that this amendment could make a difference of as much as $34 a month in family benefits to a young worker who dies in the next 2 or 3 years, or $11,000 in benefits over the lifetime of that family.

Before we vote I would like to continue to talk about the aggregate costs we are piling up. In the bill that came from the House there were $7.6 billion in tax reductions. Using the figures of the Senator from Minnesota (Mr. MONDALE), if we agree to this amendment we will add another $3 billion in tax reductions, so that becomes something over $10 billion of tax reductions we will have piled on top of an economy that cannot raise enough taxes now within $25 billion to pay for the cost of the program.

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

Mr. BENNETT. I yield.

Mr. LONG. I will yield the Senator an additional 2 minutes.

In addition to what the Senator said, the President's fiscal plans are based on the assumption there will be a delay in initiating the family assistance plan.

Mr. BENNETT. The Senator is correct.

Mr. LONG. Similarly, the President has requested a delay in enacting and implementing revenue sharing, and that there be some postponements and savings in some other Federal programs which would tend to offset to some extent the tax cuts that are in this bill, so that there would be some compensating savings. His economic program, in other words, included some expenditure cuts as well as some revenue cuts.

If one looks at this amendment on a consolidated budget basis, it is a big deficit proposal. That is the only way one can view it.

Mr. BENNETT. The Senator is correct. I thank the chairman for bringing this to my attention.

Mr. President, it is 10:29 a.m. and I am happy to yield the floor. I hope we can get to a vote.

Mr. LONG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. There is time remaining. The Senator from Louisiana would like to move to table this amendment at some point because if this is to be the matter we vote on, I believe some Senators would like to offer amendments in the nature of a substitute or perhaps have other suggestions. I do not have in mind offering amendments myself but there are those who would offer a substitute, or other amendments in the social security area.

May I inquire as to the parliamentary situation with regard to time insofar as it concerns offering amendments to the amendment?

The PRESIDING OFFICER. Amendments to the amendment would not be in order until the time had been consumed on this amendment or yielded back, except by unanimous consent.

Mr. LONG. Mr. President, if an amendment to the amendment is offered after time is yielded back, will time be available on the amendment?

The PRESIDING OFFICER. Amendments will be in order, but will not be debatable except by unanimous consent.

Mr. LONG. In that case, I ask unanimous consent that amendments to the amendment have a time limitation on them of 20 minutes, to be equally divided between the mover of the amendment and the Senator from Minnesota.

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

Mr. LONG. I yield.

Mr. MONDALE. What is the purpose of the request? As I understand, we have a unanimous agreement to vote on my amendment at the conclusion of 2 hours.

Mr. LONG. I may say to the Senator that I have about 30 minutes left. I am willing to yield my 30 minutes back and make a motion to table. If the motion to table does not carry, I am aware of the fact that there is at least one amendment that would be offered to the amendment,

and perhaps there are others. The Senate should have an opportunity to know what they are and have an explanation of them. I feel there should be 10 minutes allotted to the Senator sponsoring such an amendment and 10 minutes on the other side.

Mr. MONDALE. I would be willing to yield back my time for the purpose of voting on the merits of my amendment. Does the Senator have any objection to that, rather than tabling it?

Mr. LONG. If we are going to wander into the social security area, other amendments will be offered. The question is whether we will have time to debate those amendments. That is all I had in mind. I think there should be consent to my request so that if amendments are offered they can be debated at that time. I do not think it would be proper to debate or even offer alternative suggestions any further while we are on the amendment itself which is pending.

Mr. MONDALE. I would have no objection. I wish the Senator would not do it, but I would not have any objection to a unanimous-consent agreement making it in order to do that. I wish he would not do it.

Mr. LONG. I seldom ask unanimous consent to do something that I do not need to do. I can always yield back my time.

Mr. MONDALE. The point is, if the Senator is going to move to table, he can do it an hour from now as a matter of right. If he is going to do it, he may as well do it now.

Mr. LONG. All I want is to ask unanimous consent that if the motion to table fails, we will have some time on amendments to the amendment in order to discuss those amendments.

Mr. MONDALE. I have no objection.

Mr. LONG. Mr. President, I ask unanimous consent that there be 10 minutes on each side.

The PRESIDING OFFICER. Did the Senator yield back his time?

Mr. LONG. Not yet, but I will yield it back when there is an agreement.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? Without objection, it is so ordered.

Mr. LONG. Mr. President, I am prepared to yield back my time if the Senator from Minnesota is prepared to yield back his.

Mr. MONDALE. Mr. President, I yield back my time.

Mr. LONG. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time is yielded back.

Mr. LONG. Mr. President, I now move that the amendment be tabled, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. LONG. Mr. President, may I ask if the yeas and nays have been ordered?

The PRESIDING OFFICER. They have not been on the motion to table.

Mr. LONG. Mr. President, I ask that the yeas and nays be ordered.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. BAKER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BAKER. Is the rollcall vote on the motion to table?

The PRESIDING OFFICER. On the motion to table the amendment of the Senator from Minnesota.

The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Florida (Mr. CHILES), the Senator from California (Mr. CRANSTON), the Senator from Missouri (Mr. EAGLETON), the Senator from North Carolina (Mr. ERVIN), the Senator from Georgia (Mr. GAMBRELL), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from New Mexico (Mr. MONTOYA), the Senator from Hawaii (Mr. INOUYE), the Senator from Alaska (Mr. GRAVEL), and the Senator from Michigan (Mr. HART) are necessarily absent.

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

On this vote, the Senator from North Carolina (Mr. ERVIN) is paired with the Senator from Alaska (Mr. GRAVEL). If present and voting, the Senator from North Carolina would vote "yea" and the Senator from Alaska would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON) and the Senator from Ohio (Mr. SAXBE) are absent on official business.

The Senator from Tennessee (Mr. BROCK), the Senator from Kentucky (Mr. COOK), the Senator from New Hampshire (Mr. COTTON), the Senator from Nebraska (Mr. CURTIS), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senators from Oregon (Mr. HATFIELD and Mr. PACKWOOD), the Senator from New York (Mr. JAVITS), the Senator from Idaho (Mr. JORDAN), the Senator from Illinois (Mr. PERCY), the Senator from Pennsylvania (Mr. SCOTT), and the Senator from Texas (Mr. TOWER) are necessarily absent.

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

The Senator from Maryland (Mr. BEALL), the Senator from Kentucky (Mr. COOPER), and the Senator from North Dakota (Mr. YOUNG) are detained on official business.

If present and voting, the Senator from Kentucky (Mr. COOK), the Senator from Nebraska (Mr. CURTIS), the Senator from Oregon (Mr. HATFIELD), the Senator from Illinois (Mr. PERCY), the Senator from Pennsylvania (Mr. SCOTT), and the Senator from Texas (Mr. TOWER) would each vote "yea."

The result was announced—yeas 41, nays 25, as follows:

[No. 321 Leg.]

YEAS—41

Aiken	Fong	Ribicoff
Allott	Griffin	Roth
Anderson	Gurney	Smith
Baker	Hansen	Sparkman
Bennett	Hruska	Spong
Bible	Jackson	Stafford
Boggs	Jordan, N.C.	Stennis
Burdick	Long	Stevens
Byrd, Va.	Magnuson	Symington
Cannon	McClellan	Taft
Church	Miller	Talmadge
Eastland	Pastore	Thurmond
Ellender	Pearson	Weicker
Fannin	Pell	

NAYS—25

Allen	Hartke	Nelson
Bayh	Hughes	Proxmire
Bentsen	Humphrey	Randolph
Brooke	Kennedy	Schweiker
Buckley	Mansfield	Stevenson
Byrd, W. Va.	Mathias	Tunney
Case	Mondale	Williams
Fulbright	Moss	
Harris	Muskie	

NOT VOTING—34

Beall	Ervin	McIntyre
Bellmon	Gambrell	Metcalf
Brock	Goldwater	Montoya
Chiles	Gravel	Mundt
Cook	Hart	Packwood
Cooper	Hatfield	Percy
Cotton	Hollings	Saxbe
Cranston	Inouye	Scott
Curtis	Javits	Tower
Dole	Jordan, Idaho	Young
Dominick	McGee	
Eagleton	McGovern	

So the motion to lay on the table was agreed to.

PROGRAM

Mr. MANSFIELD. Mr. President, for the information of the Senate, and to emphasize what has already been said, the joint leadership has agreed—and the Senate has indicated its approval—that from now on, the rollcalls will be for 15 minutes, with the warning signal given halfway.

Second, in response to a question raised by the distinguished acting Republican leader, it was indicated that the Senate would be in session until 4 or 5 o'clock this afternoon, which will be a reasonable day's work. But if the Senate desires to go beyond that, the joint leadership will be willing to go along with it.

Mr. GRIFFIN. Mr. President, will the distinguished majority leader yield?

Mr. MANSFIELD. I yield.

Mr. GRIFFIN. I think it should be made clear that the unanimous-consent agreement reducing the time for rollcalls to 15 minutes applies not only to today but for the rest of the session as well.

Mr. MANSFIELD. The rest of the session; that is correct. I am glad the Senator added that, because that is the fact.

ORDER FOR ADJOURNMENT UNTIL 10 A.M. MONDAY, NOVEMBER 15, 1971

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it

stand in adjournment until 10 a.m., Monday next.

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

REVENUE ACT OF 1971

The Senate continued with the consideration of the bill (H.R. 10947) to provide a job development investment credit, to reduce individual income taxes, to reduce certain excise taxes, and for other purposes.

The PRESIDING OFFICER. Pursuant to the previous order, the amendment of the Senator from New Jersey (Mr. WILLIAMS) will now become the pending question. The amendment will be stated.

The legislative clerk read as follows:

On page 109, between lines 18 and 19, insert the following:

"(D) EXCLUSION FOR LOCAL TRANSIT BUSES.—The tax imposed by subparagrapt (A) shall not apply to a sale by the manufacturer, producer, or importer of buses which are to be used predominantly by the purchaser in mass transportation service in urban areas."

The PRESIDING OFFICER. Does the Senator from New Jersey ask unanimous consent that his amendment may be modified as he submitted it?

Mr. WILLIAMS. Yes.

The PRESIDING OFFICER. Is there objection? The Chair hears none and it is so ordered.

There is a limitation of 15 minutes to a side on this amendment. Who yields time?

Mr. WILLIAMS. I yield myself 4 minutes.

Mr. President, the purpose of this amendment is to repeal the present 10 percent manufacturer's excise tax on local transit system buses.

Section 401 of H.R. 10947 repeals the present 7-percent excise tax on automobiles and the 10-percent excise tax on light-duty trucks and buses—under 10,000 pounds. The only buses which fall into this weight category are the mini-type buses. Local transit buses weigh from 19,000 to 25,000 pounds.

This amendment would apply to buses which provide mass transportation service in urban areas. It would not repeal the excise tax on the so-called over-the-road buses which operate on intercity routes.

The present 10-percent excise tax on buses applies only to private bus systems as publicly owned systems are not subject to the tax.

Last year, 1,442 local transit buses were purchased by publicly and privately owned systems. Of this total an estimated 300 were purchased by private systems. The excise tax realized on these buses amounted to less than $1.2 million.

While the revenue realized by the Federal Government from the excise tax on buses is negligible, to the individual bus company it is a sizable amount. The average 50-passenger city transit bus requires payment of a Federal excise tax of as much as $4,000. This tax must, of course, be passed on to the purchaser as part of the purchase price. This is an added cost burden which privately owned systems no longer can afford. Such a tax is not in the country's best interest as it thwarts rather than contributes toward adequate and up-to-date transit systems able to provide fast and efficient transportation to the maximum number of people.

In recognition of the important role of urban transit systems and the serious financial problems that they all face, Congress only last year passed milestone legislation to provide a $3.1 billion, 5-year capital grant program for urban mass transit.

It, therefore, seems incongruous that at a time when the Congress had finally given first-priority consideration to transit, that it should impose an excise tax of 10 percent on urban transit buses purchased by private systems. It should be borne in mind that 938 of the 1,079 urban transit systems in the United States are privately owned. In view of the mounting deficits, many of these privately owned systems face the prospect of going out of business or selling out to the towns and cities which they serve and which are already sorely pressed and are not desirous of assuming additional financial burden. Two hundred and fifty-eight cities over the last 17 years have lost their transit service. To aid these companies, the least we can do is to repeal the 10-percent excise tax on urban mass transit buses.

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

Mr. WILLIAMS. I am happy to yield to the Senator from West Virginia.

Mr. RANDOLPH. My helpful colleague, the Senator from New Jersey, is correct about the problem of the operation of these private bus systems in many communities of the United States.

In the two largest cities in West Virginia, Huntington and Charleston, we have had privately owned bus companies operating for many, many years. Within the past few weeks and months, these operations have come to a halt, due to severe financial problems and strikes. In both areas, local officials have been in contact with Federal and State officials, and Members of Congress in efforts to develop plans for public transit authorities which will be able to assume responsibility for operation of transportation services. In the case of Charleston, the West Virginia Public Service Commission revoked the franchise of the bus company and granted a temporary franchise to the Kanawha Valley Regional Transportation Authority to operate the buses, with partial funding coming from Emergency Employment Act. This action, while resuming needed operation of the buses, does not provide a final solution. The acute public transportation problem continues to exist.

In Huntington, local officials have been working diligently to develop a plan for the takeover of the bus operations by a transit authority. However, differences involving the appraised value of the company, together with the complicating factor of a current strike, have precluded substantial progress in formulating a transportation plan.

Mr. President, I refer to these two cases in some detail to emphasize that public transportation problems are very real not just in the metropolitan areas with millions of people but also in medium sized areas. There are other cities in our State with difficult transportation problems, including Weirton, Wheeling, and Parkersburg.

The Senator from New Jersey states the case well. This is a grave situation which exists in perhaps 100 or 200 communities or more—I am not sure of the figures—throughout the United States of America.

We cannot allow, if I understand my obligation correctly, systems of transportation so urgently needed to take people to and from work to close shop, as it were, in this country. We are only adding to the problem of the movement of people and products if we fail to give the necessary relief. Although it may not be always sound from the standpoint of a hard financial analysis, the mobility of people and the changing conditions in transportation can and must be met.

As Senators know, this problem is not new. Many of us have tried to develop answers to the vexing problem of failing local bus service. During the 91st Congress, I sponsored, S. 3293, legislation to permit the use of urban highway funds to support bus service. In the course of considering Federal-aid highway and economic development legislation this coming year I shall address this issue and seek establishment of an effective assistance program.

I appreciate the thorough manner in which the Senator from New Jersey, who has been a leader in mass transit, is attempting to carry this argument, hopefully, to approval by the Senate. I should like to ask the Senator from New Jersey to add me as a cosponsor of his amendment.

Mr. WILLIAMS. I am gratified that the Senator from West Virginia would like to be a cosponsor. Mr. President, I ask unanimous consent that the name of the Senator from West Virginia (Mr. RANDOLPH) be added as a cosponsor of my amendment.

The PRESIDING OFFICER (Mr. BAYH). Without objection, it is so ordered.

Mr. WILLIAMS. Mr. President, I am grateful for the Senator's contribution to this colloquy and to his understanding of what we as supporters of mass transit are faced with in this country. We should certainly find ways to encourage and improve transit within our towns and cities. We should not discourage it. This 10-percent excise tax could well play a part in discouraging mass transit participation by private companies.

Mr. RANDOLPH. One further comment. As I understand it, there are at least 50 privately owned operations now on the ragged edge of bankruptcy. I am not sure that that figure is correct, but I do believe the situation is very acute and involves not only the employment of people in the companies concerned, but more to the point, the hundreds of thousands of people who will have no form of transportation as they go to and from their places of gainful livelihood.

Mr. WILLIAMS. I appreciate the Senator's statement. There are 81 privately owned transit companies in serious fi-

nancial difficulty. During the past 17 years, 258 cities have lost their transit systems entirely. This is fully descriptive of the plight of urban transportation. When I say "urban," I mean not only the great cities but also the towns of America.

Mr. CASE. Mr. President, will my colleague from New Jersey yield to me?

Mr. WILLIAMS. I am happy to yield to my distinguished colleague.

Mr. CASE. I would be happy to be a cosponsor of the Senator's amendment.

Mr. WILLIAMS. I shall be happy to do so. Mr. President, I ask unanimous consent that my colleague, Mr. CASE, be added as a cosponsor of my amendment.

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

Mr. CASE. Mr. President, we have worked together on this matter without regard to party lines, and we will continue to do so. I thoroughly support the amendment. It is not a big item, yet it may save some companies from bankruptcy. Some companies in the cities are attempting to reduce their services, which has led to a loss of revenue and a loss of patronage, but most of all to a loss of service to the people of our State.

We must do all we can, and this is a step in the right direction.

Mr. WILLIAMS. I certainly appreciate the comments of my distinguished colleague. In terms of money, the figure is small, but it can be critical where the private bus company is just hanging on and wants to improve its service and purchase new buses.

Mr. FANNIN. Mr. President, will the Senator respond to one or two questions regarding what assurance we have that the benefits would be carried through to the purchaser of the equipment?

Mr. WILLIAMS. There is that assurance.

Mr. FANNIN. We have that language in previous legislation where it is mandatory that this be carried through. Does the Senator's amendment provide that this would be carried through? Do we have that assurance?

Mr. WILLIAMS. That is certainly the intention.

Mr. FANNIN. I understand it is the intention——

Mr. WILLIAMS. If there is any meaning in the wording of the amendment that might make our intent questionable, I would be glad to change it in order to make sure that this is exactly where the benefits would go.

Mr. FANNIN. I want to try to determine what language was used in the previous stipulation on equipment. We did have language for that purpose.

Mr. LONG. If the Senator will allow me to trespass on his time for a moment to reply to that, I would like to point out that this amendment is subject to the provisions in the committee report indicating that the tax saving should be passed on. It fits in that section of the bill. The Senator from Massachusetts (Mr. KENNEDY) indicated that he wants to offer some legislative language in the bill to require the Secretary of the Treasury to provide regulations to assure that the tax savings on the repeal of the auto tax are passed on. I do not object to that. In fact, it was the intent of the committee as shown in its report that the tax savings with regard to the repeal of the automobile and light truck excise taxes be passed on to the consumer. Since this amendment would be in the same section, I believe we would have the same assurance in this regard that we would have with regard to the automobile and light truck excise taxes.

Mr. WILLIAMS. I did not know that was in question. I am certainly glad the Senator raised that point.

Mr. FANNIN. Another question I would like to pose to the Senator from New Jersey, in this particular stipulation, on the manufacturer of imported buses, does the Senator have any idea how much money is involved there so far as the importation of buses would be concerned?

Mr. WILLIAMS. I rechecked that this morning. No companies that fit this category have been importing buses and there are no orders pending for imported buses. My language follows language in other parts of the legislation. It would apply to domestic manufacturers who have historically produced our nation's buses. All the orders we know of are for American-made buses.

Mr. FANNIN. The whole idea of the bill is to assist the American producer and exclude the importer. The Senator's amendment seems to provide for the selling by the manufacturer of——

Mr. WILLIAMS. Of buses.

Mr. FANNIN. Of buses—was that not stricken——

Mr. WILLIAMS. I had submitted it that way to the desk.

Mr. LONG. I have great sympathy for what the Senator from Arizona has said, but if the amendment were to be in the form the Senator desires, it will cause the administration to oppose it. The administration is very much concerned about upholding its obligations under GATT; so if the exemption is to be in the bill, in the case of imports it should be in a form which, when we go to conference, it will be possible to provide for suspension of the tax in the case of imports of these buses to be used for mass transit.

This would make it possible for the President to be in a better bargaining position to insist that foreign countries remove their discrimination against our exports. This provision of the bill also allows the President discretionary authority to extend the benefits to those countries that are not discriminating against our commodities.

Mr. WILLIAMS. Mr. President, I understand this language is the same as used in a similar area of the bill which deals with vehicles.

Mr. LONG. The amendment is offered in a form that in conference we could make conform to the other provisions of the bill. If we strike out the provision that relates to imported buses, we would not in conference be able to make it conform to the other provisions of the bill. We would then have the opposition of the administration and, in all probability, the House would decline to accept the exemption at all because we would not have the power to conform it to the other sections of the bill.

Mr. FANNIN. Where we are not now importing buses, we do not need to give an incentive for buses to be imported. I understand that some companies are operating in Canada. I refer to some of the companies from across the ocean that are now manufacturing and probably will be manufacturing trucks, buses, and other items. If it is in Canada, it is subject to the excise tax.

Mr. LONG. Mr. President, the way the amendment is drafted, we can conform it in conference to the general language used for imported cars and trucks where we have suspended the tax. However, the modification that might be necessary to avoid a conflict with the administration's views on the General Agreement on Tariffs and Trade could not be accomplished if we did not have this language. We should not make any modifications to the amendment at this time, but let us work it out in conference and then conform it to the other provisions in the bill.

Mr. FANNIN. Mr. President, if that is the feeling of the chairman of the committee, I withdraw my request.

Mr. BENNETT. Mr. President, will the Senator yield me 3 minutes?

Mr. LONG. Mr. President, I yield 3 minutes to the Senator from Utah.

Mr. BENNETT. Mr. President, may I have the attention of the Senator from New Jersey. As the amendment is written, it seems to me that there is nothing in it which would prevent privately owned bus systems from buying buses and then turning right around the next day and selling them without the tax to a sightseeing company or some other company not intended under the amendment. I hope that we can make some legislative history on this point.

Mr. WILLIAMS. As the printed copy reads, the Senator is correct. That is why I modified it to put in language that would require that they be predominantly used in mass transportation services in urban areas.

Mr. BENNETT. That is not my point. The Washington bus company could buy 10 buses and the day after they buy them they could use them in their transit system. They are not in any other business. However, the next day they can sell them to the Gray Line Co., which is a sightseeing bus company.

I would suggest to the Senator that another sentence be added to provide as follows: "which are predominantly used by the purchaser in mass transit urban areas for at least 1 year." In that way, they really become used buses by the end of that first year.

Mr. WILLIAMS. That is certainly my objective, and hope. The administrative problems, I cannot assess. But you have correctly stated my objective, and I would be willing to accept your language. Perhaps the chairman of the committee can assess the administrative imponderables.

Mr. LONG. Mr. President, I would think that this matter could be resolved in conference and taken care of as suggested, or, if it is possible to draft an amendment, we could take care of it now. The intent of the amendment is clear, however, and I understand that with the modifications made we may not need any further change.

Mr. BENNETT. If the Senator wants to offer an amendment, that would be agreeable as far as I am concerned or we could work it out in conference along that line.

I agree that is what we will try to do. That is what I would have in mind. The sponsor of the amendment wants it for buses used in urban mass transit, and he is not trying to use it for buses not used in urban mass transit.

Mr. WILLIAMS. Exactly. And the best procedure might be to put in the protective phrase.

Mr. LONG. Mr. President, might I suggest that we simply vote on the amendment and before the bill is finally passed, we will have the staff prepare an amendment, if any is needed, that will include the suggestion of the Senator from Utah.

Mr. BENNETT. That is fine with me. We have made the legislative history as to the intent of the amendment very clear which is the intent of the sponsor of the amendment. So, I am sure we can work it out.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MILLER. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. The Chair saw sufficient hands for the yeas and nays to be ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the yeas and nays be vitiated.

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

Mr. MILLER. Mr. President, I am not unsympathetic with the Williams amendment. However, I propose to offer an amendment to the amendment, to add at the end of the Williams amendment these words before the words "buses," "livestock trailers and—"

There is a problem that the Senator from New Jersey is trying to resolve. We have a problem with respect to livestock trailers. As so well pointed out yesterday in the debate on the Humphrey amendment, the agricultural areas of the country are in a depressed state. We need a broad-based benefit. This is not going to be very big because the 10-percent excise tax that goes into the livestock trailer, I am quite sure, is going to be passed on to "Mr. Farmer."

If we want to be helpful across the board, we ought to take the excise tax off here. I might say to the Senator from Utah that my information is that we have practically no imported livestock trailers. I do not think we will run into any problem on that point. However, all of us from States that have livestock growers know that they pay hauling rates which include the cost of the excise tax. That is where it is passed on. The livestock owner does not absorb the cost. He passes it on to the farmer.

I hope the Senator from New Jersey would be amenable to conforming this amendment to his, and I think we can get the job done both ways.

Mr. WILLIAMS. Mr. President, the amendment seems to be nongermane. However, I have seen a lot of buses used for the transportation of people in which the people are herded in like cattle. So perhaps there is some germaneness.

I have no feeling about this matter. However, I am sure that the chairman will want to assess the impact of this amendment.

The amendment that I have offered has a negligible impact to the Treasury. It is less than $2 million, as a matter of fact. But I can only speak with respect to the amendment which I have offered.

Mr. MILLER. Mr. President, my understanding is that the cost of my amendment would be somewhere in the range of the Senator's own amendment. So, I do not think we are talking about a lot of money here.

