gallons of gasoline and other fuel. This is equivalent to the capacity of one column of tank trucks—7,500 gallons each—bumper to bumper, on a 4-lane highway from Hong Kong to Los Angeles.

Annually 404 billion ton-miles of freight are hauled by trucks—equivalent to sending the 42.5-ton Apollo spaceship on 20,328 round trips to the moon—233,814 miles distant—or one a day for 56 years.

Yearly 1,500 million quarts of oil are used by trucks. If put in quart cans, laid end to end, it would be enough to extend more than five times around the earth—or 131,628 miles.

Of the 109 million motor vehicles in the United States 17,800,000 are trucks. There is one truck to serve every four households in America.

Annually 118 million pounds of copper are used in truck manufacture, enough copper to mint over 16 billion pennies.

About 9,800,000 gallons of paint and thinner are used annually in truck manufacture, enough to paint 1,225,000 average frame houses.

Three out of four tons of all freight are hauled by truck. If trucks were to stop running for 24 hours, America's entire economic machinery would grind to a halt.

Aluminum: 63 million pounds are used annually in truck manufacture, enough to make 1.9 one-quart saucepans for every housewife in the United States.

Rubber: 1,200,000 tons are used annually by trucks, enough rubber to provide boots and shoes for the Army, Navy, and Marines for 1,071 years.

Tires: 26 million; and 18 million tubes are used annually by trucks. If the tires alone were used, they would form a chain from Chicago to Paris to Berlin and on to Honolulu.

Glass: 40,200,000 square feet are used annually in truck manufacture. Enough to cover 24 major league baseball stadiums plus 27 major college football bowls.

Antifreeze: 31,200,000 gallons are used annually by trucks, enough to keep 351 Olympic size swimming pools—165 feet by 75 feet—from freezing at 10° above zero—Fahrenheit.

Each year the trucking industry's expenditures approach $74,300 million. This total consists of $57 billion for labor; $5.6 billion for motor fuel and oil; $11.7 billion for new trucks and trailers, replacement parts and accessories, tires, and tubes.

Taxes: $5,300 million in highway use—Federal and State, are paid annually by the trucking industry, enough money to build a four-lane superhighway from New York City to Atlanta, and on to San Francisco, a total of 3,378 miles.

Mr. Speaker, we are all proud of the trucking industry. It plays a vital and active part in the growth and development of our Nation.

SENATE—*Wednesday, November 17, 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:

Almghty God, Creator, Preserver, Redeemer, and Judge, guide, we beseech Thee, the Senate of the United States that its actions may enhance the welfare of the Nation and promote the higher interests of Thy coming kingdom. Be with each Member of this body answering each one's need according to his personal requirements. Deliver each one from the sins of temperament, from petty provocations, and from vexation or exasperation with one another. Lift each Member above the divisive and contentious spirit into a unity of purpose which nothing can destroy. Grant that each one may so listen to the prompting of Thy spirit that he may concert his best efforts for freedom, peace, and justice in the world of our time.

Hear us in the Redeemer's name. Amen.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Leonard, one of his secretaries, and he announced that on November 12, 1971, the President had approved and signed the following acts:

S. 26. An act to revise the boundaries of the Canyonlands National Park in the State of Utah; and

S. 30. An act to establish the Arches National Park in the State of Utah.

EXECUTIVE MESSAGES REFERRED

As in executive session, the President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the Committee on the Judiciary.

(The nominations received today are printed at the end of the Senate proceedings.)

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Tuesday, November 16, 1971, be dispensed with.

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

COMMITTEE MEETINGS DURING SENATE SESSION

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

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

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider a nomination on the Executive Calendar, under New Reports.

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

The PRESIDENT pro tempore. The nomination on the Executive Calendar under New Reports will be stated.

OFFICE OF ECONOMIC OPPORTUNITY

The second assistant legislative clerk read the nomination of Phillip V. Sanchez, of California, to be Director of the Office of Economic Opportunity.

The PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed; and, without objection, the President will be immediately notified of the confirmation of this nomination.

LEGISLATIVE SESSION

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

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

ESTABLISHMENT OF A CONQUEST OF CANCER AGENCY

Mr. MANSFIELD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 1828.

The PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the bill (S. 1828) to amend the Public Health Service Act so as to establish a Conquest of Cancer Agency in order to conquer cancer at the earliest possible date, which was to strike out all after the enacting clause, and insert:

SHORT TITLE

SECTION 1. This Act may be cited as "The National Cancer Attack Act of 1971".

FINDINGS AND DECLARATION OF PURPOSE

SEC. 2. (a) The Congress finds and declares—

(1) that cancer is the disease most feared by Americans today;

(2) that new scientific leads, if comprehensively and energetically exploited, may significantly advance the time when more adequate preventive and therapeutic capabilities are available to cope with cancer;

(3) that cancer, heart, and lung diseases and stroke are the leading causes of death in the United States;

(4) that the present state of our understanding of cancer, heart, and lung diseases and stroke is a consequence of broad advances across the full scope of the biomedical sciences;

(5) that in order to provide for the most effective attack on cancer it is important to use all of the biomedical resources of the National Institutes of Health, rather than the resources of a single Institute; and

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(6) that the programs of the research institutes which comprise the National Institutes of Health have made it possible to bring into being the most productive scientific community centered upon health and disease that the world has ever known.

(b) It is the purpose of this Act to enlarge the authorities of the National Cancer Institute and the National Institutes of Health in order to advance the national attack upon cancer.

NATIONAL CANCER ATTACK PROGRAM

SEC. 3. (a) Part A of title IV of the Public Health Service Act is amended by adding after section 406 the following new sections:

"NATIONAL CANCER ATTACK PROGRAM

"SEC. 407. (a) In his capacity as an Associate Director of the National Institutes of Health, the Director of the National Cancer Institute shall coordinate all of the activities of the National Institutes of Health relating to cancer with the National Cancer Attack Program.

"(b) In carrying out the National Cancer Attack Program, the Director of the National Cancer Institute shall:

"(1) With the advice of the National Cancer Advisory Council, plan and develop an expanded, intensified, and coordinated cancer research program encompassing the programs of the National Cancer Institute, related programs of the other research institutes, and other Federal and non-Federal programs.

"(2) Expeditiously utilize existing research facilities and personnel of the National Institutes of Health for accelerated exploration of the opportunities for the conquest of cancer in areas of special promise.

"(3) Encourage and coordinate cancer research by industrial concerns where such concerns evidence a particular capability for such research.

"(4) Collect, analyze, and disseminate all data useful in the prevention, diagnosis, and treatment of cancer, including the establishment of an international cancer research data bank to collect, catalog, store, and disseminate insofar as feasible the results of cancer research undertaken in any country for the use of any person involved in cancer research in any country.

"(5) Establish or support the large-scale production or distribution of specialized biological materials and other therapeutic substances for research and set standards of safety and care for persons using such materials.

"(6) Support research in the cancer field outside the United States by highly qualified foreign nationals (where the Director determines that such support can reasonably be expected to inure to the benefit of the American people); support collaborative research involving American and foreign participants; and support the training of American scientists abroad and foreign scientists in the United States.

"(7) Support appropriate manpower programs of training in fundamental sciences and clinical disciplines to provide an expanded and continuing manpower base from which to select investigators, physicians, and allied health professional personnel, for participation in clinical and basic research and treatment programs relating to cancer, including where appropriate the use of training stipends, fellowships, and career awards.

"(8) Call special meetings of the National Cancer Advisory Council at such times and in such places as the Director deems necessary in order to consult with, obtain advice from, or to secure the approval of projects, programs, or other actions to be undertaken without delay in order to gain maximum benefit from a new scientific or technical finding.

"(9)(A) Prepare and submit, directly to the President for review and transmittal to Congress, an annual budget estimate for the National Cancer Attack Program, after opportunity for comment (but without change) by the Secretary, the Director of the National Institutes of Health, and the National Cancer Advisory Council; and (B) receive from the President and the Office of Management and Budget directly all funds appropriated by Congress for obligation and expenditure by the National Cancer Institute.

"(c) The National Cancer Advisory Council shall meet at the call of the Director of the National Cancer Institute or of such Council's Chairman, but not less than four times in each calendar year.

"(d)(1) There is hereby established the President's Cancer Attack Panel which shall be composed of three persons appointed by the President, who by virtue of their training, experience, and background are exceptionally qualified to appraise the National Cancer Attack Program. At least two of the members of the panel shall be distinguished scientists or physicians.

"(2)(A) Members shall be appointed for three-year terms, except that (i) in the case of two of the members first appointed, one shall be appointed for a term of one year and one shall be appointed for a term of two years, as designated by the President at the time of appointment, and (ii) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the remainder of such term.

"(B) The President shall designate one of the members to serve as Chairman for a term of one year.

"(C) Members of the Panel shall each be entitled to receive the daily equivalent of the annual rate of basic pay in effect for grade GS–18 of the General Schedule for each day (including traveltime) during which they are engaged in the actual performance of duties vested in the Panel, and shall be allowed travel expenses (including a per diem allowance) under section 5703(b) of title 5, United States Code.

"(3) The Panel shall meet at the call of the Chairman but not less often than twelve times a year. A transcript shall be kept of the proceedings of each meeting of the Panel, and the Chairman shall make such transcript available to the public.

"(4) The Panel shall monitor the development and execution of the National Cancer Attack Program under this section, and shall report directly to the President. Any delays or blockages in rapid execution of the program shall immediately be brought to the attention of the President. The Panel shall submit to the President annually an evaluation of the efficacy of the National Cancer Attack Program and suggestions for improvements, and shall submit such other reports as the President shall direct. At the request of the President, it shall submit for his consideration a list of names of persons for consideration for appointment as Director of the National Cancer Institute.

"NATIONAL CANCER RESEARCH AND DEMONSTRATION CENTERS

"SEC. 408. (a) The Director of the National Cancer Institute is authorized to provide for the establishment of fifteen new centers for clinical research, training, and demonstration of advanced diagnostic and treatment methods relating to cancer. Such centers may be supported under subsection (b) or under any other applicable provision of law.

"(b) The Director of the National Cancer Institute, under policies established by the Director of the National Institutes of Health and after consultation with the National Cancer Advisory Council, is authorized to enter into cooperative agreements with public or private nonprofit agencies or institutions to pay all or part of the cost of planning, establishing, or strengthening, and providing basic operating support for existing or new centers (including, but not limited to, centers established under subsection (a)) for clinical research, training, and demonstration of advanced diagnostic and treatment methods relating to cancer. Federal payments under this subsection in support of such cooperative agreements may be used for (1) construction (notwithstanding any limitation under section 405), (2) staffing and other basic operating costs, including such patient care costs as are required for research, (3) training (including training for allied health professions personnel) and (4) demonstration purposes, but support under this subsection (other than support for construction) shall not exceed $5,000,000 per year per center. Support of a center under this section may be for a period of not to exceed three years and may be extended by the Director of the National Cancer Institute for additional periods of not more than three years each, after review of the operations of such center by an appropriate scientific review group established by the Director of the National Cancer Institute.

"CANCER CONTROL PROGRAMS

"SEC. 409. (a) The Director of the National Cancer Institute shall establish programs as necessary for cooperation with State and other health agencies in the prevention, control, and eradication of cancer.

"(b) There are authorized to be appropriated to carry out this section $20,000,000 for the fiscal year ending June 30, 1972, $30,000,000 for the fiscal year ending June 30, 1973, and $40,000,000 for the fiscal year ending June 30, 1974.

"AUTHORITY OF DIRECTOR

"SEC. 410. The Director of the National Cancer Institute (after consultation with the National Cancer Advisory Council), in carrying out his functions in administering the National Cancer Attack Program and without regard to any other provision of this Act, is authorized—

"(1) if authorized by the National Cancer Advisory Council, to obtain the services of not more than fifty experts or consultants who have scientific or professional qualifications, in accordance with the provisions of section 3109 of title 5, United States Code (but any such expert or consultant may be appointed for a period in excess of one year);

"(2) to acquire, construct, improve, repair, operate, and maintain cancer centers, laboratories, research, and other necessary facilities and equipment, and related accommodations as may be necessary, and such other real or personal property (including patents) as the Director deems necessary; to acquire by lease or otherwise through the Administrator of General Services, buildings or parts of buildings in the District of Columbia or communities located adjacent to the District of Columbia for the use of the National Cancer Institute for a period not to exceed ten years without regard to the Act of March 3, 1877 (40 U.S.C. 34);

"(3) to appoint one or more advisory committees composed of such private citizens and officials of Federal, State, and local governments as he deems desirable to advise him with respect to his functions;

"(4) to utilize, with their consent, the services, equipment, personnel, information, and facilities of other Federal, State, or local public agencies, with or without reimbursement therefor;

"(5) to accept voluntary and uncompensated services;

"(6) to accept unconditional gifts, or donations of services, money, or property, real, personal, or mixed, tangible or intangible;

"(7) to enter into such contracts, leases, cooperative agreements, or other transactions, without regard to sections 3648 and 3709 of the Revised Statutes of the United States (31 U.S.C. 529, 41 U.S.C. 5), as may be necessary in the conduct of his functions, with any public agency, or with any person, firm, association, corporation, or educational institution; and

"(8) to take necessary action to insure that all channels for the dissemination and ex-

change of scientific knowledge and information are maintained between the National Cancer Institute and the other scientific, medical, and biomedical disciplines and organizations nationally and internationally.

"SCIENTIFIC REVIEW; REPORTS

"SEC. 410A. The Director of the National Cancer Institute shall, by regulation, provide for proper scientific review of all research grants and programs over which he has authority (1) by utilizing, to the maximum extent possible, appropriate peer review groups established within the National Institutes of Health and composed principally of non-Federal scientists and other experts in the scientific and disease fields, and (2) when appropriate, by establishing, with the approval of the National Cancer Advisory Council and the Director of the National Institutes of Health, other formal peer review groups as may be required.

"(b) The Director of the National Cancer Institute shall, as soon as practicable after the end of each calendar year, prepare in consultation with the National Cancer Advisory Council and submit to the President for transmittal to the Congress a report on the activities, progress, and accomplishments under the National Cancer Attack Program during the preceding calendar year and a plan for the program during the next five years.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 410B. For the purpose of carrying out this part (other than section 409), there are authorized to be appropriated $400,000,000 for the fiscal year ending June 30, 1972; $500,000,000 for the fiscal year ending June 30, 1973; and $600,000,000 for the fiscal year ending June 30, 1974."

(b) Section 301(d) of the Public Health Service Act is amended by adding at the end thereof the following: *"Provided further*, That, under procedures approved by the Director of the National Institutes of Health, the Director of the National Cancer Institute may approve grants for research or training purposes—

"(1) in amounts not to exceed $35,000 after appropriate review for scientific merit but without requirement of review and approval by the National Cancer Advisory Council, and

"(2) in amounts exceeding $35,000 after appropriate review for scientific merit and recommendation for approval by such council."

REPORT TO CONGRESS

SEC. 4. (a) The President shall carry out a review of all administrative processes under which the National Cancer Attack program, established under part A of title IV of the Public Health Service Act, will operate, including the processes of advisory council and peer groups reviews, in order to assure the most expeditious accomplishment of the objectives of the program. Within one year of the date of enactment of this Act the President shall submit a report to Congress of the findings of such review and the actions taken to facilitate the conduct of the program, together with recommendations for any needed legislative changes.

(b) The President shall request of the Congress without delay such additional appropriations (including increased authorizations) as are required to pursue immediately any development in the National Cancer Attack program requiring prompt and expeditious support and for which regularly appropriated funds are not available.

PRESIDENTIAL APPOINTMENT OF INSTITUTE'S DIRECTORS

SEC. 5. Title IV of the Public Health Service Act is amended by adding after part F the following new part:

"PART G—ADMINISTRATIVE PROVISIONS

"DIRECTORS OF INSTITUTES

"SEC. 454. The Director of the National Institutes of Health and the Directors of the National Cancer Institute, the National Heart and Lung Institute, and the National Institute of Neurological Diseases and Stroke shall be appointed by the President. The Directors of the National Cancer Institute, the National Heart and Lung Institute, and the National Institute of Neurological Diseases and Stroke are designated as Associate Directors of the National Institutes of Health, and shall report directly to the Director of the National Institutes of Health."

EFFECTIVE DATE

SEC. 6. (a) This Act and the amendments made by this Act shall take effect sixty days after the date of enactment of this Act or on such prior date after the date of enactment of this Act as the President shall prescribe and publish in the Federal Register.

(b) The first sentence of section 454 of the Public Health Service Act (added by section 5(a) of this Act) shall apply only with respect to appointments made after the effective date of this Act.

And amend the title so as to read: "An Act to amend the Public Health Service Act so as to strengthen the National Cancer Institute and the National Institutes of Health in order to conquer cancer as soon as possible."

Mr. MANSFIELD. Mr. President, I move that the Senate disagree to the amendment of the House and agree to the request of the House for a conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. KENNEDY, Mr. WILLIAMS, Mr. NELSON, Mr. EAGLETON, Mr. CRANSTON, Mr. HUGHES, Mr. PELL, Mr. MONDALE, Mr. SCHWEIKER, Mr. JAVITS, Mr. DOMINICK, Mr. PACKWOOD, Mr. BEALL, and Mr. TAFT conferees on the part of the Senate.

PROGRAM FOR THE REMAINDER OF THIS SESSION

Mr. GRIFFIN. Mr. President, I should like to ask the distinguished majority leader if he can give us some further information concerning the schedule.

Mr. MANSFIELD. Mr. President, I am glad that the distinguished acting Republican leader has raised that question at this time.

We are in the middle of the week, and I am sure that Senators would like to know, insofar as possible, what the schedule will be.

The pending bill will, of course, not be finished today. Hopefully, it may be finished tomorrow.

It is anticipated that it will be followed by the defense appropriation bill.

There are other bills on the calendar that will be considered if and when any slack develops.

There will be a Saturday session, and I hope that the attachés would notify Senators on both sides of the aisle to that effect.

It is anticipated that on Monday next the Senate will be able to take up phase II of the President's economic program.

It is my understanding that there is no possibility, before Thanksgiving, of taking up the two nominations to the Supreme Court. Evidently, there is some difficulty concerning their consideration in committee. But the program I have just announced will keep us more than busy down to and including the conclusion of business on Wednesday next, November 24, 1971, a week from today.

The Senate will then take a 2-day recess on Thanksgiving Day and Friday, the day following. We hope that in the following week the Senate will be able to conclude its business and adjourn sine die. However, that remains to be seen. There are many obstacles to overcome. The accommodation and understanding of the entire Senate are necessary.

May I say that I am delighted with the attitude of the Senate up to this time in trying to help the joint leadership dispatch the legislation which is before us.

Mr. GRIFFIN. Mr. President, if I may respond with respect to the majority leader's comments concerning the two Supreme Court nominations, I do not know whether, when he says there is some difficulty, he is referring to the fact that the Committee on the Judiciary has not yet reported them.

Mr. MANSFIELD. That is what I meant. Their names are not on the calendar.

Mr. GRIFFIN. But if and when the names are reported by the Committee on the Judiciary, I assume it would be the intention of the joint leadership that we would get to the consideration of those nominations as rapidly as possible.

Mr. MANSFIELD. The Senator is correct. "As rapidly as possible" would depend upon the progress of legislation in the meantime—appropriation bills, the phase II program, the pending business, the Defense appropriation bill that will come up very shortly, and the other appropriation bills which I do not believe will involve too much controversy. There may be some debate on the defense appropriation bill. There are several other bills of significance. The fish inspection bill is ready for action. We would also like to attempt to give some consideration to the education bill now at the desk, and the voter registration bill. These are extremely important measures and deserve expeditious consideration. How far we will get with those bills remains to be seen.

Mr. GRIFFIN. I wish at this point to register my deep concern about the importance of filling those two seats which are vacant on the Supreme Court.

Mr. MANSFIELD. I agree.

Mr. GRIFFIN. And that we do so in this session. I cannot quite imagine even the thought of the Senate's adjourning sine die without having considered and voted on the two Supreme Court nominations. I hope the majority leader is not suggesting that may happen. I should think that we would remain in session until New Year's Eve, if necessary, to vote on those two nominations.

Mr. MANSFIELD. The Senator is putting into my mouth words which I did not intend to utter, because I feel that if the nominations are reported from the committee, the Senate should give them an expeditious consideration as possible and that they could be disposed of, one way or the other. But these other measures—though they may be legislative—are exceedingly important as well. I would hope their consideration would be treated with similar concern. I am just citing facts, and should repeat that evidently we could in no case get to the

two nominations before late next week at the very earliest, in view of the developments which have occurred in the Committee on the Judiciary.

Mr. BYRD of West Virginia. Mr. President, may I ask the majority leader, Is he not emphasizing, by what he has said, the necessity for clearing the decks of all other important legislation as expeditiously as possible, so that when the nominations are before the Senate they can be acted on as quickly as possible? Is the leader not saying, in essence, that the reason why we met last Saturday and why the Senate will meet this coming Saturday is to expedite action by the Senate on all other important legislation, so that when these two nominations come before the Senate, they will not have additional roadblocks, such as appropriation bills, placed in their way?

Mr. MANSFIELD. The Senator from West Virginia has said what I thought I had said, but he has said it so much better than I, and I appreciate it.

Mr. GRIFFIN. I thank the distinguished majority whip for clarifying the situation. If I misunderstood the majority leader, I regret it.

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 15 minutes, with statements therein limited to 3 minutes.

Is there morning business?

OUR LARGEST BALANCE-OF-PAYMENTS DEFICIT IN HISTORY—IMPENDING TRAGEDY

Mr. SYMINGTON. Mr. President, as Senators are well aware for more than 8 years I have been expressing growing concern about the fact the Nation continues, year after year, to show a deficit in its balance of payments, some as high as $10 billion, others "only" $2 to $3 billion—but always a deficit.

When these statistics were reported, year after year, toward the back of the Wall Street Journal or buried in the rest of the financial news of major newspapers, some economists and Government officials took note, but no real action.

Now, however, the latest balance-of-payments figures are so shocking in their warning as to warrant a large headline on the front page of our papers yesterday.

These statistics, just released by the Commerce Department, show that the third quarter balance-of-payments deficit doubled from the previous quarter to an unbelievable $12.1 billion; and even more alarming is the fact this deficit, projected on an annual basis, would result in a yearly deficit of $31 billion.

The Wall Street Journal attributed a large part of this decline in our position to the fact that "most major foreign countries are not letting their own currencies float upward with complete freedom. Instead they are conducting 'dirty floats,' so that their central banks are still taking in dollars as they sell off enough of their own currencies to keep the market price of the latter from rising too sharply." As a result, there was a jump of more than $11 billion in liquid liabilities to foreigners.

Although the Department of Commerce reported that the gap between exports and imports is narrowing, this is a sad commentary indeed in view of the fact that for many previous years the United States has reported a healthy trade surplus, sometimes as high as $7 billion annually.

From the standpoint of the future value of the dollar, the seriousness of this deteriorating situation cannot be overemphasized; so let us hope that some positive steps be taken promptly by this administration to reverse a trend that could end ultimately in economic disaster.

THE FARMERS ARE THE ONES WHO ARE GETTING PLOWED UNDER

Mr. SYMINGTON. Mr. President, the St. Louis Post-Dispatch of Sunday, November 14, contains an article by James Deakin entitled "Politics Plows Under Secretary of Agriculture Hardin." In that I come from an agricultural State, this matter is naturally of great interest to my constituents.

I cannot agree with the headline, because the people really being plowed under are not the Secretary of Agriculture, rather the farmers themselves; and this because of the policies this administration instructed Secretary Hardin to carry out.

This is but one of the reasons why I am astonished to note that one of the chief authors of said policies, Prof. Earl L. Butz, is now being recommended as the successor to Mr. Hardin.

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

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

POLITICS PLOWS UNDER SECRETARY OF AGRICULTURE HARDIN

(By James Deakin)

WASHINGTON, November 13.—When South Dakota's two seats in the House of Representatives were won last November by Democrats for the first time in more than 30 years, the days of Secretary of Agriculture Clifford M. Hardin were numbered.

Ten of the 16 House seats that Democrats took from Republicans were in farm areas. Democrats took governorships away from the GOP in Idaho, Minnesota, Nebraska and Wisconsin. Republicans who had been persuaded by President Richard M. Nixon to run for the Senate were defeated in Minnesota, North Dakota and Utah.

With the Administration clearly facing a political rebellion on the traditionally Republican farm belt, it probably was inevitable that Mr. Nixon would seek to improve his standing with the nation's 3,000,000 farmers and their families before next November's presidential election.

This week, the President did just that. He accepted the resignation of Hardin, a quiet administrator whose abilities and competence were acknowledged widely but who had not caught the fancy of the farm belt.

To replace him, Mr. Nixon selected a former assistant secretary of agriculture, Earl L. Butz, who is considered more attuned to the political aspects of farm policy. Butz is likely to attract more attention than Hardin did: he is an outspoken man with strong views on agriculture that are likely to be highly unpopular in some quarters.

Hardin, a soft-spoken agricultural educator, is moving to the quieter atmosphere of the board room at Ralston Purina Co. in St. Louis after almost three years in one of Washington's oldest established storm centers.

Although White House spokesmen insisted that Hardin's resignation was not related to the Administration's troubles in the farm belt, Mr. Nixon presumably was receptive to the opportunity to install a new face at the Agriculture Department.