I repeat that we want broad-based help in the rural areas of the country as far as the farmers are concerned. Some areas of the country have a very broad based farming population, and they are going to pay the excise tax. This is one way to provide some relief which is needed.

Mr. WILLIAMS. I would accept the amendment.

Mr. LONG. Mr. President, I hope the Senate does not get involved in all of that. These are two separate questions. I would like to suggest we vote with regard to the Senator's proposal and he is talking about buses used in urban transit. Then, if the Senator from Iowa wants to raise the matter with respect to what he wants to do about livestock trailers—and I think we have taken pretty good care of farmers in things of that sort—that should be raised on its own merits. That is an entirely different matter than the matter about the buses, and I hope we have the opportunity to vote on one and then the other.

Frankly, if the Senator accepts it, I would be compelled to ask for a division so we will have two separate votes.

I suggest we vote on the Senator's amendment.

Mr. WILLIAMS. Mr. President, I defer to the chairman of the committee.

Mr. LONG. Then, if the other amendment is offered, we can take a look at it and see what the costs are and the problems involved, and submit it on the merits.

Mr. GRIFFIN. Mr. President, will the chairman of the committee yield?

Mr. LONG. I yield.

Mr. GRIFFIN. I agree with the chairman on his approach. Certainly, I am not necessarily opposed to what the Senator from Iowa wishes to do. But the junior Senator from Michigan is interested in making sure that Congress does not go too far in the matter of repealing excise taxes. We appreciate the fact that the committee bill is helpful and justified in this area—but I hope the Senate will not go so far that the bill cannot become law.

I am concerned that more and more amendments, some of them not germane, are being adopted. It is beginning to look more and more like a Christmas tree with a variety of ornaments.

It seems to me that if the words "livestock trailers" were inserted prior to "buses" in the pending amendment, as I read it, the language would be technically deficient and would not accomplish the purpose of the Senator from Iowa. It would then read "manufacturer, producers, or importer of livestock trailers and buses which are used by the purchaser in mass transportation service in urabn areas." Of course, there are no such livestock trailers.

I think it would be well if the advice of the chairman were followed and the Senator from Iowa offered his as a separate amendment.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Who yields time?

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

Mr. WILLIAMS. I yield.

Mr. MILLER. There is only one answer to the comment made by the Senator from Michigan. The "which" clause modifies "busses." That is a grammatical interpretation. It is an absurdity to interpret it any other way.

If we are going to have a vote separately, we might as well have a vote on the amendment to the amendment.

I appreciate the reaction of my friend from New Jersey. I was hoping we would not have a hassle over this. There is no reason they could not be coupled. We might as well have this as an amendment to the amendment. I am not trying to delay the Senate; I am trying to speed it up. I hope there is not objection to this. The Senator from New Jersey recognizes it. I hope we can have a vote on the amendment to the amendment by voice vote and then go ahead on the Williams amendment.

The PRESIDING OFFICER. Who yields time?

Mr. BENNETT. Mr. President, will the Senator yield to me for 2 minutes?

Mr. LONG. I yield.

The PRESIDING OFFICER. The Parliamentarian advises the Chair that all time of the distinguished Senator from Louisiana has expired.

Mr. WILLIAMS. Do I have time?

The PRESIDING OFFICER. The Senator from New Jersey has the great sum of 1 minute remaining.

Mr. WILLIAMS. I yield to the Senator from Utah.

Mr. BENNETT. The bill already contains a provision that the tax shall not apply to trailers up to 10,000 pounds. Now, the farm trailers above 10,000 pounds are pretty good-sized trailers. I do not know why we would have to take care of them expressly.

Mr. MILLER. Mr. President, will the Senator from New Jersey yield?

Mr. WILLIAMS. I yield 30 seconds to the Senator.

Mr. MILLER. The Senator from Utah well knows that in talking about livestock trailers we are talking about livestock trailers in excess of 10,000 pounds. They do not bring them in in anything except large trailers. So I am trying to meet a gap.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the amendment.

Mr. MILLER. Mr. President, I send to the desk an amendment to the amendment and ask that it be read.

The PRESIDING OFFICER. The amendment will be read.

The amendment was read as follows:

On line 4 insert "livestock trailers and" before the word "buses."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa (putting the question).

The amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment (No. 670) of the Senator from New Jersey, as modified. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Florida (Mr. CHILES), the Senator from California (Mr. CRANSTON), the Senator from Missouri (Mr. EAGLETON), the Senator from North Carolina (Mr. ERVIN), the Senator from Georgia (Mr. GAMBRELL), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Montana (Mr. METCALF), the Senator from New Mexico (Mr. MONTOYA), the Senator fram Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Michigan (Mr. HART), the Senator from Missouri (Mr. SYMINGTON), the Senator from New Hampshire (Mr. MCINTYRE), and the Senator from Maine (Mr. MUSKIE) are necessarily absent.

I further announce that, if present and voting, the Senator from North Carolina (Mr. ERVIN), the Senator from Georgia (Mr. GAMBRELL), the Senator from Wyoming (Mr. MCGEE), and the Senator from New Mexico (Mr. MONTOYA) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON) and the Senator from Ohio (Mr. SAXBE) are absent on official business.

The Senator from Tennessee (Mr. BROCK), the Senator from Kentucky (Mr. COOK), the Senator from New Hampshire (Mr. COTTON), the Senator from Nebraska (Mr. CURTIS), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), the Senators from Oregon (Mr. HATFIELD and Mr. PACKWOOD), the Senator from New York (Mr. JAVITS), the Senator from Idaho (Mr. JORDAN), the Senator from Illinois (Mr. PERCY), the Senator from Pennsylvania (Mr. SCOTT), and the Senator from Texas (Mr. TOWER) are necessarily absent.

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

The Senator from Connecticut (Mr. WEICKER) and the Senator from North Dakota (Mr. YOUNG) are detained on official business.

If present and voting, the Senator from Kentucky (Mr. COOK), the Senator from Nebraska (Mr. CURTIS), the Senator from Oregon (Mr. HATFIELD), the Senator from Illinois (Mr. PERCY), the Senator from Pennsylvania (Mr. SCOTT) and the Senator from Texas (Mr. TOWER) would each vote "yea."

The result was announced—yeas 63, nays 0, as follows:

[No. 322 Leg.]

YEAS—63

Aiken	Ellender	Nelson
Allen	Fannin	Pastore
Allott	Fong	Pearson
Anderson	Fulbright	Pell
Baker	Griffin	Proxmire
Bayh	Gurney	Randolph
Beall	Hartke	Ribicoff
Bennett	Hruska	Roth
Bentsen	Hughes	Schweiker
Bible	Humphrey	Smith
Boggs	Jackson	Sparkman
Brooke	Jordan, N.C.	Spong
Buckley	Kennedy	Stafford
Burdick	Long	Stennis
Byrd, Va.	Magnuson	Stevens
Byrd, W. Va.	Mansfield	Stevenson
Cannon	Mathias	Taft
Case	McClellan	Talmadge
Church	Miller	Thurmond
Cooper	Mondale	Tunney
Eastland	Moss	Williams

NAYS—0

NOT VOTING—37

Bellmon	Gravel	Montoya
Brock	Hansen	Mundt
Chiles	Harris	Muskie
Cook	Hart	Packwood
Cotton	Hatfield	Percy
Cranston	Hollings	Saxbe
Curtis	Inouye	Scott
Dole	Javits	Symington
Dominick	Jordan, Idaho	Tower
Eagleton	McGee	Weicker
Ervin	McGovern	Young
Gambrell	McIntyre	
Goldwater	Metcalf	

So Mr. WILLIAMS' amendment, as modified, was agreed to.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

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

Mr. KENNEDY. I yield.

UNANIMOUS-CONSENT AGREEMENT

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that time on the amendment of the Senator from Massachusetts (Mr. KENNEDY) be limited to 20 minutes, to be equally divided between the distinguished mover of the amendment and the distinguished manager of the bill, and that upon the disposition of that amendment, the amendment of the distinguished Senator from Minnesota (Mr. HUMPHREY) be called up, and that time on that amendment be limited to 30 minutes, to be equally divided between the distinguished mover of the amendment and the distinguished manager of the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia?

Mr. GRIFFIN. Mr. President, reserving the right to object, I do not believe that we could agree to 10 minutes on the first amendment——

Mr. BYRD of West Virginia. Ten minutes on a side.

Mr. GRIFFIN. Without having some indication of what the amendment of the Senator from Massachusetts is all about.

Mr. LONG. Call up the amendment.

Mr. KENNEDY. Mr. President, I send my amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 122, line 3, add the following new subsection:

"(i) BENEFIT TO ULTIMATE PURCHASER.—The Secretary of the Treasury or his delegate shall prescribe such regulations as may be appropriate to insure that the benefit of the repeal or suspension of tax in this section shall be available to the ultimate purchasers of tax-repealed articles."

Mr. GRIFFIN. Mr. President, if I correctly understand the purpose of the amendment, I believe it relates to the auto excise tax repeal; is that correct?

Mr. KENNEDY. That is correct.

Mr. GRIFFIN. I would have no objection to the objective of the Senator's amendment. It is a matter that the committee intended to cover in the committee report. So far as this particular Senator is concerned, I would have no objection.

Now, as to the other unanimous-consent request that coupled with it——

Mr. BYRD of West Virginia. Mr. President, would the distinguished Senator from Minnesota indicate the nature of his amendment?

Mr. HUMPHREY. Mine relates to a report to Congress and to the Comptroller General on the impoundment of funds. It merely calls for a report by the President to Congress and to the Comptroller General of such funds as are impounded, and of the amounts thereof.

Mr. GRIFFIN. If I may, I wish to point out to the majority whip with respect to these particular requests that no provision is made for time to discuss a possible amendment to the amendment.

Even when the time allotted for the principal amendment is relatively short, I believe that 5 or 10 minutes of time should be available for discussion if an amendment to the amendment is proposed.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that, in connection with each of these amendments, time on any amendment to an amendment, motion or appeal with the exception of nondebatable motions, be limited to 10 minutes, to be equally divided between the mover of such and the distinguished manager of the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia? The Chair hears none, and it is so ordered.

Mr. BYRD of West Virginia. Mr. President, if the distinguished Senator from Massachusetts will yield further. I ask unanimous consent that on the amendment No. 669 to be offered by the distinguished Senator from New York (Mr. BUCKLEY), there be a time limitation of 30 minutes, to be equally divided between the mover of the amendment and the manager of the bill, with the same understanding as to amendments in the second degree, motions, and appeals.

Would the distinguished Senator from New York indicate the nature of his amendment?

Mr. GRIFFIN. I would appreciate that, unless the Senator from New York will indicate the number of his amendment.

Mr. BUCKLEY. Mr. President, the amendment is No. 669. Its purpose is to urge the President to exempt from the import surcharge at the earliest possible date goods produced by Canada and Mexico.

Mr. GRIFFIN. I have no objection.

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

Mr. BYRD of West Virginia. Mr. President, with the indulgence of the able Senator from Massachusetts, I make one further request.

I ask unanimous consent that on an amendment to be offered today by the distinguished Senator from Wisconsin (Mr. NELSON), there be a time limitation of 1 hour, to be equally divided between the distinguished mover of the amendment and the distinguished manager of the bill, with the same understanding with regard to amendments, motions, and appeals as heretofore.

Mr. GRIFFIN. Mr. President, here again, I think if there were some indication as to which amendment by Mr. NELSON will be offered, it would be helpful to Senators.

Mr. NELSON. Mr. President, my amendment would set a $1 million limitation on the capital investment against which the 7-percent tax credit may be applied.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia? Without objection, it is so ordered.

Mr. BAKER. Mr. President, if I may have the attention of the acting majority leader, I have one small amendment I wish to offer, and if he wants to get a 10-minute limitation on it, I shall be glad to do it. It has to do with an exception from the excise tax suspension on buses and automobiles.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that there be a time limitation of 20 minutes on the amendment of the distinguished Senator from Tennessee (Mr. BAKER), to be equally divided under the same conditions; and I ask unanimous consent, if it is agreeable to the Members, that the amendments on which the Senate has agreed to time limitations be considered in the order that we have referred to them.

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

The Senator from Massachusetts is recognized.

Mr. KENNEDY. I yield myself such time as I may require.

Mr. President, the clerk has stated the amendment. It is a very straightforward amendment to the automobile excise tax repeal, which the committee itself considered in its deliberations. The purpose of the amendment is to insure that benefit of the repeal is passed through to the consumer, the purchaser of the automobile. In other words, the amendment is intended to insure that the repeal means lower prices to the purchaser, not higher profits to the dealers.

On page 79 of the committee report, it is clear that the committee, as well as the House, were concerned to insure that the benefits from the excise tax repeal would actually be passed on to the consumers. The Senate committee report requests a review and a periodic report by the Council of Economic Advisers on the extent to which the excise tax reduction is actually passed on to the purchasers.

The amendment I have offered would ask the Secretary of the Treasury to prescribe regulations to insure that the benefit of the repeal or suspension of the tax will be available to the ultimate purchasers themselves. We want to insure, Mr. President, that the consumers will really have the benefit of this reduction in the tax, and this amendment asks the Secretary of the Treasury to develop regulations to achieve that goal.

I think the amendment is consistent with the approach of the Finance Committee. They considered the issue in the course of their deliberations. The committee report requests an after-the-fact review by the Council of Economic Advisers. I think we can carry our intention one step further, and give more protection to consumers who are buying automobiles and other lightweight vehicles, by requiring the Secretary of the Treasury to develop safeguards that will operate in advance. I hope that the committee will take the amendment to conference, and that it will be accepted.

We have all heard the repeated stories in recent weeks that the repeal of the excise tax will be a big windfall for the dealers, because they will simply give purchasers lower new car discounts or lower trade-in allowances, thereby capturing the benefit of the repeal that ought to be received by the purchaser. Obviously, we cannot close every avenue, but I think the amendment will be helpful in enabling the Secretary of the Treasury to prevent at least the most flagrant abuses, and I hope it will be accepted.

Mr. LONG. Mr. President, I yield myself 2 minutes.

We have language in the Financial Committee report designed to do what the Senator from Massachusetts seeks to accomplish. I ask unanimous consent that the paragraph appearing in the report at the bottom of page 79 and the top of page 80 be printed in the RECORD at this point.

There being no objection, the excerpt from the committee report (No. 92–437) was ordered to be printed in the RECORD, as follows:

COMMITTEE REPORT EXCERPT

In repealing (or suspending) the excise taxes on passenger automobiles, light-duty trucks, etc., the committee, as did the House, intends that the full amount of the repealed tax be passed on to the consumer, thereby reducing the price of the automobile or the truck. The major automobile manufacturers have pledged to pass the tax reduction on to consumers. To give added assurance that this consumer benefit actually occurs and continues in the case of passenger automobiles and light-duty trucks, the committee, as did the House Committee on Ways and Means in its report, requests that the Council of Economic Advisers review vehicle prices and report periodically to Congress regarding the extent to which the tax reduction is in fact being passed on.

Mr. LONG. Mr. President, the Senator from Massachusetts seems to feel that it is possible for the Secretary, by means of regulations, to more effectively assure that the benefit of this excise tax cut does get to the consumer. As I understand, he has in mind situations such as a purchaser of an automobile being made to accept a smaller price for his trade-in car, with the result that, although he is theoretically getting a tax cut or a price reduction, it tends to be washed out by a lower price on the car he trades in. It may be that there is a way to prevent this type of denial to the purchaser of the full benefit of its tax repeal. If the Secretary of the Treasury could draft regulations that would help to assure that the consumer gets the full benefit of the repeal of this tax, I would have no objection to it. I am not positive, however, that there is a way to do it, but if it can be done, I would be happy to see it.

Mr. KENNEDY. I recognize that there may be some technical questions, but I think it is important that the Senate go on record very strongly—as I think it has, but I think this reinforces it—that it is the intention of the Senate to insure that the benefits of this tax cut will be passed on to the consumer.

I would hope the committee could take it to conference and, working it out with the Treasury, make every effort to achieve it.

Mr. LONG. I would be willing to vote for the amendment. If anyone cares to oppose the amendment, I would be happy to yield time to him.

Mr. BENNETT. Mr. President, will the Senator yield me 2 minutes?

Mr. LONG. I yield.

Mr. BENNETT. The amendment is not printed, so I have not had a chance to study it. Does it impose a penalty on an automobile dealer who, in the course of the kind of negotiation that always goes on in the sale of a new car, could be brought to court, because of an allegation that he did not allow quite so much for the used car, because he was attempting to get around the tax cut?

Mr. KENNEDY. No penalty is suggested in this amendment. There is only the requirement that the Secretary must establish these regulations. Of course, the dealers themselves will have to comply—with such regulations. I realize that there may be some technical questions in terms of the feasibility of regulations that would be 100 percent effective. But it does seem to me that the Secretary can prescribe regulations in a variety of areas, such as recordkeeping, discount pricing, and other subjects, and that these regulations can be extremely effective, both as guidelines and as deterrents to dealers.

I think all of us are concerned, as the chairman of the committee has pointed out, with the question of trade-ins and markdowns on new vehicles. Obviously, in this sort of ambiguous area, there is a real danger that the benefit of this tax cut will be going to the dealer rather than to the consumer. I think the clear intent of all of us here is that it should go to the consumer.

I hope that the amendment will be accepted and that the committee will work with the Treasury Department in drafting these regulations and achieving this purpose.

Mr. BENNETT. I appreciate the explanation of the distinguished Senator from Massachusetts. Having had a little experience in this business, I know that it is almost impossible to lay down a rule and attempt to enforce it with respect to judgment as to the owner of a used automobile.

Mr. BYRD of West Virginia. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. Is there further discussion of the amendment?

Mr. KENNEDY. I yield back the remainder of my time.

Mr. BENNETT. I yield back the chairman's time.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

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

The assistant legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Florida (Mr. CHILES), the Senator from California (Mr. CRANSTON), the Senator from Missouri (Mr. EAGLETON), the Senator from North Carolina (Mr. ERVIN), the Senator from Georgia (Mr. GAMBRELL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

I further announce that, if present and voting, the Senator from North Carolina (Mr. ERVIN), the Senator from Wyoming (Mr. MCGEE), and the Senator from New Mexico (Mr. MONTOYA) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON) and the Senator from Ohio (Mr. SAXBE) are absent on official business.

The Senator from Tennessee (Mr. BROCK), the Senator from Kentucky (Mr. COOK), the Senator from New Hampshire (Mr. COTTON), the Senator from Nebraska (Mr. CURTIS), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), the Senators from Oregon (Mr. HATFIELD and Mr. PACKWOOD), the Senator from New York (Mr. JAVITS), the Senator from Idaho (Mr. JORDAN), the Senator from Illinois (Mr. PERCY), the Senator from Pennsylvania (Mr. SCOTT), and the Senator from Texas (Mr. TOWER) are necessarily absent.

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

The Senator from North Dakota (Mr. YOUNG) is detained on official business.

If present and voting, the Senator from Kentucky (Mr. COOK), the Senator from Nebraska (Mr. CURTIS), the Senator from Illinois (Mr. PERCY), the Senator from Pennsylvania (Mr. SCOTT), the Senator from Texas (Mr. TOWER), and the Senator from Oregon (Mr. HATFIELD) would each vote "yea."

The result was announced—yeas 65, nays 0, as follows:

[No. 323 Leg.]

YEAS—65

Aiken	Fannin	Pastore
Allen	Fong	Pearson
Allott	Fulbright	Pell
Anderson	Gravel	Proxmire
Baker	Griffin	Randolph
Bayh	Gurney	Ribicoff
Beall	Hartke	Roth
Bennett	Hruska	Schweiker
Bentsen	Hughes	Smith
Bible	Humphrey	Sparkman
Boggs	Jackson	Spong
Brooke	Jordan, N.C.	Stafford
Buckley	Kennedy	Stennis
Burdick	Long	Stevens
Byrd, Va.	Magnuson	Stevenson
Byrd, W. Va.	Mansfield	Taft
Cannon	Mathias	Talmadge
Case	McClellan	Thurmond
Church	Miller	Tunney
Cooper	Mondale	Weicker
Eastland	Moss	Williams
Ellender	Nelson	

NAYS—0

NOT VOTING—35

Bellmon	Goldwater	Metcalf
Brock	Hansen	Montoya
Chiles	Harris	Mundt
Cook	Hart	Muskie
Cotton	Hatfield	Packwood
Cranston	Hollings	Percy
Curtis	Inouye	Saxbe
Dole	Javits	Scott
Dominick	Jordan, Idaho	Symington
Eagleton	McGee	Tower
Ervin	McGovern	Young
Gambrell	McIntyre	

So Mr. KENNEDY'S amendment was agreed to.

The PRESIDING OFFICER. Under the previous order, the Senator from Minnesota is recognized for the purpose of offering his amendment. The clerk will report the amendment.

The assistant legislative clerk proceeded to state the amendment.

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

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

The amendment reads as follows:

After the item relating to section 702, insert the following:

TITLE VII—FEDERAL IMPOUNDMENT INFORMATION

Sec. 801. Short title.

Sec. 802. Amendment of Budget and Accounting Procedures Act of 1950.

At the end of the bill add the following new title:

TITLE VIII—FEDERAL IMPOUNDMENT INFORMATION

SEC. 801. SHORT TITLE.

This title may be cited as the "Federal Impoundment Information Act".

SEC. 802. AMENDMENT OF THE BUDGET AND ACCOUNTING PROCEDURES ACT OF 1950.

Title II of the Budget and Accounting Procedures Act of 1950 is amended by adding at the end thereof the following new section:

"REPORTS ON IMPOUNDED FUNDS

"SEC. 203. (a) If any funds are appropriated and then partially or completely impounded, the President shall promptly transmit to the Congress and to the Comptroller General of the United States a report containing the following information:

"(1) the amount of the funds impounded;

"(2) the date on which the funds were ordered to be impounded;

"(3) the date the funds were impounded;

"(4) any department or establishment of the Government to which such impounded funds would have been available for obligation except for such impoundment;

"(5) the period of time during which the funds are to be impounded;

"(6) the reasons for the impoundment; and

"(7) to the maximum extent practicable, the estimated fiscal, economic, and budgetary effect of the impoundment.

"(b) If any information contained in a report transmitted under subsection (a) is subsequently revised, the President shall promptly transmit to the Congress and the Comptroller General a supplementary report stating and explaining each such revision.

"(c) Any report or supplementary report transmitted under this section shall be printed in the first issue of the Federal Register published after that report or supplementary report is so transmitted."

Mr. HUMPHREY. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

PRIVILEGE OF THE FLOOR

Mr. AIKEN. Mr. President, I ask unanimous consent that Mr. Stephen Terry, or Mr. Charles Weaver, members of my staff, be granted the privilege of the floor during the debate.

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

Mr. HUMPHREY. Mr. President, as we consider H.R. 10947, the Revenue Act of 1971, a relevant area of discussion is the administration's disposition of tax revenues that it collects.

The legislation currently before the Senate involves a reduction in tax revenues of over $8 billion.

At the time that we are considering this measure as part of the effort to halt severe unemployment and inflation, I believe that the Congress must also recognize the fact that the administration has collected at least $8 to $12 billion in tax revenues which it is currently impounding.

Mr. President, President Nixon's economic program falls woefully short in providing jobs for the more than 5 million Americans out of work. The fiscal stimulus legislation before us now does not insure that people will be put to work immediately following final passage of the bill. There is no mechanism to create jobs for the unemployed who are exhausting their unemployment compensation every week.

Not only does the President refuse to spend billions of dollars which could create jobs now, but he refuses to inform the Congress of the precise amount of congressionally appropriated funds that the Office of Management and Budget has placed in reserve. Furthermore, the OMB will not provide Members of Congress with an itemized list of impounded funds.

I speak from experience in this area because I have been attempting since mid-September to obtain the precise amount of impounded funds as well as an itemized list of impoundments. OMB Director George Shultz has written to me saying that my request would be granted. However, I have not received the infor-

mation I requested and the information that all Members of Congress and the public deserve to have.

At the end of September, I introduced the Federal Impoundment Information Act which would require the President to notify promptly the Congress and the Comptroller General, when appropriated funds are partially or completely impounded.

The Deputy Director of the OMB, Mr. Caspar W. Weinberger, has written the distinguished chairman of the Government Operations Committee to give his comments on the legislation which I offered. Mr. Weinberger concluded that the legislation would create excessive work for the OMB, interfere with pending legislation in the Congress because we would have to receive and review the reports of impoundments and could confuse the public.

With all candor, Mr. President, the Deputy Director's opposition to this legislation seems to be based on rather weak excuses of added workload and some additional costs because of the reporting procedures. I find it difficult to believe that Mr. Weinberger would have us believe that the OMB reports of impoundments to Congress would encumber the legislative branch to the extent that it would fall behind in its work, or that the added costs of informing the Congress and the public are too great.

It is clear to me that the OMB is unwilling to support this legislation because the President is able to impound billions of dollars in a semisecret fashion away from the eyes of the Congress and the public.

Mr. Weinberger claims that a quarterly report of impoundments is sent to the House Appropriations Committee by each executive agency. Few members of Congress have ever seen these reports and certainly the public does not have access to these documents. Both the Congress and the public have a right to know the exact amount and why tax revenues appropriated by Congress are not being spent.

In order to secure this right for the Congress and the American public, I am today offering an amendment to H.R. 10947 that will insure that when tax revenues appropriated by the Congress are impounded, the Congress and the public will be informed by the President. In his notification report the President would be required to include the following:

First, the amount impounded; second, the date on which the funds were ordered to be impounded; third, the date the funds were impounded; fourth, any department or establishment of the Government to which the impounded funds would have been available for obligation except for such impoundment; fifth, the period of time during which the funds are to be impounded; sixth, the reasons for the impoundment; seventh, to the maximum extent practicable, the estimated fiscal, economic, and budgetary effect of the impoundment.

Mr. President, I believe this amendment goes to the heart of the relationship between the executive branch and the Congress. We are asked to approve legislation that will reduce tax revenues by $8 billion. But at the same time, Members of Congress are not informed of the amount of unspent, collected tax revenue. I urge my colleagues to join with me in correcting this serious imbalance of information between the executive and legislative branches of Government.

Let me say that a considerable amount of time has been devoted to hearings on impoundment. It is my judgment that what we are seeking here is a bill which effectuates an accurate reporting from the executive branch as to the impoundment amounts.

I believe the amendment has considerable merit. It recognizes the problem that many of us have had.

Mr. RANDOLPH. Mr. President, I am pleased to join my diligent colleague, the Senator from Minnesota (Mr. HUMPHREY), in this amendment to require detailed reports to the Congress before appropriated funds may be curtailed, withheld, or impounded by the President. Unrestricted executive action in holding and releasing funds has excluded the Congress from exercising its proper role in overseeing the administration of vital national programs. This proposal, which I am privileged to cosponsor, would reestablish the cooperative nature of the legislative and executive process. I am gratified to be associated with this effort which is actually a continuation of my endeavors on the issue of unilateral action by the executive branch in withholding appropriated funds. Senate action, favorable to the amendment, will be strong evidence of our determination to know the facts on Presidential impoundments and provide information on which Congress can act.

Mr. LONG. Mr. President, I have no objection to the amendment. If someone wishes to speak in opposition, I would be glad to yield him time.

Mr. BENNETT. Mr. President, will the Senator yield 2 minutes to me?

Mr. LONG. I yield 2 minutes to the Senator from Utah.

Mr. BENNETT. Mr. President, which committee is it that has held extensive hearings on the amendment?

Mr. HUMPHREY. I know that the distinguished Senator from North Carolina (Mr. ERVIN) has given a good deal of attention to this matter. Hearings were held before his subcommittee.

Mr. BENNETT. Mr. President, it seems to me that since the bill is in the jurisdiction of the Finance Committee, the amendment is truly nongermane. I would hope that it would be offered to a bill under the control of one of the two committees that have had hearings on it. The Finance Committee has never had any hearings on this measure.

Mr. HUMPHREY. Mr. President, may I say most respectfully to the Senator from Utah that this relates to tax funds, funds raised under the terms of revenue acts.

It is a matter that I think is of critical importance. One of the purposes of the pending bill is to stimulate the economy.

As to impounded funds, I think that from a budgetary point of view the appropriated funds ought to be spent for the purposes for which they are appropriated. It was the direction of the Congress that that be done. Otherwise, we ought to know why not.

That is the only purpose of the amendment. It does not direct the President to do anything else except to inform the Congress as to what funds are being impounded, for what reason, and under what department or branch the funds are impounded.

Mr. BENNETT. The Senator from Utah made the only point involved here, I think. This may be greatly opposed when we get to conference. The House Ways and Means Committee is very jealous of its prerogative and right to issue regulations affecting taxes, and since we have to go before that conference and say that we have no jurisdiction over this particular idea, that it has never been offered to us for hearings, and testimony was heard before other committees, I fear that there will be objection.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. LONG. Mr. President, I yield additional time to the Senator from Utah.

Mr. BENNETT. I just think this is a fruitless and futile gesture to put this in the pending bill. On that basis, I rest my opposition. I agree with my friend, the chairman of the Finance Committee that it is probably inconsequential. However, sometimes these questions of jurisdiction become quite consequential in the minds of people who feel that the jurisdiction is taken away from them.

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

Mr. LONG. I yield to the Senator from Michigan.

Mr. GRIFFIN. Mr. President, I wish to associate myself with the arguments made by the ranking minority member of the committee. It seems unfortunate that we are confronted with an unprinted amendment that is not germane, the jurisdiction of which is clearly within the province of other committees.

The Senator from Minnesota pointed out that the pending bill deals with taxes and revenues. That is true. However, the Senator's amendment deals with appropriations rather than taxes. Furthermore the hearings referred to apparently were held by some other committee. The hearings held are not of much benefit to Senators since we had no advance notice of this amendment. The amendment was not printed, and we have had no access to the hearings that were held.

Finally, it would be of great help to the Senate and the country if Senators could confine themselves to offering amendments that are germane to the pending bill.

Mr. BENNETT. Mr. President, I am prepared to yield back the remainder of my time.

Mr. HUMPHREY. I wish to add the Senator from West Virginia as a cosponsor of the amendment, and I am prepared to yield back the remainder of my time.

The PRESIDING OFFICER. If Senators are prepared to yield back their time will they please do so.

Mr. BENNETT. I yield back my time.

Mr. HUMPHREY. I yield back my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Minnesota (Mr. HUMPHREY). The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Florida (Mr. CHILES), the Senator from California (Mr. CRANSTON), the Senator from Missouri (Mr. EAGLETON), the Senator from North Carolina (Mr. ERVIN), the Senator from Georgia (Mr. GAMBRELL), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

I further announce that, if present and voting, the Senator from North Carolina (Mr. ERVIN), the Senator from Wyoming (Mr. MCGEE), and the Senator from New Mexico (Mr. MONTOYA) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON) and the Senator from Ohio (Mr. SAXBE) are absent on official business.

The Senator from Tennessee (Mr. BROCK), the Senator from Kentucky (Mr. COOK), the Senator from New Hampshire (Mr. COTTON), the Senator from Nebraska (Mr. CURTIS), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), the Senators from Oregon (Mr. HATFIELD and Mr. PACKWOOD), the Senator from New York (Mr. JAVITS), the Senator from Idaho (Mr. JORDAN), the Senator from Illinois (Mr. PERCY), the Senator from Pennsylvania (Mr. SCOTT), the Senator from Texas (Mr. TOWER), are necessarily absent.

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

The Senator from North Dakota (Mr. YOUNG) is detained, on official business.

If present and voting, the Senator from Kentucky (Mr. COOK) and the Senator from Pennsylvania (Mr. SCOTT) would each vote "nay."

On this vote, the Senator from Illinois (Mr. PERCY) is paired with the Senator from Texas (Mr. TOWER). If present and voting, the Senator from Illinois would vote "yea" and the Senator from Texas would vote "nay."

On this vote, the Senator from Oregon (Mr. HATFIELD) is paired with the Senator from Nebraska (Mr. CURTIS). If present and voting, the Senator from Oregon would vote "yea" and the Senator from Nebraska would vote "nay."

The result was announced—yeas 48, nays 18, as follows:

[No. 324 Leg.]

YEAS—48

Aiken	Gravel	Pastore
Allen	Harris	Pearson
Anderson	Hartke	Pell
Bayh	Hughes	Proxmire
Bentsen	Humphrey	Randolph
Bible	Jackson	Ribicoff
Brooke	Jordan, N.C.	Smith
Burdick	Kennedy	Sparkman
Byrd, Va.	Long	Spong
Byrd, W. Va.	Magnuson	Stafford
Cannon	Mansfield	Stennis
Case	Mathias	Stevenson
Church	McClellan	Talmadge
Eastland	Mondale	Tunney
Ellender	Moss	Weicker
Fulbright	Nelson	Williams

NAYS—18

Allott	Cooper	Miller
Baker	Fannin	Roth
Beall	Fong	Schweiker
Bennett	Griffin	Stevens
Boggs	Gurney	Taft
Buckley	Hruska	Thurmond

NOT VOTING—34

Bellmon	Goldwater	Montoya
Brock	Hansen	Mundt
Chiles	Hart	Muskie
Cook	Hatfield	Packwood
Cotton	Hollings	Percy
Cranston	Inouye	Saxbe
Curtis	Javits	Scott
Dole	Jordan, Idaho	Symington
Dominick	McGee	Tower
Eagleton	McGovern	Young
Ervin	McIntyre	
Gambrell	Metcalf	

So Mr. HUMPHREY's amendment was agreed to.

Mr. HUMPHREY. Mr. President, I move that the Senate reconsider the vote by which the amendment was agreed to.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. BAYH). Pursuant to a previous order, the Senator from New York (Mr. BUCKLEY) is now recognized. He is to be followed by the Senator from Wisconsin (Mr. NELSON), who will be followed by the Senator from Tennessee (Mr. BAKER).

Mr. BUCKLEY. Mr. President, I call up my amendment No. 669 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 182, after line 8, it is proposed to insert:

SEC. 606. PRODUCTS OF CANADA AND MEXICO.

The President is urged to exempt at the earliest feasible dates articles which are the product of Canada and Mexico from any exercise of the authority conferred on him by section 601 and from the import surcharge imposed under Proclamation 4074.

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

The yeas and nays were ordered.

Mr. BUCKLEY. Mr. President, I believe this is a simple amendment, one which I hope will not prove to be controversial.

The purpose of the amendment is to urge the President to lift the import surcharge on goods imported from our immediate neighbors, Canada and Mexico, just as soon as this can be accomplished within the framework of our overall effort to achieve reform of the international monetary system and to secure a more appropriate balance in our international trade.

The amendment recognizes that the imposition of the surcharge has had a particularly harsh impact on Canada and Mexico because of the unique dependence of their economies on trade with the United States. In each case, their exports to this country account for about 70 percent of their total exports; and of their total exports, 25 percent in the case of Canada, and 38 percent in the case of Mexico, are affected by the surcharge. Thus the impact of the President's Proposition 4074 is dramatically greater on their economies than it has been on any other of our trading partners.

I recognize that at present we have a significant trade deficit with Canada, and one of the major contributing factors to this has, of course, to do with the automobile agreement, as to which I would trust that the President is trying hurriedly to initiate discussions.

The effect on our economy accounted for about $1 billion last year, out of a total trade deficit of about $2 billion. On the other hand, I think we should keep in mind that Canada, some time ago, freed her dollars in relation to ours. This is a major step adverse to her trade, a step which, undoubtedly, in the near future will have the effect of rectifying some, if not most, of the present imbalance.

In the case of Mexico, over the past several years, the trade balance has clearly been in favor of the United States; therefore, the purposes of the surcharge certainly do not seem to warrant the harsh impact it has had on that country.

I suggest, therefore, that, given the special relationship which exists between the United States and each of its immediate neighbors, it is important that Congress signify in this manner its understanding of their difficulties and its desire to see them relieved of this additional burden on the economy at the earliest possible date.

Mr. President, I have no further remarks. If the sponsor of the bill has none, I should be glad to yield back the remainder of my time.

Mr. LONG. Mr. President, Canada and Mexico are good friends of the United States, as are most other countries to which this 10-percent import surcharge applies.

But with regard to Canada, we have had one of our most severe problems which has compounded our balance-of-payments difficulties. This amendment would seek to put pressure on the Secretary of the Treasury and the President of the United States to remove the surcharge with regard to Canadian and Mexican products before they remove it on the products of others.

We have some serious commercial problems with those countries. One of the most serious problems came about because we passed a bill to help Canada sell automobiles in this country—the United States-Canadian automobile agreement—and Canada has not fulfilled

her part of the bargain. Their failure to do what was intended under that agreement has caused our balance of payments to turn from a favorable balance to a very unfavorable balance with Canada.

We have these matters under negotiation with them. The Secretary of the Treasury is doing the very best he can to resolve that matter in a way that meets U.S. interests compatibly with Canadian interests.

I do not think we ought to be singling out Canada for favored treatment any more than some of the other countries with whom we want to cooperate, but with regard to whom it must be a two-way street.

The Secretary of the Treasury came before our committee when this matter started, and he implored the members of the committee to try to understand his problems, and not to jerk the rug out from under him, or indicate a lessening of congressional support, until he could resolve this balance of payments crisis.

Insofar as this amendment would have any effect at all, it would indicate a slightening of support for the Secretary of the Treasury and the President in trying to work out our differences with Canada and Mexico. We want the surcharge to come off with regard to those nations as soon as our differences can be practically worked out, but we do not want to do anything to put pressure on the Secretary of the Treasury, or do anything other than protect the interests of this country in negotiating with those countries.

I do not see why this body would want to weaken the hand of the President of the United States or the Secretary of the Treasury in the present critical phase of those negotiations. Therefore, I hope the amendment will be defeated.

Mr. BENNETT. Mr. President, will the Senator yield me 3 minutes?

Mr. LONG. I yield 3 minutes to the Senator from Utah.

Mr. BENNETT. Mr. President, why should we pick out two nations, one on either side of us, one of which, as the chairman has pointed out, is probably giving us more trouble with our export-import problem than any other nation with which we deal?

The other is just there by accident of geography; we do not have any particular trouble with Mexico. But if I were in Brazil or Argentina, or any other Latin American country where we have a favorable balance of trade, I would be saying, "Why do you single out Mexico and Canada? Why do you not lift ours first? Why give special consideration to those two countries?"

I am sure the President and the Secretary of the Treasury are working just as hard as they can to accomplish the purpose for which the tax was imposed, and I think it would not help them accomplish that purpose if the Senate says, "Look you have got to single out these two, never mind the others."

I believe it would be very bad judgment either to try to force the hand of the President on any of them, or to specifically mention two.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. BENNETT. I yield.

Mr. LONG. The Senator recalls, does he not, that when the Bay of Pigs crisis occurred, Castro felt that Nicaragua had permitted Americans to train people there to try to liberate Cuba, and it has been said since that time that efforts have been made to assassinate the president of that country because he was so friendly to the United States?

Those people have a very unfavorable balance of trade with us. They are subject to the 10-percent surcharge, and they have virtually risked their existence standing by our side. Why would we want to favor Mexico over Nicaragua or our other friends in the area, when they have at least as much right to an exemption as Mexico and Canada.

We want to lift the surcharge as soon as we can, but we realize we have a problem, and we need cooperation from all of our friends and allies.

Mr. BENNETT. Mr. President, I hope that the Senate will not attempt to set up this kind of a priority and impose this psychological pressure on the Secretary of the Treasury. I talked with him just 15 minutes ago. He has just returned from Japan, where he has been attempting to work on this problem. I do not think we should say to him, "Mr. Secretary, forget Japan, and help Mexico."

Mr. LONG. Is it not true that the Secretary of the Treasury plans to recommend to the President that the surcharge be lifted, and that the President plans to lift the surcharge, just as soon as they think they can, all factors considered?

Mr. BENNETT. I am sure the Senator from Louisiana has had that personal assurance from the President, as I have, and there is no question about it. So I think we can leave the question of the orderly procedure to the President and the Secretary and not try to second-guess them.

Mr. BUCKLEY. Mr. President, I ask unanimous consent that the name of the Senator from Alaska (Mr. GRAVEL) be added as a cosponsor of my amendment.

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

Mr. BUCKLEY. I yield 2 minutes to the Senator from Vermont.

Mr. AIKEN. Mr. President, I shall vote for this amendment, because I feel it will have a very healthy effect upon other great producing countries of the world which are making it difficult and costly for us in the realm of world trade.

The amendment would not compel the President to do anything. It does not repeal the 10-percent surcharge. It is only a recommendation.

I would gladly include Nicaragua, or even the rest of the Western Hemisphere, but I do not think they are seriously affected, because most of what we bring in from Nicaragua and those Central American countries is not subject to the 10-percent surcharge. Certainly most imports from Mexico are not. Even 75 percent of our imports from Canada are not subject to the tax. So it would be a very friendly gesture at this time, to show to the Canadians and the Mexicans that we are really trying to work out something with them and then settle down and have a fair and reasonable trade policy for the whole world.

As I say, I feel if we pass this amendment, some of the other great producing countries of the world, which have been taking the bulk of the business we have lost, will realize that if they go too far, they will force situations which will react upon them even more strongly than they do in the Western Hemisphere.

I do not like the trend toward isolation in our country—but other great nations can force it upon us—and Canada and Mexico as well.

Mr. LONG. Mr. President, Mexico is perhaps the most developed country in Latin America. There is no good argument, other than the fact that Mexico shares a common boundary with us, for singling Mexico out over all these other countries of Latin America, many of which have a far greater need of expanding their exports to the United States, and have demonstrated the utmost of friendship, good will, and cooperation with the United States.

Furthermore, Mr. President, with regard to Canada, you could not pick out a better example of a country with regard to which we ought to back the Secretary of the Treasury until he gets this matter worked out. For example, in 1970, we had an unfavorable balance of trade with Canada of over $2 billion. How did it get that way? The best indications are that it got that way because we passed this Canadian Auto Agreement. I was the manager of that bill, and I asked the Senate to vote for it. But at that time, we had a $613 million advantage. Now we have a disadvantage of $1,651 million a year in automobile trade with Canada. I was led to believe it was a free trade agreement. Now it appears that it was free trade only one way—into the United States—while the Canadians continue to protect their industry.

Why is it that way? Because Canada did not do what Canada was supposed to do under the agreement. Now we are trying to get the matter worked out to where we think Canada will do what she is supposed to do under the agreement. Frankly, it is a miracle to me that the United States would take that kind of beating without moving on this subject sooner.

But it is being worked out. I think the most inappropriate thing we could do would be to put pressure on the Secretary of the Treaury to do anything until this matter is resolved.

Mr. AIKEN. The Senator has cited figures showing imbalance of our trade with Canada. How does the balance-of-payments stand?

Mr. LONG. The balance of trade is minus $2 billion, and the overall balance-of-payments deficit with Canada is minus $1.651 billion.

Mr. AIKEN. Does the Senator take into account that a good share of Canadian industry is owned by Americans?

Mr. LONG. Yes. The overall balance of payments takes all that into account, including dividends and everything else. So we are in a minus position of $1,651 billion. This is one of the largest items

that must be corrected if we are ever going to straighten out our balance of payments.

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

Mr. LONG. I yield to the distinguished Senator from Utah.

Mr. BENNETT. Mr. President, how much time does the Senator have?

The PRESIDING OFFICER. The Senator from Louisiana has 4 minutes.

Mr. BENNETT. Mr. President, I should like to read from the committee report, speaking of Canada and the automobile agreement:

> In this regard, the committee notes with concern that nearly seven years after the agreement was signed the Canadian duty remains virtually unchanged and Canadian citizens still cannot import automobiles duty-free from the United States, although there is no such restriction on imports from Canada. This Canadian restriction and other conditions frustrate the achievement of the free-trade objectives of the agreement. They artificially permit the continuation of a price differential and interfere with commercial decisions in an industry in which it has been agreed that market forces would be allowed to operate freely.

Mr. AIKEN. May I ask a question of the Senator from Utah? He is speaking of the automobile industry, and it is important. What about the airplane industry? Are the engines which the big airplane companies import from Europe subject to the 10-percent surcharge now?

Mr. BENNETT. Is the Senator talking about airplane engines that come into the United States?

Mr. AIKEN. For example, Lockheed, which uses a British engine.

Mr. BENNETT. The Senator and I are not talking about the same thing. I am talking about the lack of reciprocity in our automobile trade with Canada which has caused a sharp change in our overall trade balance with Canada, and the Senator is talking about the surcharge on aircraft engines.

Mr. AIKEN. That is right.

Mr. BENNETT. I am sure that airplanes manufactured in Europe are subject to the 10-percent surcharge.

Mr. AIKEN. Are the Rolls-Royce engines subject to it?

Mr. BENNETT. Yes.

Mr. AIKEN. I do not know about that.

Mr. BENNETT. The staff assures me that I am right, that they are subject to the surcharge.

Mr. AIKEN. That is one thing that has happened to our economy—instead of buying in Utah, Vermont, and Louisiana, or other States they are buying from foreign countries. The Common Market is not being developed in order to expand U.S. exports abroad; I am sure of that.

Mr. LONG. This amendment would urge the President to take off the 10 percent with respect to Mexico, before we could settle our differences. For several years, Mexico has had a 10-percent surcharge with respect to goods from the United States, and it will continue to be that way unless we can work it out and equalize the differences. Why should we prejudice a successful negotiation by telling the President to grant a special favor to a country which we want to negotiate with.

Mr. BUCKLEY. Mr. President, I ask unanimous consent that the names of the Senator from Washington (Mr. JACKSON) and the Senator from California (Mr. TUNNEY) be added as cosponsors of the amendment.

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

Mr. BUCKLEY. I thank the Senator from Vermont for his support.

I have tried to make clear in my remarks in offering the amendment that I was totally cognizant—and I am sure Congress is totally cognizant—of the special difficulties which are offered by the automobile agreement. It is for that reason—because of these difficulties—that I did not seek to make the exemptions mandatory.

I recognize that there are other sensitive areas which need to be negotiated, and I commend the efforts of the Secretary of the Treasury to do that. But, far from considering any amendment of this sort as a handicap to the Secretary, I would think it would give him the ability to reassure our geographical neighbors that the sensitive Congress is sufficiently sympathetic to their problems which result from that geographic propensity that they can see themselves being relieved of this added burden once mutually satisfactory arrangements have been negotiated.

We cannot ignore the fact that because of the accident of geographical location, both Mexico and Canada have developed over the years a particular dependence on their trade with the United States. Because of this unique relationship, because 70 percent of their total exports go to the United States, I feel that a special exemption or a special attitude is warranted in their case.

We in North America have to learn to work together effectively. I think that too often the United States tends to take her two neighbors for granted, tends to ignore their special problems which are created not deliberately by the United States but because of the effect which anything we do automatically has on those peoples and on those economies. I think that for Congress to record its concern for that impact of our policies on Canada would do a great deal to insure the spirit of cooperation which would help the Secretary in his negotiations.

Mr. AIKEN. If the Senator will yield, the Senator is well aware that not long ago Congress appropriated $200 million to assist the Lockheed Corp., which buys Rolls-Royce engines from England? I assume that part of this $200 million—and I believe $50 million already has been advanced—could be used to pay the surtax which is paid on the engines brought in from the Rolls-Royce Co.

Mr. BUCKLEY. That might quite likely be the effect.

I also invite attention to the fact—I don't have the figures with me; I wish I had—that a significant portion of the balance-of-payments deficit is undoubtedly the result of continuing American capital investment in Canada. I have always felt that such investments are in the long run healthy for the country and that, therefore, this imbalance we see, if we eliminate the factor of the automobile agreement, is probably not nearly as significant as would appear.

The PRESIDING OFFICER. Who yields time?

Mr. LONG. I yield back the remainder of my time.

Mr. BUCKLEY. I yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

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

The legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Florida (Mr. CHILES), the Senator from California (Mr. CRANSTON), the Senator from Missouri (Mr. EAGLETON), the Senator from North Carolina (Mr. ERVIN), the Senator from Georgia (Mr. GAMBRELL), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

I further announce that, if present and voting, the Senator from North Carolina (Mr. ERVIN), and the Senator from New Mexico (Mr. MONTOYA), would each vote "nay."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON) and the Senator from Ohio (Mr. SAXBE) are absent on official business.

The Senator from Tennessee (Mr. BROCK), the Senator from Kentucky (Mr. COOK), the Senator from New Hampshire (Mr. COTTON), the Senator from Nebraska (Mr. CURTIS), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), the Senators from Oregon (Mr. HATFIELD and Mr. PACKWOOD), the Senator from New York (Mr. JAVITS), the Senator from Idaho (Mr. JORDAN), the Senator from Illinois (Mr. PERCY), the Senator from Pennsylvania (Mr. SCOTT), and the Senator from Texas (Mr. TOWER) are necessarily absent.

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

The Senator from North Dakota (Mr. YOUNG) and the Senator from Arizona (Mr. FANNIN) are detained on official business.

On this vote, the Senator from Illinois (Mr. PERCY) is paired with the Senator from Oregon (Mr. HATFIELD). If present and voting, the Senator from Illinois would vote "yea" and the Senator from Oregon would vote "nay."

On this vote, the Senator from Texas (Mr. TOWER) is paired with the Senator from Pennsylvania (Mr. SCOTT). If present and voting, the Senator from Texas would vote "yea" and the Senator from Pennsylvania would vote "nay."

On this vote, the Senator from Kentucky (Mr. COOK) is paired with the Senator from Nebraska (Mr. CURTIS). If present and voting, the Senator from Kentucky would vote "yea" and the Senator from Nebraska would vote "nay."