The President showed that he was aware of the farm revolt by announcing at the same time that he had changed his mind about abolishing the Agriculture Department. He said instead that he would retain it as a sovereign power in his Cabinet.

This decision, the President said, "should have a significant effect in reassuring farmers."

Last March, Mr. Nixon proposed a governmental reorganization that would have abolished the Agriculture Department along with six others. The reaction from farm leaders was predictable.

They received the idea with misgivings, saying they feared that the interests of agriculture would be submerged in the proposed new superdepartments of human resources, community development, economic affairs and natural resources.

Although agricultural policy is a mystery to many Americans, politicians of both parties agree on one salient fact of life: If farm income drops, the Agriculture Secretary will become a political liability to the Administration unless he is replaced.

Hardin, more than any of his three immediate predecessors—Charles Brannan, Ezra Taft Benson and Orville L. Freeman—retained a high degree of personal popularity and respect despite a steady decline in farm prices since the mid-1960s.

But when Hardin's policies failed to stop the price decline, Mr. Nixon found it convenient that the Secretary found it impossible to resist a lucrative offer to become vice chairman of Ralston Purina.

And despite the White House's disavowals, there are reports on Capitol Hill that politics did play a part in Hardin's resignation.

Mr. Nixon is said to have been warned by Midwestern Republicans that unless there were changes at the Agriculture Department, the farm-state defection to the Democrats would attain massive proportions next year.

One of the main farm belt complaints against Hardin was his refusal to use the wide latitude given the Secretary of Agriculture under the 1965 farm bill to raise the prices of agricultural products by increasing federal price support levels.

With corn selling for 93 cents a bushel last month at county elevators in the Midwest and with wheat prices at no-profit levels, there will be intense pressure on Butz, the new Secretary, to make greater use of the so-called commodity approach, which Republican administrations have not favored.

Butz referred to the serious political problems posed by the glut of corn and declining corn prices when he appeared before reporters at the White House Friday with Mr. Nixon and Hardin. Turning to Hardin, Butz said:

"The price of corn, Mr. Secretary, is too low for comfort."

But there is some question whether Butz, who was closely associated with the free-market policies of former Secretary Benson, will really make much use of the commodity-by-commodity price-support concept, which is identified with Democratic administrations.

The approach favored by the Nixon Administration was embodied in the Agricultural Act of 1970, which Hardin pushed through Congress. It emphasized a high

volume of farm production to boost agricultural exports.

The basic effort was to increase farm income by enabling farmers to get better prices in the free market, including foreign markets, rather than to increase federal price-support levels on individual commodities.

Hardin was active in persuading Congress to reject an alternative approach proposed by a coalition of 22 liberal and middle-of-the-road farm organizations, including the National Farmers Union and the National Grange.

That proposal emphasized increased restriction of farm production to maintain prices. Hardin's role in its defeat left political wounds that Butz may not be able to heal.

Moving to St. Louis will give Hardin, an enthusiastic fisherman, an opportunity to become acquainted with Missouri's famed bass fishing.

Before coming to Washington, Hardin fished—whenever possible—for northern pike, walleyes and bass at the family's year-round cottage on Lake Okoboji in northwest Iowa.

Hardin acquired the pleasant lakeside retreat when his children started to leave home. "Cliff wanted to have a place that would be fun for them to visit," Mrs. Hardin has said.

Hardin, 56 years old, is an inveterate pipe smoker and an occasional golfer. He is relaxed, soft-spoken and easy-going in manner. He seldom appears flustered.

The pressures of academic and Government life have left Hardin little opportunity for reading. He says he hasn't read a novel in years. He tries to keep informed, however, on everything related to public policy and world affairs. He often gets up early to read for an hour before heading for his office.

Mrs. Hardin, the former Miss Martha Love Wood of West Lafayette, Ind., has a degree in teaching. They met when he was a student at Purdue University.

Hardin grew up on his father's 200-acre grain and livestock farm about 35 miles east of Knightstown, Ind. During the Depression, his father went to Florida each winter to raise celery. At 16, his son took over the operation of the home farm. His father's celery venture prospered, and the elder Hardin eventually became president of the Knightstown Bank.

In the Depression, however, the family was poor. Hardin was able to attend Purdue by winning a 4-H scholarship. In time, he earned a doctorate in agricultural economics, studying at both Purdue and the University of Chicago.

Much of his academic career was spent at Michigan State University, where he became dean of the school of agriculture. In 1954, he moved to the University of Nebraska as chancellor, a position he held until President Nixon selected him to be Secretary of Agriculture.

Only one of Hardin's five children, James, 13, lives at home with his parents. The others are scattered throughout the country. They are Mrs. Larry A. Wood, San Diego, Calif.; Mrs. Robert S. Milligan, Washington; Mrs. Douglas L. Rogers, Ohio, and Clifford W. Hardin, Kansas City.

BUTZ—AN AGRIBUSINESS MAN

Mr. SYMINGTON. Mr. President, with reference to the philosophy and activities of Prof. Earl L. Butz, President Nixon's nominee for Secretary of Agriculture, an informative article entitled "Butz an Agribusiness Man," in the Washington Post of Sunday, November 14, presents various facts in some detail.

What is perhaps most disturbing in the article is that, even though such conservative organizations as the Farm Bureau have come out in favor of the right of the farmers to collective bargaining, Professor Butz apparently agrees with the thinking of two of the companies from which he has been receiving heavy annual fees in addition to his salary as a professor; namely, that farm people should not have such a right. Mr. Butz himself is quoted as stating:

I will have to reserve judgment of that issue.

I ask unanimous consent that this article and an article by William Blair in the New York Times of Tuesday, November 16, "Nixon's Choice for Farm Chief Labels His Opponents 'Political.'" be printed in the RECORD.

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

[From the Washington Post, Nov. 14, 1971]

NOMINEE FAVORS BIG FARMS—BUTZ AN AGRIBUSINESS MAN

(By Nick Kotz)

LAFAYETTE, IND., November 13.—The man President Nixon has nominated to be the next Secretary of Agriculture is an outspoken exponent of, and has profited from, an agricultural revolution characterized by large integrated "agribusiness" firms and a declining number of farmers.

Earl L. Butz, 62, now dean of continuing education and chief fund raiser at Purdue University, has strong views on "the farm problem" and has participated in agribusiness in ways that already have drawn criticism from some advocates for small farmers.

Butz was nominated last week by the President to replace Clifford Hardin, who is becoming vice chairman of the Ralston Purina Co.

In an extensive interview with The Washington Post, Butz discussed both his personal ties to major agribusiness firms and his viewpoint that there are still far too many inefficient farmers in agriculture.

"Adapt or die" is still Butz' viewpoint, meaning that farms must continue to grow larger and more closely associated with agribusiness if they are to survive in today's economy.

Sens. George McGovern (D-S.D.), Hubert Humphrey (D-Minn.) and Milton Young (R-N.D.) all have indicated they will question Butz closely about either his farm views or his business ties at a confirmation hearing to be held by the Senate Agriculture Committee.

Today Sen. Fred R. Harris (D-Okla.) urged the President to withdraw the nomination on grounds that Butz "is clearly an agent of the giant agribusiness corporations that are driving the small farmers of America off the land."

Butz has many supporters, however, including William Kuhfuss, president of the American Farm Bureau Federation, who said that the appointee's "understanding of agricultural problems and appreciation of the importance of the market place and the free enterprise system will serve farmers and the nation well."

Butz, who served as an assistant secretary of agriculture during the Eisenhower administration and as dean of the Purdue Agriculture School from 1957 to 1968, said he earned $26,800 last year as a board member of three giant agribusiness corporations. Other income included his $35,000 university salary and $2,000 as a board member of an Indiana insurance company.

Butz said he was paid $12,000 by the Ralston Purina Company, a major feed manufacturer and chicken producer; $10,000 by International Minerals and Chemicals Corp., a producer of agricultural fertilizers and chemicals, and $4,800 by Stokely-Van Camp, a major producer of canned foods. He owns stock in all three.

Butz was a board member of Ralston Purina, International Minerals and of J. I. Case Co., a farm machinery manufacturer, during most of the years he served as dean of the Purdue Agriculture School. His $3,000 a year Case directorship ended several years ago when that firm was bought out by Tenneco, a conglomerate with extensive agribusiness interests.

Butz told The Washington Post he believes that Ralston Purina and International Minerals contributed funds to university agriculture research while he was dean. University records show that International Minerals contributed annually to Purdue research from 1963 through 1971, basically to develop a chemical the company was interested in. The company's contributions to research projects totaled about $75,000 in this period.

Butz stresses that the industry-financed research projects were taken on without any restrictions and with the results made public.

"I make no apologies to anyone for the participation I have taken in agribusiness companies," Butz said.

"These companies provide a market to farmers. These activities were to the farmers' interest."

When he took the Ralston Purina directorship in 1958, a year after he left as an assistant to President Eisenhower's Agriculture Secretary, Ezra Taft Benson, the Indiana Farmers Union charged, that this constituted a conflict of interest with his job as dean of the Purdue School of Agriculture.

State NFU President John Raber complained at the time that Purdue as a land grant college should be helping farmers; Ralston Purina, by contrast, was working toward an "integrated" poultry with a single ownership for production, processing and sales to supermarkets.

Following his nomination as Secretary of Agriculture, the question of a potential conflict in Butz' corporate role was raised again.

Oren Lee Staley, president of the National Farmers Organization, criticized Butz "as one of those land grant college educators who was supposed to assist all farmers in America, but who identified instead with giant agribusiness corporations . . . at the very time they were driving thousands of bonafide family farmers to the wall."

"Many people regard Mr. Butz as a symbol of the betrayal of agriculture by some of its educational institutions to giant corporate interests" Staley said.

In an interview, Butz dismissed the complaints of conflicts of interest.

"I regard agriculture as being much broader than just farmers tilling acres," he said. "The total job is to feed and clothe America economically and with quality products. As an educator I have a responsibility to all segments of American agriculture."

Consumer advocate Ralph Nader has said the integrated poultry system represented "poultry peonage" for the farmer, who ends up feeding chickens under contract. But Butz said he believes "the chicken farmer fared better with vertical integration than he would have without it."

In 1959, a year after assuming the Ralston Purina directorship, Butz wrote an article for farmers entitled "Don't Be Afraid of Integration."

He still holds the same view, but he strongly contends that the family farmer will not be replaced by agri-business corporations.

"We will always remain a nation of family farmers because agriculture does not lend itself to a takeover by corporations." For example, Butz said companies such as Ralston Purina are now finding their vertically integrated poultry business unprofitable and are withdrawing from it. He also questioned whether conglomerates such as Tenneco will prove to be successful farmers.

But in Butz's view the migration from the farm and the consolidation into much larger farming units still has a long way to go. He said he predicted that the 2.9 million farms

of today will be reduced to 1.9 million in 1980, continuing the trend of the last 40 years. The country has one million commercial farmers today but will probably have only 600,000 in 1980, Butz said.

"The trends are going to continue no matter what government does or what administration is in power," said Butz. "The nation lost a million farms under Ezra Taft Benson and it wasn't his fault. It lost another million farms under Orville Freeman and it wasn't his fault. Nevertheless, political demagogues will always criticize whoever is in power over the farm issue."

"This trend toward less farms is not bad," said Butz. "From a national point of view it is good that we have been able to produce an increasing amount of food with the work of a smaller percentage of our population. This releases people to do something else useful in our society.

"If the goal is to have lots of people on the land then the ideal would be China or India, with millions mired in subsistence agri-subsistence agriculture. We produce our food with 5 per cent of the population. It takes Russia 50 per cent and India 85 per cent. China is a paper giant because a large share of its resources are required to keep its people alive."

"Agriculture is making a transition from being a way of life to a way of making a living," said Butz. Nostalgically, we still look at it as a way of life but agriculture is now big business."

Butz says he still holds and always will hold the economic philosophy that agriculture would be better off with less government control, including price support programs. But as a realistic and practical matter, he said, some production and price controls will be needed in the years ahead.

"My job now becomes a difficult and a different one. I realize that we're going to have political pressures to do things that are sound and some that aren't sound. I perceive my job as finding the magic line between economic soundness and political realism," he said.

"From a short-range point of view, agriculture is an industry that needs assistance. You can't get the supply and control situation under control without assistance," he said.

But in terms of his long-run belief in the free marketplace as the determinant of change, he said: "Adapt or die. That's a harsh law but it always has worked. If we hadn't used that law, we'd still be riding in buggies and plowing with horses . . ."

Regarding the present income situation for farmers, Butz said the "price of corn is too low, but there are some bright spots—soybean prices are better than at anytime in history, dairy prices are the best ever, hog and cattle prices are coming up."

Butz is noncommittal on the current legislative effort of farmers to require agribusiness processors to bargain collectively with groups of farmers who seek increased power in the marketplace.

Even the conservative Farm Bureau came out in favor of such legislation after agribusiness firms refused to bargain voluntarily with its collective marketing attempts.

One of the firms that turned down the Farm Bureau on collective bargaining is Stokely-Van Camp, of which Butz is a director. Ralston-Purina, another firm he has served as a director, also has refused bargaining arrangements with the National Farmers Organization and has angered the NFO by beginning efforts at integrating the hog industry.

Asked whether he would support a collective bargaining bill such as the one proposed by the Farm Bureau, Butz replied: "Does the grower need legislation for bargaining? He's got bargaining strength now in co-ops if he'll only use it. I'll have to reserve judgment of that issue."

[From the New York Times, Nov. 16, 1971]

NIXON'S CHOICE FOR FARM CHIEF LABELS HIS OPPONENTS "POLITICAL"

(By William M. Blair)

WASHINGTON, Nov. 15.—Dr. Earl L. Butz of Purdue University, President Nixon's choice as the new Secretary of Agriculture, said today that he was prepared to defend his record against charges that he favored big business over farmers.

He labeled opposition to his nomination "political" and said that he had no illusions about the "tough road" he faced.

He spoke by telephone from his home in Lafayette, Ind., as the Senate Agriculture Committee scheduled a hearing for Wednesday and Democrats marshaled opposition to him. The White House was active in seeking support from Republican members of the Senate committee.

Senator Jack Miller of Iowa, ranking Republican on the Senate committee, laid the current problems in agriculture on the White House's doorstep. Mr. Miller, who has been critical of the Administration's policies because of low feed grain prices, said, "No matter who is Secretary of Agriculture, problems that demand solution have to have the full cooperation of the White House."

FORCEFUL AND HELPFUL

He described Dr. Butz as having a "sensitivity for farmers" and said that he would be "forceful and helpful."

At the same time, a California Democrat, Senator John V. Tunney, joined other Democrats in saying that Dr. Butz "seems to favor an acceleration of corporate agriculture."

He made his charge at a hearing of a Senate Agriculture subcommittee on a bill to permit farmers to organize associations to bargain with commodity buyers.

The American Farm Bureau Federation, the country's largest and most conservative farm organization, also supports a farm bargaining bill that Dr. Butz has opposed.

It was learned that the White House had solicited support for Dr. Butz from the Farm Bureau and received a telegram of support from William F. Khufuss, the bureau's president. A Farm Bureau official said that the organization had not been consulted on Dr. Butz's nomination. Neither had other farm organizations, which have split on the nomination.

The National Grange gave Dr. Butz its endorsement, but the militant National Farmers Organization and the National Farmers Union opposed him.

Representatives of the major farm groups are expected to testify at the Senate hearings.

DEMOCRATS TO TESTIFY

Democratic Senators Hubert H. Humphrey of Minnesota, George McGovern of South Dakota and Fred R. Harris of Oklahoma will also testify. They all criticize Dr. Butz because of his directorships of companies affiliated with agriculture.

Mr. Humphrey has also charged that Dr. Butz is "one of, if not the chief, architect of and spokesman for" the policies of former Secretary of Agriculture Ezra Taft Benson.

Dr. Butz was Assistant Secretary of Agriculture under Mr. Benson in the Eisenhower Administration, which sought to get the Government out of farming and eliminate farm subsidies.

Another ranking Republican on the Senate committee, Senator Milton R. Young of North Dakota, was understood to have told Mr. Nixon today that he opposed Dr. Butz. Mr. Young clashed with Dr. Butz over policies affecting wheat and other commodities in the nineteen-fifties when Dr. Butz was at the Department of Agriculture.

Dr. Butz said that he had resigned his directorships in four companies, including the Ralston Purina Company of St. Louis. Secretary Clifford M. Hardin, who resigned last week, will join that company as vice president.

Dr. Butz also said that he had put his "modest" stock holdings in a blind trust.

"I am coming to Washington clean," he said.

QUORUM CALL

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

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

The second assistant legislative clerk proceeded to call the roll.

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

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

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

PROPOSED SUPPLEMENTAL APPROPRIATIONS, FISCAL YEAR 1972 (S. Doc. No. 92–43)

A communication from the President of the United States transmitting proposed supplemental appropriations for fiscal year 1972, in the amounts of $91,531,000 in budget authority and $273,635,000 in proposals not increasing budget authority (with an accompanying paper); to the Committee on Appropriatitons and ordered to be printed.

REPORTS OF COMPTROLLER GENERAL

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Audit of Payments From Special Fund to Lockheed Aircraft Corporation for C–5A Aircraft Program During the Quarter Ended September 30, 1971," Department of Defense (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Problems in Paying For Services of Supervisory and Teaching Physicians in Hospitals Under Medicare", Social Security Administration, Department of Health, Education, and Welfare, dated November 17, 1971 (with an accompanying report); to the Committee on Government Operations.

REPORTS RELATING TO THIRD PREFERENCE AND SIXTH PREFERENCE CLASSIFICATION FOR CERTAIN ALIENS

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, reports relating to third preference and sixth preference classification for certain aliens (with accompanying papers); to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BIBLE, from the Committee on Interior and Insular Affairs, with amendments:

S. 1893. A bill to restore the golden eagle program to the Land and Water Conservation Fund Act, provide for an annual camping permit, and for other purposes (Rept. No. 92–490).

By Mr. HRUSKA, from the Committee on the Judiciary, with an amendment:

S. 1857. A bill to amend the joint resolution establishing the American Revolution Bicentennial Commission, as amended (Rept. No. 92-487).

By Mr. EASTLAND, from the Committee on the Judiciary, with an amendment:

S. 2560. A bill to establish the official residence of the Chief Justice of the United States by private gift to the States (Rept. No. 92-491).

By Mr. HRUSKA, from the Committee on the Judiciary, with amendments:

S.J. Res. 153. Joint resolution designating each week which begins on the first Sunday in March as "National Beta Club Week" (Rept. No. 92-488).

By Mr. EAGLETON, from the Committee on the District of Columbia, with amendments:

H.R. 11341. An act to provide additional revenue for the District of Columbia, and for other purposes (Rept. No. 92-489).

By Mr. McCLELLAN, from the Committee on Government Operations, with amendments:

H.R. 6283. An act to extend the period within which the President may transmit to Congress reorganization plans concerning agencies of the executive branch of the Federal Government, and for other purposes (Rept. No. 92-485).

By Mr. RIBICOFF, from the Committee on Government Operations, with amendments:

S. 2097. A bill to establish a Special Action Office for Drug Abuse Prevention to concentrate the resources of the Nation in a crusade against drug abuse (Rept. No. 92-486).

Mr. RIBICOFF. Mr. President, today I am filing the committee report on S. 2097, as amended, the Drug Abuse Office and Treatment Act of 1971 which the Committee on Government Operations approved this morning.

First, Mr. President, I would like to pay tribute to our committee chairman, Senator McCLELLAN, for the leadership he provided in the preparation of this bill. His great knowledge and experience in the field of drug abuse legislation made a major contribution to this legislation.

Further, I would like to pay special tribute to Senator MUSKIE, chairman of the Subcommittee on Intergovernmental Relations, for his work in developing the bill which the committee reports today. Senator MUSKIE's concern about the problem of drug abuse precedes our consideration of this legislation. Prior to President Nixon's comprehensive drug message and the introduction of the original version of S. 2097 by Senator CHARLES H. PERCY and 15 bipartisan cosponsors, Senator MUSKIE had already introduced a similar bill, S. 1945.

Because Senator MUSKIE had already introduced his bill, both his legislation and the President's proposal were assigned jointly to the Subcommittee on Executive Reorganization and Government Research, which I chair, and to Senator MUSKIE's Subcommittee on Intergovernmental Relations.

During committee consideration, Senator MUSKIE's knowledgeable and persistent attention to several areas made a valuable contribution to the final form of the bill. Senator MUSKIE insisted on providing the special action office with a scope sufficient to enable it to address all parts of the drug abuse program. He also strongly supported the addition of a provision for the development of a national strategy on drug abuse, covering both law enforcement and treatment programs.

Our two subcommittees held 6 days of hearings. Testimony was heard from colleagues in both Houses of Congress, administration spokesmen, State and local officials, doctors and researchers, and past victims of drug abuse. The hearings enabled us to develop a clear picture of the great expansion of drug abuse in the Nation. We learned that both the number of drugs being abused and the new populations directly affected by the problem has risen greatly.

Our hearings also focused on the drug problems of youth and military personnel, particularly in Vietnam. As a result, these hearings documented the need for improved direction and coordination of the drug abuse treatment programs.

But the hearings revealed that the drug abuse problem was broader than the legislation before us. The proposed scope of the office was too narrow. In addition, some of the powers sought for the office were excessive.

As the hearings concluded, a strong bipartisan effort developed to improve the bill, involving myself and Senators MUSKIE, HUGHES, JAVITS, PERCY, and GURNEY. A new bill bearing the same number and establishing a White House Special Action Office of Drug Abuse Prevention was carefully drafted defining appropriate powers and embracing the proper scope for dealing with the problem. An important addition was made in the form of a provision calling for the development of a national strategy against drug abuse, embracing the education and treatment aspects, along with the law enforcement, border control and international aspects. Thus for the first time, we will have a unified national plan to combat drug abuse.

The bill reported by the Committee on Government Operations is a major step forward in the effort against drug abuse. Comprehensive in scope and mindful of the location of the Special Action Office in the Executive Office of the President, the legislation gives the Director important powers which will enable him to coordinate, make more rational, and give better direction to the Federal programs designed to combat drug abuse.

I ask unanimous consent to include in the RECORD, after this statement, a brief comparison of the reported bill with the original administration proposal.

Under previous order of the Senate the bill is referred to the Committee on Labor and Public Welfare for a period of 30 days.

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

COMPARISON BETWEEN ORIGINAL AND AMENDED S. 2097

SCOPE

Original: Education, training, treatment, rehabilitation, research—"treatment side" only.

Amended: Education, training, treatment, rehabilitation, research—plus limited powers over law enforcement, international control.

Original: No provision.

Amended: Calls for a National Strategy integrating law enforcement and treatment.

POWERS

Original: President extends life of Act.
Amended: No provision.
Original: Replace personnel.
Amended: No provision.
Original: Transfer monies from program to program.
Amended: No provision.
Original: Direct operation of programs.
Amended: No provision.
Original: Provide overall planning and policies and establish objectives and priorities on treatment side.
Amended: Same.
Original: Prepare and make available appropriations for treatment side.
Amended: Review and modify budget requests and make appropriations available for treatment side.
Original: Transfer programs without Congressional approval.
Amended: Transfer programs only with Congressional approval.
Original: No provision.
Amended: Recommend and consult on law enforcement and international controls.
Original: No provision.
Amended: Consult on classification of drugs and IND and NDA drug status.

SPECIAL PROVISIONS

Original: No provision.
Amended: Special fund to provide additional support for successful programs and encourage innovation and demonstrations.
Original: No provision.
Amended: Technical assistance to State and local governments to assist them in assessing their drug problem and meeting these problems.
Original: No provision.
Amended: Policy defined for Civil Service and Veterans' Administration respecting drug abuse.

TO BE ADDED BY HUGHES' SUBCOMMITTEE

Original: No provision.
Amended: Drug abuse institute in NIMH.
Original: No provision.
Amended: Grant program for treatment and rehabilitation programs in States and localities.

Mr. MUSKIE. Mr. President, the compromise drug bill reported to the Senate by the Committee on Government Operations represents a significant breakthrough in our national effort to combat drug abuse.

This legislation is a bipartisan effort involving the administration and Senators of both parties.

Mr. President, I must especially commend the outstanding work of the senior Senator from Connecticut (Mr. RIBICOFF) whose Subcommittee on Executive Reorganization and Government Research considered this bill jointly with my own Subcommittee on Intergovernmental Relations. Senator RIBICOFF's efforts were a key factor in the development of this compromise bill.

I would also like to commend the efforts of Senator PERCY, the sponsor of the administration bill, Senator JAVITS, and Senator GURNEY for their effective work toward reaching this compromise. And, in particular, I would like to cite Senator HUGHES, who has long provided leadership in the Senate in this important area, for his efforts in helping to draft this important legislation.

I believe this bill is significant in several respects.

First, it calls for the development of a comprehensive, coordinated long-term Federal strategy to combat drug abuse, providing, for the first time, a mecha-

nism to develop a unified Federal policy against drug abuse, focusing all of our resources, including law enforcement, treatment, education, and research.

Second, the bill creates a Special Action Office for Drug Abuse Prevention in the Executive Office of the President to pull together heretofore scattered Federal antidrug programs. The Special Action Office will be broad in scope, responsible for determining the Federal policy toward treatment, education, and research programs, for recommending and consulting on law enforcement policy and for coordinating all Federal drug programs.