The result was announced—yeas 29, nays 36, as follows:

[No. 325 Leg.]

YEAS—29

Aiken	Griffin	Roth
Allott	Harris	Spong
Baker	Humphrey	Stafford
Boggs	Jackson	Stevens
Buckley	Kennedy	Stevenson
Burdick	Magnuson	Taft
Church	Mansfield	Thurmond
Cooper	Mathias	Tunney
Fulbright	Mondale	Williams
Gravel	Nelson	

NAYS—36

Allen	Eastland	Pastore
Anderson	Ellender	Pearson
Bayh	Fong	Pell
Beall	Gurney	Proxmire
Bennett	Hartke	Randolph
Bentsen	Hruska	Ribicoff
Bible	Hughes	Schweiker
Brooke	Jordan, N.C.	Smith
Byrd, Va.	Long	Sparkman
Byrd, W. Va.	McClellan	Stennis
Cannon	Miller	Talmadge
Case	Moss	Weicker

NOT VOTING—35

Bellmon	Gambrell	Metcalf
Brock	Goldwater	Montoya
Chiles	Hansen	Mundt
Cook	Hart	Muskie
Cotton	Hatfield	Packwood
Cranston	Hollings	Percy
Curtis	Inouye	Saxbe
Dole	Javits	Scott
Dominick	Jordan, Idaho	Symington
Eagleton	McGee	Tower
Ervin	McGovern	Young
Fannin	McIntyre	

So Mr. BUCKLEY'S amendment (No. 669) was rejected.

AMENDMENT NO. 543

The PRESIDING OFFICER (Mr. PROXMIRE). Under the previous order, the Senator from Wisconsin (Mr. NELSON) is recognized.

Mr. NELSON. Mr. President, I call up my amendment No. 543.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk proceeded to read the amendment.

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

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

The amendment reads as follows:

On page 3, line 9, before "RESTORATION" insert "PARTIAL".

On page 3, line 15, strike out "Section" and insert "Subject to the provisions of subsection (c), section".

On page 4, line 19, strike out the closing quotation marks and after line 7 insert the following:

"(c) LIMITATIONS.—

"(1) IN GENERAL.—Subsection (a) shall apply—

"(A) in the case of a corporation, only to the extent that the qualified investment for the taxable year does not exceed $1,000,000, and

"(B) in the case of any other taxpayer, only to the extent that the qualified investment for the taxable year does not exceed $1,000,000.

"(2) SPECIAL RULES.—

"(A) MARRIED INDIVIDUALS.—In the case of a husband or wife who files a separate return, the amount specified in paragraph (1)(B) shall be $500,000 in lieu of $1,000,000. This subparagraph shall not apply if the spouse of the taxpayer has no qualified investment for, and no unused credit carryback or carryover to, the taxable year of such spouse which ends within or with the taxpayer's taxable year.

"(B) CONTROLLED GROUPS.—In the case of a controlled group, the $1,000,000 amount specified in paragraph (1)(A) shall be reduced for each component member of such group by apportioning $1,000,000 among the component members of such group in such manner as the Secretary or his delegate shall by regulations prescribe. For purposes of the preceding sentence, the term 'controlled group' has the meaning assigned to such term by section 1563(a).

"(C) OTHER TAXPAYERS.—Under regulations prescribed by the Secretary or his delegate, rules, similar to the rules provided by sections 46(d) and 48(f)(3) shall be applied for purposes of this subsection.

"(3) SPECIFICATION OF PROPERTY.—Under regulations prescribed by the Secretary or his delegate, the taxpayer shall specify property placed in service during the taxable year to which (after the application of this subsection) subsection (a) applies. With respect to such property (to the extent of the qualified investment attributable to such property taken into account under this section), paragraphs (5) and (6) of section 46(b) and the last sentence of section 47(a)(4) shall not apply."

On page 4, line 24, strike out "described in section 50" and insert "to which section 50 applies".

On page 5, beginning with line 10, strike out all down to line 14 on page 5 and insert the following:

(4) The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by adding at the end thereof the following:

"Sec. 50. Partial restoration of credit."

On page 27, beginning with line 17, strike out all through line 3 on page 21.

UNANIMOUS-CONSENT AGREEMENT ON STEVENS AMENDMENTS

Mr. BYRD of West Virginia. Mr. President, will the Senator yield to me for the purpose of making certain unanimous-consent requests?

Mr. NELSON. Mr. President, I yield to the Senator from West Virginia.

Mr. BYRD of West Virginia. Mr. President, if I may have the attention of the Senator from Alaska (Mr. STEVENS), I ask unanimous consent, after having discussed this matter with the Senator from Alaska, that on each of the two amendments to be offered by Mr. STEVENS there be a limitation of 30 minutes, the time to be equally divided between the mover of the amendment and the manager of the bill.

Mr. GRIFFIN. Mr. President, reserving the right to object, again I would like to know what the amendment is about and also whether there would be time available for amendments to the amendment.

Mr. BYRD of West Virginia. With the same understanding as heretofore with respect to amendments to amendments, motions and appeals.

Mr. STEVENS. Mr. President, these are two amendments I offered in the form of original bills previously. I have discussed them with members of the staff.

Mr. GRIFFIN. Could the Senator please tell us what they would do?

Mr. STEVENS. One amendment deals with the procedural aspects of due process in connection with the construction of a levy by the Internal Revenue Service.

The other amendment has to do with the problem of granting a reduction for repair or improvements to individual homes.

Mr. GRIFFIN. I understand that the revenue aspects of the second one are quite substantial.

Mr. STEVENS. The revenue aspects of the second measure approach $500 million a year.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Mr. GRIFFIN. Mr. President, I have no objection.

The PRESIDING OFFICER. Will the Senator from West Virginia clarify his request? Was the provision with respect to an amendment to an amendment 10 minutes?

Mr. BYRD of West Virginia. Ten minutes, to be equally divided on amendments in the second degree, motions, or appeals, with the exception of nondebatable motions.

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

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that this time not be charged against the time of the Senator from Wisconsin.

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

UNANIMOUS-CONSENT REQUEST ON ROTH AMENDMENT

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent on amendment No. 642, which will not be called up today, an amendment by the Senator from Delaware (Mr. ROTH), which deals with a ceiling on the Federal spending, that there be a limitation of 2 hours, such time to be equally divided between the mover of the amendment and the distinguished manager of the bill; and further providing for 30 minutes on any amendment, motion, or appeal thereto, with the exception of nondebatable motions, the time to be equally divided between the mover of such and the manager of the bill.

Mr. LONG. Mr. President, I regret that I must object at this time. When the amendment is called up, I may be able to agree. However, I do not want to do so in advance.

UNANIMOUS-CONSENT AGREEMENT ON TUNNEY AMENDMENT

Mr. BYRD of West Virginia. Very well. Mr. President, I ask unanimous consent that the time on the amendment to be offered by the Senator from California (Mr. TUNNEY) be limited to 30 minutes, the time to be equally divided between the mover of the amendment and the manager of the bill; with the further understanding that that amendment be laid down at the close of business today and made the pending business for Monday.

Mr. GRIFFIN. Mr. President, reserving the right to object, and I certainly hate to object, I think that we ought to let the Senate have some idea of what these amendments are about, especially if we are going to limit our time to less than an hour. I think that an hour on

any amendment might not be too bad without getting into too much detail. However, if we are going to limit the time to less than an hour, we ought to know what they are about before agreeing.

Mr. BYRD of West Virginia. Mr. President, I think the Senator is well within his rights.

Mr. President, I change the request to 1 hour to be equally divided.

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

YEAS AND NAYS ORDERED

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that it be in order to order the yeas and nays on the Tunney amendment at any time.

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

Mr. BYRD of West Virginia. Mr. President, I ask for the yeas and nays on the Tunney amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Will the Senator from Wisconsin yield further so that the Senator from West Virginia may explain the provisions for amendments to the Tunney amendment?

Mr. NELSON. I yield.

Mr. BYRD of West Virginia. With the understanding that the time not be charged to either side.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. BYRD of West Virginia. With respect to the Tunney amendment, the time will be limited to 1 hour, to be equally divided between the mover of the amendment and the manager of the bill; provided further, that time on any amendment to that amendment, motion, or appeal, with the exception of nondebatable motions, be limited to 30 minutes, the time to be equally divided between the mover of such amendment, motion, or appeal, and the manager of the bill; and, provided further, that at the close of business today, the amendment be laid before the Senate and made the pending question. The yeas and nays have been ordered thereon.

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

The Senator from Wisconsin is recognized.

Mr. NELSON. Mr. President, this amendment would set a $1 million ceiling on the 7-percent investment credit. Up to $1 million of investment in plant and equipment would be eligible for the credit. In effect, every firm would be limited to a total investment credit of 7 percent of $1 million, or $70,000.

This amendment is similar to the recommendation of the National Federation of Independent Business presented in testimony before the Finance Committee.

Small- and medium-sized firms and farmers would receive the full credit. These groups are much less able to borrow at reasonable interest rates than the large corporations. They have been hit much harder by the recent credit squeeze.

Moreover, it should be our policy to encourage family farmers and small businessmen. They are the "backbone" of the Nation. Both have been going through particularly trying times recently.

This limited credit would cost the Treasury $1.7 billion in 1972, according to the Joint Committee on Internal Revenue Taxation. This contrasts with a cost of $3.6 billion in 1972 for the unlimited credit. In short, this amendment would save the Treasury $1.9 billion in 1972 and increasing amounts thereafter. Over the next 10 years, it would save well over $25 billion.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing the maximum qualified investment and the revenue loss at the 1972 level of investment.

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

Revenue loss at 1972 level of investment

[In millions]

Maximum qualified investment:	*Loss*
$25,000	$850
$250,000	1,400
$1,000,000	1,700
$5,000,000	2,250
No ceiling	3,600

Source: Joint Committee on Internal Revenue Taxation.

Mr. NELSON. Mr. President, my amendment would not affect the great bulk of American firms. Thus, in 1968, about 400,000 firms took the investment credit. But as shown in the table below, only 2,700 firms would have been affected by a ceiling of $1 million.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing qualified investments and the number of corporation returns.

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

Qualified investment (maximum):	*Number of corporation returns*
$25,000	74,000
$250,000	9,200
$1,000,000	2,700
$5,000,000	1,200

Source: Joint Committee on Internal Revenue Taxation.

Mr. NELSON. Mr. President, although only the corporations at the top would be affected by this amendment, the saving of revenue is considerable. Indeed, one of the notable features of the investment credit is that its benefits are highly concentrated among a few firms at the top.

Table 3 shows this concentration for 1967. In that year, while 395,625 corporations received $2.075 billion from the investment credit, the top 21 firms received $419.4 million in benefits—only 20 percent of the total. The top 301 firms received $1,209 million—58 percent of the total. The top 808 firms received 70 percent of total.

Mr. President, I ask unanimous consent to have printed in the RECORD table number 3 which shows returns with investment credit by size of credit in 1967.

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

TABLE 3.—RETURNS WITH INVESTMENT CREDIT BY SIZE OF CREDIT, 1967

Size of credit	Number of returns	Total amount of credit (millions)
10 million plus	21	419.4
1 to $10,000,000	280	789.9
500,000 to $1,000,000	197	137.6
250,000 to $500,000	310	108.3
100,000 to $250,000	749	116.0
$50,000 to $100,000	1,030	71.6
$25,000 to $50,000	2,204	74.9
$20,000 to $25,000	1,145	25.0
$15,000 to $20,000	1,841	30.6
$10,000 to $15,000	4,167	48.9
$6,000 to $10,000	7,908	56.4
$2,500 to $6,000	22,406	82.4
$500 to $2,500	91,614	114.1
Under $500	261,754	
Total	395,625	2,075.0

NOTES

The top 21 firms received $419,400,000 from the credit; 20.2 per cent of the total.

The top 301 firms received $1,209,300,000 from the credit; 58 .3 percent of the total credit.

he top 808 firms received $1,455,200,000 from the credit; .1 percent of the total credit.

Mr. NELSON. Table 4 shows the benefits of the investment credit to a few large corporations over the 9-year period that the credit was in effect. General Motors received $297 million, United States Steel $207 million, and Union Carbide $89 million. In some cases, the credit resulted in a tax cut of up to 30 percent.

In short, this amendment restricts the credit available to about 2,700 firms. It does this at a saving of $25 billion over the next 10 years.

On the whole, the investment credit is a waste of money. With industry operating at 73 percent of capacity, most economists doubt it will have much impact on investment and jobs in the short run.

Many businessmen agree with the economists. As Chairman John Roche of General Motors said recently:

It should be understood that most companies of any size determine their purchases of equipment by the needs of the business and not by any short-term tax advantages.

Mr. Roche then went on to say that what mattered was consumer purchasing power:

It must be noted that the tax credit and accelerated depreciation applies only after equipment is purchased and put to use. This, like the other elements of the program, means very little unless we can achieve the improved economy the President has called for.

Mr. Roche's argument has been supported by numerous surveys.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing the investment tax credit for selected corporations.

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

TABLE 4.—INVESTMENT TAX CREDIT FOR SELECTED CORPORATIONS

[Millions of dollars]

	General Electric		Union Carbide		PPG Industries		General Motors		U.S. Steel	
	Amount	Percent tax rate reduction	Amount	Percent tax rate reduction	Amount	Percent tax rate reduction	Amount	Percent tax rate reduction	Amount	Percent tax rate reduction
1962	$5.5	2	(1)	(1)	$1.2	2	$16.9	2	$8.2	6
1963	7.4	2	(1)	(1)	2.5	6	29.1	Nil	12.0	6
1964	6.0	4	$12.6	9	1.1	3	35.1	2	13.4	6
1965	9.0	2	13.5	7	1.7	5	39.7	2	13.7	6
1966	13.9	4	18.1	12	2.1	5	49.8	4	20.8	10
1967	14.3	4	19.3	18	2.5	8	31.5	2	33.4	31
1968	17.6	6	17.7	17	7.2	18	39.4	2	38.6	28
1969	10.3	4	7.4	9	3.0	5	35.8	4	35.3	35
1970	3.0	0	(1)		2.0	14	19.9	9	31.3	(1)
Total	87.0		88.6		21.3		297.2		206.7	

[1] Not available.

Mr. NELSON. Mr. President, the New York Times of September 20, 1971, carried a column by Michael Jensen entitled "Tax Credit Seen as a Spur to Profits Not Jobs," The column began:

President Nixon's proposed tax credit of 10 percent on business investments in new machinery and equipment appears more likely to increase corporate profits than to create additional jobs for unemployed workers next year.

And although the tax credit has been almost universally welcomed by business leaders, it probably will not have a major effect on capital spending plans for 1972, particularly during the first half of the year according to a New York Times survey.

Most companies said they will replace machinery and equipment at about the same rate they had planned before last month's announcement of the proposed tax credit.

If the large business tax cuts proposed by the administration are not going to increase investment, their likely result will be to increase corporate cash. Indeed, the new depreciation rules—ADR—have already had this effect.

On October 22, 1971, the Wall Street Journal featured a story headed: "Corporations Manage To Rebuild Cash, Cut Their Short-term Debt: Surge in Depreciation Funds, Increasing Profits, Bring Huge Climb in 'Cash Flow'."

The text included a table and text which I ask unanimous consent to have printed in the RECORD.

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

TABLE 3

[Dollars in billions]

	Profits	Depreciation	Cash flow
1969:			
3d quarter	$43.0	$51.9	$94.9
4th quarter	42.3	53.2	95.5
1970:			
1st quarter	41.5	54.4	95.9
2d quarter	41.3	55.7	97.0
3d quarter	42.9	56.7	99.6
4th quarter	39.2	58.0	97.2
1971:			
2d quarter	42.9	62.6	105.5
1971:	46.0	64.0	110.0

As Phase 2 of President Nixon's new economic program approaches, much has been made of the lagging profit record—especially by management spokesmen fearful of any move to control profit increases in coming months. A statistic frequently cited is that after-tax profits now amount to less than 5% of gross national product, the lowest rate since before World War II.

When the big rise in depreciation is taken into account, however, the picture appears much less gloomy. In fact, cash flow has recently been climbing even as a percentage of GNP, and currently it about matches the rate that prevailed in the early 1960's, when business activity was expanding rapidly. A major factor in the especially rapid rise or cash flow this year was the Treasury Department's decision last June to liberalize depreciation regulations, retroactive to Jan. 1, 1971. Economists say one effect of this move, which is being challenged in the courts and may well be scaled down in Congress, has been to make corporations seem more starved for cash than they really are.

Mr. NELSON. This amendment would save $1.9 billion that will otherwise go to the largest corporations. This $1.9 billion represents 7 percent of about $27 billion of investment expenditures.

Is it not reasonable to assume that these very large corporations would undertake these capital expenditures even without the investment credit—or at least would undertake most of it—say $25 billion of it? Do we really want to spend $2 billion of Federal revenue to get $2 to $3 billion more capital spending by these large corporations?

This amendment would be a major improvement in H.R. 10947. It would greatly cut down the enormous corporate tax cuts. It would provide us with some additional revenue which could be used in the short run to stimulate consumer spending. In the longer run, this revenue could be used for the many priority items on the agenda of social reform. Finally, the amendment would return a measure of fairness to a tax package that now is blatantly biased in favor of the corporations.

Mr. President, I would point out this very significant fact and emphasize it. There will be about 400,000 firms and farmers in America that will take advantage of the investment credit. Of those 400,000 firms 397,300 will be totally covered by the $1 million limitation. Those 397,300 firms will receive a $1.7 billion investment tax credit. The other 2,700 firms—of the 400,000—will receive, under the present bill, $1.9 billion. So we have a situation in which 2,700 giant corporations get a tax benefit of $1.9 billion, whereas 397,300 firms get a benefit of $1.7 billion.

The key argument by the administration in support of all its proposals in this bill is that this is a job creation bill. I have not been able to get the Treasury or anybody else to tell me what new jobs will be created by the 2,700 firms that will be getting a tax benefit of $1.9 billion. Those firms will spend about $25 billion in capital investment and they will spend it whether or not there is a 7-percent investment credit. So, where is there job creation claimed by the administration?

It is estimated they might spend $2 billion more than they otherwise would spend. So we are asking the taxpayers of the country to give them $2 billion in tax benefits to get them to spend $2 billion more than they would otherwise spend in capital investments. So if, as estimated, with a 7-percent tax credit they will spend $27 billion in capital investments instead of the $25 billion they would spend anyway. So we are going to give the big corporations $2 billion in tax benefits to induce them to buy $2 billion more in capital goods.

I do not think it is a justifiable expenditure of taxpayer money. It is nothing but a tax give away to the largest corporations in America.

Mr. President, if we want to do something meaningful with this $1.9 billion, give it to the taxpayer in the low-tax brackets, who have to spend the money, because they do not have enough to adequately feed, clothe, and house their families. Let them receive a little of the benefits in this tax bill.

We would be better off to limit it to $1 million and keep the $1.9 billion and give it to the people in the lower-income bracket.

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

The PRESIDING OFFICER. The Senator has 21 minutes remaining.

Mr. FANNIN. Mr. President, the purpose of this tax bill is to stimulate the economy and provide additional jobs for the American workingman. It is illogical, therefore, to limit the amount available for the job development credit. We should be doing all we can to offer incentives to all companies, regardless of size, to purchase new equipment and to make them more competitive with foreign firms if we want to keep our jobs from going abroad.

The amendment would reduce by approximately 74 percent the amount of Job Development Credit—JDC—allowed to corporations. The credit provided by the bill would cost about $3.6 billion in the first full year, 1972, and of this, about

$2.9 billion would go to corporations. The Senator's proposed limit, however, would cut this down to $800 million.

The total cost of JDC would be reduced—in terms of 1972 liabilities—from $3.6 to $1.5 billion, a reduction of $2.1 billion.

The proponents of this limit advance an argument that the credit is not likely to provide an incentive for more investment by larger firms. Larger firms, they argue, make investments because they are forced to do so. There is no evidence whatever for this point of view. The argument is tantamount to an assertion that large firms make investment decisions without regard to tax or cost considerations. But large businesses, like small ones, seek profit, and consider new investments in terms of cost and expected returns. It is perfectly clear that large firms, just as small firms, will undertake investment projects if they are thought to be profitable and reject those thought to be unprofitable. JDC reduces the cost of investment for both large and small firms and will induce greater investment by both.

There is some evidence on this point. In 1962, corporations with assets under $1 million purchased property which was eligible for investment credit in an amount which came to 2.4 percent of their total assets. By 1965, their purchases of credit property rose to 3.1 percent of assets, an increase in the ratio of 30 percent. For firms with assets over $250 million the ratio of credit property to assets with 1.6 percent in 1962 and 2.5 percent in 1965, an increase in the ratio of 56 percent. Thus, large companies increased their relative investment in machinery and equipment under the 1962 credit more than smaller companies.

Still another problem with this amendment is that the credit that it does allow to large corporations will be wasted from an incentive standpoint. In 1972 and 1973 the proposal will allow $1.6 billion of credit per year. Of this, $175 million will go to the 2,500 firms large enough to be affected by the ceiling. For these 2,500 firms, the credit will be a fixed $70,000. Expenditures in excess of the level yielding $70,000 in credit cannot be affected by the credit and for such expenditures the credit can provide absolutely no incentive. In these circumstances the credit would be allowed only for investment that was going to occur anyway. The credit provides cash but not an incentive for job development. Per dollar given up, the credit under the amendment is bound to have less effect than the credit in the bill.

The net effect of the proposal is that we would remove the incentive with respect to corporations doing nearly 81 percent of the corporate investment to reduce the cost—in the corporate sector—by 74 percent. This is bad policy.

The intricate interrelations of large and small firms should also lead us to reject the amendment. Small businesses do subcontracting and similar work for large businesses. If the investment growth of large firms is reduced, this would directly cut the market opportunities for small firms.

Finally, the limitation is very discriminatory across industries. It is an economic fact of life that firms in certain industries require a large capital stock in order to operate efficiently. Examples of such industries are steel, chemicals, automobile, and public utilities. By limiting the amount of credit available to firms in these industries, consumers of products produced by these industries will be deprived the benefits of lower capital costs.

Technically, the provision creates problems, because of efforts in larger businesses to organize as separate corporations to avoid the limit. There can be a related corporation rule but this becomes difficult to police and would still leave loopholes.

Mr. President, we cannot lose sight of the fact U.S. corporations must operate as efficiently as possible if they are to compete in this highly competitive industrial world. At present, we do not have corporations that are competing with large foreign corporations. They are not competitive. So to take their power away from them, to reduce their ability to compete in the world's market is a great mistake.

Today it takes well over $25,000 in capital investment to create one new industrial job. The total labor force is expected to grow by some 15 million during the 1970's and it will require at least $30 billion annually in new expenditures just to employ this net addition to the work force. A more favorable public policy climate to enable the corporate sector to provide such investment flows is certainly needed now and throughout the 1970's.

Clearly, the previous 7 percent credit was successful in encouraging capital investment, employment, and increased productivity over its lifetime in the 1960's. While other factors were involved, it was not just coincidental that from 1962 to 1968 investment in producers durables increased 10½ percent per year, output per manhour in manufacturing industries rose at better than 3 percent per year, and employment in manufacturing went up by 2.8 million. Currently employment in manufacturing is over 1 million below its 1968 average. Part of this loss can be attributed directly to the loss of the investment credit and the slackening of capital spending.

Prompt action must be taken to reestablish incentives for capital investment. If new jobs are to be created, if productivity is to be increased, and if our high standard of living is to be extended to all citizens without inflationary results, American business must be encouraged constantly to improve and modernize its plant and equipment. New jobs result only from greater productive activity.

This is a very important factor in what we are trying to do in the proposed legislation. This body should be considering methods to increase incentives to purchase new equipment; not to build in severe disincentives, as this amendment would do.

Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from Arizona has 24 minutes remaining; the Senator from Wisconsin has 24 minutes remaining.

Mr. FANNIN. I reserve the remainder of my time.

Mr. FULBRIGHT. Mr. President, will the Senator from Wisconsin yield?

Mr. NELSON. I yield.

Mr. FULBRIGHT. May I clear up what percent of the overall tax credit went to 808 firms?

Mr. NELSON. In 1967, some 395,000 firms, businesses, and farmers took advantage of the 7-percent investment credit. Of those 395,000 firms, 808 received 70 percent of the total credit that was given.

Mr. FULBRIGHT. They would be companies of the size of General Motors and United States Steel?

Mr. NELSON. The top companies of our country.

Mr. FULBRIGHT. I was under the impression that companies like IBM, A.T. & T., and others of that size did not rely on tax credits of this kind to determine whether they would install new machinery; their business is so big that they buy the latest equipment whenever it is needed.

Mr. NELSON. I think that is perfectly clear. As a matter of fact, I tried to get the Treasury representatives, in an executive session of the Committee on Finance, to explain to me how much more capital investment big corporations would make with the 7-percent investment credit than without it.