Third, it requires that the Veterans' Administration provide treatment and rehabilitation services for any former servicemen suffering from drug addiction, no matter the status of their discharge and it requires the Civil Service Commission to develop treatment and rehabilitation programs for drug addicts employed by the Federal Government.

All of these provisions were part of legislation introduced earlier this year by Senator HUGHES and myself with Senators JAVITS and WILLIAMS.

Other significant provisions in that earlier bill will now be considered in the Committee on Labor and Public Welfare. Those provisions include the establishment of a National Institute on Drug Abuse within the Department of Health, Education, and Welfare and the authorization of funds for a major national commitment to treat drug addicts.

Those items are the proper concern of the Committee on Labor and Public Welfare. It is my anticipation that they will be added in that committee so the bill the Senate finally considers will be comprehensive legislation that will make a significant impact on the serious drug problem.

Mr. President, this proves once again that outstanding legislation in the public interest is the result of a genuinely bipartisan effort. It is most significant that Senators on both sides of the political aisle have put partisan considerations aside in drafting this legislation to deal with one of the most serious problems facing our Nation today.

BIPARTISAN EFFORT MARKS MAJOR NEW DRUG LEGISLATION

Mr. PERCY. Mr. President, I am highly pleased to announce that bipartisan agreement has been reached within the Government Operations Committee over major new drug legislation which sets up in the White House a Special Action Office for Drug Abuse Prevention with exceptional authority and mandates for the first time a comprehensive long-term drug strategy for the Nation to be developed by a top-level strategy council and promulgated by the President.

S. 2097, as amended, was unanimously reported by the committee at an executive session this morning. As acting ranking minority member of the Government Operations Committee, I originally introduced that bill on June 18, 1971, and was joined at the time by a bipartisan group of 15 Senators. Thirteen additional Senators subsequently cosponsored the bill.

I am deeply grateful that an issue as potentially volatile and critical as drug abuse—an issue which raises sensitive concerns regarding the relationship of law enforcement to treatment for dependency—has not been sacrificed to narrow political gain in the face of upcoming national elections. I cannot commend highly enough the outstanding personal contributions of the principal cosponsors of S. 2097, as amended, in reporting out of Committee a measure which reflects the best features of the several proposals which were considered.

Joining me as principal cosponsors of the bill are Senator JOHN MCCLELLAN, chairman, Government Operations Committee; Senator ABRAHAM RIBICOFF, chairman, Subcommittee on Executive Reorganization; Senator EDMUND MUSKIE, chairman, Subcommittee on Intergovernmental Relations; Senator JACOB JAVITS, ranking minority member of the Subcommittee on Executive Reorganization and of the Committee on Labor and Public Welfare, to which S. 2097 will be referred; Senator HAROLD HUGHES, chairman, Subcommittee on Alcoholism and Narcotics of the Committee on Labor and Public Welfare; and Senator EDWARD GURNEY, ranking minority member, Subcommittee on Intergovernmental Relations.

Other distinguished colleagues cosponsoring S. 2097 are Senators SCOTT of Pennsylvania, BYRD of West Virginia, ALLEN of Alabama, BEALL of Maryland, BROCK of Tennessee, CHILES of Florida, JACKSON of Washington, MATHIAS of Maryland, ROTH of Delaware, SAXBE of Ohio, BOGGS of Delaware, HANSEN of Wyoming, CASE of New Jersey, BROOKE of Massachusetts, GRIFFIN of Michigan, BENNETT of Utah, DOLE of Kansas, JORDAN of Idaho, TOWER of Texas, BELLMON of Oklahoma, SCHWEIKER of Pennsylvania, PEARSON of Kansas, HUMPHREY of Minnesota, and METCALF of Montana.

The bill now goes to the Labor and Public Welfare Committee, by prior agreement. That committee has worked closely with the Government Operations Committee on this critical measure and as a result, I am confident that, after dutiful consideration by that committee, the bill can be before the Senate for floor action in short time.

S. 2097, as reported out of the Committee on Government Operations constitutes a major bipartisan effort, was worked out in close cooperation with the administration and has the enthusiastic support of the President.

With this support, I am hopeful that the bill we report will help achieve the highest aims we have set in countering the drug crisis that besets the Nation.

We can now proceed to quarantine the parasitic dependency on drugs that is afflicting our cities and our suburban and rural areas, feeding upon crime, gnawing at individual and societal well-being, preying upon our youth, ravaging our education and military institutions, and inflicting irreparable pain and hardship upon families and communities across the country.

We have waited far too long already. If we are to control drug abuse, we must now recognize that education, training, treatment, rehabilitation, research, and law enforcement impact on one another. An immediate Federal response is needed which combines effective law enforcement against illicit drug traffic with effective treatment programs to rehabilitate the victims of drug abuse.

Instead, over the years, the Federal Government has not been organized for a concerted drive against the factors which nourish drug addiction. Efforts to reduce drug demand have been appended, almost as an afterthought, to programs aimed at mental illness, poverty, and crime. The focus of these efforts has been tainted as a result. Thus, we have examined addiction within particular subcultures or geographic areas, but have not addressed ourselves to the pervasive conditions in our society as a whole which give rise to what has become a nationwide demand—and for that reason a national tragedy.

For months, I have sought an answer to the persistent question of what it is about our society, about our life, about our values that leads so many of our citizens, such a large segment of our youth and GI's to turn on, tune in, drop out, and in so doing risk physical and psychological dependence, disease, and death. I am confident that as a result of the priority attention Congress and the President place on the problem through this measure, we will be able to better comprehend the root causes of addiction and deal with them accordingly.

The bill, S. 2097, establishes statutorily a White House office with exceptional authority, presently headed by Dr. Jerome H. Jaffe pursuant to an Executive order, to function through June 30, 1975, by coordinating the national effort against drug abuse and concentrating the resources of the Nation toward that purpose.

The office will provide overall planning and policy, and establish objectives and priorities for Federal drug abuse programs and activities dealing with education, the preparation of educational materials, training, treatment, rehabilitation, and research, including such programs and activities in HEW, OEO, Justice, VA, Civil Service, Labor, Defense, and State.

With respect to these same programs and activities, the Director may modify budget requests; review program implementation plans and make appropriations available; require the submission of information and reports; evaluate program performance and results; assist in the development of, and review regulations, criteria, guidelines, requirements, standards, and procedures; and make recommendations regarding changes in management, organization, personnel, and standards.

The Director may also make recommendations to the President concerning law enforcement and international aspects of Federal drug abuse programs and activities and he shall consult with and be consulted by all responsible Federal departments and agencies with respect to their policies, priorities, and objectives. Upon determining that the operation of any Federal drug abuse program or activity impairs the effectiveness of any other Federal drug abuse program or activity, the Director may formally notify the President of such a problem for his resolution.

In addition, S. 2097 provides for the development by a strategy council and promulgation by the President of a comprehensive, coordinated, long-term national strategy for all drug abuse programs and activities conducted, sponsored, or supported by any department or agency of the Federal Government. Members of the strategy council will be the Director of the Special Action Office, the Attorney General, and the Secretaries of HEW, State, and Defense.

Mr. JAVITS. Mr. President, S. 2097, the Drug Abuse Office and Treatment Act of 1971, reported today by the Government Operations Committee, responds to an undeniable, long-standing failure in government organization and operation—resulting in a crippled and ineffectual response to the critical national drug abuse problem. Drug abuse research, treatment, education, and prevention will all benefit in that important treatment modalities of all kinds, including methadone maintenance, will be considered and evaluated centrally.

The bill as reported, represents a major, bipartisan compromise reached after extensive negotiations over a period of many weeks between the White House, the Attorney General and Senators RIBICOFF, MUSKIE, HUGHES, PERCY, GURNEY, and myself. I commend all parties to this compromise for their determined effort to reach such broad agreement on a sensitive issue of singular national importance. I particularly commend our distinguished chairman, Senator MCCLELLAN for his leadership in developing this legislation.

In proposing S. 2097, the administration has put a high priority upon the marshalling of existing and new resources in a genuinely innovative effort to improve our performance in dealing with this intrinsically complex problem.

If our drug abuse programs at the Federal level are going to receive wide public support, we must have an intelligent, coordinated, and consistent drug policy at the national level. The largest, single obstacle to the achievement of that objective has been the fragmentation of effort in drug abuse control among so many Federal and local agencies, each of them jealously guarding its independent prerogative and authority.

The Special Action Office proposed in this bill—under the able direction of Dr. Jerome H. Jaffe—is intended to overhaul the capacity of the total government to integrate and coordinate the Federal role in this area. We will now be able to consider seriously how we can go about changing public attitudes toward drugs, and developing realistic social controls. Hopefully, we may yet be able to have a significant impact upon the treatment and rehabilitation problems now overwhelming the Nation's health and social welfare agencies.

The bill has been referred to the Labor and Public Welfare Committee where several important additional provisions within the jurisdiction of that committee will be considered. As ranking Republican member of that committee, and as author, with the Senator from Iowa (Mr. HUGHES), of the provisions that will be added to the bill, I am confident that they will be acted upon expeditiously. The further assistance of Senator HUGHES, who has long provided outstanding leadership in this field will be invaluable as our committee and the Senate considers this critically important legislation.

Mr. MCCLELLAN. Mr. President, I am proud of S. 2097 and the efforts of my distinguished colleagues—particularly Senators RIBICOFF, MUSKIE, PERCY, and JAVITS—in processing this very comprehensive bill to fight drug abuse. That this measure was reported unanimously today from our committee in my judgment bespeaks its merits and the effective role all of our Members feel it will play in leading our Nation's attack on the evils of illicit drug use.

We badly need the coordination and direction this bill will provide in our fight to eradicate illegal narcotics activity. I am confident this legislation will help us to combat trafficking in drugs and hopefully restore to useful life thousands of those who have been victimized and enslaved through the use of such instruments of destruction.

The illicit drug traffickers and the victims of drug addiction cause an untold amount of suffering not only to the users and their families—but also to the social, political, and economic fabric of our Nation. S. 2097 will help us to move promptly and bring to bear the full weight and impact of our resources against this insidious enemy.

We must prevent drugs from crippling more of our youth—both civilian and military—and from crippling the future of this great land. The money called for in S. 2097—$202 million over the present and next 3 fiscal years—is a modest investment, indeed, if we can overcome the costly horrors this menace has already wrought in America, and hopefully rehabilitate many of those who have suffered in its grasp. We must take positive action now to eliminate this threat lest it escalates beyond control.

ENROLLED BILLS SIGNED

The PRESIDENT pro tempore announced that on today, November 17, 1971, he signed the following enrolled bills, which had previously been signed by the Speaker of the House of Representatives:

H.R. 4729. An act 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;

H.R. 7072. An act to amend the Airport and Airway Development Act of 1970 to further clarify the intent of Congress as to priorities for airway modernization and airport development, and for other purposes; and

H.R. 11418. An act making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1972, and for other purposes.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

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

By Mr. CURTIS:

S. 2864. A bill to amend the Agricultural Act of 1970 to authorize the Secretary of Agriculture to make, for purposes of farm production history, appropriate adjustments in the per acre yield of farms on which production has increased substantially as the result of the introduction of irrigation on such farms. Referred to the Committee on Agriculture and Forestry.

By Mr. HATFIELD:

S. 2865. A bill to amend the Social Security Act to provide for partial general revenues financing of benefits under title II thereof, to make social security benefits subject to income taxation, to permit individuals covered under certain other retirement programs to elect not to be covered under social security, and to provide for the financing from general revenues of the health insurance programs established by parts A and B of title XVIII of such Act. Referred to the Committee on Finance.

By Mr. HARTKE (for himself, Mr. COOK, Mr. CRANSTON, Mr. HANSEN, Mr. HUGHES, Mr. RANDOLPH, Mr. STAFFORD, Mr. TALMADGE, and Mr. THURMOND):

S. 2866. A bill to amend title 38 of the United States Code to liberalize the provisions relating to payment of dependency death pension, and for other purposes; and

S. 2867. A bill to amend title 38 of the United States Code to liberalize the provisions relating to payment of dependency and indemnity compensation. Referred to the Committee on Veterans' Affairs.

By Mr. BIBLE:

S. 2868. A bill for the relief of Antoine Georgios Andriopoulos. Referred to the Committee on the Judiciary.

By Mr. HARTKE:

S. 2869. A bill to provide for the inclusion in printed media advertising and upon billboards of a conspicuous statement of a cigarette health warning; and

S. 2870. A bill to provide for regulation of business franchises, to require a full disclosure of the nature of interests in business franchises, to provide for increased protection of the public interest in the sale and operation of business franchises, and to provide for fair competition in the negotiation of franchise agreements. Referred to the Committee on Commerce.

By Mr. HUMPHREY (for himself, Mr. BAYH, Mr. BENTSEN, Mr. BROOKE, Mr. CASE, Mr. CRANSTON, Mr. HARRIS, Mr. HART, Mr. HATFIELD, Mr. JAVITS, Mr. KENNEDY, Mr. MCGEE, Mr. MONTOYA, Mr. MONDALE, Mr. MOSS, Mr. MUSKIE, Mr. NELSON, Mr. PELL, Mr. STEVENSON, Mr. TUNNEY, and Mr. WILLIAMS):

S.J. Res. 177. A joint resolution relating to the publication of economic and social statistics for Spanish-speaking Americans. Referred, by unanimous consent, to the Committee on Labor and Public Welfare.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HATFIELD:

S. 2865. A bill to amend the Social Security Act to provide for partial general revenues financing of benefits under title II thereof, to make social security benefits subject to income taxation, to permit individuals covered under certain other retirement programs to elect not to be covered under social security, and to provide for the financing from general revenues of the health insurance programs established by parts A and B of title XVIII of such act. Referred to the Committee on Finance.

FINANCING REFORM OF SOCIAL SECURITY AND MEDICARE

Mr. HATFIELD. Mr. President, I send to the desk a bill to amend the Social Security Act.

Mr. President, an index of the human-

ity of any civilization is how it takes care of its elderly. In our society, we have provided social security since 1935—albeit somewhat behind the first social security legislation which originated in Bismark's Germany in 1881. Still, for us it was a noble experiment. Virtually all Americans have grown to love and support the social security system. However, the system has become so encumbered with changes since its inception that few really know how it works, and even fewer would attempt to criticize it. Yet, there are upon examination, many shortcomings of the present system, some of which I would like to focus on today.

Today, social security is neither social nor security. It is not social in that all society does not equally participate. Nor is it security in that some are excluded, many are paid too little to retire on, and the trust fund concept is a sham that has little relationship to the insurance principles.

Let me first elaborate on the social part of social security. That is, who pays for the retirement of the elderly? As it now stands, as emphasized by the President's 1971 Advisory Council on Social Security and by the reports of the Brookings Institute, the social security system represents a transfer of income from lower and middle-income workers to the elderly unemployed. Social security contributions that support the system are not really insurance premiums, they are taxes. In fact, young workers could get three times the benefits from a private plan for such a level of contributions. And they are taxes on the wage of workers—currently the first $7,800 of earnings, but to rise to the $10,200 level in 1972, and $14,000 by 1980 in the House-passed bill (H.R. 1). The current 5.2-percent tax on wages up to this level is matched by an equal amount from employers. But as the Brookings Institution studies have shown, this additional tax is really also paid by workers because employers shift this tax back to workers in lower wages—or fewer jobs.

This means that the social security tax is now the most important tax for all workers earning under $10,000 per year. By next year, its total cost to the $10,000 worker will exceed that of his income tax obligation, assuming a family with two children. Under the existing bill this will rise to a 15-percent tax on the earnings of the $10,000 man by 1977, a far cry from the original measure 36 years ago that taxed each employee and employer 1 percent on the first $3,000 of wage earnings.

Thus, the social security contributions, really a payroll tax, have become the second most important tax in the American fiscal system—approaching $50 billion, second only to the income tax. But, the critical point here is that this tax falls on the lower and middle-income wage and salary workers because the tax rate falls to zero once income rises to about $7,800 this year and $10,200 next year. The tax is at zero on all nonwage income—dividends, rent, interest, and profits. Thus, the original concept of insurance for the retired wage earner on an equitable basis is negated.

Having established that the social cost of providing for the elderly is borne inequitably, but by the current generation of lower and middle-income working people, let us now turn to the security aspect of social security. More than 27 million Americans receive social security benefits. More than 90 percent of Americans are covered by the system. But how does the system work in providing security?

Surely, for some recipients, $100 a month is not a sufficient pension on which to live.

Surely, for the wealthy the social security benefits are not really needed, nor for that matter, even taxed.

Surely, for some, they do not represent work actually done. It is possible to qualify for social security by having had shares in oil lease operations that are defined as self-employed income.

Surely, for others, that growing number who choose to work after 65 and add to the national product, there are no social security benefits even though they might have paid social security taxes all their working lives and are still taxed after 65 on their current incomes.

And surely, there is no vast trust fund to pay out pensions for the future—the trust fund is only $36 billion, about 1 year's payments—for the payments are primarily financed by taxes on the working generation. And that is the critical point. To run the social security system as a private pension scheme is a myth recognized by social security experts. To put the system on a true actuarial basis would mean generating a fund equaling $200 billion by 1986 and nearly $1 trillion—equal to our current GNP—by the year 2025. To maintain this myth in the law means much higher payroll taxes now on the current generation. In fact, social security taxes would be falling, rather than increasing, if it were recognized that the most appropriate way to run a social security system is on a pay-as-you-go system. This is how many European countries are doing it—it is also the way it should be done here. The present system is based on the totally unrealistic assumption that wages will not rise over the next generation—and thus tax rates now have to grow higher over the years to pay for the greater cost of pensions in the future. This really means that the unified Federal budget tends to get more and more financial support from wage taxes on the lower- and middle-income groups, rather than from our traditional progressive tax sources, such as the income tax. Indeed, while the income tax rate is falling, the social security rate is rising. The fellow making just under $200 a week will see his social security tax payments rise from $405 to $755 by 1977, while his income tax payments are scheduled to fall. This also means that the fall in the income tax payments by the rich—for some the rate has fallen from 91 percent to 50 percent—is really being subsidized by higher payroll taxes on lower- and middle-income workers.

WHAT SHOULD BE DONE?

Recognizing that taking care of the elderly is a social responsibility of the rich as well as the middle- and lower-income workers; and

Recognizing that benefits should flow to all Americans in adequate amounts to sustain a decent living standard;

I propose the following recommendations:

First, social security taxes and payments should be on a purely pay-as-you-go basis to avoid the overtaxing of the current working generation. Anyone who has studied this subject knows that it is always the current generation of workers that must provide for those not able to work. It is unfair to use a payroll tax to finance other current projects of the Government which can and should be paid for by traditional progressive tax measures based on the ability to pay;

Second, the social security benefit system should be separated from medicare with respect to financing, while medicare would continue to be administered by the Social Security Administration. Medicare would be financed by general tax revenues which would significantly lower the burden on the wage earners who are presently bearing the financial responsibility for it;

Third, the payroll tax should be made optional to the worker as long as he or she is a member of an insurance or pension program of at least comparable magnitude in his or her judgment. This is only fair in that private insurance and pension plans now offer more incentive than would the Federal plan on a free market. And the goal is security in one's old age; and

Fourth, the first $100 per month of social security benefits should be financed out of the general revenue, not the payroll tax. Today, an individual can be eligible for benefits of a program into which he has paid very little, the burden falling on the other wage earners contributing to social security. If it is accepted that an individual is entitled to benefits that are not related to how much he has contributed to social security, then the middle and lower wage earner should not have to bear the primary responsibility.

This plan could both spur recovery—by across-the-board payroll increase for workers to spend—and fight inflation by cutting labor costs of unit production as well as to revive business profits. It would increase employment and help the American balance of payments in competing with imports, while making exports more competitive. The new burden of social security would be more equitably distributed than the old burden of disproportionately taxing the lower and middle income workers.

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

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

S. 2865

A bill to amend the Social Security Act to provide for partial general revenues financing of benefits under title II thereof, to make social security benefits subject to income taxation, to permit individuals covered under certain other retirement programs to elect not to be covered under social security, and to provide for the financing from general revenues of the health insurance programs established by parts A and B of title XVIII of such Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

FINANCING FROM GENERAL REVENUES OF FIRST $100 OF SOCIAL SECURITY BENEFITS

SECTION 1. Section 201 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(i) In addition to any monies appropriated, pursuant to the preceding provisions of this section, for any fiscal year to the Federal Old-Age and Survivors Insurance Trust Fund and to the Federal Disability Insurance Trust Fund, there is authorized to be appropriated to each such Fund in or with respect to each fiscal year, commencing with the fiscal year ending June 30, 1973, an amount equal to the amount of the expenses (other than administrative expenses) of each such Fund which are attributable to payments from such Fund, during such fiscal year, of monthly insurance benefits under this title to individuals (excluding, in determining the amount of such expenses incurred with respect to any individual, so much of any monthly insurance benefit of such individual as exceeds $100)."

ELECTIVE EXEMPTION FROM SOCIAL SECURITY COVERAGE BY INDIVIDUALS COVERED UNDER CERTAIN OTHER RETIREMENT PROGRAMS

SEC. 2. (a)(1) Section 210 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"SERVICES EXCLUDED UNDER ELECTION MADE BY INDIVIDUAL COVERED BY QUALIFIED RETIREMENT PROGRAMS

"(p) Notwithstanding the provisions of subsection (a), the term 'employment' shall not include any service with respect to which an election under section 3121(r) of the Internal Revenue Code of 1954 applies."

(2) Section 211(a) of such Act is amended—

(A) by striking out "and" at the end of paragraph (8);

(B) by striking out the period at the end of paragraph (9) and inserting in lieu thereof "; and"; and

(C) by inserting after paragraph (9) the following new paragraph:

"(10) There shall be excluded any income (and related items) with respect to which an election under section 1402(i) of the Internal Revenue Code of 1954 applies."

(b)(1) Section 1402(a) of the Internal Revenue Code of 1954 (relating to definition of net earnings from self-employment) is amended—

(A) by striking out "and" at the end of paragraph (9);

(B) by striking out the period at the end of paragraph (10) and inserting in lieu thereof "; and"; and

(C) by inserting after paragraph (10) the following new paragraph:

"(11) there shall be excluded any income (and related items) with respect to which an election under subsection (i) applies."

(2) Section 1402 of such Code (definitions relating to tax on self-employment income) is further amended by adding at the end thereof the following new subsection:

"(i) ELECTION OF EXEMPTION BY INDIVIDUALS COVERED BY QUALIFIED PROGRAMS.—

"(1) IN GENERAL.—Any individual who at the close of his taxable year is covered by a qualified retirement program (as defined in section 3121(r)) may, at his option, in such manner and form and at such time as the Secretary or his delegate shall by regulations prescribe, elect to be exempt from the tax under section 1401 for such taxable year. An election made by an individual for any taxable year under this paragraph shall be irrevocable (and may not be subsequently changed by amendment of such individual's return for such year or otherwise).

"(2) APPLICABILITY OF ELECTIONS.—An election made by an individual under paragraph (1) shall apply with respect to all income derived during the taxable year for which it is made from every trade or business carried on by such individual (and with respect to all deductions attributable to each such trade or business and any distributive shares of income or loss therefrom), and shall be effective with respect to any payments of estimated tax for the taxable year under section 6153 which fall due after it is made.

"(3) REQUIREMENT OF SIMULTANEOUS ELECTION WITH RESPECT TO EMPLOYMENT.—No election may be made for any taxable year under paragraph (1) by an individual who during such year performed service which constituted (for would but for an election under section 3121(r) constitute) 'employment' for purposes of chapter 21 unless such individual also makes an election with respect to all such service under section 3121(r); and, under regulations prescribed by the Secretary or his delegate, the election under paragraph (1) shall also include or be accompanied by such an election under section 3121(r)."

(c) Section 3121 of such Code (definitions under Federal Insurance Contributions Act) is amended by adding at the end thereof the following new subsection:

"(r) SERVICE EXCLUDED UNDER ELECTION MADE BY INDIVIDUAL COVERED BY QUALIFIED RETIREMENT PROGRAM.—

"(1) IN GENERAL.—For purposes of this chapter other than for purposes of the taxes imposed by section 3111, the term 'employment' shall not include any service with respect to which an election under paragraph (2) applies.

"(2) ELECTION OF EXEMPTION.—

"(A) IN GENERAL.—Any individual who at the close of his taxable year (which shall be determined in the manner provided by section 211(e) of the Social Security Act) is covered by a qualified retirement program may, at his option, in the manner provided in subparagraph (C), elect to be exempt from the tax under section 3101 for such taxable year. An election made by an individual for any taxable year under this paragraph shall be irrevocable (and may not be changed by amendment of such individual's return for such year or otherwise).

"(B) APPLICABILITY OF ELECTION.—An election made by an individual under this paragraph shall apply with respect to all service performed by such individual during the taxable year for which it is made which would constitute 'employment' for purposes of this chapter but for this subsection.

"(C) MANNER OF ELECTION.—An election by an individual under this paragraph to be exempt from the tax under section 3101 for any taxable year may be made only by filing a claim (which must be included in or accompany an election made under section 1402(i)(1) in the case of an individual who is described in section 1402(i)(3)) for a special refund of such tax under section 6413(d), by means of a credit against the income tax on account thereof under section 31(b) for such taxable year or otherwise.