I suggested to them that if the top 2,000 companies, or thereabouts, were to make a capital investment of $25 billion next year, how much more would they make if they got a 7-percent investment credit. I suggested to the Treasury that they should make an agreement that if the investment credit does not increase the investments of those companies substantially, we ought to repeal that provision next year. But the Treasury was not prepared to agree to that because they know it will not cause any significant increase in capital investment.

General Motors will make their planned capital investment whether or not Congress passes a 7-percent investment tax credit. So will A.T. & T. and IBM. So will all the rest of the big companies. This is just part of the administration's tax-sharing program for the rich.

We are going to take the little people's revenue and share it with the largest corporations in America; that is the only kind of revenue-sharing program we can get passed in this Congress.

Let me read to the distinguished Senator from Arkansas what Chairman of the Board John Roche of General Motors had to say recently:

> It should be understood that most companies of any size determine their purchases of equipment by the needs of the business, not by any short-term tax advantages.

Mr. Roche then went on to say that what mattered was consumer purchasing power. He said:

> It must be noted that the tax credit and the accelerated depreciation applies only after equipment is purchased and put to use. This, like the other elements of the program, mean very little unless we can achieve the improved economy the President has called for.

So we have Mr. Roche saying exactly the same thing as Walter Heller, former Chairman of the President's Council of Economic Advisers: That you have got to put purchasing power in the hands of

the consumers in order to stimulate the economy. That is what has been said by a number of Senators during the last 2 days here on the floor of the Senate. As Mr. Roche says, what matters is consumer purchasing power.

The investment tax credit does not add to the consumer purchasing power at all. It is not a job creation program. As I have said, it is a fat man's revenue-sharing program, created by the administration to boost the profits of the richest corporations in this country.

Mr. FULBRIGHT. If I understand it correctly, 2,700 of the companies would share the $1,900 million. Is that correct?

Mr. NELSON. Yes. Everybody would be permitted to apply a 7-percent tax credit against a million-dollar capital investment.

Mr. FULBRIGHT. But if the Senator's amendment were to go into effect, it would save $1,900 million?

Mr. NELSON. Yes.

Mr. FULBRIGHT. And it eliminates 2,700 firms?

Mr. NELSON. No, it does not eliminate 2,700 firms. Those 2,700 firms are allowed to take a tax credit against $1 million in capital investments, but not above.

Mr. FULBRIGHT. And the amount disallowed, over and above the $1 million, would save the taxpayers $1.9 billion?

Mr. NELSON. That is correct.

Mr. FULBRIGHT. Which means, then, that if the Senator's amendment is adopted, it would save $1.9 billion which would otherwise be paid to 2,700 firms?

Mr. NELSON. Correct.

Mr. FULBRIGHT. That is all?

Mr. NELSON. That is correct.

Mr. FULBRIGHT. So it would have the effect of not giving $1.9 billion to 2,700 firms.

Mr. NELSON. That is correct.

Mr. FULBRIGHT. As they are the biggest ones and the least likely to be influenced by any such minor considerations to a firm of that size?

Mr. NELSON. That is correct.

Mr. FULBRIGHT. General Motors, as I understand, had the biggest month in their history in September of this year, in sales; is that correct?

Mr. NELSON. Yes.

Mr. FULBRIGHT. I do not know what the point of this is, to give them another several million.

Mr. NELSON. I think the Senator knows very well what the point is: to fatten up the treasuries of the richest corporations in America, while forgetting about the little people of this country, it is as simple as that. Under the guise of creating jobs they are going to give away $2 billion a year to those who need it least.

Mr. FULBRIGHT. The only thing that would really induce a greater degree of investment and jobs would be more customers, would it not?

Mr. NELSON. Yes; and Mr. Roche went on to say that what mattered was consumer purchasing power.

Mr. FULBRIGHT. Yes.

Mr. NELSON. So if we gave that $1.9 billion to the consumers, that would do more than giving it to the 2,700 corporations.

Mr. FULBRIGHT. It would seem that way to me. I do not understand the answer to that. What is the other argument? What is the answer to the Senator's argument?

Mr. NELSON. Well, you hear these answers, you know, they sort of spin around in space, and are kind of fuzzy, and do not really mean anything. When one is able to stand on the floor of the Senate and answer the proponents of this legislation with quotations from the chairman of the board of the biggest corporation in the world, you would think that ought to be answer enough; would the Senator not agree?

Mr. FULBRIGHT. I would have thought so.

Mr. NELSON. I usually am not given to quoting Mr. Roche in support of any position I take, but here he is, on the side of the liberals here, who want to create purchasing power.

I would ask the distinguished Senator from Arizona to tell me how many billions of dollars more of capital investment is going to be made by those 2,700 corporations because of the 7-percent investment credit than they would otherwise make. Treasury spokesmen thought maybe $2 billion, or an increase from $25 to $27 billion. They are going to spend almost all of that anyway, or 95 percent. So if we are going to spend $2 billion more for an estimated increase in their capital investment by these 2,700 corporations from $25 to $27 billion, we are asking the taxpayers to give them $2 billion in tax credits in order to make $2 billion more in capital investments. That is a whale of a lot of the taxpayers' money to give away, dollar for dollar, and it is not creating jobs anyway, because 95 percent of all those capital investments are going to be made by those corporations without it.

No one has been able to explain it to me; I have been asking this question of financial experts from all over for the last month, and have not been able to find an answer that my 10-year-old boy would find believable.

Mr. FANNIN. Mr. President, I yield 5 minutes to the Senator from Ohio.

Mr. TAFT. Mr. President, there is a very, very basic fallacy in the approach of the Senator from Wisconsin with regard to the investment credit—or the job investment credit, as the President very correctly calls it.

The purpose of the job investment credit is to stimulate productivity in this country. That is its primary purpose.

I do not care what the chairman of the board of General Motors may say about what his investment policies may be with regard to the investment tax credit, the fact of the matter is that on the record, we have got economic results. I do not care what Mr. Heller may conjecture, we have got economic results as to what has happened when the investment credit has been in effect in this country and when it has not. The rate of increase in productivity has been approximately doubled during those periods on the last occasions when we have had the investment credit, as compared to those eras in which we have not had it.

Let us go on from that. The Senator from Wisconsin asked what jobs are involved. I will tell you what jobs are involved. At least a thousand jobs are involved in the machine tool industry, in the major machine tool areas of this country. I happen to come from one of those areas, so I am very much aware of what the result would be.

The Senator speaks of corporate giants. They have to have a tremendous accumulation of capital, and therefore may be earning an extremely small return. Steel companies, for example, earn only 1 or 2 percent on their capital investment, and they may well have use for a tax credit well above the million-dollar figure in the steel industry.

What has happened in the steel industry? Why are we in trouble in the steel industry today? Why is steel production down?

I will tell you. It is because in many instances increased imports are coming in and comparing very favorably in price with anything we can produce in this country, in spite of the tremendous additional transportation costs.

Let us take the average figure, having nothing to do with wage differentials between Japan and the United States, which are about $3 an hour. Let us take the average figure of the number of man-hours it takes to produce a ton of steel in this country as compared with Japan. I wonder if the Senator from Wisconsin knows what that is.

The average number of man-hours in this country is 7.3. The average number of man-hours it takes in Japan is 5.7, regardless of the wage differential.

Mr. NELSON. Mr. President, will the Senator yield for a brief question?

Mr. TAFT. I am glad to yield for a brief question.

Mr. NELSON. What is the Senator's explanation as to the reason why it takes fewer man-hours to produce a ton of steel in Japan than here?

Mr. TAFT. I will give the Senator a very brief explanation. The Japanese have new oxygen furnaces. We do not have nearly so many oxygen furnaces. Furthermore, this relates to another subject the Senator from Wisconsin is very much interested in, environmental pollution. An oxygen furnace has very much less environmental pollution involved in its operation than the old blast furnace.

We are trying to give these companies an incentive to go out and make the additional investment that is necessary in order to reestablish America's position in steel productivity. There are thousands and thousands of jobs involved in the equipment required for those new type oxygen furnaces. There are many very small companies in this country who will take on workers and put on jobs if we enact this investment credit. It will make it more possible for companies to go ahead and do something about it.

This investment credit for these large companies, just as much as for the small companies, is going to result in the placing of orders for equipment. The placing of orders for equipment will be for companies of all sizes in this country. Every company is going to be involved in producing some of the parts necessary for the particular capital investment involved. That is the whole theory behind the investment credit, and the Senator has overlooked it.

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

Mr. TAFT. I yield.

Mr. NELSON. The claim of the administration of proponents of the bill, is that this is a job-created bill. Will the Senator answer this question for me, which the Treasury Department could not answer? The question is, How much more capital investment will these top 2,500 corporations make with the 7-percent investment credit than they would make without it?

The best guess is that they are going to make an investment of $25 billion, and they might be induced to go to $27 billion.

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

Mr. FANNIN. How much additional time does the Senator wish?

Mr. TAFT. Three minutes.

Mr. FANNIN. I yield 3 additional minutes to the Senator.

Mr. NELSON. I took some time, if the Senator needs more.

My question is this: What does this 7-percent investment credit do to induce an expansion of jobs in the economy when almost everybody agrees that almost all this money is going to be invested in capital by big companies, anyway?

Mr. TAFT. I do not believe the Senator is correct in that. I think it is an unsound assumption, on the basis of a remark by the chairman of General Motors Corp. The board of directors, in looking at whether or not they are going to make a capital investment, have to look at how quickly they are going to recover their capital. That is one of the problems in the productivity picture.

I cite some figures that I put in the record as early as May 5 of last year with regard to the rate of cost recovery allowance in the United States as compared to our major industrial competitor.

The rate, for example, in the United States in the first year is about 7.7 percent of recovery. Of course, the tax credit would greatly speed up that recovery for those companies taking advantage of it. In the first seven taxable years we recover only 66 percent.

Compare those figures with Japan, where there is 11 percent recovery in the first year and 100 percent the first 7 years.

In Sweden, there is 30 percent recovery in the first year and 100 percent in 7 years.

In the United Kingdom, there is 12 percent in the first year and 102 percent in 7 years.

These are the major countries with which we are competing.

In West Germany, it is 9 percent and 83 percent.

The United States, through its tax policies, is putting itself at a major disadvantage with its principal industrial competitor. It is about time we did something about it. One of the most effective things we can do about it is to make the investment credit applicable to all companies.

One thing the Senator has not discussed it not allowing the investment credit for amounts over a million dollars for very large corporations whose percentage of profit, in the case of steel, may be far lower for its hundreds of thousands of stockholders than the percentage of profit of some company that may take the million dollars, or most of it, and have a smaller rate, with a smaller number of stockholders, and the overall effect is highly discriminatory.

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

Mr. TAFT. I yield.

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

Mr. FANNIN. I yield the Senator 2 additional minutes.

Mr. FULBRIGHT. I do not disagree with what the Senator said about the general effect of the tax credit. All we are talking about here are the very large corporations. It has been my impression for some time that a number of our largest corporations are the least efficient in the business today. We have already had an example of the Pennsylvania Railroad, the biggest railroad in the country, going broke. We have the example of Lockheed, which is the biggest contractor with the Government and ought to be very profitable. Many of its contracts are cost-plus. I do not know how they are able to reach the point of bankruptcy, which was the case before we gave them a loan.

I thought that traditionally—and the Senator knows much more about this than I do—the most efficient of the steel companies, which is the sickest of all these businesses, has been the medium-sized companies.

United States Steel, for many years, has not been considered as efficient as National Steel or Inland Steel—some of the medium-sized steel companies. It is an example.

Mr. TAFT. United States Steel shut down its plant in Youngstown this year because it does not have modern equipment. This resulted in a loss of 2,500 jobs in that area.

Mr. FULBRIGHT. It is shown by its bureaucracy as well as other things.

Mr. TAFT. The reason United States Steel has not gone ahead and made the investment there is that it has not been economical for it to do so. If we provide an investment credit, they will very likely reconsider.

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

Mr. FULBRIGHT. Mr. President, will the Senator from Wisconsin yield me time?

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

The PRESIDING OFFICER. The Senator from Wisconsin has 11 minutes, and the Senator from Arizona has 13 minutes.

Mr. NELSON. I yield 3 minutes to the Senator from Arkansas.

Mr. FULBRIGHT. I submit to the Senator from Ohio—he comes from one of the principal steel producing States—that United States Steel had a dismal record during the earlier investment credit period, long before this. They did not equip themselves with better machinery. They have not been competitive with other companies in this country, much less with the Japanese.

The thrust of this amendment is not to take the credit away from the largest 2,700 companies but to limit it to $1 million investment per company. Out of approximately 83,000 companies, all of them would continue to get what they normally would under the previous experience, except the very largest ones.

United States Steel is probably the least efficient in the business. If the Senator wants to rescue them, why can it not be done as it was in the case of Lockheed, by giving them a direct loan, instead of subsidizing companies like General Motors and IBM, who do not need it, except to put it into the pockets of their shareholders.

Most of them are very profitable companies, with exceptions such as United States Steel, which is one of the least efficient of any major industrial corporation, excluding, of course, such companies as Lockheed and other special pets of the Government. They have been pampered to the point where there is no incentive for them to be efficient.

In the aid program, which many supported steel is bought from United States Steel and shipped abroad at cost-plus, I suppose. Private people in this country, however, have been buying Japanese steel.

I do not see why we use this device. The Senator from Wisconsin is saying that it should be given to everybody, where it is likely that they will need it—those who are investing a million dollars or less. The unlimited 7-percent proposal takes care of 2,700 out of 83,000 firms. Spread around that way, it is quite logical that many more jobs will be inspired by that. If you want to take part of the $1.9 billion and give a direct loan to United States Steel simply because you set the precedent for Lockheed, I think that ought to be considered. They are probably as worthy as Lockheed or Pennsylvania Railroad.

The PRESIDING OFFICER. The time of the Senator has expired. Who yields time?

Mr. FANNIN. I yield myself 3 minutes.

Mr. President, I should like to respond to what the distinguished Senator from Wisconsin has stated about these large corporations not wanting this tax credit or not needing it.

Mr. NELSON. They want it, all right.

Mr. FANNIN. The chairman of the board of the General Electric Co.—it is a fairly large company, one of the largest in the world—said this on October 12 of this year:

> In the United States, productivity—in terms of output per man hour—increased 14% between 1964 and 1970. Among our major trading countries the increase ranged from 22% in the United Kingdom to 99% in Japan.

I would call that to the attention of the Senator from Arkansas, that we know United States Steel is one of those industries which is not competitive now because it has not had the incentive nor the encouragement to go forward.

I want to finish this statement:

> It is certainly true that output per man-hour in other countries has grown much more rapidly than in the U.S. in recent years. It should! All other industrial countries

have much greater incentives to modernize their manufacturing facilities to increase productivity—via their tax structures, such as our pre-1969 investment tax credit of 7%, much more rapid depreciation for tax purposes, and so forth.

Mr. BENNETT. Mr. President, will the Senator from Arizona yield?

Mr. FANNIN. I yield.

Mr. BENNETT. Mr. President, we have got ourselves in a trap talking about United States Steel and General Motors. Let me bring our minds into another aspect on which every Member of the Senate will agree that help is needed. I am talking about the railroads, most of whom would spend more than $1 billion in the purchase of new rolling equipment and the modernization of their track and other equipment if they had it.

The Department of Transportation estimates that for the next 9 years we will need an investment in rolling stock of $15.3 billion. This investment translates into an actual investment of $1.7 billion and acquisition each year of 83,000 new freight cars. Here I am quoting from the testimony given the committee by a representative of the Association of American Railroads.

He said:

The actual cash outlay necessary to underwrite this program—only over the 9 years—is some $8.1 billion, that is explained and shown in Exhibit D of my written testimony.

We cannot hope to achieve this goal without the credit. Freight orders in 1970 were only 58,201—a non-credit year—far short of the 83,000 acquisition called for by DOT.

However, during 1966—a 7-percent credit year—our orders reached a peak of 112,898 cars.

Nearly double.

Yet we are making a blanket sweep across the economy and saying, "All we are doing is helping General Motors." I am sure that most western Senators are concerned every year because there are not enough freight cars to haul the farm produce.

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

Mr. FANNIN. I yield.

Mr. PASTORE. The strong assertion has been made here, which is the predicate of this amendment, to the effect that the big firms we have been talking about, whether or not they get the 7-percent investment credit, will spend a lot of money for expansion anyway. Does the committee agree with that?

Mr. BENNETT. No. The committee rejected that idea when it was offered in committee.

Mr. PASTORE. The argument has been made here, a specific case, that Mr. Roche, president of General Motors, says they have plans to spend many billions of dollars and that they will spend it anyway, whether they have the 7-percent or not. Did all the others testify the same way and, if not, who are they?

Mr. BENNETT. Mr. Roche did not testify, so far as I know. This is a statement outside the committee. I do not know what its context is or what the situation was in which the statement was made.

Mr. PASTORE. In other words, Mr. Roche never came before the committee to say so, did he?

Mr. BENNETT. No.

Mr. PASTORE. Well, now, is there any proof at all that the big firms will spend that money anyway, whether we give it to them or not? It would be foolish to give it to them if they are going to spend the money anyway. On the other hand, it would be foolish not to give it to them if they were going to spend the money if they got it.

Mr. BENNETT. We go back to the basic problem of increasing the productivity of our existing capacity. In the Senator's State of Rhode Island, with the question of textile mills, he knows that the millowners will spend more money and go further with modernization programs if they have the credit.

Mr. PASTORE. That is true, but I cannot imagine anyone in our State really spending more than $1 million in 1 year; but I can imagine this, that a lot of small firms in the State, if the big companies are going to spend more than $1 million in 1 year, they might give their contracts to the small companies in our State. I can see the benefits that way, if that is the case.

Mr. BENNETT. It is the blocking off of a lot of business to the small companies to whom the Senator is willing to give the 7-percent investment credit, if the big companies were not in a position to buy the machinery that the small companies make. General Motors does not make the machinery with which it makes its cars.

Mr. PASTORE. That is true. Another thing, we have mentioned General Electric. We have some small General Electric plants in my State, but I do not think they buy more than $1 million a year for the plants in my State but, over all, I suppose, they would get the benefit of it if they were granted a 7-percent investment tax credit.

Mr. BENNETT. That is right. May I read one more paragraph from the statement of Mr. Barnett, on behalf of the Association of American Railroads:

Moreover, the credit will also have an immediate and forceful impact on unemployment. Our car and locomotive builders and suppliers during the effective years of the 7-percent credit employed in excess of 500,000. We all remember what happened to them when that credit was suspended—the plants that were closed—and the drastic reductions in their work forces.

That is another aspect of the proposition. I do not think that we should take a doctrinaire approach and pick a figure and say in effect that no one is entitled to more than $70,000 of investment credit, which is equivalent to the purchase of $1 million in equipment and machinery and, therefore, regardless of its need, regardless of the value it will have for the economy, and chop it off, on the theory that we are going to help only the little man. As I have tried to say, General Motors does not make the machinery which it buys to make its cars with the money which generates the 7-percent investment credit.

It does not do a machine manufacturer any good to know that he could have a 7-percent investment credit if his customers, the big companies, cannot have it to buy what he produces. This goes all through the economy. In fact, I think it would be safe to say that the 7-percent investment credit in the larger factories would probably have more benefit for smaller business than if we left them with the 7-percent investment credit and took it away from their customers.

It is very interesting.

I hold in my hand a copy of the report of the committee, that in 1967, early 1968, the machine tool business had risen to a volume of $500 million—nearly $600 million—and when the credit was taken off, it dropped below $300 million and by the end of the year, 1970, it was down to a little above $100 million. That is the effect of the 7-percent investment credit.

Mr. FULBRIGHT. Mr. President, will the Senator from Utah yield?

Mr. BENNETT. I yield.

Mr. FULBRIGHT. But that assumption would wipe it all out. The Senator is not proposing to wipe it all out.

Mr. BENNETT. We are wiping it out, all but $800 million. We are wiping out $2.1 billion, leaving only $800 million.

Mr. FULBRIGHT. Not according to——

Mr. NELSON. The figures are not 74 but 400,000 corporations and businesses will take advantage if it, of which 27,000 of those corporations will use $1,900 million—$3,600 million——

Mr. FULBRIGHT. That is right. Would the Senator allow one observation relative to the railroad question?

The Southern Railway Co., during the last several years, without this credit, but because of good management, has modernized and innovated its company. It is one of the most profitable railroads in the country. What we intend to do here is what we did in the case of Lockheed and Pennsylvania Railroad—to subsidize bad management. The Southern Railroad Co., has proved that it can be done and can be efficient.

Mr. BENNETT. Mr. President, the Southern Railway probably modernized on a 7-percent investment tax credit.

Mr. FULBRIGHT. Then, why would the Senator completely discount the effect of good management? It surprises me, since the Senator from Utah was president of the National Association of Manufacturers, that he is downgrading good management.

Mr. BENNETT. Oh, here it comes. The witness testifying before the committee was with the Western Pacific. That is as good a railroad as we have in the United States.

Mr. FULBRIGHT. It does not need it. It is one of the better ones. We have a lot of them that are very poorly managed. I do not know why we should subsidize the less-efficient companies.

The Senator referred to the enormous increase in productivity of the Japanese. I submit that it is not because they have a tax investment credit. They have the best labor relations. They have fewer strikes and less time lost through strikes or slowdowns than any modern country in the world. They hardly ever have a strike, and if they do, it is on Sunday or on some other day when it will not interfere with productivity.

The same way with Sweden. That country has good labor relations.

Mr. BENNETT. The Senator is not

arguing about the comparative labor relations as between Sweden, Japan, and the United States. We are talking about one means by which productivity can be increased.

Mr. NELSON. Mr. President, whose time is being used?

Mr. BENNETT. My time. I will reserve the remainder of my time.

The PRESIDING OFFICER (Mr. STAFFORD). The Senator has 1 minute remaining. Who yields time?

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

The PRESIDING OFFICER. The Senator from Wisconsin has 8 minutes remaining.

Mr. NELSON. Mr. President, the proponents of the bill have been talking about putting our corporations in a better tax situation. I would point out that the effective corporate tax rates in the major industrialized countries show that the United States is just about exactly in the middle.

The effective corporate tax rates in the United States, including depreciation and all other factors, is 42.10 percent. West Germany is 43.30 percent. Canada is above us.

So, France, Germany, Canada, and Italy are taxed at a higher rate than the United States. Germany as everyone knows is one of our toughest competitors.

Mr. TAFT. Mr. President, will the Senator yield at that point for a question?

Mr. NELSON. I yield for a question.

Mr. TAFT. Mr. President, is not the Senator omitting the matter of the writeoff of equipment? I gave the Senator earlier the figures for many of these countries which show that they have a greater writeoff than does the United States. The tax credits would have a direct effect upon this situation.

Mr. NELSON. No. This figure is the effective corporate tax rate in the major industrialized countries. It includes accelerated depreciation, percentage depletion, and taxes.

Mr. President, I will have printed in the RECORD in a few days some testimony by Prof. Walter Adams, of Michigan State University, on the steel industry. He testified yesterday on matters before the subcommittee concerning the efficiency of the steel industry of the United States. I suppose he is the most distinguished student of our steel industry in this country.

He stated that the trouble with the steel industry in this country is spelled "incompetent management." He said that given good, tough, continued competition from Japan, maybe they will modernize and compete. He said that the worst thing we can do is to put such a barrier against Japanese steel in favor of the incompetent steel industry.

That is the problem, the incompetence of the management of the steel industry in America. It is not the 7-percent investment tax credit.

As to modernization, we had investment tax credit benefits in this country for 9 years, from 1962 to 1970. During that 9-year period, United States Steel alone got $206,700,000 in tax investment credits.

So, they had 9 years in which to modernize. But they did not modernize. They are even behind Europe. So, the investment tax credit is not going to help do anything about the management of that company.

I repeat that what we are talking about here is a tremendous giveaway of the taxpayers' money to a group of companies that do not need it. Surely, it will benefit them. It will increase their benefits. There is no question about that. It will help their stockowners. There is no question about that. However, everyone knows that starting with the chairman of the Board of General Motors, all of the economists in this country agree that what we need is to increase the purchasing power of the people to stimulate the economy.

The $2 billion we are giving away to these 2,700 corporations would be better spent for the purposes of stimulating the economy by giving it back to the taxpayers in the lower income bracket than by giving it away in a 7-percent investment tax credit, giving away almost $2 billion to the top 2,500 corporations in this country. They will get about $2 billion, while some 397,300 corporations end up getting less money—$1,700 million.

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

Mr. NELSON. Mr. President, I yield to the Senator from Oklahoma.

Mr. HARRIS. Mr. President, I commend the distinguished Senator from Wisconsin for the excellent work he has done on this bill and particularly in regard to the accelerated depreciation range.

Mr. President, the investment tax credit should be eliminated from this bill. I wish also we could have ended the accelerated depreciated range. There is no indication that either will fulfill the function for which it is intended, and there is every reason to believe that it will instead provide a huge windfall for the big corporations. The investment tax credit will cost more than $3.6 billion in fiscal year 1972, and, if continued, will cost over $45 billion by 1980. And to what end? We are getting the same story we got when it was first offered in 1962: That it will improve our trade position, increase productivity, and promote jobs and economic growth.

What the investment tax credit did in the 1960's was to stimulate an excess capital goods boom which generated inflationary pressures—adding to the economy's productive capacity at a much faster pace than the demand for goods and services. It was not until 1964, when a massive tax cut was instituted and there were substantial increases in public investment due to Great Society programs, that there was an appreciable increase in employment.

Proponents of the investment tax credit argue that stimulating new equipment expenditures ultimately increases labor productivity. However, in his testimony before a House committee in 1969, Paul McCracken, Chairman of the Council of Economic Advisers, states:

> We have tried to make some rough estimate of what the effect would be on the long run growth capacity of the economy if we were to terminate the investment tax credit. I do not recall the figure precisely, but it was surprisingly small.

This implies rather conclusively that the past investment tax credit had very little impact on the growth potential of the economy. On the international front, then Secretary of the Treasury Kennedy added that even with the tax credit our trade position with Japan continued to erode.

We can see, then, that what the administration is leading us to believe about the results of this bill are all so much rhetoric. What this bill really does is give away billions of dollars to the big corporations.

The investment tax credit has been misnamed the "Job Development Tax Credit." No one seems to be able to tell how many and what kind of jobs will be created by this bill. It is admitted by many notable economists, even some in the administration, that the effect of the tax credit on the level of investment will be marginal at best. If that is so, its contribution to decreasing unemployment will be marginal at best. There is much evidence to make us believe that the tax credit may actually have a negative effect on employment. Surely, with plant capacity being utilized at only 73 or 74 percent, there can be little incentive to invest in expansion. What industry lacks today is not machinery but customers, and the investment credit could—by parallel decreases in Federal spending—actually lead to the decrease in available jobs—much less create new jobs. The cutback in Federal employment and the postponing of needed social programs hits the low- and middle-income American while making fat the wallets of the big corporations. I see very little in such a program that would warrant a title "Job Development Investment Credit."

Mr. President, as you well know I am suspicious of concentrations of economic and political power. I think the people of the United States have also had a history of rightful suspicion of concentrated power.

The investment tax credit will bestow most of its benefits on capital-intensive firms, and these firms frequently are found in oligopolistic and monopolistic industries. Small, new, and less capital-intensive firms are discriminated against by the structure of the tax credit, while large firms reap high tax benefits. This discriminatory treatment caused by the investment tax credit cannot help but further the concentration of economic power in our society. Those firms with most to gain include manufacturers of machine and equipment, equipment leasing companies, heavy users of equipment and financial corporations. Those with the least to gain will be the little man, the noncapital-intensive firms, the wholesale and retail dealers, and new independent companies. This giveaway to the large corporations can lead to profit increases of over 10 percent at minimum. Yet, corporate profits are now at a healthy level, and cashflows have increased substantially during the present recession.

The prime determinant of business investment is demand. Investment in plant and in equipment will fall off when the economy is generally sluggish and excess capacity makes additional plant and

equipment unnecessary. In such a situation, the investment tax credit is likely to have little effect, particularly in the short run. With unemployment too high and output too low, policy should be directed to stimulating the economy in such a way as to put people quickly back to work, train those lacking necessary skills for realistic employment and invest where new capital is most needed. It is common knowledge that by increasing public expenditures we can both overcome deficiencies in public facilities and services and accelerate economic expansion, yet the administration seems to assume that all public spending is wasteful and evil. Instead they feel that by giving money to the big healthy corporation, that it will eventually trickle down to the people. That is neither logical nor practical. The President's program runs a real risk of creating a difficult social and economic situation if it fails to stimulate the economy sufficiently, which is very possible, while concentrating most of the tax relief on big business.

I wish we could eliminate the investment credit altogether, but that does not seem possible. Therefore, I intend to support the amendment of the distinguished Senator from Wisconsin (Mr. NELSON).

I hope very much that the Senate will agree to the amendment.

Mr. NELSON. Mr. President, I thank the Senator from Oklahoma.

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

The PRESIDING OFFICER. The Senator from Wisconsin has 1 minute remaining.

Mr. NELSON. Mr. President, I yield back the remainder of my time.

Mr. BENNETT. Mr. President, I understand that I have one minute remaining.

The PRESIDING OFFICER. The Senator from Wisconsin is correct.

Mr. BENNETT. Mr. President, the chart to which I referred earlier shows very graphically that when they put on the 7-percent investment tax credit, as was done in 1963, the figure went up dramatically. When we took it off, as was done at the end of 1964, it went down. When it was put back on in 1967, it went up even higher than it had done in 1963. But when it was taken off the last time, in 2 years—15 months—it carried the investment in machine tools down to a level lower than at any point in the last 10 years. So we are dealing with a very powerful tool.

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

Mr. BENNETT. I yield.

Mr. RIBICOFF. The United States today is fourth in machine tool production.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the amendment of the Senator from Wisconsin.

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

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

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

The assistant legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Florida (Mr. CHILES), the Senator from California. (Mr. CRANSTON), the Senator from Missouri (Mr. EAGLETON), the Senator from North Carolina (Mr. ERVIN), the Senator from Georgia (Mr. GAMBRELL), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

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

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON) and the Senator from Ohio (Mr. SAXBE) are absent on official business.

The Senator from Tennessee (Mr. BROCK), the Senator from Kentucky (Mr. COOK), the Senator from New Hampshire (Mr. COTTON), the Senator from Nebraska (Mr. CURTIS), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), the Senators from Oregon (Mr. HATFIELD and Mr. PACKWOOD), the Senator from New York (Mr. JAVITS), the Senator from Idaho (Mr. JORDAN), the Senator from Iowa (Mr. MILLER), the Senator from Illinois (Mr. PERCY), the Senator from Pennsylvania (Mr. SCOTT), and the Senator from Texas (Mr. TOWER) are necessarily absent.

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

If present and voting, the Senator from Kentucky (Mr. COOK), the Senator from Nebraska (Mr. CURTIS), the Senator from Oregon (Mr. HATFIELD), the Senator from Illinois (Mr. PERCY), the Senator from Pennsylvania (Mr. SCOTT), and the Senator from Texas (Mr. TOWER) would each vote "nay."

The result was announced—yeas 13, nays 53, as follows:

[No. 326 Leg.]

YEAS—13

Aiken	Fulbright	Mansfield
Bayh	Gravel	Mondale
Burdick	Harris	Nelson
Byrd, W. Va.	Hughes	
Church	Kennedy	

NAYS—53

Allen	Eastland	Moss
Allott	Ellender	Pastore
Anderson	Fannin	Pearson
Baker	Fong	Pell
Beall	Griffin	Proxmire
Bennett	Gurney	Randolph
Bentsen	Hartke	Ribicoff
Bible	Hruska	Roth
Boggs	Humphrey	Schweiker
Brooke	Jackson	Smith
Buckley	Jordan, N.C.	Sparkman
Byrd, Va.	Long	Spong
Cannon	Magnuson	Stafford
Case	Mathias	Stennis
Cooper	McClellan	Stevens
Stevenson	Thurmond	Williams
Taft	Tunney	Young
Talmadge	Weicker	

NOT VOTING—34

Bellmon	Goldwater	Miller
Brock	Hansen	Montoya
Chiles	Hart	Mundt
Cook	Hatfield	Muskie
Cotton	Hollings	Packwood
Cranston	Inouye	Percy
Curtis	Javits	Saxbe
Dole	Jordan, Idaho	Scott
Dominick	McGee	Symington
Eagleton	McGovern	Tower
Ervin	McIntyre	
Gambrell	Metcalf	

So Mr. NELSON's amendment was rejected.

The PRESIDING OFFICER (Mr. STAFFORD). Under the previous order, the Senator from Tennessee is recognized.

Mr. BAKER. Mr. President, I call up my amendment, which is at the desk. I ask that the reading of the amendment be dispensed with, but that the amendment be printed in the RECORD.

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

The amendment is as follows:

On page 109, line 18, it is proposed to insert the following:

"(D) EXCLUSION FOR DOMESTICALLY PRODUCED BOXES AND CONTAINERS, ETC.—The tax imposed by subparagraph (A) shall not apply to a sale by the manufacturer or producer of any box, container, receptacle, bin, or other similar article which is not designed for the transportation of freight and which is not designed to be permanently mounted on or permanently affixed to an automobile truck chassis or body or a truck trailer or semitrailer chassis or body, or parts or accessories designed primarily for use on, in connection with, or as a component part of any such aforesaid article.".

And, On page 109, line 16, insert before the word "during" the following: "or excluded pursuant to subparagraph (D)".

The PRESIDING OFFICER. On this amendment there is a limitation of 20 minutes of debate, to be divided evenly between the Senator from Tennessee and the Senator from Louisiana (Mr. LONG).

Mr. BAKER. Mr. President, I yield myself such time as I may utilize.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. BAKER. Mr. President, I shall not take long. The purpose of the amendment is to add to the list of exclusions from the impact of the excise tax on trucks and automobiles, the containers which are manufactured to be used in conjunction with trucks for the disposal of solid waste.

The system involves metal or other types of containers that are manufactured for placement at locations to receive solid waste from industrial, municipal, and other waste disposal sources. Periodically, trucks specially equipped with crane hoists collect and move the containers from the concentration points to points of ultimate disposition of the waste.

The language of the bill as reported would include an excise tax on that portion of the system which is not a part of the truck. The amendment would make it clear that it is the intention of Congress to exclude from the impact of the excise tax only that portion of the system which is not a part of the truck.

It is pointless to state, of course, that

we have excluded from the excise tax buses used for urban transit, light trucks, light truck chassis, and light bodies placed on tractors that are used primarily on the highways. Also, in the tax reform bill of 1969 we excluded the concrete-making machinery which is used on a truck, but is not a part of the truck. We also, by interpretation of previous law, excluded other devices of this sort.

It seems to me that the issue before us is whether a portion of a system is clearly not a part of a truck or a vehicle ought to be taxed or to have an excise tax as a part of the truck system. I think it should not; and the purpose of the amendment is to make that clear.

Mr. President, I reserve the remainder of my time.

Mr. LONG. Mr. President, I yield myself 2 minutes.

Mr. President, my understanding is that the article to which the Senator has reference is something which in many cases is purchased by governmental units, because it is used in the course of collecting garbage, trash. Is that correct?

Mr. BAKER. I am not sure what the proportion is. Many of them are sold to cities, for municipal waste collection systems, but many are also sold to industry.

Mr. LONG. They are used mostly for waste disposal; is that right?

Mr. BAKER. Yes.

Mr. LONG. So many of the units are sold to units of Government, such as cities, counties, and States which already are exempt from this tax. Is that correct?

Mr. BAKER. A very high percentage of it would go for that purpose, Mr. President. I do not have a breakdown, but they are the largest single group of users.

Mr. LONG. Mr. President, I do not object to the amendment. The container units for trash which are not sold to units of government are often used by contractors working for governmental units and I see no reason for their having to pay the tax. Even in other cases we would not want to increase the costs of waste collection. However, the majority leader has indicated that he would prefer that we vote by record vote today, so I must ask for the yeas and nays on the amendment.

Mr. BAKER. I ask for the yeas and nays, Mr. President.

The yeas and nays were ordered.

Mr. BAKER. Mr. President, I am prepared to yield back the remainder of my time on the amendment.

The PRESIDING OFFICER. Does the Senator from Louisiana yield back his time?

Mr. LONG. Mr. President, unless there is someone who wishes to use time in opposition, I yield back the remainder of the time in opposition.

The PRESIDING OFFICER (Mr. STAFFORD). All remaining time having been yielded back, the question is on agreeing to the amendment of the Senator from Tennessee (Mr. BAKER). On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Florida (Mr. CHILES), the Senator from Idaho (Mr. CHURCH), the Senator from California (Mr. CRANSTON), the Senator from Missouri (Mr. EAGLETON), the Senator from North Carolina (Mr. ERVIN), the Senator from Georgia (Mr. GAMBRELL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Minnesota (Mr. MONDALE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

I further announce that, if present and voting, the Senator from North Carolina (Mr. ERVIN), the Senator from Wyoming (Mr. MCGEE), and the Senator from New Mexico (Mr. MONTOYA) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON) and the Senator from Ohio (Mr. SAXBE) are absent on official business.

The Senator from Tennessee (Mr. BROCK), the Senator from Kentucky (Mr. COOK), the Senator from New Hampshire (Mr. COTTON), the Senator from Nebraska (Mr. CURTIS), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), the Senators from Oregon (Mr. HATFIELD and Mr. PACKWOOD), the Senator from New York (Mr. JAVITS), the Senator from Idaho (Mr. JORDAN), the Senator from Iowa (Mr. MILLER), the Senator from Illinois (Mr. PERCY), the Senator from Pennsylvania (Mr. SCOTT), and the Senator from Texas (Mr. TOWER) are necessarily absent.

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

If present and voting, the Senator from Kentucky (Mr. COOK), the Senator from Nebraska (Mr. CURTIS), the Senator from Oregon (Mr. HATFIELD), the Senator from Illinois (Mr. PERCY), the Senator from Pennsylvania (Mr. SCOTT) and the Senator from Texas (Mr. TOWER) would each vote "yea."

The result was announced—yeas 62, nays 1, as follows:

[No. 327 Leg.]

YEAS—62

Aiken	Fannin	Pell
Allen	Fong	Proxmire
Allott	Fulbright	Randolph
Anderson	Gravel	Ribicoff
Baker	Griffin	Roth
Bayh	Gurney	Schweiker
Beall	Hartke	Smith
Bennett	Hruska	Sparkman
Bentsen	Hughes	Spong
Bible	Humphrey	Stafford
Boggs	Jackson	Stennis
Brooke	Jordan, N.C.	Stevens
Buckley	Kennedy	Stevenson
Burdick	Long	Taft
Byrd, Va.	Magnuson	Talmadge
Byrd, W. Va.	Mansfield	Thurmond
Cannon	Mathias	Tunney
Case	McClellan	Weicker
Cooper	Nelson	Williams
Eastland	Pastore	Young
Ellender	Pearson	

NAYS—1

Moss

NOT VOTING—37

Bellmon	Goldwater	Miller
Brock	Hansen	Mondale
Chiles	Harris	Montoya
Church	Hart	Mundt
Cook	Hatfield	Muskie
Cotton	Hollings	Packwood
Cranston	Inouye	Percy
Curtis	Javits	Saxbe
Dole	Jordan, Idaho	Scott
Dominick	McGee	Symington
Eagleton	McGovern	Tower
Ervin	McIntyre	
Gambrell	Metcalf	

So Mr. BAKER's amendment was agreed to.

Mr. STEVENS. Mr. President, I call up my amendment, which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

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

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

The amendment is as follows:

On page 72, following line 19, insert the following:

SEC. 211. (a) section 6331 of the Internal Revenue Code of 1954 (relating to levy and distraint) is amended by redesignating subsection (d) as (e) and by inserting after subsection (c) the following new subsection:

"(d) SALARY AND WAGES.—

"(1) IN GENERAL.—Levy may be made under subsection (a) upon the salary or wages of an individual only after the Secretary or his delegate has notified such individual of his intention to make such levy.

"(2) JEOPARDY.—Paragraph (1) shall not apply to a levy if the Secretary or delegate has made a finding under the last sentence of subsection (a) that the collection of tax is in jeopardy."

(b) The amendments made by subsection (a) shall take effect on the first day of the first month which begins more than ten days after the date of the enactment of this Act.

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

The yeas and nays were ordered.

Mr. STEVENS. I yield myself 5 minutes.

Mr. President, this is a bill that I introduced previously. It is in the form of an amendment. It has been modified. This amendment is designed to require the Internal Revenue Service to give notice to an employee before levying on the salary or wages of an individual. I gave some examples at the time I introduced this bill.

For example, I was told that a taxpayer had claimed that he had already paid a deficiency that the IRS said was still owed. The IRS notified the taxpayer that the question was being looked into. The next thing the taxpayer knew, his salary was attached.

Recently, I was told of a situation in which a young attorney in my State had a fee coming to him from a client—from an independent school district. That fee was attached before he had any notice that he had any levy.

The bill, as I originally introduced it, would have required a notice of levy and a hearing. There has been strong objec-

tion to the hearing, and we have deleted that requirement. This would provide the taxpayer with a notice of the fact that there was a levy outstanding against his income.

I think this is a first step, at least, in a new concept of due process for taxpayers so far as taking care of their reputation is concerned. The young attorney who had his fee levied upon suffered some embarrassment that he could have taken care of immediately if he had been given notice of the intention of the IRS to levy.

I know that these levies are presented in delinquent situations, and perhaps they require other considerations. But I hope that this amendment will be adopted, so that in conference the committee can work with the IRS and see whether they can modify their regulations and find some way to give taxpayers notice before this action is taken—in particular, the attachment of money on a deficiency when the taxpayer had gone to the IRS and asked that the matter be looked into, was told it would be, and the next thing he knew, his salary was levied upon. I think this action should not be taken until absolutely necessary and the final notice to the taxpayer ought to be given, at least.

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

Mr. STEVENS. I yield.

Mr. BROOKE. Is it the Senator's intent that the notice be given prior to the levy?

Mr. STEVENS. Notice ought to be issued that a levy would be issued.

Mr. BROOKE. Is there any time in which the IRS must notify the taxpayer prior to the act of levy?

Mr. STEVENS. There is no time limit provided in the amendment; just that they have to notify the taxpayer of the intent to make a levy.

Mr. BROOKE. Could that be made in the notice that goes out the same day from the IRS to the taxpayer?

Mr. STEVENS. After the taxpayer receives that notice. That is the committee's feeling. I discussed this with the staff of the Finance Committee, and it is their feeling that there is a problem that should be worked out by the IRS itself. They will be on notice that we have taken cognizance of the problem and this will put the burden on the IRS to come up with a reasonable alternative, if this is unworkable.

Mr. BROOKE. In order to make legislative history, I am trying to ascertain the intent of the Senator from Alaska, that the notice will be received by the taxpayer prior to the time the levy is made; is that not correct?

Mr. STEVENS. Yes; except in the case of a jeopardy assessment. Where there is some indication that there may be jeopardy, so far as the Government is concerned, there is an exception that would not apply to the jeopardy assessment, and in other cases they should give notice to the taxpayer before making the levy.

Mr. BROOKE. Because of the kind of case the Senator from Alaska discusses, the taxpayer would be at no advantage if he received a notice that a levy had been made because he was injured, as I understand it, from the Senator's case.

Mr. STEVENS. That is correct.

Mr. BROOKE. So that the notice should be received prior to the time the levy is made.

Mr. STEVENS. That is correct. That is the intent of my amendment.

Mr. BROOKE. I thank the Senator from Alaska.

Mr. LONG. Mr. President, as this amendment is modified, I see no objection to it. It may be that the Treasury Department may have objections to it and, if so, we will be able to explore the matter in conference. It may be that this matter will require further study, but I would be willing to accept the amendment and we can discuss it with the Treasury while the bill is in conference. Perhaps we can agree to it, or perhaps we can agree on a modification which still meets the essential purposes of the Senator from Alaska.

Mr. STEVENS. Mr. President, I thank the Senator from Louisiana.

Mr. President, I yield back the remainder of my time.

Mr. BENNETT. Mr. President, just for the purpose of making legislative history, I am reading from a letter addressed to the chairman on August 16, 1971, written by John S. Noland, Acting Assistant Secretary, where he is describing the present process:

> Once an assessment is made, every reasonable effort is made to secure voluntary payment before the Internal Revenue Service resorts to levy action. Normally, three notices are sent to the taxpayer after assessment of the tax, and a period of five months or more will elapse before any action is considered. During this period the taxpayer has ample opportunity to make payment, or if his financial circumstances are such that he cannot do so, there is an adequate opportunity to meet with the Service and to make some arrangement for extended payments.
>
> If the taxpayer continues to ignore his tax obligation, he is notified verbally or in writing that this levy action will be taken unless payment is made promptly. This notice normally precedes the actual levy by at least two weeks, unless the taxpayer has already been granted the privilege of paying his tax in installments. Any such agreement includes the provision that, in the event of default, levy action will be taken without further notice, and the taxpayer signifies in writing that he understands this condition.

Mr. BROOKE. I thank the Senator very much for reading this information into the RECORD. I take it that the practice of giving notice within 2 weeks would be satisfactory to the Senator from Alaska. But the excerpt the Senator from Utah just read from indicates that it is oral or in writing.

Mr. BENNETT. That is correct.

Mr. BROOKE. It would seem to me that it would be the intent of the Senator from Alaska to make it mandatory that the notice be in writing. I think that a 2-week period would be an ample period, particularly in view of the other notices which the taxpayer receives prior to the time of the actual levy.

It is most helpful to have this stronger legislative history we are trying to make here, and now we will make it mandatory that the notice will be in writing rather than orally.

Mr. BENNETT. Thank you, Mr. President.

Mr. LONG. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. STAFFORD). All the time on the amendment has now been yielded back.

The question is on agreeing to the amendment of the Senator from Alaska (Mr. STEVENS).

On this question the yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Florida (Mr. CHILES), the Senator from Idaho (Mr. CHURCH), the Senator from California (Mr. CRANSTON), the Senator from Missouri (Mr. EAGLETON), the Senator from Louisiana (Mr. ELLENDER), the Senator from North Carolina (Mr. ERVIN), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Georgia (Mr. GAMBRELL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Minnesota (Mr. MONDALE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico (Mr. MONTOYA), the Senator from Arkansas (Mr. FULBRIGHT), and the Senator from Wyoming (Mr. MCGEE) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Delaware (Mr. BOGGS), and the Senator from Ohio (Mr. SAXBE) are absent on official business.

The Senator from Tennessee (Mr. BROCK), the Senator from Kentucky (Mr. COOK), the Senator from New Hampshire (Mr. COTTON), the Senator from Nebraska (Mr. CURTIS), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), the Senators from Oregon (Mr. HATFIELD and Mr. PACKWOOD), the Senators from New York (Mr. JAVITS and Mr. BUCKLEY), the Senator from Idaho (Mr. JORDAN), the Senator from Iowa (Mr. MILLER), the Senator from Illinois (Mr. PERCY), the Senator from Pennsylvania (Mr. SCOTT), and the Senator from Texas (Mr. TOWER) are necessarily absent.

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

If present and voting, the Senator from Delaware (Mr. BOGGS), the Senator from Kentucky (Mr. COOK), the Senator from Nebraska (Mr. CURTIS), the Senator from Oregon (Mr. HATFIELD), the Senator from Illinois (Mr. PERCY), the

Senator from Pennsylvania (Mr. SCOTT), and the Senator from Texas (Mr. TOWER) would each vote "yea".

The result was announced—yeas 59, nays 0, as follows:

[No. 328 Leg.]

YEAS—59

Aiken	Gravel	Proxmire
Allen	Griffin	Randolph
Allott	Gurney	Ribicoff
Anderson	Hartke	Roth
Baker	Hruska	Schweiker
Bayh	Hughes	Smith
Beall	Humphrey	Sparkman
Bennett	Jackson	Spong
Bentsen	Jordan, N.C.	Stafford
Bible	Kennedy	Stennis
Brooke	Long	Stevens
Burdick	Magnuson	Stevenson
Byrd, Va.	Mansfield	Taft
Byrd, W. Va.	Mathias	Talmadge
Cannon	McClellan	Thurmond
Case	Moss	Tunney
Cooper	Nelson	Weicker
Eastland	Pastore	Williams
Fannin	Pearson	Young
Fong	Pell	

NAYS—0

NOT VOTING—41

Bellmon	Ervin	McIntyre
Boggs	Fulbright	Metcalf
Brock	Gambrell	Miller
Buckley	Goldwater	Mondale
Chiles	Hansen	Montoya
Church	Harris	Mundt
Cook	Hart	Muskie
Cotton	Hatfield	Packwood
Cranston	Hollings	Percy
Curtis	Inouye	Saxbe
Dole	Javits	Scott
Dominick	Jordan, Idaho	Symington
Eagleton	McGee	Tower
Ellender	McGovern	

So Mr. STEVENS' amendment was agreed to.

Mr. MANSFIELD. Mr. President, it is my understanding under the agreement reached that the amendment of the distinguished Senator from Alaska is to be made the pending business. It is my further understanding that there has been a time limitation of 30 minutes attached thereto.

I ask unanimous consent at this time that that time be reduced to 20 minutes under the same circumstances outlined.

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

Mr. MANSFIELD. Mr. President, there will be one more amendment after that, an amendment by the distinguished Senator from Minnesota (Mr. HUMPHREY), a tax awareness amendment. I have talked with the manager of the bill and the ranking Republican member of the committee, and I ask unanimous consent that on that amendment there be a time limitation of 20 minutes, the time to be equally divided between the sponsor of the amendment and the manager of the bill.