"(3) MEANING OF 'QUALIFIED RETIREMENT PROGRAM'.—

"For purposes of this paragraph (and for the purposes of section 1402(i)) a 'qualified retirement program' means a program designed to provide, for workers covered thereunder, retirement, survivor and disability benefits which the Secretary of Health, Education, and Welfare determines to be comparable in value to the retirement, survivor, and disability benefits provided to individuals covered by the insurance program established by title II of the Social Security Act. An individual shall be deemed to have been covered by a qualified retirement program at the end of his taxable year only if he made (or had made on his behalf) contributions to, and was covered by, such program for all of the months of such year."

(d)(1) Section 6413 of the Internal Revenue Code of 1954 (special rules applicable to certain employment taxes) is amended by redesignating subsection (d) as subsection (e), and by inserting after subsection (c) the following new subsection:

"(d) SPECIAL REFUNDS ARISING OUT OF EXEMPTIONS BASED ON COVERAGE OF QUALIFIED RETIREMENT PROGRAM.—

"(1) IN GENERAL.—If an employee described in section 3121(a)(2)(A) receives wages from one or more employers for services performed during the taxable year, such employee shall be entitled (subject to the provisions of section 31(b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 3101 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate).

"(2) NOTIFICATION TO SECRETARY OF HEALTH, EDUCATION, AND WELFARE.—The Secretary or his delegate shall promptly notify the Secretary of Health, Education, and Welfare of each special refund allowed under this subsection."

(2) Section 6413(c) of such Code (relating to special refunds) is amended—

(A) by inserting "Based on Multiple Employment" after "Refunds" in the heading; and

(B) by inserting after "during such year" where it appears in clause (D) of paragraph (1) the following:

"(after the application of section 3121(r)(1) in any case to which it applies)".

(e) Section 31(b) of such Code (relating to credit for special refunds of social security tax) is amended—

(1) by inserting "or 6413(d)" after "section 6413(c)" in paragraph (1); and

(2) by inserting after "to which paragraph (1) applies" in paragraph (2) the following: "and which represents a special refund allowable under section 6413(c)".

(f) Section 205(c)(5)(F)(i) of the Social Security Act is amended by inserting after "information returns" the following: ", elections made under sections 1402(i) and 3121(r) of the Internal Retvenue Code of 1954,".

(g) The amendments made by this section shall apply only with respect to taxable years beginning after the date of the enactment of this Act.

FINANCING OF MEDICARE PROGRAMS FROM GENERAL REVENUES

SEC. 3. (a)(1) Section 1401 of the Internal Revenue Code of 1954 (relating to rate of tax on self-employment income) is amended—

(A) by striking out subsection (b) thereof; and

(B) by striking out "(a)" at the beginning of such section.

(2)(A) Section 3101 of such Code (relating to rate of tax on employees) is amended—

(i) by striking out subsection (b) thereof; and

(ii) by striking out "(a)" at the beginning of such section.

(B) Section 3111 of such Code (relating to rate of tax on employers) is amended—

(i) by striking out subsection (b) thereof; and

(ii) by striking out "(a)" at the beginning of such section.

(3) Section 6051(c) of such Code (relating to statements required to be furnished to employees by employers) is amended by striking out the last sentence thereof.

(4)(A) The amendments made by paragraph (1) shall be effective in the case of taxable years beginning after December 31, 1971.

(B) The amendments made by paragraph (2)(A) shall be effective with respect to wages received after December 31, 1971.

(C) The amendments made by paragraph (2)(B) shall be effective with respect to wages paid after December 31, 1971.

(b)(1) Section 1832 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(i) There are authorized to be appropriated to the Federal Hospital Insurance Trust Fund for each fiscal year (commencing with the fiscal year ending June 30, 1972) such sums as may be necessary to assure a sufficiency of monies in such Fund to permit the making of such payments therefrom as are authorized by law. Any funds authorized to be appropriated to such Fund by this subsection for any fiscal year shall be in addition to any funds authorized to be appropriated for such year to such Fund under any other provision of law."

(2)(A) Section 1837 of such Act is amended by adding at the end thereof the following new subsection:

"(f) Notwithstanding any other provision of this title, if, for any month, any individual is entitled to the insurance benefits provided under part A, such individual shall be deemed to be enrolled in the insurance program established by this part for such month and to be entitled to the benefits provided under such program."

(B) Section 1839(c) of such Act is amended by adding at the end thereof the following new sentence: "The preceding provisions of this subsection shall not be applicable to any individual deemed, under section 1837(f), to be enrolled in the insurance program established by this part."

(C) Section 1840 of such Act is amended by adding at the end thereof the following new subsection:

"(j) For purposes of this part, any premium owed by an individual, who is deemed (under section 1837(f)) to be enrolled for any month in the insurance program established by this part, shall be deemed to have been timely paid."

(D) Section 1844(a) of such Act is amended—

(i) in paragraph (1), (I) by inserting "(disregarding from such aggregate any premiums deemed to be paid under section 1840(f))" immediately after "Trust Fund", and (II) by striking out "and" at the end thereof;

(ii) in paragraph (2), by striking out the period at the end thereof and inserting in lieu of such period "; and"; and

(iii) by adding after paragraph (2) the following new paragraph:

"(3) a Government contribution equal to 200 per centum of the aggregate of the premiums deemed to be paid under section 1840(f)."

By Mr. HARTKE:

S. 2869. A bill to provide for the inclusion in printed media advertising and upon billboards of a conspicuous statement of a cigarette health warning. Referred to the Committee on Commerce.

ADVERTISING THE TAR AND NICOTINE CONTENT OF CIGARETTES

Mr. HARTKE. Mr. President, enactment of the Public Health Cigarette Smoking Act of 1969 made possible a statutory ban on television and radio broadcasting of cigarette advertising.

Today I am introducing a bill to make it unlawful for any person to advertise cigarettes without depicting the portion of the package that bears the following statement:

Warning: The Surgeon General Has Determined That Cigarette Smoking is Dangerous to Your Health.

Further, my bill adopts the 1969 act requirements that this statement must appear in conspicuous and legible type in contrast by topography, layout, or color with other printed matter on the package.

Mr. President, in the 1969 committee report the chairman of the committee and the chairman of the Consumer Subcommittee, said that—

Cigarette advertising in the broadcast media has been by far the most offensive means of cigarette promotion to the public health community, particularly because of the defenselessness of young people against the impact of radio and television.

Today, cigarette advertising is off the airwaves as a result of congressional action.

In 1969, it was said that advertising in newspapers and magazines "can perform a socially useful function by disclosing relative tar and nicotine levels."

Today, that function is generally being performed by the manufacturers.

In 1969, it was pointed out that without a warning in advertising, "the public will have no meaningful defense, even against a massive onslaught of print advertising employing themes designed to obscure the medical verdict against cigarette smoking."

Mr. President, my bill would achieve all of the goals called for in 1969 to protect the American consumer and would preclude a deception which might well provide an unwarranted competitive advantage where none should exist.

By Mr. HARTKE:

S. 2870. A bill to provide for regulation of business franchises, to require a full disclosure of the nature of interests in business franchises, to provide for increased protection of the public interest in the sale and operation of business franchises, and to provide for fair competition in the negotiation of franchise agreements. Referred to the Committee on Commerce.

FRANCHISE FAIR DISCLOSURE ACT

Mr. HARTKE. Mr. President, the recent proliferation of franchises and the ever-increasing possibility that many citizens may be damaged permanently by the gross misrepresentations of franchisors has made it quite clear that the time has come for the Federal Government to protect individuals against exploitation by unscrupulous franchise corporations. We find ourselves in a situation where would-be small businessmen are ruined before their businesses ever get underway.

The franchise business is growing at an ever-increasing rate. Today there are over 40,000 franchises that did not exist just 5 years ago. Recent years have seen burgeoning franchise sales records. For example, in 1969–70, the sale of franchises reached an estimated $90 billion per year, with an estimated 1,000 franchisors and some 500,000 franchisees operating nationwide. This mammoth marketing system now represents some $100 billion in retail sales annually. In light of these circumstances, there are no acceptable statutes or uniform codes that regulate the behavior of the franchisor-franchisee relationship in what has become one the Nation's largest industries.

The Franchise Fair Disclosure Act, is an attempt to provide State and local governments with a basic outline and standard of procedure. We must remember that while franchising as a marketing method is not new on the American financial stage, the recent phenomenal growth is. Therefore, legislation is needed to bring order to this field and to control its enormous growth while such statistical information is developed. My bill will accomplish this goal.

Likewise, Mr. President, legislation is needed to protect the individual. In many cases, persons who enter into a franchise agreement have invested their savings in anticipation of promised earnings. We are dealing here with a great American dream—a man's wish to operate his own business and benefit from the enterprise's success. Unfortunately, in far too many cases, dreams are crushed and life earnings lost to disreputable franchise corporations.

As the scope and intensity of involvement becomes broader, there is a shift in the success of the enterprise from the corporation to the franchisee. Too often, prospective buyers of a franchise are misled by such advertisements or brochures which read "no experience necessary," or "we provide everything." In many cases, experience may be quite helpful, and the franchisor does not supply everything as the advertisement indicated. The time has come for a comprehensive bill to protect the buyer of a business, as well as to ensure the integrity of the franchise industry.

Mr. President, the bill I propose would compel all franchise operations in the United States—including the District of Columbia and U.S. Territories—to be registered with the Federal Trade Commission—FTC.

The FTC would be empowered to review all applications for registration to determine if the franchisor has acted in good faith in his efforts to produce fair and full disclosure of all facts directly or indirectly related to the franchise operation. Registration would also act as a bank for collecting statistical data on franchising. The disclosure of these facts would be made to all franchisees and to the FTC, except in cases where the Commission has seen fit to exempt disclosure.

Exemption from disclosure is permissible under the provisions of this bill if the franchisor has demonstrated himself to be of solid financial standing and has operated at least 25 franchises over a specified period. The Federal Trade Commission, however, would have the power to require franchisors of this latter type to file fair and full disclosure statements.

The bill provides that the disclosure statement shall contain such information as the Commission may require by law, and any other information the Commission may request of the franchise corporation. The disclosure statement would include: Disclosure of the franchisor's name and State of incorporation; the names, addresses, and biographical data concerning each of the franchisor's directors and principal officers; a statement as to whether the franchisor or any of its directors or officers has been involved in certain legal or quasi-judicial proceedings; and a series of statements concerning franchise fees, costs, and obligations.

The disclosure statement set forth in this bill will protect the individual, and at the same time insure future progress in the franchise industry. For too long,

we have gone without this much-needed legislation. This bill has the ability to oversee one of our Nation's largest industries. The bill also provides for authorization of legal action for those who are injured as a result of a failure to comply with the rules and regulations of the Federal Trade Commission. Legal action would include treble damages, including attorney's fees and reasonable court costs.

Mr. President, I feel my bill provides not only for the present situation, but for the future. I urge the Senate to give this proposal full consideration. The future of franchising and small business in this Nation may well be determined by our actions on this bill. I ask unanimous consent that the complete text of my bill be printed at the conclusion of my remarks.

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

S. 2870

A bill to provide for regulation of business franchises, to require a full disclosure of the nature of interests in business franchises, to provide for increased protection of the public interest in the sale and operation of business franchises, and to provide for fair competition in the negotiation of franchise agreements

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Franchise Fair Disclosure Act of 1971."

FINDINGS AND PURPOSE

SEC. 2. The Congress finds and declares that it is in the public interest to enact protective legislation against unfair and deceptive acts and practices which have developed in the interstate sale, operation, and termination of a wide variety of business franchises by the use of the mails and instrumentalities of interstate commerce. The Congress further finds that in consequence of unfair and deceptive acts and practices numerous purchasers of business franchises have suffered substantial losses as a result of the failure or omission by franchisors to provide full and complete disclosure concerning the prior business experience of the franchisor, the nature of the franchisor-franchisee relationship, the nature of the franchise contract, the prospects of the franchised business and other facts essential to a businessman's determination of the desirability and profitability of the franchise. In consequence of the above findings, the Congress determines that it is in the public interest to (1) require that each prospective franchisee be provided with the information necessary to make an intelligent decision regarding franchises being offered for sale, (2) prohibit the sale of franchises that may lead to unfair or deceptive acts and practices or involve the likelihood that the franchisor's promises will not be fulfilled, (3) require the definition and regulation of unfair and deceptive acts and practices in the operation of franchise businesses and termination of franchise agreements, and (4) provide such administrative, civil, and criminal remedies as are necessary to make such requirements and prohibitions effective.

DEFINITIONS

SEC. 3. As used in this Act—

(1) The term "Commission" means the Federal Trade Commission.

(2) The term "person" means an individual, corporation, partnership, joint venture association, incorporated organization, or any other form of business organization.

(3) The term "franchise" means every aspect of the relationship between a franchisor and franchisee, created by an oral or written agreement or understanding or series of agreements, understandings, or transactions, which involve or result in a continuing commercial relationship of definite or indefinite duration, where a franchisee is granted or permitted to offer, sell, or distribute goods or commodities manufactured, processed, or distributed by the franchisor, or the right to offer or sell services established, organized, directed, or approved by the franchisor, and where the operation of franchisee's business franchise is substantially associated with a franchisor's trademark, service mark, trade name, advertising, or other commercial symbol designating the franchisor, and where the operation of franchisee's business is substantially reliant on goods or services or a marketing plan or system prescribed or supplied in substantial part by the franchisor. Unless specifically stated otherwise, such term includes an area franchise as hereinafter defined.

(4) The term "franchisor" means a person who grants a franchise.

(5) The term "franchisee" means a person to whom a franchise is granted.

(6) The term "area franchise" means any contract or agreement between a franchisor and a subfranchisor whereby the subfranchisor is granted the right, for a consideration given in whole or in part for such right, to sell or negotiate the sale of franchises in the name of or in behalf of the franchisor.

(7) The term "subfranchisor" means a person to whom an area franchise is granted.

(8) The term "franchise fee" means any fee or charge that a franchisee or subfranchisor is required to pay or agrees to pay for the right to enter into a business under a franchise agreement, including but not limited to, any such payments for goods or services.

(9) The term "sale" or "sell" includes any contract of sale or disposition of a franchise or interest in a franchise, for value. The term "offer," "offer for sale," or "offer to sell" includes any attempt or offer to dispose of or solicitation of an offer to buy a franchise, or an interest in a franchise, for value.

(10) The term "commerce" means trade or commerce in franchises or transportation or communication relating thereto among the several States, or between the District of Columbia, any territory of the United States, or any foreign country and any State, territory, or the District of Columbia, or within the District of Columbia.

(11) The term "territory" means the Commonwealth of Puerto Rico, the Canal Zone, the Virgin Islands, and the insular possessions of the United States.

(12) The term "write" or "written" shall include printed, lithographed, or any other means of graphic communication.

(13) The term "disclosure statement" means any disclosure statement, prospectus, circular, notice, advertisement, letter, or communication, written, or by radio or television, which offers any franchise for sale or confirms the sale of any franchise, except that a notice, circular, communication, or letter in respect of a franchise shall not be deemed to be a disclosure statement if it states from whom a written disclosure statement meeting the requirements of this Act and any rules or regulations promulgated by the Commission hereunder may be obtained, and does no more than identify the franchise, state the price thereof, state from whom it can be purchased, and such other information as may be prescribed by rule or regulation of the Commission.

AUTHORITY TO EXEMPT FRANCHISES

SEC. 4. The Commission may from time to time by its rules and regulations, exempt from the disclosure requirements of this Act any franchise:

(a) if the franchisor has a net worth on a consolidated basis, according to its most recent audited financial statement, of not less than $5 million; or if the franchisor has a net worth, according to its most recent audited financial statement, of not less than $1 million and is at least 80 per cent owned by a corporation which has a net worth on a consolidated basis, according to its most recent audited financial statement, of not less than $5 million; and (b) has had at least 25 franchisees conducting business at all times during the 5 year period immediately preceding the offer and sale; or has conducted business which is the subject of the franchise continuously for not less than 5 years preceding the offer or sale; or if any corporation which owns at least 80 per cent of the franchisor has had at least 25 franchises conducting business at all times during the 5 year period immediately preceding the offer or sale; or such corporation has conducted business which is the subject of the franchise continuously for not less than 5 years preceding the offer or sale; and (c) Discloses in writing to each prospective franchisee, at least 48 hours prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 48 hours prior to the receipt of any consideration, the following information:

(1) The name of the franchisor, the name under which the franchisor is doing or intends to do business, and the name of any parent or affiliated company that will engage in business transactions with franchisees.

(2) The franchisor's principal business address and the name and address of its agents authorized to receive service of process.

(3) The business form of the franchisor, whether corporate, partnership, or otherwise.

(4) The business experience of the franchisor, including the length of time the franchisor (i) has conducted a business of the type to be operated by the franchisees, (ii) has granted franchises for such business, and (iii) has granted franchises in other lines of business.

(5) a copy of the typical franchise contract or agreement proposed for use or in use in this State.

(6) A statement of the franchise fee charged, the proposed application of the proceeds of such fee by the franchisor, and the formula by which the amount of the fee is determined if the fee is not the same in all cases.

(7) A statement describing any payments or fees other than franchise fees that the franchisee or subfranchisor is required to pay to the franchisor, including royalties and payments or fees which the franchisor collects in whole or in part on behalf of a third party or parties.

(8) A statement of the conditions under which the franchise agreement may be terminated or renewal refused, or repurchased at the option of the franchisor.

(9) A statement as to whether, by the terms of the franchise agreement or by other device or practice, the franchisee or subfranchisor is required to purchase from the franchisor or his designee services, supplies, products, fixtures or other goods relating to the establishment or operation of the franchise business, together with a description thereof.

(10) A statement as to whether, by the terms of the franchise agreement or other device or practice, the franchisee is limited in the goods or services offered by him to his customers.

(11) A statement of the terms and conditions of any financing arrangements when offered directly or indirectly by the franchisor or his agent or affiliate.

(12) A statement of any past or present practice or of any intent of the franchisor to sell, assign, or discount to a third party any note, contract, or other obligation of the franchisee or subfranchisor in whole or in part.

(13) If any statement of estimated or pro-

jected franchisee earnings is used, a statement of such estimation or projection and the data upon which it is based.

(14) A statement as to whether franchisees or subfranchisors receive an exclusive area or territory.

UNFAIR AND DECEPTIVE ACTS AND PRACTICES RELATING TO FRANCHISE AGREEMENTS

SEC. 5. (a) It shall constitute an unfair and deceptive act or practice in commerce under the Federal Trade Commission Act for any franchisor, subfranchisor, or agent thereof, directly or indirectly—

(1) to sell or offer for sale any franchise unless a disclosure statement with respect to such franchise is in effect in accordance with the provisions of this Act and any rules or regulations promulgated by the Commission hereunder is furnished the prospective franchisee at the inception of any discussions or negotiations for the sale of such franchise.

(2) in selling or offering for sale any franchise—

(A) to employ any device, scheme, or artifice to defraud;

(B) to obtain money or property by means of a false or misleading representation with respect to any information included in the disclosure statement or with respect to any other information pertinent to the franchise and upon which the franchisee relies; or

(C) to engage in any transaction, practice, or course of business which operates or would operate as an unfair or deceptive act or practice with respect to a franchisee.

(b) Any contract or agreement for the purchase of a franchise covered by this Act shall be cancellable at the option of the franchisee upon delivery of written notice to the franchisor, if a valid disclosure statement is not in effect as provided by this Act and is not delivered to the prospective franchisee at least seven days in advance of his signing such contract or agreement. In the event of any such cancellation, the franchisor shall forthwith return to the franchisee any sums theretofore paid to the franchisor or to any third party on the direction of the franchisor.

EFFECTIVE DATE OF DISCLOSURE STATEMENT AND AMENDMENTS THERETO

SEC. 6. (a) Except as hereinafter provided, the effective date of a disclosure statement shall be the twentieth day after the filing thereof or such earlier date as the Commission may determine having due regard to the public interest and the protection of purchasers. If any amendment to any such statement is filed prior to the effective date of such statement, the disclosure statement shall be deemed to have been filed when such amendment was filed.

(b) If it appears to the Commission that a statement or any amendment thereto is incomplete or inaccurate in any material respect, the Commission shall so advise the franchisor within a reasonable time after the filing of the statement or amendment, but prior to the date the statement or amendment would otherwise be effective. Such notification shall serve to suspend the effective date of the statement and any amendments until thirty days after the franchisor files such additional information as the Commission shall require.

(c) If at any time a change shall occur affecting any material fact required to be contained in the statement, the franchisor shall promptly file an amendment thereto. Upon receipt of any such amendment the Commission may, if it determines such action to be appropriate in the public interest or for the protection of purchasers, suspend the disclosure statement until the amendment becomes effective. A failure to file any amendment required hereunder shall terminate the effectiveness of the offering statement.

(d) If it appears to the Commission at any time that the disclosure statement or any amendments thereto include any false or misleading statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, the Commission may issue an order suspending the effectiveness of the disclosure statement; at the same time, the Commission shall give notice and an opportunity for hearing (at a time fixed by the Commission). When such statement has been amended in accordance with such order, the Commission shall promptly so declare and thereupon the order shall cease to be effective.

(e) The Commission is empowered to make an investigation to determine whether an order should be issued under subsection (d). In making such investigation, all of the functions and powers of the Federal Trade Commission under the Federal Trade Commission Act are available to the Commission.

(f) Any notice required under this section shall be sent to or served on the franchisor or his authorized agent.

(g) A franchise offering shall be deemed in effect for a period of one year from the effective date of the disclosure statement and shall be subject to renewal in accordance with rules and regulations promulgated by the Commission.

INFORMATION REQUIRED IN DISCLOSURE STATEMENT

SEC. 7. (a) A disclosure statement shall contain such information as the Commission may by rules and regulations require as being necessary or appropriate in the public interest or for the protection of prospective franchisees, including, but not limited to—

(1) The name of the franchisor, the trade name(s) or trademark(s) under which he intends or is doing business, and the name of any parent or affiliated company that will engage in transactions with franchisees.

(2) The name of the State or other sovereign power under which the franchisor is organized and the location of the franchisor's principal place of business.

(3) the names and addresses, educational and business background, and biographical data, stated individually, of the directors, or persons performing similar functions, the chief executive, and the financial, accounting, and principal executive officers, chosen or to be chosen, if the franchisor is a corporation, association, or other entity, of all partners, if the franchisor is a partnership, and of the franchisor if the franchisor is an individual.

(4) A statement as to whether the franchisor or any of its directors, stockholders owning more than 10 per centum of the stock, or chief executive officers;

(a) has been convicted of a felony, or pleaded nolo contendere to a felony, or has been held liable in a civil action which involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; or

(b) is subject to any currently effective order of the Securities and Exchange Commission or the securities administrator of any State denying registration to or revoking or suspending the registration of such person as a securities broker or dealer or investment adviser or is subject to any currently effective order of any national securities association or national securities exchange (as defined in the Securities and Exchange Act of 1934) suspending or expelling such person from membership in such association or exchange; or

(c) is subject to any currently effective order or ruling of the Federal Trade Commission; or

(d) is subject to any currently effective injunctive or restrictive order relating to business activity as a result of an action brought by any public agency or department, including, without limitation, actions affecting a license as a real estate broker or salesman.

Such statement shall set forth the court, date of conviction or judgment, any penalty imposed or damages assessed, or the date, nature and issuer of such order.

(e) is subject to any currently effective injunctive or restrictive order or ruling relating to business activity as a result of action by any public agency or department; or

(f) has filed bankruptcy or been associated with management of any company that has been involved in bankruptcy or reorganization proceedings.

(5) The business experience of the franchisor, including the length of time the franchisor has conducted a business of the type to be operated by the franchisee; has granted franchises for such business; and has granted franchises in other lines of business.

(6) Recent financial statements of the franchisor. The Commission may by rule or regulation prescribe the form and content of financial statements required under this Act, the circumstances under which consolidated financial statements may be filed, and the circumstances under which financial statements shall be certified by independent certified public accountants or public accountants.

(7) A description of the franchise offered or to be sold, and a general description of the franchise business.

(8) A copy of the franchise agreement proposed to be used.

(9) A statement of the franchise fee charged, the proposed application of the proceeds of such fee by the franchisor, and the formula by which the amount of the fee is determined if the fee is not the same in all cases.

(10) A statement describing any payments or fees other than franchise fees that the franchisee or subfranchisor is required to pay to the franchisor, including royalties and payments or fees which the franchisor collects in whole or in part on behalf of third parties, markups on land, buildings, leases, signs, equipment, or supplies, and all other terms of the offer for sale, including a full disclosure of the total investment to be made by the franchisee.

(11) A statement of the lowest royalty fee for the use of a service mark, trade mark, or trade name which it charges to any other of its franchisees in the United States.

(12) A statement of those fees which may be refunded, in full or in part, and the circumstances under which such refunds may be made.

(13) A statement of the conditions under which the franchise agreement may be terminated or renewal refused, or repurchased at the option of the franchisor, and any limitations as to the right to sell, transfer, move, renew, or terminate the franchise.

(14) A statement as to whether, by the terms of the franchise agreement or by other device or practice, the franchisee or subfranchisor is required to purchase from the franchisor or his designee services, supplies, products, fixtures, or other goods relating to the establishment or operation of the franchise business, together with a description thereof, including the cost.

(15) A statement as to the goods, products, services, training programs, supervision, advertising promotion, and other management services to be provided by the franchisor.