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

Mr. MANSFIELD. When that has been done we will be through, but the net result will be 10 rollcall votes this Saturday.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. STEVENS. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. STEVENS. Mr. President, I ask unanimous consent that further reading of the amendment may be dispensed with and that the amendment may be printed in the RECORD.

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

The amendment, ordered to be printed in the RECORD, is as follows:

On page 106 after line 2, insert:

(a) part VII of subchapter 1 of the Internal Revenue Code of 1954 (relating to additional itemized deductions for individuals) is amended by redesignating section 218 as section 219 and by inserting after section 217 the following new section:

"SEC. 218. REPAIR OR IMPROVEMENT OF TAXPAYER'S RESIDENCE.

"(a) ALLOWANCE OF DEDUCTION.—There shall be allowed as a deduction the ordinary and necessary expenses paid during the taxable year for the repair or improvement (including painting, papering, carpentry work, plumbing, electrical work, roofing and glazing, and any similar items) of property used by the taxpayer as his principal residence.

"(b) LIMITATIONS.—The deduction allowed a taxpayer under this section shall not exceed $1,000 for any taxable year. No deduction may be allowed under this section with respect to any capital expenditure."

(b) The table of sections for such part VII is amended by striking out

"Sec. 218. Cross references."

and inserting in lieu thereof

"Sec. 218. Repair or improvement of taxpayer's residence.

"Sec. 219. Cross references."

(c) Section 62 of such Code (relating to definition of adjusted gross income) is amended by inserting after paragraph (8) the following new paragraph:

"(9) REPAIR OR IMPROVEMENT OF TAXPAYER'S RESIDENCE.—The deduction allowed by section 218."

SEC. 2. The amendments made by this Act shall apply only with respect to taxable years ending after the date of the enactment of this Act.

Mr. STEVENS. Mr. President, today I am introducing an amendment to the Internal Revenue Code of 1954 to permit a deduction for expenses incurred by a taxpayer in making repairs and improvements on his personal residence.

Specifically, my amendment would permit the deduction of ordinary and necessary expenses paid during the taxable year for the repair or improvement of property used by the taxpayer as his principal residence. Qualified repairs and improvements would include painting, papering, carpentry work, plumbing, electrical work, roofing and glazing, and similar activity. The deduction allowed a taxpayer under this legislation would be limited to $1,000 in any taxable year. As a further limitation, a deduction would not be permitted for capital expenditures incurred in connection with the taxpayer's personal residence. Also, the deduction would apply only to taxable years ending after the date of enactment of this act.

Mr. President, my amendment is designed to accomplish several important purposes. First, it would help to alleviate the tremendous financial burden imposed on residential homeowners, who are subject to ever increasing property taxes, special assessments, and other levies. This tax relief would be somewhat analogous to that already provided to the owners of rental and business property under existing law. As you know, such owners are permitted to deduct specified amounts for the depreciation of their property. In addition, section 167(k) of the Internal Revenue Code permits a 5-year depreciation of rehabilitation expenditures incurred in connection with rental property occupied by low and moderate income homeowners.

The enactment of the amendment that I am introducing today would also make home ownership more attractive by helping to alleviate prohibitive repair costs. As a result, more people would have the opportunity to experience the pride of home ownership and the sense of community associated with owning and being responsible for one's own dwelling. Moreover, the quality of life in many areas would be significantly improved since more homeowners would have the economic wherewithal to make improvements and repairs which they have postponed for lack of sufficient funds.

This legislation should also have a beneficial impact on carpenters, plumbers, roofers, painters, electricians, and similar workers all of whom have been adversely affected by the slump in home construction. The beneficial economic consequences to be derived from increased activity in these trades will extend far beyond the workers involved to many manufacturing and service related industries which are heavily dependent upon the consumer dollar. Thus, the "ripple" effect should stimulate new activity in many sectors of the economy.

In my State of Alaska, where residential repair costs are from 25 percent to 50 percent higher than in the "Lower 48" States, this amendment should have a very salutary effect. All of the factors which I have referred to are present but are magnified by our very high costs, often deplorable housing conditions, rigorous natural environment, and high unemployment. As an example, the unemployment rate in my State is usually more than twice the national average, and is even greater in rural Alaska, where it is not uncommon to find villages with from 80 to 100 percent unemployment during certain seasons of the year. In addition, we have more substandard housing than virtually anywhere else under the American flag. In rural Alaska, almost all of the residential dwellings fall far below acceptable standards. The enactment of the legislation which I am introducing today would help to alleviate these conditions by facilitating home improvements and repairs and by stimulating new economic activity and the creation of additional jobs.

Mr. President, for all of the reasons that I have outlined today. I urge favorable consideration for this amendment.

Mr. President, the purpose of the amendment is to permit a deduction for the ordinary and necessary expenses of the improvement of homes up to $1,000 per year. This would include painting, papering, carpentry work, plumbing, electrical work, roofing, glazing, and similar activity which is paid for by taxpayers on their principal residence, with a limit of $1,000 in any taxable year, with no deductions for capital expenditures.

I know it will be said that the cost would be $500 to $600 million a year. If that is so, if the cost would be $500 to $600 million a year, there would be $2 billion paid to the small laborer, the small contractor, the carpenter, the plumber, the electrician and the roofer. These are the very people affected by the current economic conditions.

Mr. President, I feel this is an incentive. We are trying to find some way to put money back into circulation. This would be an incentive to taxpayers to do that.

As a sidelight, at one time after the 1960 flood in Fairbanks, we faced the problem of how to get people to start rebuilding their homes. We devised a similar incentive and provided that the State would, in fact, make a contribution to those people who would rebuild in the winter.

If there is a cost involved, as I am sure the chairman or the ranking minority member of the committee will outline, of $500 to $600 million, it will be a loss to the Government on the one hand, as far as the loss of income that would have been received from taxpayers, but they have not offset it with money they will receive from taxes from the small carpenter, the small contractor, who would be doing the work.

I think it is necessary to do something to provide an incentive to homeowners to refurnish and modernize their homes and to keep them from being in disrepair.

Mr. President, that is my argument in favor of the amendment. I think the amendment is worthwhile and I hope it will be agreed to.

Mr. LONG. Mr. President, I yield such time to the Senator from Utah as he may require.

Mr. BENNETT. Mr. President, this is one of those situations where I can say it hurts me more than anybody else because the Bennett family has been in the paint business for 50 years. But I still must rise to oppose the amendment.

This amendment would allow a deduction for the cost of repairing a personal residence, and as an "above-the-line" deduction in determining adjusted gross income. Thus, it is allowed in addition to the standard deduction. On this basis, it will cost $700 million per year.

Since roughly 30 million taxpayers are homeowners and thus will claim the deduction, whether or not they "itemize," it will further complicate the individual tax return and its actual preparation. The costs will have to be listed; the limit will have to be applied; the deduction cannot be adjusted for in the withholding tables, so there will be greater overwithholding, and so forth.

On tax policy and equity grounds, this is a bad amendment. These are personal expenses, and there is even less reason for making them deductible than the cost of business suits worn to work, lunches during the work week, automobile repair costs where the automobile is used for commuting, and so forth. We should not make personal expenses deductible unless there is some major policy reason, such as encouraging support of charities or educational institutions—charitable contributions deduction.

On equity grounds, it is equally objectionable. It provides no equivalent benefit for the large number of families and single persons who "rent," and because of economic or other considerations are forced to do so. They pay for "repairs" in the rent they pay.

It provides more benefit to higher income taxpayers. Most high-income taxpayers will certainly use this opportunity whether or not they would otherwise "repair" their homes, to let the Government pay up to 70 percent of the cost of a new paint job, new roof, repapering, and so forth. Low-income taxpayers who get only a 14-percent benefit from the deduction still will not have the funds in many cases, if they did not otherwise, to make the repairs. For the 7 or 8 million families with incomes below the poverty levels, the deduction provides them no help whatsoever.

We cannot afford to spend $700 million in Federal revenues to encourage home repairs which would be accomplished in any event if really necessary, particularly where the $700 million would be spent in such an inequitable way. This is part of our tax base, and if we begin the process of eroding it by allowing deductions for personal expenses whenever some emotional argument is made—helping the homeowner—we will have embarked on a serious reversal of long-standing policy and nobody knows what the end would be.

Therefore, Mr. President, I believe the amendment should be rejected.

Mr. President, I have another reason for asking that it be rejected. Thus far today we have not passed a single amendment which would reduce the Federal revenue. This is a great change from what we did yesterday because yesterday we reduced the Federal Treasury by approximately $3 billion. One of the clerks and I figured out that we were giving money away yesterday at the rate of $5 million a minute. Today we have done better and I hope we do not break the record now.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. STEVENS. Mr. President, I have two points to make relative to what the Senator from Utah has said.

First, as to people who rent apartments or who rent homes, the cost of the repairs is deductible by the person who owns the rental unit. It is not deductible by a homeowner who lives in his own home. That is what this amendment would rectify. It would provide equality as between a rental owner and a homeowner.

Second, those in higher brackets would use these deductions. I hope they will, because if they do, at a cost to the Treasury of $700 million, it would result in about $2.5 billion to $3 billion of income. It would bring $500 million or $200 million or $300 million of income to the people who are currently unemployed. I thought this was a bill to stimulate employment through the use of tax policy, and if there is a way to do it, this is certainly one way to do it. It is a cheap and very worthwhile goal, at the same time.

I personally do not believe we can equate the loss of revenue by the United States with the loss to a taxpayer who is going to deduct the amount it costs him when we take into account the amount that is going to come in to the Treasury from plumbers, painters, and others who will be employed. I think we ought to take into account the loss of income to persons who are unemployed. It seems to me that this is a method that will provide work for those now unemployed in great numbers.

Mr. President, I ask unanimous consent that my colleague from Alaska be joined as a cosponsor of the amendment.

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

Mr. LONG. Mr. President, I am ready to yield back the remainder of my time.

Mr. STEVENS. I yield back the rest of my time.

Mr. LONG. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Alaska. The yeas and nays have been ordered, and the clerk will call the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Florida (Mr. CHILES), the Senator from Idaho (Mr. CHURCH), the Senator from California (Mr. CRANSTON), the Senator from Missouri (Mr. EAGLETON), the Senator from North Carolina (Mr. ERVIN), the Senator from Georgia (Mr. GAMBRELL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Minnesota (Mr. MONDALE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

On this vote, the Senator from New Mexico (Mr. MONTOYA) is paired with the Senator from Wyoming (Mr. MCGEE).

If present and voting, the Senator from New Mexico would vote "yea" and the Senator from Wyoming would vote "nay."

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

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Delaware (Mr. BOGGS), and the Senator from Ohio (Mr. SAXBE) are absent on official business.

The Senator from Tennessee (Mr. BROCK), the Senator from Kentucky (Mr. COOK), the Senator from New Hampshire (Mr. COTTON), the Senator from Nebraska (Mr. CURTIS), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), the Senators from Oregon (Mr. HATFIELD and Mr. PACKWOOD), the Senators from New York (Mr. JAVITS and Mr. BUCKLEY),

the Senator from Idaho (Mr. JORDAN), the Senator from Iowa (Mr. MILLER), the Senator from Illinois (Mr. PERCY), the Senator from Pennsylvania (Mr. SCOTT), and the Senator from Texas (Mr. TOWER) are necessarily absent.

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

The Senator from Tennessee (Mr. BAKER) is detained on official business.

If present and voting, the Senator from Illinois (Mr. PERCY) and the Senator from Pennsylvania (Mr. SCOTT) would each vote "nay."

On this vote, the Senator from Kentucky (Mr. COOK) is paired with the Senator from Texas (Mr. TOWER). If present and voting, the Senator from Kentucky would vote "yea" and the Senator from Texas would vote "nay."

On this vote, the Senator from Oregon (Mr. HATFIELD) is paired with the Senator from Nebraska (Mr. CURTIS). If present and voting, the Senator from Oregon would vote "yea" and the Senator from Nebraska would vote "nay."

The result was announced—yeas 15, nays 45, as follows:

[No. 329 Leg.]

YEAS—15

Aiken	Hartke	Pearson
Bayh	Humphrey	Randolph
Case	Jackson	Ribicoff
Cooper	Magnuson	Stevens
Gravel	Pastore	Thurmond

NAYS—45

Allen	Fong	Proxmire
Allott	Fulbright	Roth
Anderson	Griffin	Schweiker
Beall	Gurney	Smith
Bennett	Hruska	Sparkman
Bentsen	Hughes	Spong
Bible	Jordan, N.C.	Stafford
Brooke	Kennedy	Stennis
Burdick	Long	Stevenson
Byrd, Va.	Mansfield	Taft
Byrd, W. Va.	Mathias	Talmadge
Cannon	McClellan	Tunney
Eastland	Moss	Weicker
Ellender	Nelson	Williams
Fannin	Pell	Young

NOT VOTING—40

Baker	Ervin	Metcalf
Bellmon	Gambrell	Miller
Boggs	Goldwater	Mondale
Brock	Hansen	Montoya
Buckley	Harris	Mundt
Chiles	Hart	Muskie
Church	Hatfield	Packwood
Cook	Hollings	Percy
Cotton	Inouye	Saxbe
Cranston	Javits	Scott
Curtis	Jordan, Idaho	Symington
Dole	McGee	Tower
Dominick	McGovern	
Eagleton	McIntyre	

So Mr. STEVENS' amendment was rejected.

AMENDMENT NO. 645

Mr. HUMPHREY. Mr. President, I call up my amendment No. 645.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 209 insert after the last sentence the following new title VIII: Tax Expenditure Awareness Act:

An act to require the Secretary of the Treasury to provide each taxpayer with an analysis of the proportionate dollar amounts of his tax payment which were spent by the Federal Government, during the latest fiscal year for which data is available, for certain items

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) chapter 77 of the Internal Revenue Code of 1954 (relating to miscellaneous provisions) is amended by adding at the end thereof the following new section:

"Sec. 7517. TAX EXPENDITURES ACCOUNTING.

"(a) STATEMENTS BY SECRETARY.—Upon the receipt of each individual's income tax return, the Secretary or his delegate shall furnish to that individual a statement setting forth in dollar amounts the proportionate amounts of that individual's income taxes which were spent by the Federal Government, based upon the most recent budget message of the President, for each of the following:

"(1) national defense;
"(2) space research and technology;
"(3) agriculture and rural development;
"(4) natural resources;
"(5) transportation;
"(6) community development;
"(7) housing;
"(8) education;
"(9) manpower;
"(10) health;
"(11) social services;
"(12) welfare payments;
"(13) veterans' pensions;
"(14) veterans' benefits and services;
"(15) law enforcement;
"(16) general administrative expenses of government;
"(17) interest payments;
"(18) foreign aid consisting of military assistance; and
"(19) foreign aid consisting of economic and technical assistance.

"(b) REGULATIONS.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the provisions of this section."

(b) The table of sections for such chapter is amended by adding at the end thereof the following new item:

"Sec. 7517. Tax expenditure accounting."

SEC. 2. The Director of the Office of Management and Budget shall furnish to the Secretary of the Treasury in December of each year a report, based upon data from the most recent fiscal year for which such data is available, setting forth that part of the total Federal outlays for such fiscal year which was expended for each of the items listed in section 5717(a) of the Internal Revenue Code of 1954.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the names of the Senator from Alaska (Mr. GRAVEL) and the Senator from California (Mr. TUNNEY) be added as cosponsors of the amendment.

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

Mr. BYRD of West Virginia. Mr. President, this will be the last amendment and the last vote for today. May we have order?

The PRESIDING OFFICER. The Senate will be in order. The Senator from Minnesota may proceed.

Mr. HUMPHREY. Mr. President, I understand we have 10 minutes to a side. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. HUMPHREY. I shall attempt to explain this amendment briefly, and hopefully in a manner that all of my colleagues can readily understand.

The purpose of the amendment is to chart a course toward greater citizen interest and accountability in the budget and financial decisionmaking of this country. I think we all know we are in the area of the big budget—about a $225 billion budget—and our Government expends enormous sums of money for all kinds of functions—national defense, aerospace, medical research—and that this money all comes ultimately from the productive enterprise of this Nation.

Even though our citizens pay a great deal in taxes, they lack information on how to require accountability, or persuasively seek to redirect Government expenditures. Once the income tax is paid, the citizen is seldom kept informed about what that tax money is used for, or purchases. As a result, people are skeptical that they are getting their money's worth. And they are certain that they are buying some goods and services that are not necessary or vital to their well-being.

We have heard a great deal of talk, Mr. President, about reordering our priorities, and it generally ends there, with talk. Until we begin to understand where this tax money goes, how it is expended, and devise that accounting, we are not going to have the kind of awareness that I think a taxpayer ought to have as to what our Government is doing with the taxpayers' receipts and with the Federal revenues.

It is one thing, Mr. President, to have a big picture in the paper that shows you what happens with the tax dollar. I submit that when most of us get our bills from a department store, we do not want them just to be an accounting that we owe so much.

Many is the time I have asked, "Would you please give me a detailed accounting of what the purchases were rather than the sum total?"

This amendment accomplishes that purpose. After the Internal Revenue Service has received each individual return and has determined the amount of tax each individual would pay, the IRS would send to the taxpayer a breakout of that tax: How much John Jones' tax money was spent on the following functions—and I list them, from national defense, space research, agriculture, natural resources, transportation, community development, housing, manpower, health, social services, social security, welfare, veterans pensions, benefits, and services, law enforcement, general administrative expense of Government, interest payments, foreign military assistance, and foreign economic assistance.

Thus, if the taxpayer, filing jointly or separately, paid, let us say, $1,000 in calendar year 1971 in Federal income taxes, the Internal Revenue Service would send him a notification, after the payment, that $408 of that money was spent on national defense, that $19 went on space, that $32 went for all programs related to agriculture, that $13 went for natural resources, that $47 went for commerce and transportation, that $16 went for community development, that less than $37 went for education, that $66 went for health.

I know the argument will be made that it is going to cost a great deal. Mr. President, I have worked on this for some time, and I have received the cooperation of the Internal Revenue Service. I have been informed that the total computer cost for the printout of the computer for this procedure would be less than $350,000.

Mr. President, I think the taxpayer is entitled to a receipt. I think he ought to know for what his money went.

I say that when a taxpayer pays his tax bill, he ought to know for what it went—other than in the generalities we usually give him.

I believe this amendment merits approval. I think it would be a distinct service. I have mentioned the purpose of this amendment to the Assessors Association, the U.S. Conference of Mayors, the National Association of County Officials, and a host of other groups. There is overwhelming support for this kind of accountability.

I would hope that the amendment might be adopted.

Mr. LONG. Mr. President, the Senator said that the only cost of his proposal would be a $350,000 computer cost. He must keep in mind that his amendment would require that after a taxpayer pays his taxes, as I understand it, a letter has to be mailed to him saying, "Your tax was $6.15, and of the $6.15, $3.09 went to national defense, 11 cents went to the post office, 15 cents went to something else, and so many dollars and so many cents went to the space endeavor, and so much went to health, so much went to welfare payments," and so forth. It would cost about $7 million to mail these letters to all 65 million taxpayers.

We could save this $7 million in mailing costs just by putting the information on the tax return package—just say 48 percent goes to national defense, 11 percent goes to this, and such a percentage goes to that. But the Senator does not want to do it that way. He wants to subsidize the junk mail business—not so far as the junk mail dealers are concerned, but so far as the Post Office is concerned. I hope he is not going to do it at Christmas time, when the mail is heavy.

It would be much more efficient to give this information over television, rather than pack it on the mail carrier's back and have him fight Fido in the front yard to get in with a letter to tell you something that you may well already know. After people get that the first year, they are going to throw it in the trash basket; because they will understand that this information, broken into dollars and cents, is no more than the information broadcast on television and published in the newspapers.

There are a great number of things we could spend money on, that taxpayers need rather than incur an expense of $7 million in mailing costs alone, for something that most taxpayers already know. The press has done everything in its power to educate the taxpayer on this cost by putting it in the newspapers every year. They show him the percentage of the budget that goes for all the items to which the Senator refers.

I submit that if you want to do this kind of information, the electronics media would be a far more effective way to talk about how much money is spent on natural resources or transportation or community development, rather than mailing all this stuff to people.

It seems to me that this is merely a Federal make-work project. I think we can do a great deal more good by putting people to work picking up trash rather than by creating trash.

I would be willing to go along with the Senator and say that if anybody wants to know this information, all he has to do is to mail in a request for it and we will send him all the information he wants and even refund whatever postage and other expense he might have incurred in asking for it.

I am curious to know this: Is the Senator also going to inform the taxpayer how much it cost him to mail this thing through the mail, which I think is totally unnecessary? If you broke it all down, would he still get the information he wanted? Would he not want to know how much it cost to fight fire ants? That is an important item in Louisiana.

I think it would make better sense to put on the taxpayer's return: "If there is anything you want to know about where your tax money went, write us, and we will send you what you want to know." "We will send you the whole agricultural yearbook," or, "We will send you everything the mind of man could conceive about the subject"; and he would have more information in this way about what he wanted to know than if he received in the mail a breakdown stated on the same basis as every newspaper and television station in the country has already broken it down and stated it.

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

The PRESIDING OFFICER. The Senator from Minnesota has 4 minutes.

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

The PRESIDING OFFICER. The Senator from Louisiana has 6 minutes.

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

Mr. LONG. I yield 3 minutes to the Senator from Utah.

Mr. BENNETT. Mr. President, after so stellar a performance, I probably should not have risen. But it occurs to me that we may have made a mistake a little earlier this afternoon when we took the tax off the trash containers. Perhaps we should have retained that tax so we could collect enough on the containers to cover the cost of this flood of trash.

The other thing that rises in my mind is the specter of a horrible computer error, when the taxpayer gets a notice that he paid $45 in taxes and that $3,700,000 of that has gone for fighting fire ants in Louisiana. I do not know where we would end.

Mr. President, I think we can trust the American people to be able to do the arithmetic necessary to translate percentages into dollars; and if we cannot, I think we might send out a mailing from Congress to all our constituents, saying, "Send us your tax form, and we will compute your tax for you."

Mr. LONG. I would say to the Senator from Minnesota that if he insists on sending the taxpayers this information, why do we not let every Senator mail it out under his frank and at least get some credit for it?

Mr. FULBRIGHT. Mr. President, will the Senator yield me 30 seconds?

Mr. LONG. I yield.

Mr. FULBRIGHT. I think it is a bad idea, too, because if you inform the people how their money is wasted, there probably will be a revolt. They will not pay any taxes at all.

Mr. HUMPHREY. Mr. President, I appreciate the good humor of my colleagues today. Now that we have had the entertainment, we will get down to the serious part of the business.

First, the American public, the taxpayer, is entitled to a receipt and is entitled to know for what his money goes.

Second, Senators and Representatives surely think so, because they mail tons of newsletters every week out of this place—tons of it. All kinds of information goes out from the Government to the people to get information from the people.

I want the Government trying to give information to the people about what the Government is doing with the people's money.

The IRS says it will cost $350,000 or less for the computer printout and at a maximum cost, $4 million for all the mailing—not $7 million but $4 million.

We collect over $200 billion in taxes every year. We collect a great deal of that in individual taxes. I think that the man or woman who pays that bill is entitled to know for what his money goes.

We do not use percentages when we go to a filling station. We do not say, "Give me a percentage of this from my income. I want to know how much it is on oil, gas, or brakes, and so forth." That is all we are asking for here.

I think the amendment is worthwhile. The IRS is not opposed to it.

The cost will be less than what the Government is doing to get information from the people. It will cost less than the spying activities the Army conducts at mass meetings.

So let us give the public something for a change.

Mr. LONG. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. LONG. Mr. President, the Senator said that the IRS did not object. He did not say that the Treasury Department did not object. He said this thing would cost $350,000. Perhaps so. But the minimum mailing cost would have to be about $7 million. I do not believe the public is anxious about that spending item because we are spending too much money the way it is now. I have had no one request this information of me, not any taxpayer, in the 23 years I have been here. Most of the public is outraged at the money we are spending now, and then to fill up their mail boxes with junk mail which they did not request at a time when many have been working diligently to get junk mail cut off anyway, would outrage them even more.

If the Senator wants to amend his amendment so that if someone wants information about spending he could write to his Congressman and say, "Please send me this information," or under a special service the Senator from Minnesota himself could provide what the taxpayer wanted to know. The Senator from Minnesota could give him a lot more detail about it, I am sure. But I believe the public thinks we are spending too much

money already and would not like us to consider spending another $7 million, even for this.

As I say, I have not had a request from any taxpayer in the 23 years I have served here, and in the years I have served as chairman of the Finance Committee, to have any information of this kind sent to him. If the taxpayer asks what our costs are in Europe, or the amount of money we put out for national defense, or information as to interest on the national debt, and we give them that, I have found that they are generally satisfied. But I would say that to spend $7 million to provide information to someone who does not want it, or direct information to someone who has not indicated any interest in having it, is not a good idea.

I find no particular appeal in the kind of report which the Senator thinks would be interesting. I think that if any taxpayer knew it would cost $7 million to mail this information out, after receiving the first letter, he would say, "Please discontinue filling up my mailbox with junk mail."

Mr. President, there is no demand for this information, but if the Senator thinks that everybody wants it, then I would say let us vote on the amendment, but I think it would be a mistake to adopt it, and I urge the Senate to reject it.

Mr. GURNEY. Mr. President, if the Senator will yield me 1 minute, I was curious and most interested to hear the distinguished Senator comment on the fact that taxpayers are reluctant to spend any more money.

I received a letter from a constituent in my State, a very short letter—and I got the message quickly.

It read:

Don't vote anything more for me. I can't afford it.

[Laughter.]

Mr. HUMPHREY. Mr. President, let me make just one point. I do not think it is junk mail to tell a man for what he has paid. A lot of junk mail goes out from Congress and the executive branch, but this is not one of them.

I am not going to argue with the figures except to say that the Internal Revenue Service says that $4 million will be the maximum cost and that is one-third of the price of an F–14 airplane.

I submit that when the taxpayer gets his breakdown, he might agree that we are spending too much money, and this, therefore, may be the best amendment to save money in the Government that we have ever had. People will know for what the money is going. They will know that we voted against certain things. They want to see economy in Government and as a result of this amendment we might get a little.

Mr. President, the amendment has some merit. I am through.

I yield back the remainder of my time.

Mr. LONG. Mr. President, one last comment. It may well turn out that sending out this kind of information would make taxpayers still more reluctant to pay their taxes. As the Senator from Arkansas said to me a few minutes ago, some person will say, "My goodness, we are spending too much money. So far as I am concerned, I am going to refuse to pay any more income taxes."

Senators know that people have done that about the Vietnam war. Adoption of this amendment might make it more difficult to collect our taxes and, therefore, it would increase the cost of the Government. It may be true that we can say, "Here is the way we spent your money and you may not be satisfied, but you had better pay your income taxes or we will put you in jail because it is a Federal penalty not to pay your taxes."

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. STAFFORD). All time on the amendment has now been yielded back.

The question is on agreeing to the amendment of the Senator from Minnesota (Mr. HUMPHREY).

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Florida (Mr. CHILES), the Senator from Idaho (Mr. CHURCH), the Senator from California (Mr. CRANSTON), the Senator from Missouri (Mr. EAGLETON), the Senator from Georgia (Mr. GAMBRELL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Wyoming (Mr. McGEE), the Senator from South Dakota (Mr. McGOVERN), the Senator from New Hampshire (Mr. McINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Minnesota (Mr. MONDALE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Delaware (Mr. BOGGS), the Senator from Ohio (Mr. SAXBE) and the Senator from South Carolina (Mr. THURMOND) are absent on official business.

The Senator from Tennessee (Mr. BROCK), the Senator from Kentucky (Mr. COOK), the Senator from New Hampshire (Mr. COTTON), the Senator from Nebraska (Mr. CURTIS), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), the Senators from Oregon (Mr. HATFIELD and Mr. PACKWOOD), the Senators from New York (Mr. JAVITS and Mr. BUCKLEY), the Senator from Idaho (Mr. JORDAN), the Senator from Iowa (Mr. MILLER), the Senator from Illinois (Mr. PERCY), the Senator from Pennsylvania (Mr. SCOTT), and the Senator from Texas (Mr. TOWER) are necessary absent.

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

If present and voting, the Senator from Kentucky (Mr. COOK), the Senator from Nebraska (Mr. CURTIS), the Senator from Pennsylvania (Mr. SCOTT), the Senator from Illinois (Mr. PERCY), and the Senator from Texas (Mr. TOWER) would each vote "nay".

The result was announced—yeas 19, nays 42, as follows:

[No. 330 Leg.]

YEAS—19

Brooke	Humphrey	Proxmire
Byrd, W. Va.	Kennedy	Randolph
Case	Mansfield	Stevenson
Cooper	Mathias	Tunney
Gravel	Moss	Williams
Hartke	Nelson	
Hughes	Pell	

NAYS—42

Aiken	Ellender	Pearson
Allen	Ervin	Ribicoff
Allott	Fannin	Roth
Anderson	Fong	Schweiker
Baker	Fulbright	Smith
Bayh	Griffin	Sparkman
Beall	Gurney	Spong
Bennett	Hruska	Stafford
Bentsen	Jackson	Stennis
Bible	Jordan, N.C.	Stevens
Burdick	Long	Taft
Byrd, Va.	Magnuson	Talmadge
Cannon	McClellan	Weicker
Eastland	Pastore	Young

NOT VOTING—39

Bellmon	Gambrell	Metcalf
Boggs	Goldwater	Miller
Brock	Hansen	Mondale
Buckley	Harris	Montoya
Chiles	Hart	Mundt
Church	Hatfield	Muskie
Cook	Hollings	Packwood
Cotton	Inouye	Percy
Cranston	Javits	Saxbe
Curtis	Jordan, Idaho	Scott
Dole	McGee	Symington
Dominick	McGovern	Thurmond
Eagleton	McIntyre	Tower

So Mr. HUMPHREY's amendment was rejected.

Mr. MILLER subsequently said: Mr. President, I ask that the permanent RECORD reflect my position on the record votes taken on November 13, 1971, as follows:

No. 327 Leg.—Baker amendment to exclude from the excise tax on trucks and automobiles containers to be used with trucks for the disposal of solid waste—yea;

No. 328 Leg.—Stevens amendment to require the Internal Revenue Service to give prior notice to taxpayers on whose salary a levy is to be attached to recover delinquent taxes—yea;

No. 329 Leg.—Stevens amendment authorizing a tax deduction of up to $1,000 for expenses to maintain or improve a residence—nay;

No. 330 Leg.—Humphrey amendment No. 645 to require Internal Revenue Service to furnish individual taxpayers with an annual statement showing how his taxes were spent—nay.

BIRTHDAY GREETINGS TO SENATOR BENNETT

Mr. MANSFIELD. Mr. President, I take this occasion to extend felicitations and congratulations to the distinguished senior Senator from Utah (Mr. BENNETT) on this, his birthday. I did not know about it until a few moments ago.

I have watched WALLACE BENNETT day in and day out in the performance of his tasks, doing them without complaining, but with integrity and dedication. He is one Senator who has never made a request which was in the least out of line, and he has never requested a postpone-

ment of a vote or the postponement of a piece of legislation. He has done so much for his State and for the country, and he has performed so magnificently on the pending business before us, which is a most difficult and comprehensive bill, and a bill that very few of us understand. However, the Senator from Utah and the chairman of the committee have done a magnificent job.

Again, I extend congratulations and best wishes.

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

Mr. MANSFIELD. I yield.

Mr. LONG. Mr. President, I wish to join my majority leader in extending congratulations to the Senator from Utah on his birthday.

It is rather typical of WALLACE BENNETT that he has been here working diligently all day on Saturday, as he is every Saturday when there is work to be done. Now, after a great deal of hard work, some of us have just discovered it is his birthday. As I said, it is typical of WALLACE BENNETT. If there is work that must be done, he is there regardless of what the problem is or what the situation may be. We all admire him and love him for the fantastic work he has done for his country and his State over the years.

It is an honor to serve with him; it is more than an honor—it is also a pleasure, because he is the kind of Senator who always thinks of the national interest. He has never had a petty thought in his life. He will cooperate and work with his colleagues on any reasonable basis where there is a prospect for advancing the national interest.

We are all very proud to have him with us. Those of us who serve on the Committee on Finance with him, where he is the ranking minority member, are especially proud of him.

Mr. GRIFFIN. Mr. President, I would like to add that I am delighted that the distinguished majority leader has taken notice of the fact that today is the birthday of Senator WALLACE BENNETT. He is truly a Senator's Senator. He is beloved, respected, and admired by everyone in this body on both sides of the aisle.

I join the statements that have already been made in wishing Senator BENNETT happy returns on his birthday, and best wishes for many more.

REVENUE ACT OF 1971

The Senate continued with the consideration of the bill (H.R. 10947) to provide a job development investment credit, to reduce individual income taxes, to reduce certain excise taxes, and for other purposes.

AMENDMENT NO. 671

The PRESIDING OFFICER. Pursuant to the previous order, the Chair lays before the Senate the amendment of the Senator from California, which will be stated.

The amendment was read as follows:

On page 71, line 2, insert the following: Strike out "$12,000" and insert in lieu thereof "18,000".

ORDER FOR SENATE TO CONVENE AT 9 A.M. ON TUESDAY THROUGH FRIDAY OF NEXT WEEK

Mr. MANSFIELD. Mr. President, I ask unanimous consent that on Tuesday, Wednesday, Thursday, and Friday of next week the Senate convene at the hour of 9 a.m.

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

Mr. MANSFIELD. Mr. President, as far as next Saturday is concerned, that is still open to question. We will see how the situation develops in the meantime.

REVENUE ACT OF 1971

The Senate continued with the consideration of the bill (H.R. 10947) to provide a job development investment credit, to reduce individual income taxes, to reduce certain excise taxes, and for other purposes.

The PRESIDING OFFICER. Does the Senator from California seek recognition?

Mr. TUNNEY. Mr. President, yes, but I first yield to the Senator from West Virginia.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that time on the amendment by Mr. TUNNEY not begin to run until Monday.

The PRESIDING OFFICER. The Chair wishes to advise the Senator from West Virginia that that has already been ordered.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that on Monday, at the conclusion of the period for the transaction of routine morning business, the Chair lay before the Senate the amendment of the distinguished Senator from California (Mr. TUNNEY).

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

Mr. TUNNEY. Mr. President, as we all know, the American motion picture industry in recent years has been suffering the consequences of the Nation's economic recession most severely. Unemployment in the industry has been disastrously high, and in recent years has been far worse than has existed in virtually all other industries.

This has resulted in a terrible hardship for thousands of families in California. In particular, it has deeply affected many local communities. It has severely impeded our efforts to expand equal employment opportunities where there have been no jobs available.

I have been deeply concerned by the impact of this unemployment in my home State of California and across the Nation. Thus, in the past few weeks, I have been working particularly closely with the Committee on Finance and its most capable chairman, the distinguished Senator from Louisiana (Mr. LONG) to assure that the economic benefits which are being made available under the administration's economic package apply equally to the movie industry. I am most appreciative of the cooperation of the Senator from Louisiana (Mr. LONG) in this endeavor. He has been willing to spend a substantial amount of time discussing the alternatives for action with me and has agreed to include a substantial discussion of problems in the industry in the Finance Committee's report on the Revenue Act of 1971 which we are presently considering on the floor of the Senate.

Mr. President, I think it is most significant that this year, for the first time, we are stating directly that the investment tax credit, which has benefited other industries in this country shall now be made available to the motion picture industry. In past years when this credit has been employed, it has been generally available for depreciable, tangible personal property. In the past however, questions have arisen whether motion picture and television films are tangible as distinct from intangible personal property eligible for the credit. There seems to me to be no doubt that such should be the case, but as I have indicated, it has been in doubt.

A recent court case decided this question in favor of the taxpayer but, of course, in the absense of a definitive appeal on the question, there could continue to be uncertainty. Thus I am particularly pleased that the committee has agreed to clarify this area. As the committee report makes clear:

> The Committee agrees with the court that motion picture and TV films are tangible personal property eligible for the investment tax credit.

If I might address a question to the distinguisted chairman of the Committee on Finance I take it, that this language is intended to resolve finally the uncertainty over the eligibility of films for the investment tax credit, is it not?

Mr. LONG. The Senator is correct.

Mr. TUNNEY. And in determining the amount of credit available with respect to a particular motion picture or TV film, all costs of production which the taxpayer capitalizes are to be taken into account in determing the basis of the film, is that not also correct?

Mr. LONG. The Senator from California is correct. The committee's report makes it clear that all costs of production which the taxpayer capitalizes should be taken into account. The committee felt that it was important to clarify this point as you and I have discussed earlier, and therefore the language of the report is explicit.

Mr. TUNNEY. Mr. President, I am most appreciative that the distinguished chairman has stated this point so clearly. I believe it will be of substantial importance in the legislative history of this bill and thus I thank him for his assistance.

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS ON MONDAY NEXT

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that on Monday, following the recognition of the two leaders under the standing order, there be a period for the transaction of

routine morning business, not to exceed 30 minutes, with statements therein limited to 3 minutes.

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

LIMITATION OF DEBATE ON AMENDMENT NO. 655, BY MR. SPARKMAN

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that at such time as amendment No. 655, by Mr. SPARKMAN, is called up, there will be a limitation thereon of 1 hour, to be equally divided by the mover of the amendment (Mr. SPARKMAN) and the manager of the bill (Mr. LONG); provided further, that time on any amendment to the amendment, motion, or appeal, with the exception of nondebatable motions, be limited to 30 minutes, to be equally divided between the mover of such amendment, motion, or appeal, and the manager of the bill.

This request has been cleared with the manager of the bill, with Mr. SPARKMAN, Mr. RIBICOFF, and Mr. NELSON.

I assume that the amendment will be called up on Monday, following the disposition of the amendment by Mr. TUNNEY.

Mr. GRIFFIN. Mr. President, reserving the right to object, will the distinguished majority whip yield for a brief quorum call?

Mr. HUMPHREY. Mr. President, will the distinguished Senator from Michigan withhold his request so as to permit me to speak for a few minutes before the quorum call?

Mr. GRIFFIN. Surely.

NOMINATION OF DR. EARL BUTZ TO BE SECRETARY OF AGRICULTURE

Mr. HUMPHREY. Mr. President, Mr. Earl Butz, President Nixon's nominee to replace Secretary of Agriculture Clifford Hardin, formerly served as an Assistant Secretary under Secretary of Agriculture Ezra Taft Benson during the 1950's. Mr. Butz' nomination for this high office of Secretary of Agriculture is neither surprising nor inconsistent with the administration's current agricultural policies and programs. Mr. Butz was one of—if not the chief architect of—and spokesman for—Secretary Benson's farm policies.

Those of us who were around during that period remember only too well the adverse impact that Mr. Benson's farm policies had on American agriculture—depression level prices; surplus; high Government costs; massive reduction in the number of family farms; encroachment of nonfarm interests in agriculture; forced migration from farms and small communities to our larger cities, and extensive deterioration of rural America.

Those happenings are now being repeated by this administration. Therefore, one should not be surprised at Mr. Butz's nomination. That is, if it is his and the administration's intention to continue present farm policies. Today's low-farm prices, mounting surpluses, rising Government farm program costs, and declining farm income all give me cause to wonder regarding the true significance of Mr. Butz' nomination. Furthermore, the public statements he made while serving under Mr. Benson also make it difficult for me to identify him as a champion of family farm agriculture. For instance, he was quoted in the Record Stockman of March 10, 1955, as saying:

Adapt or die! Resist and perish . . . Agriculture is now a big business. Too many people are trying to stay in agriculture that would do better somewhere else!

Mr. President, this is not just an isolated quote. It is merely typical of the statements made by Mr. Butz during his term in office as an Assistant Secretary of Agriculture.

I call attention to Mr. Butz' past, not for the purpose of suggesting that it should be used to bar his nomination, but merely for the purpose of stressing the importance of our asking now what policies and programs he intends to pursue for family farm agriculture in this country if he is confirmed by the Senate.

Yesterday, I asked the distinguished chairman of the Senate Committee on Agriculture and Forestry (Mr. TALMADGE) to schedule at least 1 day of open hearings on Mr. Butz' nomination so that both members of the committee and responsible organizations can examine and comment on his qualifications and policy orientation. Chairman TALMADGE has agreed to do this.

Mr. Butz currently serves on the board of directors of several major corporations either involved in or having interests in agriculture.

They are all prominent corporations, highly regarded, of course. The corporations are as follows:

Ralston Purina Corp.;

I. J. Case Co. of Racine, Wis.;

Standard Life Insurance Co. of Indiana; and

International Mineral and Chemical Corp.

He also has established and maintained close relationships with the banking interests of this country.

Again, Mr. President, I mentioned these facts not to suggest any wrongdoing, but merely to stress the importance of our examining these relationships carefully to insure and assure both the American people and Mr. Butz that no conflicts of interest will either occur or be implied once he takes office if confirmed by the Senate.

The food and feed grain producers of this Nation are in serious economic trouble today. Prices are at all-time lows for these commodities and all indicators for the future point to a worsening of the situation. I would like to think that this change in leadership at the Department of Agriculture suggests that the farmers of this country might expect some improvements to be made in current policies and programs of that Department. Clearly, that opportunity now exists if the President and Mr. Butz wish to pursue such changes. If they do, they can count on my support. If they do not, they can depend upon my opposition.

I have introduced and testified on legislation which I believe will correct the problems created by the administration set-aside programs for wheat and feed grain. S. 2729 which I introduced would establish reserve inventories for these commodities to insulate them from continuing their price depressing impact on the marketplace. It would also provide protection from arbitrarily "dumping" at a later time to artificially depress prices. It is this aspect of the building up of Government inventories that concerns me when I hear rumors of USDA money going into the market to buy several hundred million bushels of grain without such protective machinery to avoid the "dumping" of grain within the next few weeks.

I know that a number of our distinguished colleagues and Members of the other body have called upon the Secretary of Agriculture and the President to make large purchases of grain in the market in order to bolster grain prices. This is commendable, provided that such purchases do not result in dumping, later on, to depress prices and thereby promote more instability and insecurity in the marketplace. I have to say, quite honestly, that this has happend before, and I do not want to see it happen again. That is why the bill which I have introduced together with some other Senators would insulate these purchases of grain commodities from the marketplace and permit their release only under certain conditions set forth in the legislation.

The other measure I introduced was Senate Joint Resolution 172 which would require the Secretary to do three things: First, return to a base-acreage program for feed grains in 1972; second, institute an additional diversion payment program for wheat in 1972; and third, increase the loan levels for both 1971 wheat and feed grain crops.

Mr. President, in order to resolve both the short- and long-run problems that we now face concerning these crops, both S. 2729 and Senate Joint Resolution 172 must be enacted before this session of Congress adjourns.

I will be asking Mr. Butz about these measures when he appears before our committee, because I believe it is important to establish immediately whether this administration's farm policies are likely to be changed under Mr. Butz or whether they will remain the same. Millions of farm families and main street businessmen in rural America are awaiting the answer to that question.

We shall also want to ask Mr. Butz his views on such things as the rural development bank, the school lunch program, and a number of other measures that are pending in the committees of Congress.

I do not want my remarks to be interpreted as any personal comment on Mr. Butz. I know him as a fine man and a good gentleman. But I am concerned about the policies he will pursue. It is my judgment that these policies come from on high; that is, from the President himself or from the Office of Management and Budget. I would hope that the President, in light of the severe conditions that now exist in rural America,

would give careful study to the farm program. The authority is available to change whatever is underway. The act of 1970 authorizes the Secretary to make those changes. I would hope, therefore, that immediate action would be taken to make substantial purchases of grain from the marketplace. I would hope that the loan rate would be increased, thereby increasing the price of grain in the marketplace.

One further note: I have just received information today that prices for feeder calves hit an all-time high last month of $36.80 per hundredweight.

On the face of that, it sounds good, because it means high prices for feeder calves. But, Mr. President, what it means is that this is directly related to the current low feed grain price situation. It indicates an expansion of the cattle industry which such low prices for feed grains usually creates. It is a signal that livestock numbers are on the rise, which if left unchecked, with no rise in feed grain prices, will result in an excess of livestock over utilization next year which will, of course, mean a sharp decline in livestock prices.

Mr. President, there is not a single member of the Committee on Agriculture and Forestry, which studied these matters, who does not know that low feed grain prices are reflected, about a year later, in low cattle and hog prices. This is a historic truth, it is not a new observation. That situation has been with us for the last 40 years.

The statistic I have is clear and unmistakable. Therefore, I would urge remedial action at once on feed grain prices, not only to help the feed grain producer of this year and next year, but that high cost, high quality agriculture which is involved in dairying, in cattle, and in hogs. These are all high cost operations; and if we get into high cost operations without corresponding prices for the products, we can end up with some of the best farmers in America having to liquidate their investments, go out of business, and thereby seriously jeopardize the entire agricultural economy.

REVENUE ACT OF 1971

The Senate continued with the consideration of the bill (H.R. 10947) to provide a job development investment credit, to reduce individual income taxes, to reduce certain excise taxes, and for other purposes.

Mr. BYRD of West Virginia. Mr. President, does the Chair now wish me to repeat my earlier unanimous-consent request?

The PRESIDING OFFICER. Will the Senator repeat it?

Mr. BYRD of West Virginia. I ask unanimous consent that, at such time as amendment No. 655 by Mr. SPARKMAN is called up, time thereon be limited to 1 hour, to be equally divided between and controlled by the able mover of the amendment and the able manager of the bill (Mr. LONG); provided further, that time on any amendment in the second degree, motion, or appeal, with the exception of nondebatable motions, be limited to 30 minutes, to be equally divided between the mover of such amendment, motion, or appeal and the distinguished manager of the bill.

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

PROGRAM

Mr. BYRD of West Virginia. Mr. President, the program for Monday is as follows:

The Senate will convene at 10 o'clock a.m.

After the two leaders have been recognized under the standing order, there will be a period for the transaction of routine morning business of not to exceed 30 minutes, with statements therein limited to 3 minutes.

At the conclusion of morning business, the Senate will resume its consideration of the pending amendment offered by the distinguished junior Senator from California (Mr. TUNNEY). At that time, the agreement with reference to time will begin operating. There will be 1 hour on the amendment, to be equally divided, and 30 minutes on any amendment in the second degree, motion, or appeal, except nondebatable motions. The yeas and nays have been ordered on the Tunney amendment. Therefore, there will be a yea and nay rollcall vote on Monday, circa 11:30 a.m.

There will be additional rollcall votes on Monday. It is expected that the amendment (No. 655) offered by the Senator from Alabama (Mr. SPARKMAN), on which there is a time limitation agreement, will be called up on Monday, probably, but not for certain, immediately upon disposition of the amendment offered by Mr. TUNNEY.

Mr. President, the Senate will run early and late daily next week, the distinguished majority leader having already entered an order, with the unanimous consent of the Senate, that the Senate convene on Tuesday, Wednesday, Thursday, and Friday at 9 a.m. Senators may expect rollcall votes daily. It is hoped that the Senate will complete action on the unfinished business, the Revenue Act of 1971, by Tuesday or Wednesday of next week.

Following the disposition of the Revenue Act of 1971, the Senate will proceed to the consideration of either the defense appropriation bill or the phase II economic measures, not necessarily in the order I have stated. There will be rollcall votes daily, and, as the distinguished majority stated a few minutes ago, judgment will be reserved with respect to Saturday next until the picture is more clear.

ADJOURNMENT UNTIL MONDAY AT 10 A.M.

Mr. BYRD of West Virginia. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 10 o'clock a.m. on Monday next.

The motion was agreed to; and (at 4 o'clock and 46 minutes p.m.) the Senate adjourned until Monday, November 15, 1971, at 10 a.m.

EXTENSIONS OF REMARKS

UTILITIES AND CIVIC RESPONSIBILITY

HON. ROBERT P. GRIFFIN

OF MICHIGAN

IN THE SENATE OF THE UNITED STATES

Saturday, November 13, 1971

Mr. GRIFFIN. Mr. President, recently the newly installed chairman of the American Gas Association, Ralph T. McElvenny of the Michigan Consolidated Gas Co., delivered a very thoughtful and constructive address before the annual meeting of the association in Boston.

I was particularly impressed and encouraged by the emphasis placed by Mr. McElvenny on the responsibility of industry generally, and his own gas industry in particular, to play a more active role in the development and improvement of the communities they serve.

Mr. President, the efforts by Michigan Consolidated Gas Co. to build low- and moderate-income housing in Detroit—an effort with which I am very familiar—exemplifies the real concern and commitment of the new AGA president.

I ask unanimous consent that Mr. McElvenny's address be printed in the RECORD.

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

STATEMENT OF RALPH T. MCELVENNY

CAPITALIZING ON TODAY'S CHALLENGES

Today

It is a pleasure to appear here today at the concluding session of the convention. You have heard much expert testimony these past few days on the course of our industry and the unprecedented challenges confronting us. Many of these challenges are not confined to our industry but are symptomatic of all business. They reflect deep-seated uncertainties, particularly in academia and among our youth, about our nation's priorities, our business principles, and our individual value systems. Today I would like to place some of these challenges in perspective and to indicate my thinking on where our Association should be moving in the months immediately ahead.

Price freeze

Before doing so, however, I would like to comment briefly about the most serious problem immediately confronting our industry—the President's 90-day price freeze and the policies to be followed by the Federal Government after its scheduled expiration on November 13. Under this freeze, as you all know, the rates of regulated utility companies were frozen at currently effective