(16) A statement of the length of time it will take to obtain the franchise, and the average length of time between the signing of a franchise agreement and the opening of the franchisee's outlet.

(17) A statement as to whether, by the terms of the franchise agreement or other device or practice, the franchisee is limited

in the goods or services offered by him to his customers.

(18) A statement whether the franchisor requires the franchisee to participate personally in the direct operation of the franchise.

(19) A statement of the terms and conditions of any financial arrangements when offered directly or indirectly by the franchisor or his agent.

(20) A statement of any past or present practice or of any intent of the franchisor to sell, assign, or discount to a third party any note, contract, or other obligation of the franchisee in whole or in part.

(20) A statement of the number of franchises presently operating and the number proposed to be sold, indicating which franchises, if any, can be owned and their addresses.

(22) A statement of the number of franchisees, if any, that operated at a loss during the previous year.

(23) A list of at least ten representative operating franchisees, with their addresses and telephone numbers, situated similarly to the franchise being offered and located, to the extent possible, in the same geographic area.

(24) Subject to any limitations imposed by the Commission, a statement of available earnings of past and present franchises and a fair analysis of their performance, including records of failures, and resales to the franchisor.

(25) A statement as to whether franchisees and subfranchisors receive an exclusive area or territory.

(26) A statement as to the methods and responsibilities of the parties in determining the site for the franchisee's outlet.

(27) A statement setting forth such other information as the Commission may require.

(28) A statement setting forth such information as the franchisor may desire to present.

(29) A statement of any compensation or other benefit given or promised to a public figure arising, in whole or in part, from the use of the public figure in the name or symbol of the franchise.

(30) When the person filing the disclosure statement is a franchisor, the statement shall include the same information concerning the subfranchisor as is required from the franchisor pursuant to this schedule.

(b) The disclosure statement shall not be used for any promotional purposes before it becomes effective, and then only if it is used in its entirety. No person may advertise or represent that the Commission approves or recommends the sale of any franchise. No portion of the disclosure statement shall be underscored, italicized, or printed in larger or bolder type than the balance of the statement unless the Commission requires or permits it.

REGISTRATION OF FRANCHISES

SEC. 8. (a) Applications for registration, registration renewal statements and amendments thereto, shall be signed and verified by the franchisor or by the subfranchisor.

If the Commission determines that the applicant has failed to demonstrate that adequate financial arrangements have been made to fulfill obligations to provide real estate improvements, equipment, inventory, training or other items included in the offering, the Commission may by rule or order require the escrow or impound of franchise fees and other funds paid by the franchisee or subfranchisor until no later than the time of opening of the franchise business, or, at the option of the franchisor, the furnishing of a surety bond as provided by rule of the Commission, if it finds that such requirement is necessary and appropriate to protect the public interest.

(b) The application for registration shall contain such information as the Commission may by rule require.

(c) The Commission may suspend or revoke the registration of any franchise if it finds with respect thereto—

(1) that there has been a failure to comply with any of the provisions of this Act or the rules of the Commission pertaining thereto, or

(2) that the offer or sale of the franchise would constitute misrepresentation to, or deceit or fraud of the purchasers.

(d) The Commission may vacate or modify the suspension or revocation of a franchise registration if it finds that the conditions which caused such suspension or revocation have changed.

(e) A franchise offering shall be deemed duly registered for a period of one year from the effective date of the registration, unless the Commission by rule specifies a different period.

(f) A registration may be renewed under such procedures as the Commission by rule shall require.

(g) A franchisor shall promptly notify the commissioner in writing of any material change in the information contained in the application as originally submitted, amended or renewed. Such notification shall constitute an application to amend the registration. The Commission may by rule prescribe what constitutes a material change for purposes of this section.

PROMULGATION OF RULES AND REGULATIONS

SEC. 9. (a) The Commission is authorized to promulgate such rules and regulations as it deems necessary to implement and interpret this Act, including but not limited to, rules and regulations defining as unfair and deceptive certain acts and practices of franchisors such as directly or indirectly engaging in competition with any franchisee using methods which constitute unfair methods of competition under the Federal Trade Commission Act (terminating, canceling, or failing to renew a franchise without adequate notice and otherwise protecting the rights of the franchise; using unfair and deceptive methods to induce a franchisee to sell back his franchise business to the franchisor or a third party).

(b) Rules and regulations shall be promulgated by the Commission pursuant to section 553 of title 5, United States Code.

CIVIL LIABILITIES

SEC. 10. (a) In case any part of a disclosure statement, which has become effective, contains a false or misleading statement of a material fact, or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, or in case any franchisor commits an unfair or deceptive act or practice in violation of a rule or regulation promulgated by the Commission hereunder, any person expending money in connection with acquiring a franchise covered by such offering statement from a franchisor, subfranchisor, or agent thereof, during such period as the statement remains uncorrected, or any person who has suffered damage by reason of such unfair or deceptive act or practice of a franchisor may sue at law or in equity, in any court of competent jurisdiction, the franchisor, subfranchisor, or agent.

(b) Any franchisor, subfranchisor, or agent who commits any unfair or deceptive act or practice in violation of a rule or regulation promulgated by the Commission hereunder, or who sells a franchise—

(1) in violation of section 5, or

(2) by means of an offering statement containing a false or misleading statement of a material fact or by omitting to state a material fact required to be stated therein or necessary to make the statements therein not misleading,

may be sued by any person who was damaged as the result of such violation or by the purchaser of the franchise.

(c) The suit authorized under subsection (a) or (b) of this section may be brought to recover damages up to three times damages sustained or the cost of the franchise, whichever is greater, including reasonable attorney's fees and reasonable court costs.

(d) Any person who becomes liable to make any payment under this section may recover an equitable contribution, as in cases of contract, from any person who, if sued separately, would have been liable to make the same payment.

OTHER LAWS AFFECTED

SEC. 11. Disclosure or other requirements of a State with respect to franchises inconsistent with those set forth in this Act shall be preempted. Nothing contained in this Act shall be construed to repeal, invalidate, or supersede the Federal Trade Commission Act (15 U.S.C. 41 et seq.).

OTHER REMEDIES

SEC. 12. (a) It shall be a violation of section 5(a)(1), of the Federal Trade Commission Act (15 U.S.C. 45(a)(1)) for any person subject to the provisions of this Act to fail to comply with any requirements imposed upon such person by or pursuant to any rule or regulation of the Commission promulgated under this Act, or to violate any provision contained in this Act.

(b) The Commission shall have all of the rights and remedies with respect to this Act as the Commission has with respect to violations of section 5(a)(1) of the Federal Trade Commission Act.

(c) Whenever it shall appear to the Commission that any person is engaged, or is about to engage, in any act or practice which constitutes or will constitute a violation of this Act, or any rule or regulation prescribed thereunder, the Commission, acting through any of its attorneys designated by it for such purpose, may in its discretion, bring an action in any district court of the United States, United States court of any territory, or the United States District Court for the District of Columbia to enjoin such acts or practices, and upon a proper showing a permanent or temporary injunction or restraining order shall be granted without bond. The Commission may transmit such evidence as may be available concerning such acts or practices to the Attorney General who may, in his discretion, institute the necessary criminal proceedings under this Act.

JURISDICTION OF OFFENSES AND SUITS

SEC. 13. The district courts of the United States, the United States courts of any territory, and the United States District Court for the District of Columbia shall have jurisdiction of offenses and violations under this Act and under the rules and regulations prescribed pursuant thereto, and concurrent with State courts, of all suits in equity and actions at law brought to enforce any liability or duty created by this Act. Any such suit or action may be brought in the district wherein the defendant is found or is an inhabitant or transacts business, or in the district where the offer or sale took place, if the defendant or his agent participated therein, and process in such cases may be served in any other district of which the defendant is an inhabitant or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 1254 and 1291 of title 28 of the United States Code. No costs shall be assessed for or against the Commission in any proceeding under this Act brought by or against it in any court.

UNLAWFUL REPRESENTATIONS

SEC. 14. The fact that a disclosure statement with respect to any franchise has been filed or is in effect shall not be deemed a finding by the Commission that the disclosure statement is in any way true and accurate in substance or on its face, or be held to mean that the Commission has in any way

passed upon the merits or given approval to such franchise. It shall be unlawful to make or cause to be made, to any prospective purchaser any express or implied representation contrary to the foregoing.

PENALTIES FOR WILLFUL VIOLATIONS

SEC. 15. Any person who willfully violates any provision of this Act, or any rule or regulation promulgated thereunder, or any person who willfully, in a disclosure statement filed under this Act, makes any false or misleading statement of a material fact, or omits to state any material fact required to be stated therein or necessary to make the statements therein not false or misleading, shall upon conviction be fined not more than $10,000 or imprisoned not more than five years, or both.

JURISDICTION OF OTHER GOVERNMENT AGENCIES

SEC. 16. Nothing in this Act shall relieve any person from submitting to the respective supervisory units of the Government of the United States information, reports, or other documents which may be required by law. The filing of a registration statement hereunder shall not be deemed to confer any immunity from liability for violation of any other laws.

LIMITATION OF ACTIONS

SEC. 17. No action shall be maintained to enforce any liability created under section ——— unless brought within two years after the discovery of the untrue statement or the omission, or after such discovery should have been made by the exercise of reasonable diligence, or if the action is to enforce a liability created under section (1), unless brought within two years after the violation upon which it is based occurred. In no event shall any such action be brought by a franchisee more than three years after the sale of the franchise to the franchisee.

CONTRARY STIPULATIONS VOID

SEC. 18. Any condition, stipulation, or provision binding any person acquiring any franchise to waive compliance with any provision of this Act or of the rules and regulations prescribed thereunder shall be without effect and void.

ADDITIONAL REMEDIES

SEC. 19. The rights and remedies provided by this Act shall be in addition to any and all other rights and remedies that may exist at law or in equity.

By Mr. HUMPHREY (for himself, Mr. BAYH, Mr. BENTSEN, Mr. BROOKE, Mr. CASE, Mr. CRANSTON, Mr. HARRIS, MR. HART, Mr. HATFIELD, Mr. JAVITS, Mr. KENNEDY, Mr. MCGEE, Mr. MONTOYA, Mr. MONDALE, Mr. MOSS, Mr. MUSKIE, Mr. NELSON, Mr. PELL, Mr. STEVENSON, Mr. TUNNEY, and Mr. WILLIAMS):

S.J. Res. 177. A joint resolution relating to the publication of economic and social statistics for Spanish-speaking Americans. Referred, by unanimous consent, to the Committee on Labor and Public Welfare.

GREATER OPPORTUNITY FOR SPANISH-SPEAKING AMERICANS

Mr. HUMPHREY. Mr. President, we live in a society in which significant change often seems to come in sudden bursts in reaction to disclosure of a situation that has existed for many years.

In the decade of the 1960's, Americans "discovered" many things about their society that had been hidden or had become invisible beneath a veneer of postwar prosperity.

We discovered that there were nearly 40 million Americans living in poverty.

We discovered millions of American adults and children hungry and living on inadequate diets.

We discovered that our environment was being poisoned to the extent that our health was in danger.

We discovered that much more had to be done in Congress and all across the Nation to secure equal opportunity for millions of black Americans.

And we discovered that American cities were becoming unlivable for the millions of Americans forced to live in them and for those who yearly migrated to urban America from rural areas.

The American public was made aware of those great domestic problems by men and women in and out of Government willing to look and probe beneath the surface of American society. As a result of their courage and foresight the United States has begun to confront these problems and to identify how they might be solved. Progress has been made. Certainly not enough. But at least we are aware of the scope and magnitude of what must be done to improve the quality of life for all Americans.

But the identification of the urgent needs and problems of millions of Americans during the 1960's was not by any means a complete or thorough process.

And in the hectic pace of public discovery and commitment of resources, there were groups of people left behind and problems unidentified. I do not believe that we can continue to rely in the 1970's on a somewhat haphazard system of identification of existing and often deep-rooted problems that suddenly become crises when the public is made aware of them by a perceptive book, magazine article or television program.

The Federal Government itself must take a more active role in bringing to the attention of all the Government agencies and all branches of Government in addition to private organizations and individuals, the needs of people.

I am introducing today a Senate joint resolution which will begin to have the Federal Government identify the economic and social condition of 12 to 15 million Spanish-speaking Americans.

I believe these people have been left behind in our efforts to eradicate poverty, provide justice, and eliminate racial prejudice in American life.

The 12 to 15 million Americans who identify themselves as Spanish speaking trace their origins from Mexico, Puerto Rico, Cuba, Central and South America and other Spanish-speaking countries. Slightly more than half of these people are of Mexican-American origin with nearly 20 percent of this population comprising people of Puerto Rican origin.

The plight of Spanish-speaking Americans is one of a people striving for justice and equal opportunity. They continue to be the victims of racial, economic, social, and political discrimination which forces them into a type of second-class citizenship. And although their self-identity and racial pride have been reinforced in the past few years as they attempt to gain the equal rights they deserve, national public awareness of the urgency of their special needs is negligible.

In many cities throughout the Nation—in Los Angeles, New York, Denver, San Antonio, and Chicago, to name just a few—many Spanish-speaking Americans live in a cycle of poverty from which it is extremely difficult to escape.

Deplorable housing, poor diets, an education designed primarily for white middle class children, job discrimination, menial labor, and unemployment are all part of "barrio" life in American cities and towns. In New York City, 55 percent of the Puerto Rican males over 25 living in an identified poverty area had less than 8 years of education. And in Los Angeles, 69 percent of the Mexican-American residents of East Los Angeles between 25 and 34 years of age completed less than 4 years of high school.

Education is the key to greater economic and social opportunity in American life.

And the special bilingual needs of Spanish-speaking children, though much discussed, are not being met by either the Federal or State governments. Bilingual education is essential not only to retain cultural self-identity, but to improve the learning processes of American children whose mother tongue is not English. The failure of Spanish-speaking children to learn and achieve in school is often the result of language problems. It is understandable that the dropout rate among Spanish speaking in high schools is very high.

The poverty cycle in which millions of Spanish-speaking Americans are caught leads inevitably to dead-end jobs, menial labor, and unemployment. And unemployment is rampant in Spanish-speaking communities all across the Nation.

We know that unemployment is serious among Spanish-speaking teenagers and adults and far surpasses the high unemployment rate among whites. Unemployment figures for Spanish-speaking citizens are provided at irregular intervals by the Labor Department's Bureau of Labor Statistics.

But there is no monthly report of national unemployment among the Spanish speaking published by the Bureau of Labor Statistics in their monthly summary which is widely reported in the press and on television.

At the beginning of each month the American public is informed of the national unemployment rate for the white and black population. I see absolutely no reason why America's second largest minority—the Spanish speaking—should be excluded from this reporting procedure especially since regional statistics indicate that unemployment among the Spanish speaking is greater than white unemployment and is equal to or greater than the alarming level of black unemployment.

Members of Congress, the public, and certainly members of the executive agencies and departments have a need to know the monthly unemployment rate for Spanish-speaking citizens.

No one can tell me that 12 to 15 million people represent too insignificant a group to be included in the Department of Labor's monthly statistical reporting.

I am sure that my colleagues on both sides of the aisle would agree that the commitment of Federal, State, and private resources cannot occur without an accurate assessment of need. The social statistics concerning the condition of America's Spanish-speaking citizens are needed now without continued delay.

The joint resolution that I am offering today asks the Department of Labor and the Census Bureau to cooperate in order to include the national unemployment rate of Spanish-speaking Americans in the monthly unemployment report for the white and black population published on the first Thursday of every month.

The resolution further asks the Labor and Agriculture Departments and the Census Bureau to publish statistics that will provide indicators of the social and economic condition of Spanish speaking citizens in urban and rural America.

Mr. President, we are a Nation that is desperately in need of more information about all of our people. I believe that we can no longer continue to view the degradation and misery of poverty and hunger in America without knowing its exact dimensions so that we can provide the resources to eradicate it.

The Spanish-speaking Americans are rightly demanding equality and justice. But I do not see how we can begin to meet these demands unless we are cognizant of the true needs of this great people.

Too much time has passed for us to delay any more. The Federal Government must be responsive. The progress of Chicanos, Boricuas, and Hispanos toward justice and equality must not be delayed. I think the first step is recognition and public awareness of need. After this, we must begin to provide the tools to meet demands that have gone unmet for too many decades.

Mr. President, I offer this resolution for myself and Senators BROOKE, MOSS, HATFIELD, MCGEE, BENTSEN, MUSKIE, KENNEDY, BAYH, MONDALE, NELSON, CRANSTON, WILLIAMS, HARRIS, CASE, JAVITS, MONTOYA, PELL, STEVENSON, and TUNNEY.

I am also pleased to announce that Congressmen BADILLO and ROYBAL are introducing this resolution in the House.

Mr. President, I ask unanimous consent that the resolution be printed at this point in the RECORD.

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

S.J. RES. 177

Whereas, nearly 12 million Americans identify themselves as Spanish speaking and trace their origins from Mexico, Puerto Rico, Cuba, Central and South America and other Spanish speaking countries; and

Whereas, the Spanish speaking in America have made significant contributions to enrich American culture and have served their nation well in times of war and peace; and

Whereas, a large number of Spanish speaking Americans suffer from racial, social, economic and political discrimination and are denied the basic opportunities they deserve as American citizens and which would enable them to begin to lift themselves out of the poverty that they now endure; and

Whereas, state and Federal governments and private organizations are now unable to determine accurately the urgent and special needs of the Spanish speaking in the United States because there is not a regular, nationwide evaluation of the economic and social status of Spanish speaking Americans; and

Whereas, the provision and commitment of state, Federal and private resources can only occur when there is an accurate and precise assessment of need, Now therefore, be it

Resolved, by the Senate and House of Representatives of the United States of America in Congress assembled, that the Department of Labor in cooperation with the Bureau of the Census immediately begin to undertake the collection and compilation of data in order to provide for the monthly publication by the Bureau of Labor Statistics, beginning not later than January, 1972 of the nationwide unemployment rate among Spanish speaking Americans; and that the Bureau of the Census and the Department of Labor and the Department of Agriculture undertake further efforts to collect and publish regularly statistics which provide indicators of the social and economic condition of Spanish speaking citizens in urban and rural America.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 1893

At the request of Mr. BIBLE, the Senator from Washington (Mr. JACKSON), the Senator from the State of Idaho (Mr. CHURCH), the Senator from Montana (Mr. METCALF), and the Senator from South Dakota (Mr. MCGOVERN) were added as cosponsors of S. 1893, to restore the golden eagle program to the Land and Water Conservation Fund Act, provide for an annual camping permit, and for other purposes.

S. 2349

At the request of Mr. TUNNEY, the Senator from Florida (Mr. CHILES), the Senator from New York (Mr. JAVITS), the Senator from Utah (Mr. MOSS), the Senator from Maine (Mr. MUSKIE), the Senator from Wisconsin (Mr. PROXMIRE), and the Senator from Illinois (Mr. STEVENSON) were added as cosponsors of S. 2349, the Voting Rights Act Amendments of 1971.

S. 2837

At the request of Mr. PELL, the Senator from Utah (Mr. MOSS) was added as a cosponsor of S. 2837, the Museum Services Act.

SENATE RESOLUTION 195—SUBMISSION OF A RESOLUTION CALLING FOR THE PRINTING AS A SENATE DOCUMENT A REPORT BY THE GENERAL ACCOUNTING OFFICE

(Referred to the Committee on Rules and Administration.)

Mr. MCCLELLAN submitted the following resolution:

S. RES. 195

Resolved, That there be printed, with illustrations, as a Senate document a report compiled by the General Accounting Office at the request of the Committee on Government Operations entitled "Financial Management in the Federal Government—Volume II"; and that there be printed one thousand five hundred additional copies of such document for the use of that committee.

SENATE CONCURRENT RESOLUTION 51—SUBMISSION OF A CONCURRENT RESOLUTION RELATING TO THE RIGHTS OF ALL PERSONS TO EMIGRATE

(Referred to the Committee on Foreign Relations.)

THE RIGHT TO EMIGRATE

Mr. BUCKLEY. Mr. President, I am today submitting, on behalf of the Senator from Tennessee (Mr. BROCK) and myself, a concurrent resolution, conforming precisely to one introduced in the House of Representatives by Congressman JACK KEMP, which expresses "the sense of the Congress that the President, acting through the United Nations, should present to the United Nations General Assembly in fitting manner the issue of the right to emigrate from and also return to one's country."

We are all aware of the persistent violations by Communist nations of the fundamental right of emigration, one that is specifically written into the United Nations' Universal Declaration of Human Rights. This persistent refusal to allow a citizen to leave has most recently been dramatized by the plight of Russian Jews who seek to find a new life elsewhere.

This resolution has been the subject of hearings before the House Foreign Affairs Committee. I am advised, further, that it is acceptable to the Department of State; and that its language has been reviewed by members of our U.S. delegation, and is acceptable to Ambassador Bush.

Mr. President, I urge the House of Representatives and the Senate to act promptly on this concurrent resolution.

The concurrent resolution (Senate Concurrent Resolution 51), reads as follows:

S. CON. RES. 51

Whereas the Congress is concerned about the fact that some nations have not adhered to the United Nations Declaration of Human Rights which specifically recites that all people have a right to expatriate themselves—to pass freely from state to state, to remove themselves from a jurisdiction which they find destructive or offensive to their rights; and

Whereas the vengeful trial of Jews attempting to leave Lengingrad, the plight of hundreds like Rita Gluzman whose husband has not been allowed to emigrate from Ukraine to join her and their baby son in Israel, the killing of approximately 65 people trying to flee East Berlin, the brutal beating, recapture, and subsequent prosecution of the Lithuanian seaman on an American Coast Guard vessel, the expressed fear of Solzhenitsen that if he accepted the Nobel Prize in Stockholm, he could be barred forever from his Russian homeland are all evidence of the fact that some nations have not honored the aforementioned basic and internationally recognized human right, and right of everyone to leave any country and return to his own country; and

Whereas both authoritative world opinion and international law consider the right to leave and to return as a fundamental human right binding on all governments; and

Whereas this extremely important moral issue has never been brought before the United Nations General Assembly: Now, therefore, be it resolved by the Senate (the House

of Representatives concurring), That it is the sense of the Congress that the President, acting through the United Nations, should present to the United Nations General Assembly in fitting manner the issue of the right to emigrate from and also return to one's country.

REVENUE ACT OF 1971—AMENDMENTS

AMENDMENT NO. 697

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

Mr. HOLLINGS submitted an amendment intended to be proposed by him 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.

AMENDMENT NO. 698

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

Mr. COTTON submitted an amendment intended to be proposed by him to the bill (H.R. 10947), supra.

AMENDMENT NO. 699

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

Mr. MATHIAS (for himself, Mr. SCOTT, and Mr. COOK) submitted an amendment, intended to be proposed by them, jointly, to amendment No. 692, proposed by Mr. PASTORE, to the bill (H.R. 10947), supra.

AMENDMENT NO. 700

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

Mr. PELL submitted an amendment intended to be proposed by him to the bill (H.R. 10947), supra.

AMENDMENT NO. 701

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

Mr. MATHIAS (for himself, Mr. SCOTT, and Mr. COOK) submitted an amendment intended to be proposed by them jointly to amendment No. 692, proposed by Mr. PASTORE, to the bill (H.R. 10947), supra.

CREDIT UNION SHARE INSURANCE AMENDMENTS—AMENDMENT

AMENDMENT NO. 702

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

Mr. PROXMIRE submitted an amendment intended to be proposed by him to the bill (H.R. 9961) to provide Federal credit unions with 2 additional years to meet the requirements for insurance, and for other purposes.

NOTICE OF HEARING ON NOMINATIONS IN THE U.S. DISTRICT COURTS

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Tuesday, November 23, 1971, at 10:30 a.m., in room 2228, New Senate Office Building, on the following nominations:

Charles M. Allen, of Kentucky, to be U.S. district judge, western district of Kentucky, vice Henry L. Brooks, elevated.

Clarence C. Newcomer, of Pennsylvania, to be U.S. district judge, eastern district of Pennsylvania, vice C. William Kraft, Jr., retired.

At the indicated time and place persons interested in the hearing may make such representations as may be pertinent.

The subcommittee consists of the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Nebraska (Mr. HRUSKA), and myself as chairman.

NOTICE OF HEARINGS ON CRIMINAL LAWS AND PROCEDURES

Mr. MCCLELLAN. Mr. President, as chairman of the Subcommittee on Criminal Laws and Procedures of the Committee on the Judiciary, I wish to announce hearings on the following bills relating to the general subjects of compensation for victims of criminal acts and to establish a group life insurance program for persons engaged in law enforcement and related fields:

S. 16, to provide civil remedies to victims of activities prohibited by title IX of the Organized Crime Control Act of 1970. [Sens. McClellan and Hruska]

S. 33, to authorize the Attorney General to provide a group life insurance program for State and local government law enforcement officers. [Sen. Kennedy]

S. 750, to provide for the compensation of persons injured by certain criminal acts, to make grants to States for the payment of such compensation. [Sen. Mansfield]

S. 1946, to authorize the Attorney General to provide a group life insrance program for State and local government law enforcement and firefighting officers. [Sen. Humphrey]

S. 2087, to provide benefits to survivors of police officers killed in the line of duty. [Sens. McClellan and Hruska]

S. 2426, relating to crimes involving property in interstate or foreign commerce to provide a civil action for damages resulting from violations of section 659 of title 18, U.S.C. [Sen. Bible]

S. 2748, to provide benefits to survivors of police officers, prison guards, and firemen killed in the line of duty. [Sen. Boggs, et al]

The hearings are scheduled for Tuesday, November 30, 1971, at 10 a.m., in room 3302 of the New Senate Office Building.

Any person who wishes to testify or submit a statement pertaining to the subject matter of any of the above-listed bills should communicate with the Subcommittee on Criminal Laws and Procedures, room 2204, New Senate Office Building, telephone 202–225–3281.

ADDITIONAL STATEMENTS

THE CONGRESS—PARTISAN OR RESPONSIVE ON CONSERVATION

Mr. MANSFIELD. Mr. President, Secretary of the Interior Morton spoke recently at Princeton on the conservation issues we face as a Nation. He gave a comprehensive sketch of the sweep of events that have marked our impact on our land and resources.

He then listed some of the agenda for America as he sees it—and with much of it I can agree.

However, Secretary Morton also observed:

Our system of government is now facing the great test. The Congress will prove whether it is partisan or responsive. I have always believed that partisan politics are a secondary consideration—but if Congress does not act on these proposals, the truth will out.

I regret that Secretary Morton believes that if the Congress which is made up of Democrats and Republicans, does not pass the administration's litmus test it is acting as a partisan.

I see a not so veiled threat that come campaign time the Congress will be tagged for the failure of the administration to achieve.

The deep well of interest and concern for our Nation and its land and resources is fed by the hopes and aspirations of the American people. They have asked their Government—not just the Congress and not just the executive and not just the judiciary—they have asked their Government to meet the issues. As with any Nation—any people there are differing views on priorities as well as on the best cause to take.

Before the Secretary and his associates are propelled too far down the path in assessments of partisanship and responsiveness, a few salient facts may prove useful.

ORDERLINESS

The concept of a Department of Natural Resources has been long discussed. President Franklin D. Roosevelt moved toward it. President Harry Truman commissioned ex-President Hoover to study the whole field of organization. One of Mr. Hoover's recommendations dealt with a Department of Natural Resources—and I do not recall in the Eisenhower years that it received much attention. In the Kennedy-Johnson era, Senator Ted Moss introduced legislation to reach this goal and again there was not executive branch enthusiasm. Now President Nixon has his Ashe Commission and his proposals. Republican and Democratic administrations and Congresses have not been able to fashion a new organization for Government in the resources field. When it is achieved it will be a bipartisan accomplishment.

LAND-USE PLANNING

It just happens that Senator HENRY M. JACKSON and Senator EDMUND MUSKIE led in proposing a national land-use policy.

Comprehensive water resources planning and the creation of the Council on Environmental Quality are areas where Congress has led.

Powerplant siting and strip mines reclamation, two topics Mr. Morton said were high on the President's list have an equally long record of positive interest by the Congress.

To claim that "The President has initiated a concept of land-use policy which includes the protection and management of the public lands on the basis of multiple use and sustained yield" is quite at odds with the facts. When the Nixon administration came into office the act of September 19, 1964, Public Law 88–607, the public land multiple use and sustained yield act was in operation. This law was temporary, having been extended

in 1967 along with the Public Land Law Review Commission.

Now that act has expired—in fact it expired in December 1970. The administration was on notice it would expire then but only recently has it come forward with a legislative proposal and this well after Members of Congress had introduced bills to reenact this legislation, in fact, before the act expired Members of the Senate offered to work with the administration to prevent its expiration and their encouragement was nil.

The 1872 mining law has been a subject of long controversy. There are before the Congress a number of bills to reform this policy, but it was not until October 12, 1971, that the administration presented its counterproposals.

There are going to be honest differences of opinion on this legislation which I dare say will find some Republicans and some Democrats holding different views than the administration.

Recently the Senate enacted by a vote of 86 to 0 the Water Pollution Act to strengthen or resolve in this vital environmental area. I do not say that a vote of 86 to 0 indicates a perfect bill but one would have to have a wild imagination to claim it was a partisan bill. Yet, now the administration is having some second thoughts and may seek to modify its basic thrust.

I point out these facts to observe that in my view the American people are fed up with the games politicians play. I regret that the Secretary of the Interior chose at the Distinguished Lecture Series at Princeton University to inject this notion of a political litmus test on environmental legislation. He opened and closed his talk speaking of the Redwoods. The quest to secure their preservation was so absolutely politically bipartisan that it drives home that this is a fact of life. Even more, this legislation took several years to evolve for there were deep differences between contending points of view for there were differences on the philosophical points and on the best means to achieve goals when these were set.

There is more than enough for each of us to do in meeting the environmental challenges man faces. I have little doubt that the American people are going to consider whether their Government is responsive to their needs. More than whether new policies are chartered is involved. There will be an even greater interest in whether the laws in existence are executed faithfully by the administration and whether the funds needed for these vital domestic programs are sought in budgets and then wisely expended.

Finally, I am intrigued by the use of "responsive" as the opposite of "partisan." For in fact the Congress like the Executive can be bipartisan yet still be unresponsive. The Executive and Congress also can be extremely partisan and most responsive. When the Congress has been nonresponsive to a President's requests, it has usually also been quite bipartisan in rejecting his proposals. So the issue we in the Congress and those in the administration face alike in the judgment of the people is simply whether we are both responsive—producing viable solutions to real issues.

Solutions to the stresses man is placing on his environment must be found. In a free society of men dedicated to representative government to achieve their destiny, responsiveness requires that we work together with good will and an honest respect for differing ideas.

Mr. President, I ask unanimous consent that the text of Secretary Morton's speech of November 8, be printed in the RECORD.

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

ADDRESS BY THE HONORABLE ROGERS C. B. MORTON, SECRETARY OF THE INTERIOR FOR THE DISTINGUISHED LECTURE SERIES, PRINCETON UNIVERSITY

In early May of 1967, in the primeval forest along Lost Man Creek in the Coast Range of California, a lumbering crew laid its chain saws to the bark of a magnificent tree. As the roaring machines chewed into a trunk broader than the encircling arms of five men, they spat out the chips and the dust of three thousand years growth. This cutting marked the end of a long and bitter struggle, by man for the life of a unique natural asset found nowhere else in the world.

The heap of sawdust at the foot of the stump was more than the debris of a few minutes' work, more even than the symbol of defeat for those who had fought to save the tree. It was the transect of three millennia through which man has steadfastly and passionately wrestled with nature for supremacy . . . and it was an exemplary instance in the never-ending tug-of-war between civilized man and the natural resources which support his civilization.

In the beginning, the steps of man were very soft upon the Earth. Early man was a hunter. He filled his belly by stalking animals and gathering wild plants. He was brighter than most of the species but for two million years he created no more impact upon his environment than did other animals, probably less than herds of elephants or towns of prairie dogs. He drew his milk from the great breast of nature. Though most of the secrets of the Earth were a mystery to him, he lived in the knowledge that he was dependent upon them for survival.

The changes that man has wrought, to secure comfort, pleasure, and wealth for himself since that primordial era are incredible. From the flint and shards of the stone age, we have leapt to the labs and reactors of the computer age. The productivity of our time is immense, bringing its wonders and benefits to more of our people than ever before. Its ingenuity is acute, delivering us plastics and lasers, contact lenses, and TV dinners, nuclear spectre, and man on the moon . . . and, above all else . . . speed, fantastic speed, in its many forms.

But our charts and graphs can certainly be elusive. They often make the net gains seem greater than they actually are. For they fail to take into account the environmental costs which have accumulated unpaid. The leeched-out farmland, the smog and the sludge, the enormous piles of waste, the cacophony of noises, and the darkening of our waters. These are the exhausts of 20th century technology. They are the effluent of our affluence.

To put all this into perspective, will you go back with me now to the day that a small timid band of pilgrims first glimpsed the bleak shoreline of Cape Cod. On the other side of this new, foreboding continent, the venerable redwood was looking down on 2000 years of its own biography.

The new colonists feared the mystery and darkness of the new world but their vitality was challenged by its gargantuan stores of natural resources, and their own hope for riches . . . the wilderness was for the plucking and its dismemberment began almost immediately.

The same marvelous abundance had always been a fact of life for the primitive peoples of North America who predated the colonists for thousands o years. But the Earth developed few scars from the Indian, who had no conception of Anglo-Saxon private ownership, but felt he was merely one part of a vast land-nature equation into which he was woven. His life style was interlocked with his world in a struggle for existence and his only riches were his skill and his strength.

As soon as the beachhead of American life became established, the eyes of those first citizens turned to the West. Sodbuster, trapper, prospector, and trader; the buffalo hunter, pioneer, explorer and lumberman . . . all immediately began to extend the boundaries of the Nation ever westward . . . this was manifest destiny.

The new government assumed the role of promoter and in 1803 we acquired our first great piece of real estate . . . The Louisiana Purchase.

In 1804, President Jefferson sent Lewis and Clark up the Missouri River to report first hand what lay to the northwest.

Then . . . Texas and Oregon was acquired in 1846; California in 1848; The Gadsden Purchase in 1853; Alaska in 1867; and Hawaii in 1898.

So that by the end of the 19th century, geographic expansion of the Nation was essentially complete. Now, there is no more land to buy.

Masses of sodbusters and homesteaders migrated to the grasslands and prairies of Middle America with plows in their hands and wheat in their dreams. The Homestead Act of 1862 had traded them title to quarter sections of ground in exchange for the promise to plow and to farm . . . but there was no contract to preserve it from the wind and the erosion which it brought.

As the prairie states opened, were fenced, and then plowed; the West was opened by the new attraction of gold. Within two years following the 1848 Gold Strike at Sutter's Mill in California, the population of that state jumped from 14,000 to a quarter of a million.

Again, Washington took an active role and the Mining Law of 1872 was established. This act provided that prospectors had free access to search for minerals on the public lands . . . it established the doctrine of finders-keepers. If valuable mineral deposits were found, they became the private property of the prospector. In many cases, this law has allowed the mineral industry to go in, excavate thousands of acres of land . . . and then abandon the hole to the government . . . to the people . . . unreclaimed.

We have progressed, through the 1960's, in the spirit of this early legislation. We have been living as if the sun would burn out in 2071 . . . using our resources as if they were going out of style . . . leaving no need for conservation. But if we continue to attack the stock piles of nature with no thought for the future, we will come to a screeching halt in far less time than it took us to get here from the day we declared our independence.

This is not to say that human life, in some numbers will not survive in the biosphere, but rather that the dynamics upon which cultural expansion depends, will have eroded away.

In spite of this bleak record . . . I am optimistic.

In my view, all the indicators point to a new era of conservation and environmental preservation. The signs of a dawning environmental conscience are appearing. Its seeds are being sown throughout the land—in govern-

ment—in industry—in the universities—in the home—everyone is an environmentalists.

Very few of us know what to do with our new conscience, but the motivation for change is with us. It is electrifying. It is gratifying.

My optimism is well-founded. In the last three years we have made more progress toward controlling the geometrically escalating degradation than in all our past political history.

But the methods by which we have hacked our civilization out of the wilderness have established strong and hard-to-change patterns. Reform will not come easily. We will experience some discomfort in the land. New values must be accepted. New self-discipline must be a part of our life-style.

The new values will be based on the sum of what man is paying for the conversion of natural resources and what the environment is paying. If the environment is to remain qualitatively constant, man must pay the entire bill. We can no longer allow the quantitative progress which we achieve in meeting the material demands of a higher civilization to eclipse the qualitative values of the environment—and the very spirit of man.

To begin, we must have orderliness. Orderliness in the use of our land is foreign to us. If we are going to stabilize the environment, we can no longer proceed without a sense of order in how we lay out our occupancy of the land. Where the critical factor has always been a quick buck, it must now be environmental quality—and conservation of resources.

I am convinced that land use planning and positive implementation is paramount not only to environmental management but also to the development of a higher social order and a broader cultural opportunity.

The President has initiated a concept of land use policy which includes methods for power plant siting; for strip mine reclamation; for the protection and management of the public lands on the basis of multiple use and sustained yield; and for repeal of the 1872 Mining Act, substituting procedures which will eliminate indiscriminate mining practices and ensure environmental control.

Our system of government is now facing the great test. The Congress will prove whether it is partisan or responsive. I have always believed that partisan politics are a secondary consideration . . . but if Congress does not act on these proposals, the truth will out.

Man's environment in the world is an ecological system. It is the sum of all of the living and nonliving. Its components support the chain of life. Some natural resources have been depleted, and foreign sources of supply have become less plentiful and more insecure. Thus the environmental problems become more evident. The Nation suddenly has become aware of the full importance and significance of the need for the conservation. Management of natural resources and the protection and preservation of the environment are instituted not only to sustain and provide for continued social and economic growth and the quality of life, but for man's well-being and survival.

The natural resource and related environmental challenges facing the Nation are:

To extend the life of our finite resources through more efficient development, secondary recovery, prudent use, and recycling.

To efficiently manage our renewable resources through multiple use and sustained yield.

And to preserve natural assets for the sake of preserving them . . . for posterity rather than material gain.

In short, we must begin to appreciate the blinding speed at which our civilization and its works are now developing. We must not fail to proceed with caution for quality . . . in spite of our velocity . . . a velocity which often seems overwhelming.

If the redwood tree, during whose lifetime most of the important history of the world has transpired, could somehow momentarily blink its eyes, it would miss more than it had witnessed in all of the previous years of its existence. For the biography of the redwood has centuries for pages.

It is a chronicle whose inscriptions were engraved by nature. Man and machine took her pen for their own and wrote a new evolution which compressed the courses of millennia into a single century and begat both the marvels and the horrors of our technic age.

The redwood is actually a symbol of our time. It is the old man of the biosphere, threatened by machines, the love children of the technosphere. The truth of the redwood has eluded us in the past. Our faith in the machine has tricked us into the belief that we are free of natural law. We now are aware that this is simply not the case, for a world with no room for its redwoods is a world that will return to the sands.

NOMINATIONS TO THE SUPREME COURT

Mr. GOLDWATER. Mr. President, distinguished Members of the Senate, the American Bar, and the general public continue to speak out in favor of the two nominations to the Supreme Court, those of Mr. Powell and Mr. Rehnquist.

Certainly, one of the most highly respected and knowledgeable men of the law in this body is the distinguished Senator from Arkansas (Mr. McCLELLAN). He has written his opinion of the two nominees for the New York Times of Tuesday, November the 9. I ask unanimous consent that his article be printed in the RECORD.

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

TWO DISTINGUISHED NOMINATIONS

(By JOHN L. McCLELLAN)

WASHINGTON.—The Senate is now considering William H. Rehnquist and Lewis F. Powell, Jr. for the Supreme Court. A special genius of the American people has been a commitment to the rule of law, not of men; the Senate fulfills a sacred duty in advising and consenting to the nominations submitted by the President.

Three issues face the Senate: (1) Do these nominees have personal integrity? (2) do they possess professional competency? and (3) do they have an abiding fidelity to the Constitution? No Senator has a duty to vote to confirm any nomination forwarded by the President that cannot pass this test. In my judgment, that is what the decision is all about—not about the so-called "Warren Court" or the "Burger Court" or even the "Nixon Court." Those labels are the stuff of journalism, not constitutional law.

Since these nominations were announced, I have examined the public record of these two men without prejudgment. I would note that I have found nothing in the public record of either man that raises any question whatsoever of lack of integrity or competency. I am convinced that any challenge on either of those grounds will utterly fail.

There is room on the United States Supreme Court for liberals and conservatives, Democrats and Republicans, Northerners and Southerners, Westerners and Easterners, blacks and whites, men and women—these and other similar factors neither qualify nor disqualify a nominee. After personal integrity and professional competency, what is crucial, in my judgment, is the nominee's fidelity to the Constitution.

In recent years a majority of the Supreme Court—no doubt in good faith but nonetheless with mistaken judgment—began to impose new standards on the administration of criminal justice in the United States on both the Federal and state levels. These decisions have not enforced the simple rule that law enforcement agents must "live up to the Constitution" in the administration of justice. Instead, these cases have, to a significant degree, created and imposed on a helpless society new rights for the criminal defendants. Some of these new rights have been carved out of society's due measure of personal safety and protection from crime.

Indeed, since 1960, in the criminal justice area alone, the Supreme Court have specifically overruled or explicitly rejected the reasoning of no less than 29 of its own precedents, often by the narrowest of five-to-four margins. In 1967, the high watermark of this tendency to set aside precedent, the Court overturned no less than eleven prior decisions. Twenty-one of the twenty-nine decisions the Court overruled involved a change in constitutional doctrine—accomplished without invoking the prescribed procedures for the adoption of a constitutional amendment. Seven of these represented a new reading of old statutory language—accomplished without the intervening of Congressional action and Presidential approval. And this is the significant point: 26 of these 29 decisions were handed down in favor of a criminal defendant, usually one conceded to be guilty on the facts.

The pursuit by some jurists of abstract individual rights defined by ideology, not law, has threatened to alter the nature of the criminal trial from a test of the defendant's guilt or innocence into an inquiry into the propriety of the policeman's conduct. In my judgment, these decisions, however well-intentioned, have come at a most critical juncture of our nation's history and have had an adverse impact on the administration of justice. Our system of criminal justice, state and Federal, is increasingly being rendered more impotent in the face of an ever-rising tide of crime and disorder.

It is for these reasons that I, for one, welcome these two distinguished nominations.

I recognize, of course, that there are some who challenge these nominations, arguing that the Senate should reject them because of the nominees' positions on such issues as confessions or wiretapping. Yet I have seen nothing that either nominee has said that is more critical of the work of the Supreme Court in these areas than that which Justice Black and Harlan themselves have repeatedly voiced in dissent. I know, too, that the Senate, in processing the 1968 Crime Act, voted 55 to 29 to limit the impact of the Miranda rule on confessions, and 68 to 12 to authorize the use of court-supervised wiretapping in major investigations. I cannot believe that these nominations should or will fail of confirmation for these reasons.

The people of the United States ratified the Constitution to establish justice, to insure domestic tranquility and to secure the blessings of liberty. We must not emphasize one aspect of the Constitution to the exclusion of another. It not only wrongs the Constitution but it will also ultimately jeopardize both the safety and the liberty of our people.

THE ENDINGS OF NOVEMBER

Mr. CHURCH. Mr. President, the editorial page of the Washington Post recently contained a descriptive piece about the month of November, wherein nature makes a sharp break with the preceding months of birth, growth, and maturation. The editorial makes an apt comparison between nature's tempered cruelties and the more heartless depredations of

man. If November be a month of "endings," as the editorial says, we are assured, nevertheless, that come spring there will occur a time of new beginnings.

Mr. President, I ask unanimous consent that the editorial published November 16, 1971, be printed in the RECORD.

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

THE ENDINGS OF NOVEMBER

The show is over, the cup of Nature is emptied, the eyelids of autumn are swung shut. Choose any way of saying it, but the meaning of November is the same—a month of endings. The great sways and heaves of once full-leaved oaks, whether in woodlands stands or city parks, are still, their barebone limbs and branches now etched against gray skies like giant spider webs. The green leaves of July are the brown mulches of November, a forest floor-covering that blankets the earth and keeps warm the hibernating snakes and moles. Innumerable powers, visible and invisible, have ended their work by now. The earth has produced its fruit, men—or at least the wisest among them—have gathered it, and Nature is silent again. It returns to the mute sources of its being.

Yet much can be heard in this silence, if we have an ear to listen. Follow a wind one day and go to examine some trees that don't mind company. You will learn something about the birds, absentee tenants of spring and summer nests that can now be seen in leafless surprise. So that's where that family of thrushes lived, we say, recalling songbirds from a summer day. Or, how daring of the jays to nest so far out on a limb; they must be the New Left of the woodlands. For shape and gracefulness, what can match the hanging nest of the oriole?

Nature is romanticized by many, especially by those who view it afar through field glasses of living-room safety. But November, with its harsh endings, cuts through the romance to show terror and finality. Go south, hibernate, store your nuts, find a barn—these are the cruel warnings of survival as winter comes on. No excuses, no appeals to a higher court are allowed. Some animals and trees will make it, some not. But a difference exists between Nature's harshness and man's. Beliefs, causes and crusades for which humans maim and kill each other in one era may be mere yawns to the next; no constancy can be found in man's cruelty. We may wake tomorrow morning to a new chaos, with no warning to go south or find a barn. In Nature, though, cruel winters have been coming for billions of years, in eternal regularity. But the endings are tempered with the mercy of warning. Unlike us, the birds can return to their nests after the devastation.

DEATH OF DR. LEON BANOV, CHARLESTON, S.C.

Mr. HOLLINGS. Mr. President, the city of Charleston and the entire State of South Carolina recently lost one of its most distinguished citizens. He was Dr. Leon Banov, the retired director of the Charleston County Health Department.

Dr. Banov had a long and productive life. The tragedy is that, at 83, he was still active and still contributing to his adopted land. He will be truly missed—both for the quality of his work and the kind and generous nature of his personality.

I ask unanimous consent that two articles detailing the life of Dr. Banov, one from the Charleston, S.C., Evening Post of November 5, 1971, and another from the Charleston, S.C., News & Courier of the same date, be printed in the RECORD. I ask also that an editorial from the Charleston, S.C., News & Courier of November 6, 1971, be printed in the RECORD.

It was my privilege to know Dr. Banov and to be counted among his legion of friends. I join not only thousands of South Carolinians, but people from all over the world, in mourning the passing of this true humanitarian.

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

[From the Charleston (S.C.) Evening Post, Nov. 5, 1971]

DR. LEON BANOV DIES IN ACCIDENT

A two-car collision Thursday night claimed the life of the retired director of the Charleston County Health Department.

Dr. Leon Banov, 83, of Campbell Drive was pronounced dead on arrival at the County Emergency Room shortly after the accident, which occurred on U.S. Highway 17 near Parish Road about 7:30 p.m., Coroner Jennings Cauthen said.

An autopsy has been ordered.

According to the coroner, Banov was a passenger in a car driven by Dr. John F. Shaul of Legare Street. Their car was heading north on Highway 17 and, while attempting to make a left turn, it was struck on the passenger side by a car driven by Frank Washington, 32, of Ritter.

The collision occurred in the southbound lane of Highway 17, he said. Washington's car was travelling south at the time of the accident.

Dr. Shaul and a passenger in Washington's car were treated at the County Emergency Room. Washington was not injured.

Dr. Banov retired in 1961 after 49 years of service with the Charleston County Health Department.

He was born in Poland on July 5, 1888, a son of Alexander Banov and Mrs. Sonia Danielewicz Banov. As a young child he was dressed as a shepherd boy following a flock of sheep and escaped into Germany to avoid the Russian persecution of Jews.

His family came to Charleston and he attended the public schools here. After running his own drugstore for several years, Dr. Banov received a degree from the School of Pharmacy at the Medical College of South Carolina in 1907. He became assistant city bacteriologist in 1912 and entered medical school, receiving his degree in 1917. He was an instructor in the School of Pharmacy from 1913 to 1917.

In 1918, he became chief food inspector for the city and the following year was responsible for making Charleston the first city in the world to require the pasteurization of milk.

He became County Health Officer, a post he was to hold for 41 years, in 1920. His campaign of public health education and preventive medicine resulted in the eradication of smallpox from Charleston and a great decline in infant and maternal mortality rates.

From 1926 to 1936 he was also City Health Officer and was the only man to be both county and city health officer. In 1936, the Charleston County Health Department was organized and Dr. Banov became its director.

He was named assistant professor of public health and preventive medicine at the Medical College in 1926, associate professor in 1947 and professor in 1949.

In 1930, he was a delegate to the International Hygiene Congress in Dresden, Germany, and in 1949 he served as a member of the President's National Health Assembly. Beginning in 1950, he served for three years as a consultant to the U.S. Public Health Service.

In 1949, he was named an outstanding leader in public health by the American Board of Preventive Medicine and Public Health. Later he was nominated by the American Public Health Association for the Lasker Award in public health.

Upon his retirement, the new health center on Lockwood Drive was named in his honor and he also received an honorary doctor of laws degree from the College of Charleston.

In 1970, he was awarded the James A. Hayne Award by the S.C. Public Health Association.

Dr. Banov was an officer in a number of organizations, including president of the International Health Officers Association, the Medical Society of South Carolina, the Charleston County Medical Association and the Southern Branch of the American Public Health Association. He was also vice president of the American Association of Public Health Physicians and executive secretary of the Public Health Physicians and executive secretary of the Charleston County Tuberculosis Association which built Pinehaven Hospital.

In January, he published "As I Recall—The Story of the Charleston County Health Department", a history of his years with the department.

[From the Charleston (S.C.) News & Courier, Nov. 5, 1971]

FORMER HEALTH DIRECTOR DIES IN ACCIDENT

Dr. Leon Banov, 83, retired director of the Charleston County Health Dept., was killed last night in an automobile wreck on the Savannah Highway at Parish Road.

He was pronounced dead on arrival at Charleston County Emergency Room about 7:45 p.m.

I. S. Martin of the S. C. Highway Patrol said Dr. Banov was a passenger in a car driven by Dr. John F. Shaul of 36 Legare St.

The Shaul car was headed north on Highway 17 about 7:30 p.m., the patrolman said, when it attempted to make a left turn and was struck broadside by a car driven by Frank Washington, 32, of Ritter.

The accident occurred in the southbound lane of Highway 17. Washington's auto was headed south and struck the Shaul car on the passenger side where Dr. Banov was seated, the policeman said.

Coroner Jennings Cauthen said an autopsy has been ordered to determine the cause of Banov's death.

Dr. Shaul and a passenger in the Washington car, identified as Robert Grant, 37, of Ritter were treated at the Emergency Room and released.

Washington was not injured.

Dr. Banov, who lived at 61 Campbell Dr., was first named country health officer in 1920 and director of the County Health Dept. in 1937.

He retired in 1961 after 49 years of service.

He was born July 5, 1888, in Suwalki, Poland, a son of Alexander Banov and Mrs. Sonia Danielewicz Banov.

At the age of 9, he was smuggled out of Poland to escape Russian oppressors. He and his parents later moved to the United States where the family settled in the Red Top section of Charleston County.

Dr. Banov attended public schools in Charleston and worked in drug stores during school years. He received a degree in pharmacy in 1907 for the Medical College of South Carolina and operated a drug store here from 1908 to 1912.

Starting as assistant cty bacteriologist in 1912, Dr. Banov remained from then on in

public health, continuing as a special consultant to local, state and federal health agencies after retirement.

He was chief food inspector for the city from 1918 to 1920.

Dr. Banov became an instructor in the School of Pharmacy at the Medical College in 1913 and served in this capacity until 1917. While an instructor, he studied at the college and in 1917 received a degree in medicine.

In 1926 Dr. Banov became assistant professor of public health and preventative medicine at the medical college. He was named an associate professor in 1947 and professor in 1949.

In 1930, he was a delegate to the international Hygiene Congress in Dresden, Germany, and was appointed by President Herbert Hoover as a delegate to a White House convention on child health and welfare.

Dr. Banov was selected by the American Board of Preventive Medicine and Public Health, Inc. as an outstanding leader in public health. He was also nominated for the Lasker Award in Public Health by the American Public Health Assn.

Dr. Banov was a special consultant to the U.S. Public Health Service Chronic Disease Division from 1950 to 1953.

Over the years, Dr. Banov held numerous memberships in professional organizations and was president of the International Health Officers Assn., the Medical Society of S.C., the Charleston County Medical Assn., the Southern Branch of the American Public Health Assn., and vice president of the American Association of Public Health Physicians.

He was executive secretary of the Charleston County Tuberculosis Assn. which built the original Pinehaven Hospital.

Dr. Banov announced his retirement in 1961 at the dedication of the county's new health center on Lockwood Blvd. which was named in his honor.

Since his retirement, the physician has been honored on several occasions by civic clubs and in May, 1970, was awarded the James A. Hayne Award by the S.C. Public Health Assn.

In 1961, he received an honorary doctor of laws degree from the College of Charleston.

In January of this year, Dr. Banov published a book entitled "As I Recall—The Story of the Charleston County Health Department" in which he traced much of the 50-year history of the department.

[From the Charleston (S.C.) News and Courier, Nov. 6, 1971]

DR. LEON BANOV

A citizen admired for nearly half a century of service in public life and beloved for his personal qualities, Dr. Leon Banov was Charleston's lucky acquisition from European oppression. As a child of nine he escaped with his family from Poland, then under domination of imperial Russia. He grew up in Charleston, studied pharmacy and later earned a degree as doctor of medicine.

Since 1912, first as assistant city bacteriologist, then as chief food inspector and subsequently as director of the County Health Dept., he grew with the community and the advancement of medicine. Dr. Banov's reputation likewise expanded through consultations and travel. Through he retired in 1961 he still pursued a busy schedule, receiving additional honors along the way.

The News and Courier has had occasion many times to commend Dr. Banov during his lifetime. His death in an automobile accident at age 83 causes us deep sorrow, which we share with a vast number of associates, friends and admirers.

DANGER SIGNALS INCREASING IN UNITED STATES-CANADIAN RELATIONS

Mr. CHURCH. Mr. President, Canadian disaffection with the United States is taking on the proportions of a major storm.

"Dangerous protectionism," as Hobart Rowen of the Washington Post describes it, "unleashed by President Nixon's new foreign economic policy on August 15" stimulated the storm. The 10 percent surcharge affects about 25 percent, or close to $3 billion of Canada's annual shipments to the United States. In addition, the investment-tax credit, which would apply to U.S.-made equipment and machinery only, could bite into $1 billion more of Canadian southern-bound exports. All this on top of a national unemployment average of 7.1 percent.

In Canada, a nationwide anti-Yankee campaign is growing. It is now being fueled by a report prepared by the Revenue Minister which recommends "direct government action to control foreign direct investment in Canada," a move obviously aimed at investors from the Colossus to the South.

Mr. President, I urge that the executive branch reconsider its foreign economic policies vis-a-vis Canada. While the President is refashioning our relations with Peking and Moscow, it appears that our dealings with Ottawa—and Tokyo, New Delhi, the EEC capitals, and Latin America—are worsening at a fast rate.

I ask unanimous consent that a series of articles on United States-Canadian relations be printed in the RECORD.

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

[From the Washington Post, Nov. 13, 1971]

CURB INVESTORS, CANADA URGED

(By Claude Lemelin)

MONTREAL, November 12.—A secret memorandum presented to the Canadian cabinet last May urged "direct government action to control foreign direct investment in Canada", a move primarily aimed at U.S. investors, it was disclosed today.

Revenue Minister Herbert Gray recommended among other things the establishment of a screening agency to examine any projected takeover, new investment, expansion, or licensing agreement envisaged in Canada by a foreign-controlled company.

The agency would have the authority to block any takeover or new investment and also to negotiate with the foreign firm an arrangement which, in its opinion, would better serve the interest of Canadians.

U.S. investments are by far the largest foreign investments in Canada's economy and amount to roughly $31 billion, of which about $20 billion is in direct ownership of Canadian firms.

The establishment of the new agency is the main recommendation of the highly confidential memorandum of which an abridged version was published Thursday by the Canadian Forum, a Toronto intellectual magazine.

The Trudeau government had refused until now to publish the Gray report, prepared by a task force appointed in November, 1969.

Last May, even while the cabinet was studying the report, Prime Minister Trudeau questioned the usefulness of publishing the contents of the report.

"We are conscious of our responsibility in the step we have taken," wrote the editorial committee of the Canadian Forum in its introduction. "As the authors of the Gray report themselves acknowledge in their introduction 'the Canadian public, including the business community, is expecting a policy statement from the government.' We agree.

"A policy judgment was also required in our decision to take this initiative at the present time. In a recent interview, the prime minister expressed on behalf of many people in this country his concern that the United States would buy up more and more of our country' if the present policies of the Nixon administration were to continue. It seems to us, however, that the onus of responsibility on the issue of foreign ownership lay primarily with the Canadian rather than the American government."

Judging from the abridged version published yesterday, the Gray report is a very detailed and sophisticated study of foreign ownership in Canada. The issue is considered in its many dimensions and analyzed through cost-benefit analysis.

On the whole, however, the report is a much more radical critique of foreign investments and of its impact on the Canadian economy than one could expect from previous statements by Trudeau and his colleagues.

In a statement issued by his office, Trudeau acknowledged the Canadian Forum document was based on a government study, but denied that it represented government policy. A foreign investment policy has been under consideration for some time by the government, he added, and would be announced "in due course."

The Canadian cabinet appears to be sharply divided over the exact nature and powers of the new foreign investment control agency.

This conflict delayed the issuance of the foreign investment policy statement until last August. Since then, Ottawa has carefully avoided initiative that might add to mounting tensions with Washington.

United States interests have more capital invested in Canada than in the whole of Europe. The total American investment is about 75 per cent of all foreign investment in Canada.

The Gray report values at somewhat less than $30 billion the book value of Canadian subsidiaries to foreign firms. These investments are heavily concentrated in the mining, petroleum and manufacturing industries. Fifty-eight per cent of the manufacturing sector's assets are foreign controlled.

According to data compiled by the government for the years 1946–67, only $9.7 billion of the total $43.8 billion invested by foreign-controlled firms in Canada were obtained from abroad. Hence, capital inflow financed only 22 per cent of foreign firms' expansion. The rest of the necessary funds were obtained from Canadian sources.

The introduction is a useful summary of its general outlook: "The high and growing degree of foreign, and particularly U.S. control of Canadian business activity has led to a Canadian industrial structure which largely reflects the growth priorities of foreign corporation.

"Many of these corporations invested in Canada to extend the markets for their manufacturing. Subsequently, Canada has become locked into accepting a pattern of innovation and technological development originating abroad. Other corporations invested in Canada to extract resources for home consumption.

"In either case, the extent that these corporations were influenced by their home environment, their investment decisions re-

flected the industrial priorities of foreign governments and economies. This in turn has contributed to the integration of the Canadian economy into the world economy in a way which could make it increasingly difficult for Canada to realize its growth and employment objectives."

[From the Washington Post, Oct. 24, 1971]

CANADA: OUR FURIOUS FRIENDS

(By Claude Lemelin)

MONTREAL.—Relations between Canada and the United States have become increasingly strained since Aug. 15, when President Nixon jolted the international community by imposing his 10 per cent import surcharge and floating the U.S. dollar.

During the two months since then, the tone of public and private communications across the celebrated "longest undefended border in the world" has been raised to a new and grating pitch. Relations between Ottawa and Washington, once cited to the international community as a paragon of harmony, have deteriorated to the point where mutual distrust delays the resumption of fruitful negotiations.

A watershed may have been reached in U.S.-Canada relations. Even if the two nations succeed in patching up their disagreements in the coming months, it may well be that they are destined to grow further apart. Certainly, the Nixon administration's unilateral disruption of trade across the 49th parallel—the most intensive in the world—has compelled the Trudeau government to grope for an alternative to North American integration for the Canadian economy.

Such an "agonizing reappraisal"—a borrowed phrase used by Canada's Minister for Trade and Industry, Jean-Luc Pepin, in a speech delivered in Houston earlier this month—would merely extend to economic policy a basic decision taken three years ago by the Trudeau government in the field of foreign policy. To dilute the pervasive American influence that grew out of Canada's special and privileged postwar relationship with the United States, Ottawa then decided to "diversify" its foreign policy by establishing diplomatic relations with China and developing closer links with the Soviet Union, as well as by tightening existing relations with Europe, Japan and other countries in the Pacific basin.

It is unlikely that an early removal of the American import surcharge would end the search in Canada for an economic alternative. Come what may, Ottawa is expected at the very least to pursue with a new urgency its drive for diversification of Canada's economic relations.

"What happened once can always happen again," a government official close to Prime Minister Trudeau remarks. "We can no longer afford to be without contingency plans in the face of future isolationist moves by the U.S. government."

Last week, Soviet Premier Alexis Kosygin's visit to Ottawa provided the Trudeau government with the opportunity to explore one such alternative: The expansion of trade and economic cooperation with the Soviet Union. A general exchanges agreement was signed, providing for regular contacts and possibly joint scientific and cultural projects, and both the Canadian and Soviet leader expressed high hopes for future trade between the two countries. But despite Trudeau's use of Mr. Kosygin's visit to induce the Nixon administration into a more amenable posture on U.S.-Canada economic relations, the Canadians harbor no illusions about the significance of the Soviet "alternative." No matter how fast Soviet-Canadian trade expands in coming years, it could not possibly compensate for any substantial shortfall in Canada's exports to the United States.

THE AUGUST 19 MEETING

The relentless deterioration in U.S.-Canada relations began at a meeting in Washington on Aug. 19, during which Treasury Department officials questioned the long-term viability of Canadian manufacturing industries within the North American economy and raised doubts about the desirability of maintaining relatively free access to the U.S. market for those industries. The same officials also indicated that policies recently implemented by Canada to spur the development of technologically advanced industries north of the border were unacceptable to the United States and suggested that Canada specialize instead in the extracting and processing of raw materials for American industry.

During the meeting, held at the urging of the Canadians and attended by Finance Minister Edgar Benson and his colleague Jean-Luc Pepin, Treasury Secretary John Connally refused to exempt Canada from the 10 per cent import surcharge. But the Canadians were less disturbed by Connally's rejection of their one specific request, which they half-expected, than by his officials' open challenge to the continental assumptions that have guided Ottawa's economic policies for more than a quarter century.

Unlike Japan, Britain and the Common Market countries, Canada was not unduly disturbed by the monetary aspects of President Nixon's new economic program. But the import surcharge and the "buy American" clause attached to the 7 per cent investment credit now before Congress were quite another matter.

Canada's exports to the United States reached $10.2 billion last year—representing 68 per cent of Canada's total exports and almost 15 per cent of her gross national product. The surcharge would severely affect more than a quarter of Canada's exports to America—$2.5 billion of goods—while the "buy American" clause would jeopardize an additional $300 million of Canadian machinery exports southward.

Canadian officials claim that such drastic curtailment of foreign trade would destroy in a single year more than 100,000 jobs, thus raising Canada's already high unemployment rate—7.1 per cent last month—by two full percentage points at the very least. Given the fast growth of the labor force and the inevitable concentration of unemployment in Quebec, the French-speaking province where separatist sentiment has been growing steadily in recent years, this prospect horrifies the Trudeau government.

In addition, the substantial tax break the United States would grant to the Domestic International Sales Corporations (DISCs) proposed by President Nixon would significantly reduce business investment in Canada. The DISCs—which Canadian officials maintain would violate the General Agreement on Tariffs and Trade—would receive long-term deferral of U.S. income taxes by acting as U.S. firms' domestic funnels for foreign sales, thereby encouraging the firms to substitute exports from American plants for production by overseas subsidiaries. About half of Canadian manufacturing industry and more than 60 per cent of resource industries are owned and controlled by American corporations. Consequently, any substantial disincentive to foreign investment enacted by Congress is bound to bring about economic stagnation in Canada.

For all those reasons, the Canadian cabinet decided on Aug. 16 to press at the earliest opportunity for an immediate and unconditional exemption of Canadian products from the import surcharge. Canadian embassy officials in Washington had strongly advised against the ministerial trek; U.S. Treasury officials had let them know that Secretary Connally had more pressing things to do than listen to Canadian grievances, and that the administration could not afford to take anything but a hard line.

But the Trudeau government could not afford to ignore internal political considerations: Not to go to Washington would have provided opposition parties with choice ammunition a few months away from the next federal elections. It was also felt in Ottawa that, even if an early exemption from the surcharge could not be expected, a top-level meeting would still be useful, if only to probe the Nixon administration's long-term views on U.S.-Canada relations and to remind it of the disastrous impact its new "game plan" would have on the Canadian economy.

After the rebuffs of the Aug. 19 meeting in Washington, the Canadian cabinet quietly began to draw up—almost from scratch—contingency plans to safeguard the country's economic interests. What shocked the Canadians into this fundamental economic review was not so much the U.S. Treasury's emphasis on the admittedly substantial bilateral balance-of-payments surplus from which Canada has benefited in the last two years—the first such surpluses since 1891. (Ottawa and Washington don't even agree on figures; according to Canadian statistics, the surplus was $1.1 billion in 1970, while U.S. statistics put it much higher, at $1.6 billion.) The Canadians were totally unprepared for a major onslaught against Canada's industrial development policies, an onslaught that could easily have been construed as an unwarranted American intrusion in the country's internal affairs.

REPORT OF THE U.S. VIEW

Canada's trade and development policies toward the United States are essentially mercantilist, U.S. Treasury officials are reported to have said. Not only do Canadians want to sell their natural resources, for which the United States has an urgent need, but they try to expand by all possible means—efficient or not—their output and exports of manufactured goods. Whenever the Canadian government agrees to import anything from the United States—be it automobiles, aircraft, military equipment or computers—it always tries to negotiate "Canadian content" and other offsetting clauses. In fact, the Nixon administration often has the impression that Canada would prefer not to import anything from the United States, it was further said. (Canada's imports from America totaled $9.2 billion in 1970, more than the total for Japan and Britain combined.)

In recent years, Treasury officials allegedly went on, Canada's industrial development has become distinctively more interventionist and more aggressive. Rather than let market forces freely determine the location of manufacturing plants within North America, Ottawa attracts U.S. firms to Canada with a wide range of subsidies. Branch plants recently established by Control Data and IBM are obvious examples.

Thus, concluded the American spokesmen, there are several aspects of Canadian economic policies that inevitably lead to dilemmas and contradictions with the United States. Many of Canada's secondary industries are inefficient and excessively dependent on the U.S. market, while their artificial expansion has put a ceiling on U.S. exports of manufactured goods to Canada. How, then, is the United States expected to get the foreign exchange it needs to buy Canadian raw materials? Canadians would clearly be better off if their secondary industries were based on the processing of natural resources. Continental economic integration could then proceed without conflicts of interest arising regularly between Canada and the United States.

Despite the near panic those blunt statements provoked within the Canadian government, politicians maintained a shocked silence in Ottawa for several weeks while offi-

cials probed further the Nixon administration's intentions toward the Canadian economy. When a second meeting in Washington between civil servants failed to dispel the ominous signs of a U.S. retreat into protectionism and economic nationalism, the Canadian cabinet feverishly began to draw up its contingency plans, both to counter the immediate threat of the U.S. import surcharge and to reassess Canada's longterm development strategy and trading pattern.

ACTIONS BY CANADA

On Sept. 7, Canada became the first country to take legislative action seeking to neutralize the impact of the import surcharge on its trade with the United States. For the remainder of the current fiscal year, which ends next March 31, $80 million has been allocated for so-called "employment maintenance grants"—a thinly disguised form of export subsidy that will enable firms exporting more than 20 per cent of their output to America to maintain at least in part their competitive position in the U.S. market. If the surcharge outlasts the current fiscal year, a further $200 million is expected to be allocated to the employment maintenance program. Ottawa also announced special government purchases of food exports that have been hurt by the U.S. surcharge. The resulting stocks will be donated to the world food program.

Also following the Washington meeting, Trudeau announced the indefinite postponement of talks with the United States on joint development and exploitation of energy resources on a continental basis. The Nixon administration is eager to negotiate with Canada a North American free trade agreement for energy resources, so Trudeau's curt announcement, justified by lack of ministerial time, given Canada's urgent economic problems, could be interpreted as a subtle reprisal against Secretary Connally's poker tactics.

Opposition parties in the House of Commons have repeatedly called for the imposition of a surcharge on Canadian exports of natural resources. Business lobbies in Canada have begun to press more and more forcefully for the imposition of a retaliatory surcharge on imports of manufactured goods from the United States.

On Oct. 15, Canada again became the first of the United States' trading partners to make substantial budgetary adjustments to neutralize the impact on her economy of the Nixon program. The $1 billion supplementary budget tabled by Finance Minister Benson included a 7 per cent cut in corporate income taxes, a 3 per cent in personal income taxes and new spending programs designed to boost employment this winter.

Since the shortive visit to Ottawa of Secretary of Commerce Maurice Stans on the last weekend of September, there have been no official communications between Ottawa and Washington, short of normal diplomatic contacts. During the IMF meeting at the end of September, however, John Petty, assistant secretary of the Treasury for international affairs, convoked the Canadian press corps in Washington for an unusual on-the-record briefing.

Though Canadian correspondents generally interpreted this move as a thinly disguised attempt at U.S. arm-twisting, Petty actually tried to dispel the ominous impressions gathered by Canadian ministers and civil servants during their August meetings with U.S. Treasury officials. He categorically denied that it was the Nixon administration's policy to reduce Canada to the role of raw material supplier for the United States; indeed, he expressed satisfaction at the recent expansion of Canadian output and exports of manufactured goods. To be sure, Petty reiterated Washington's criticism of several aspects of Canadian economic policies, but he emphasized that these disagreements could easily be resolved through bilateral negotiations.

UNOFFICIAL CHANNELS

Canadian officials were not displeased by Petty's somewhat irregular initiative, but wondered why the Nixon administration chose not to make its views known through official channels. Puzzlement verged on irritation when the Chicago Tribune, on Oct. 11, published an alleged Treasury document entitled "Grievances Against Canada." The document listed 17 U.S. demands (including unilateral tariff changes amendments to Canada's tax reform bill, and revisions of her industrial development policies) as conditions for the exemption of Canadian goods from the import surcharge.

"We believe there is nothing wrong with communication (channels)," Prime Minister Trudeau told the House of Commons in answer to questions by opposition members. The problem, Trudeau said, is that "it is not American policy to put the proper stuff into the channels which would satisfy the Canadian people."

Ottawa's reaction to the Chicago Tribune article exemplifies the Trudeau government's tough, yet subdued stand toward what are literally considered in the country as "beggar-thy-neighbor" policies by the Nixon administration. Canadian officials first expressed skepticism about the authenticity of the document—at least on its status as a policy statement. The external affairs secretary, Mitchell Sharp, duly acknowledged a State Department denial that the list of grievances represented in any way official policy toward Canada. But at the same time, Sharp began to list Canada's own grievances against the United States, thereby implying that, in Ottawa's view, the Chicago Tribune leak had been deliberate and represented the U.S. Treasury's response to a tough speech in Toronto three days before by the national revenue minister, Herbert Grey.

Sharp mentioned the maintenance of the American Selling Price on chemicals, in violation of a commitment made during the Kennedy round of tariff cuts; the U.S. ban on the importing of uranium, of which Canada has the largest world reserves; the manufacturing clause in the U.S. copyright act, which prevents a Canadian author from selling in the United States more that 1,500 copies of a book published in Canada without forfeiting his copyrights; and restrictions on Canadian immigration into the United States. Why Canada should want to encourage the emigration of citizens is beyond comprehension, but no doubt the issue is a useful bargaining point since Canadian laws here are notably more liberal than America's and the country has recently received a substantial influx of U.S. immigrants—draft-dodgers, protesters against the Vietnam war, critics of the American way of life and whatnot.

"We have a long list," Sharp added, tongue-in-cheek, "but I think that these are matters that ought to be negotiated between our countries in the ordinary way and certainly ought not to be associated with the surcharge."

BARRAGE OF STATEMENTS

Quite obviously, then, the Trudeau government has been far from innocent of recourse to "unofficial" or "improper" channels. Indeed, Canadian ministers have mounted since mid-September a barrage of increasingly aggressive statements on the future of U.S.-Canada relations. Sharp fired the first shot in New York on Sept. 21; he was soon followed by Trudeau in Ottawa, Jean-Luc Pepin in Houston, Herbert Grey in Toronto and Edgar Benson all over the place.

"Suggestions from responsible authorities in the United States that Canada should reduce its secondary manufacturing industry and concentrate on the exploitation and processing of natural resources are as insensitive as they are misinformed," said Sharp. "We have the fastest-growing labor force in the world. Extractive and processing industries could not begin to absorb the labor force we have today, let alone provide the new jobs we need now and in the future.

"The enunciation of the Nixon Doctrine," continued the Canadian minister, "and more particularly the economic measures taken by the United States last month, has effectively, perhaps brutally, challenged some of our assumptions and led us to re-examine our position as an industrial and trading nation.

"Needless to say, we in Canada are asking some pretty fundamental questions about the future. We have proceeded in the post-war period on the assumption of freer trade and stable trading relationships between Canada and the United States, relationships which have been profitable to both countries. The announcement of Aug. 15 could not help but shake that assumption and, as a government responsible for the security and prosperity of more than 20 million Canadians, we have to look at the alternatives," Sharp said.

A PROUD NATION

Trudeau was even blunter on Sept. 23, during one of his infrequent television interviews. "When the Americans look at what they're doing they say: "Well, you know, we're doing this to the Japanese and we're doing this to the Europeans." They don't seem to realize what they're doing to Canadians. If they do realize what they're doing and if it becomes apparent that they just want us to be sellers of natural resources to them and buyers of their manufactured products—all these 'ifs'—I repeat we will have to reassess fundamentally our relation with them, trading, political and otherwise.

"They will have to realize that Canadians are also a proud nation," the prime minister warned "and that if they are really trying to rearrange the North American continent so that we are just a supplier and that we won't be able to find jobs for our growing labor force and we won't be able to have an advanced technological society that we can manage ourselves, that is a very, very serious hypothesis. I don't think the Americans realize this or envisage it."

As part of Canada's reassessment of her economic relations with the United States, Sharp earlier this month submitted to the Canadian cabinet an External Affairs staff study outlining the various alternatives. None of the theoretical possibilities—which range from a trade war to a common market arrangement with the United States—has yet been excluded, Trudeau recently noted. But Sharp indicated earlier that, in practice, a common market arrangement was out of the question. This would provide not only for free trade between the two countries, but also for a common North American tariff against the rest of the world. It is felt in Ottawa that, given the relative size and political weight of the two economies, such an arrangement would virtually shift the responsibility for Canadian commercial and development policies from Ottawa to Washington, thereby drastically eroding Canada's sovereignty.

[From the Christian Science Monitor, Nov. 10, 1971]

TARIFF CLOUDS DARKEN UNITED STATES-CANADIAN BORDER

(By Bruce Hutchison)

The Canadian public is shocked by the United States Senate Finance Committee's proposal that President Nixon be given power to increase the American tariff surcharge and impose a 7 percent excise tax on foreign automobiles.

But the Canadian Government says it is much more alarmed by congressional legislation that would give special tax privileges to American export industries.

Opposing retaliatory moves of any sort against the United States, Finance Minister Edgar J. Benson told Parliament that the Senate committee's tax and tariff plans were preliminary and not decisive. They might or might not be enacted into law, he said. And if they were, it was "very unlikely" that the President would enforce them.

In any case, he added, it was "too early in the game" for Canada to become excited by threats of increased import levies on its massive sales in the American market.

SERIOUS THREAT SEEN

More serious, Mr. Benson warned, was the proposed establishment of domestic international sales corporations with large tax advantages, export subsidies, and a motive for reducing their present business in Canada.

While Mr. Benson answered the parliamentary opposition's attack on his economic policies, Canadian and American officials were meeting privately in Ottawa to consider the deepening controversy between their governments, especially on the free-trade automotive agreement.

What came out of this conference, if anything, was not disclosed, but further meetings are planned in the two capitals.

The Canadian Government has said that it is not actual.y negotiating commercial problems with the United States, only discussing them in a general way. It seems to be waiting for some clarification of the larger international-currency dispute before it advances any major trade proposals of its own.

MOTION VOTED DOWN

In the meantime it easily voted down a Conservative Party motion condemning it for failure to improve Canada-United States relations or to foster Canadian economic independence.

Heath McQuarrie, chief opposition spokesman, said the "hot line" between Ottawa and Washington had "gone cold" and the government had adopted an anti-American posture which could mean economic disaster to Canada.

Mitchell Sharp, Minister of External Affairs, denied any feeling of hostility toward the United States, though admitting that the government was unhappy about recent American protectionist policies.

He reminded the Conservatives that the low point in neighborly affairs had been reached under their government in 1963 when it accused the United States of interfering in Canada's affairs and was defeated at the polls.

A meandering two-day debate showed neither government nor opposition ready to undertake retaliation against the United States and both eager for improved relations with it.

Only the left-wing New Democratic Party denounced the government for what it called inadequate response to growing American protectionism.

[From the Washington Post, Nov. 11, 1971]

PROTECTIONIST DANGER—TREASURY'S FORAY INTO FOREIGN POLICY

(By Hobart Rowen)

If one needed proof of the dangerous protectionism unleashed by President Nixon's new foreign economic policy on August 15, it may be found in the vote of the Senate Finance Committee to give the President sweeping new powers to impose trade quotas. Beyond that, the committee voted to allow the President to slap a tariff surcharge of 15 per cent on imported products, even more severe than the 10 per cent additional charge put in place on August 15.

The 10 per cent surcharge, to the rest of the free world, has become a unique symbol of the new inward look of America, a determination on the part of President Nixon to assert U.S. will, forgetting the niceties of international co-operation. Ironically, Mr. Nixon imposed the surcharge under the authority of the Trade Expansion Act of 1962, a contradiction in terms that would be erased by the new restrictive legislation being discussed by the Senate Committee.

But as harmful to free trade as is the surcharge—dramatically evidenced by a total of more than 2,000 requests for product exemption filed with the Treasury Department—there are phases of the new foreign economic policy that may be even worse.

Take the matter of the proposed 7 per cent investment credit, titled the "Job Development Credit" in an abortive effort to avoid it being labeled a bonanza for business. The credit, as most businessmen admit, is unlikely to do much more this year than to add to business profits: it is most unlikely to stimulate production and jobs because output is so far below existing capacity. That's the first weakness of the proposal.

There is no real connection between the investment credit and job development—and the administration doesn't seem interested in creating such a link. Yet, at least one way is at hand in Senate bill 2632, proposed by Senator Javits of New York, which would give a specific tax credit for each additional employee hired over the preceding year.

But beyond this deficiency of the administration bill on the domestic side, it carries a "Buy American" feature which is anathema to some of our closest trading partners. That is to say, the 7 per cent credit is allowed for purchases of domestic machines, and is not allowed for foreign purchases.

When the "Buy American" feature of the "Job Development Credit" is combined with the 10 per cent import charge, the supplier of foreign capital goods is at a disadvantage of about 27 per cent. And if the devaluation of the dollar is taken into account, the "swing" in favor of the American capital goods seller is probably 30 per cent or more.

The figure may seem staggering, but it is correct. An example provided by a British study (U.K. capital goods producers would be hard hit) goes as follows:

Compare businessmen A, B, and C, each of whom makes $1,000 gross profit over the period of depreciation of any investment asset he buys.

Businessman A buys no machinery, and pays a tax of $480 (the corporate rate of 48 per cent per $1,000 in the top bracket).

Businessman B buys an American-made machine costing $100. His taxable income is reduced thereby to $900, and his tax is $432 (48 per cent of $900). In addition, the 7 per cent Job Development Credit lops $7 off his tax bill making it $425. Compared to Businessman A, he saves $55 in tax, and the final cost of the machine is $45 ($100 minus the $55).

Businessman C buys a foreign machine which costs $100, and pays a $10 surcharge. His taxable income is reduced to $890, and the tax payable is $427.20 (48 per cent of $890). Compared with Businessman A, he saves $52.80, and the final cost to him of the foreign-made machine is $57.20 ($110 minus $52.80), or $12.20 more than the $45 cost of Businessman B's machine.

Thus, the "Buy American" provision gives Businessman B a 27.11 per cent preferential margin over Businessman C. The shift in exchange rates against foreign suppliers easily raises the margin to 30 per cent or more.

"On this basis," asks an indignant European, "who the hell would want to buy a foreign machine?"

Other countries have resisted this kind of discriminatory practice, using investment incentives primarily to advance the modernization of their industry. The Nixon plan tends to defeat the very notion inherent in "Job Development": the provision of a way of making American factories more competitive by using the best, lowest priced machines available.

But the new American foreign economic policy, under Treasury Secretary John Connally's guidance, bowls along without regard to whether the Buy American investment credit is a breach of the GATT (General Agreement on Tariffs and Trade) as our trading partners insist it is.

We as a nation seem to be oblivious to the views and concerns of our friends, even the great fears building up among the Canadians, our nearest big neighbor and our No. 1 trading partner. The special relationship that we have enjoyed with Canada is on the verge of coming apart.

Over their strong objections (and those of much of the rest of the world), we bulled ahead with the Cannikan atomic test. Now, although the import charge has a tremendous impact on the Canadian economy, the only request for surcharge exemption that is likely to be considered seriously is for lumber—because American building and political interests are worried about a shortage.

The danger in protectionist measures is that one gets used to them. Like drugs, they are addictive. The combined August 15 measures in the foreign economic field, if not soon removed or alleviated, could set off a sickening round of discriminations and retaliations that, as the National Planning Association said in a good report over the weekend, could get out of control.

Mr. Nixon might do well to restore the management of foreign policy to the State Department: Treasury Secretary Connally would seem to have enough of a job planning to get the domestic economy moving out of a rut.

CANADA'S NEW "ANTI-AMERICANISM"

(By Mitchell C. Lynch)

OTTAWA.—Is Canada going anti-American? Prime Minister Pierre Trudeau says certainly not. The government, through the cabinet, says relations between the two countries are as warm and friendly as ever. And no polls have shown that the Canadian people themselves are getting hot under the collar about their neighbors to the south. ("Some of my best friends—and relatives—are American," deadpans Charles King in a recent column in The Ottawa Citizen.)

So, with all that evidence in hand, the hottest topic from Vancouver to Halifax today is why Canada is turning anti-American.

The Canadian House of Commons recently held an extraordinary two-day debate. The topic: "the continuing deterioration" of relations between Canada and the U.S. Navy a newspaper columnist in Canada is probing much else than the widening gap between Ottawa and Washington.

The letters-to-the-editor column in most newspapers is devoted almost exclusively to anxious Canadians saying they like Americans. And an American correspondent in Canada can't have a quiet drink at his favorite bar without receiving many unsolicited assurances from his fellow patrons that *they* aren't to be counted among the other Canadians who don't like Americans.

The whole controversy—or noncontroversy—looms as a major election issue next year. What's hard to determine now is which side will use it—Mr. Trudeau's Liberal Party or the opposition Conservative, or Tory, Party. The Tories say the Liberals will blame the U.S. for Canada's economic plight while the Liberals say the Conservatives will howl that Canada wouldn't be in such economic hot water if the government had maintained closer ties with Washington.

(This certainly wouldn't be the first time the U.S. was an election issue in Canada. In 1911, for instance, the incumbent Liberals ran

on the idea of establishing a common market with the U.S., while the Tory slogan was, "No truck nor trade with the Yanks." The Tories won handily.)

The latest swirl on relations with the U.S. was caused by a strangely coincidental series of events. On one side were President Nixon's new economic policy and the nuclear blast at Amchitka, while on the other were the recent visits of Soviet Premier Kosygin and Yugoslav President Tito, plus Canada's strong support for admitting China to the United Nations. All of this came amid Ottawa talk that Canada must lessen its dependence on the U.S. and begin to look elsewhere for trading partners—a "re-examination of our ties," Mr. Trudeau calls it.

A DEVASTATING EFFECT

The new economic policy is expected to have a devastating effect on Canada, which is America's biggest trading partner. The 10% import surcharge, for instance, affects about 25%, or close to $3 billion, of Canada's annual shipments to the U.S. In addition, the investment-tax credit, which would apply to U.S.-made equipment and machinery only, could bite into $1 billion more of Canadian southern-bound exports.

Partially as a result of these U.S. moves, Canada's seasonally adjusted unemployment rate in mid-September—one month after Mr. Nixon announced his new policy—shot up to 7.1% of the labor force. Ottawa immediately announced a 7% cut in corporate taxes and a 3% reduction in personal income taxes. It also instituted a $498 million winter works program for such job-creating projects as road-building, housing construction and erecting federal exhibition buildings throughout Canada. The jobless rate dropped to 6.7% in October, but that decline didn't cause any jubilation in Ottawa. "That still represents an awful lot of people out of work by anybody's standards," concedes a government aide.

A Canadian delegation, led by Finance Minister Edgar J. Benson, went to Washington shortly after the Nixon program was announced to see if Canada could get an exemption from the surcharge. After all, the delegation said, Canada had done nothing to cause America's woes; the Canadian dollar had been floated more than a year earlier, and Canada had set up no discriminatory import barriers against American goods.

What the delegation received, it's known now, wasn't a flat no, but a reminder that Canada had posted a $1.09 billion balance-of-trade surplus with the U.S. last year. In addition, the Canadians were reminded, Ottawa in 1965 signed an automobile trade agreement with Washington that contained a few temporary "safeguards" to enable the Canadian industry to get on its feet. The safeguards are a complicated set of insertions in the agreement that include ways of maintaining a certain degree of "Canadian content" in autos sold in Canada.

Washington argues that it's time these safeguards were removed. After all, it adds, the agreement was aimed at allowing autos and auto parts duty-free access across the border from both sides.

"The Yanks have lowered the boom on us," says one disgruntled Ottawa aide. "They're belting us at a time when we're weak as hell."

MR. TRUDEAU'S ASSERTION

This hard-nosed attitude, to many Canadians, gives credence to Mr. Trudeau's assertion that Americans "neither know very much nor care very much really about Canada." When asked if he still felt this way a few weeks ago the prime minister said, "I suppose that they wouldn't have changed overnight and suddenly begun massively caring about Canada."

Mr. Trudeau is expected to give Mr. Nixon a refresher course in Canadian affairs when the two meet here in Ottawa sometime next spring.

This lack of concern, Canadians say, was reflected again when the U.S. detonated the nuclear blast at Amchitka in the Aleutian Islands. The Canadian parliament had adopted a resolution condemning the planned test, protesters had taken to the streets in Canada and petitions bearing hundreds of thousands of names had been sent to Washington.

In the meantime, though, a curious thing happened. Soviet Premier Kosygin came to Ottawa and during a luncheon toast hinted that Canada was being victimized by "economic miscalculations" of the U.S. Without mentioning the U.S. by name, Mr. Kosygin said the Canadian economic unrest "is all the more unacceptable when these miscalculations aren't due to chance circumstances, but in fact rendered inevitable by the pursuit of policies creating focuses of tension and conflict in various parts of the world."

Many Canadians obviously resented this outside intrusion in what they felt to be a U.S.-Canadian squabble. Robert L. Stanfield, head of the Conservative Party, reportedly received a standing ovation when he said, "It is inappropriate, it is stupid . . . to encourage Soviet leaders to use a Canadian platform to attack the United States."

PRESIDENT TITO'S VISIT

The slight unease caused by Mr. Kosygin's visit was heightened a week later with the arrival of Yugoslav President Tito in Ottawa for talks. At the same time, Canada voted for the admission of Peking to the U.N.

"It is evident," columnist George Bain said in The Toronto Globe and Mail, "evident even to the government, that an uncertain number of Canadians share this vague fear that somehow, as a country, we have been very recently dangerously anti-American—dangerous because we are bound to pay for our sins."

Heath MacQuarrie, who would be external affairs minister if the Conservatives were to win power in the next election, said, "It would be naive, regrettably naive, perhaps dangerously naive to suggest that all is well" between Canada and the U.S.

Nonsense, says Mitchell Sharp, external affairs minister. "It is childish and, I suggest, very immature to suggest the tentative and the positive Canadian moves toward better and more rewarding relations with China, the Soviet Union and other Communist nations are an act of defiance toward the United States."

He said Mr. Kosygin was merely repaying a visit that Prime Minister Trudeau made earlier this year to the Soviet Union; President Tito was merely dropping by on his way back from Washington; supporting China in the UN was a logical extension of Canada's recognition of Peking in October 1970.

The U.S. isn't alarmed about President Nixon's forthcoming trips to Peking and Moscow, Ottawa says. And anyway, adds Mr. Trudeau, Canada considers the Soviet Union its neighbor to the north, across the Arctic. "Canada and Canadians want very much to look to the north, as they long have looked to the south, and see friends in each direction."

So why all the fuss? "Conflict is a function of contact," Mr. Sharp says. "Canada has very little in the way of conflict with Mongolia," he adds. "Our relations with that country might be regarded as the model for all nations—if we were to overlook the fact that our contact with the people of Mongolia is almost non-existent.

"No two nations in the world have so many contacts at so many levels, official and non-official, as Canada and the United States."

J. Leonard Walker, president of the Bank of Montreal, goes deeper than that. He says Canada has a "love-hate relationship" with the U.S. While Canadians enjoy the overflow of wealth and technology from America, he says, at the same time they resent the intrusion on their culture of the American way of life and the dependence they have on the U.S. in general.

[From the Washington Evening News, Nov. 13, 1971]

NATIONALISM IN THE NORTH

It should be disquieting to American policy-makers that, under the pressure of President Nixon's aggressive international economic policy, Canadian officialdom has adopted a more nationalistic tone in discussing the problems of sharing the continent with us. This is not surprising, given the buy-American content of the August 15 pronouncement from Washington and the pains that were taken to blame the United States' problems on dirty tricks abroad.

The Canadians soon learned that neighborliness, heavy dependence on our trade and inoffensive behavior in the monetary field would get them no favors in the application of American protectionism. Fair enough, maybe, except for the impression gained at the same time that our officials would prefer that Canadians forget about building up their own sophisticated industries and concentrate instead on supplying raw materials and fuel for ours.

Nothing could contribute more to the fears of some Canadian nationalists that the smaller nation's sovereignty is threatened by American economic dominance. Americans control more than half of Canadian industry, so the business decisions on which many Canadian job-holders depend are made by foreigners operating primarily under U.S. law and government policies. This is a natural breeding ground for resentment, as is the pervasiveness of American cultural influences north of the border.

Prime Minister Trudeau by all standards is a moderate on the subject, balancing the preservation of Canada's national identity against the need for outside capital to develop industries and provide jobs for a growing labor force. He is a believer in the interdependence of nations and an opponent of the Quebec nationalism that would split his nation.

Trudeau's statements about American policy now have a new edge, reminding us about Canadian pride. He questions whether Washington should want to wipe out Canada's trade surplus while Americans are drawing substantial income from Canadian investments. He suggests that we may be fulfilling Marxist prophecies about imperialism as the "last stage of capitalism."

The Canadians are no slouches as businessmen and negotiators, and their suspicions may be exaggerated. But Washington and Ottawa must concentrate soon on restoring the spirit of cooperation that can make the best joint use of North American resources and of the inextricably tied markets of the two countries.

TRIBUTE TO FORMER SENATOR HOLLAND

Mr. COTTON. Mr. President, I shall always remember Spessard Holland as he was when I first came to the Senate and later joined him on the Appropriations Committee. He was then the beau ideal of a Senator—in appearance and in all the qualities of mind and soul which equip men for service here. With a toga upon his shoulders and a fillet around his snow-white locks, he could have stepped back through the ages and walked the Praetorian pavements on terms of complete equality with any senator of ancient Rome. It was but

natural that the tremendous tasks which he was then laying down should have left their mark upon him, and that his slackening powers should have found thereafter only those occasional bursts of fiery zeal with which he sometimes roused himself to action which stirred the Senate. He was passing into the evening of his life—an evening destined to be long and golden, warmed with the color of an autumn day. He was surrounded by the solicitude of an adoring family—and we shared that solicitude with them. He has now fallen to sleep and has been laid to rest. Our grief is tempered by the reflection that we have been privileged to know him and to love him.

AN ECONOMIC STRATEGY

Mr. TALMADGE. Mr. President, on November 5, 1971, Mr. Archie K. Davis, president of the U.S. Chamber of Commerce, spoke to the World Trade Council dinner of the Atlanta Chamber of Commerce. Mr. Davis spoke on the topic of "An Economic Strategy for the 1970's." His remarks are very timely, and I commend them to each Member of the Senate and ask unanimous consent that they be printed in the RECORD.

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

AN ECONOMIC STRATEGY FOR THE 1970'S

(By Archie K. Davis)

I wish to speak briefly but pointedly about the dilemma that faces our Nation today. We have come a long way since World War II. We have paid a heavy price in the rehabilitation of war-ravaged lands. We have been generous to a fault in bearing the major burden of military protection for ourselves and our allies while, at the same time, playing a magnificent role in the economic rehabilitation of emerging nations.

This combination of generosity and altruism has not been without great gain to ourselves.

The growth of world trade since the defeat of the fascist powers has been phenomenal. World exports have risen from $54 billion in 1948 to $310 billion in 1970. Although international trade is a smaller portion of our output than in most industrial nations, the United States is the world's largest trading nation. From 1950 to 1970, our total trade, including imports and exports, has risen from $18 billion to $83 billion.

The Southeastern states have led in this trend; their trade volume has grown 500 per cent from 1950 to 1970 compared to 400 percent for the nation, and now amounts to $11.6 billion annually.

The states from Norfolk to the New Orleans Customs districts produced and exported over 7.5 billion dollars worth of goods in 1970 and imported over four billion. Nearly 300 million tons of shipping a year now pass through the major ports of this region, an increase of over 300 per cent from the 95 million tons of twenty years ago. In 1965, an estimated 335,000 jobs in the eight Southeastern states depended on exports, and now the total is undoubtedly in excess of 500,000.

The post-World War II era of Bretton Woods has provided an astonishing outburst of creative human energy in many fields associated with foreign commerce. During this period, the United States not only poured out more than $125 billion in foreign aid and economic rehabilitation, but became the world's largest exporter of capital, with $105 billion now invested abroad. During this period, the foreign sales, estimated for U.S. based multinational corporations, rose to more than $200 billion annually, with American management, marketing, financing and production techniques widely distributed throughout the world. During this same period, the European Economic Community has grown steadfastly and with infinite poise—promising to accomplish, in one generation of peaceful negotiation, what centuries of war had failed to achieve. Japan and the Republic of Germany have risen from the ashes of defeat to attain positions in world output second only to the United States and the Soviet Union.

In all of this, our great nation has played a role of sacrificial assistance and enlightened self-interest unique in world history. We have actively sought the reduction of barriers to international trade and travel. Tariffs have been reduced by three fourths; the majority of the free world's quantitative trade restrictions have been removed, and both people and capital now move across national boundaries in greater volume and with greater ease. We have not been alone in this leadership, nor have the gains of Europe and Japan, in terms of income and wealth, been achieved at the expense of the United States. Far from it. The postwar period since 1946 has seen a cooperative growth of wealth, in most industrial countries of the free world, that defies comprehension. And we must never forget that it is this multinational economic expansion of output, trade and investment—the breaking down of barriers between peoples—that offers the greatest hope for peaceful coexistence and world order.

But the post-war era of American scientific and technological supremacy in the world economy has come to an end. We now face a new era of more intensive international competition at a time when we can no longer carry the major burdens of world order and world reconstruction. Nor can we further indulge the misconceptions that have encouraged fiscal irresponsibility at home and weakened the dollar abroad. Deep-rooted and persistent inflation characterizes our economy, and we have now been forced to the realization that we can no longer safely ignore rules of reason, prudence and self-discipline. That was the significance of President Nixon's dramatic move on August 15.

His bold, decisive initiative offers our nation, and the world, historic risks as well as historic opportunities. The risks are that the greatest bastion of free, competitive enterprise, in a reflex action of self-defense, may now turn inward, in both economic and political philosophy. The opportunities are, through renewed constructive and cooperative action, to achieve another step forward in the slow, and sometimes painful, evolutionary process toward a more open world and greater human welfare.

President Nixon had no choice but to arrest the forces that were slowly but surely sapping our economic vitality. The symptoms of our creeping incapacity, both at home and abroad, have been long apparent. They included the 20-year chronic U.S. balance of payment deficits, the resulting decline in our gold reserves from a postwar high of $25 billion to less than $10 billion, the drop in our share of world exports from 25% in 1948 to 14% in 1970, and, for the year 1971, the first trade deficit since 1893. Add to these unnerving statistics the fact that the purchasing power of the dollar has declined by 27% since 1965, then, even those who know the dangers of wage-price controls, can only applaud the President for his recognition of the emergency facing our nation, the inter-relationship of the many factors involved, and the necessity of suspending, temporarily, the disciplines of a free market both domestically and internationally.

The international objectives of our new economic policy must provide for a revaluation of exchange rates among our major trading partners to reflect a more realistic relationship between currencies. This new policy would also call for greater flexibility of rates in the International Monetary Fund rules to permit easier and more frequent adjustments without precipitating speculative money flows or periodic international crises. A third requirement would be to improve the mechanism of international reserves in order to gain a more rational scheme of management than is now possible from reliance principally on gold and dollars in international settlements. A fourth would be to bargain downwards the trade restrictions of our major trading partners, against U.S. goods and capital entering their markets, in exchange for selective removal of our import surcharge.

Prompt success in these negotiations is vital to creating a new period of expanding trade and investment. Delay in reaching agreement increases the risk of starting a wave of retaliation which could spread, at worst, into a deepening world-wide depression. The stakes are high.

But even granting the success of current negotiations, the inflation here at home casts into vivid profile some deep-seated economic problems which haunt the birth of a new creative age of world cooperation, and threaten to drag us back into destructive isolationism.

THE THREAT OF CHRONIC INFLATION

The reason is that inflationary tendencies in our economy have become chronic because of the rise of the welfare state, the inordinate economic and political power of organized labor, and the increasing shift of employment into the service industries.

The welfare state pushes the Federal government, under any administration, towards chronic budget deficits. We have had 16 years of such deficits in the 21 fiscal years since 1950. Such regularly recurring deficits contribute to expectations of inflation even though deficits incurred in recessions may not, in a technical sense, contribute to excess monetary demand. The record is clear—the United States simply has not kept its own fiscal house in order.

Working people are victims of inflation caused by Federal deficits at high employment, which force the monetary authorities to create too much money too fast. But in an inflationary environment of prolonged momentum, such as the guns-and-butter inflation since 1965, the excessive market power of labor unions, even though only one out of five workers is a union member, makes for chronic inflation by building cost-push forces into the structure of wages and salaries throughout the economy. The result is familiar to us all—taking the form of wage settlements far in excess of productivity gains.

But if wage increases amount to 30 per cent or more, compounded over three years, while the trend of productivity is 9 per cent compounded over three years, then, in an economy pledged to full employment, employers have little choice but to yield and pass on higher costs to the consumer. It is at this very point we see the connection between domestic inflation and our deteriorating world position in trade and investment.

The result of the wage-price spiral has been loss of competitive advantage for American products both at home and abroad in the world's market place. There is no way U.S. products, built with labor costs of $4.25 per hour, can compete, for instance, with Japanese products built at labor costs of $1.00 per hour, if the U.S. has no advantage in technology, resource cost, or management methods.

But inflationary pressures are pushing up

our costs at just the time when Europe and Japan offer a new competitive challenge to our mass production industries and jobs. The rapid move of EEC countries towards economic unity gives their industries, for the first time in this modern industrial era, economies of scale in production comparable to those we have long enjoyed.

Japan has so harnessed science and technology as to more than double our growth rate since World War II. Japan generates such growth through vigorous saving and investment—which systematically embraces new technology, previously a significant U. S. advantage. The Japanese people save and invest more than 20 per cent of their personal income compared to our savings rate of 5-to-6 per cent. Meanwhile, the postwar growth surge in Europe and Japan has resulted in our falling behind several of our trading partners in the average age of physical plant. For example, two-thirds of Japanese steel capacity is less than nine years old, in contrast to our steel industry where two-thirds of capacity is over ten years old. Furthermore, after passage of the 1969 tax act and repeal of the investment tax credit, the U. S. capital cost recovery system now compares unfavorably with those of all major industrial nations that depend on private capital for investment.

Meanwhile, the shift of employment here from goods-producing to service industries may see two-thirds of our labor force employed in service industries by 1980. In order to maintain the real growth in our output, which is the basic source of our capacity to reduce poverty, we need to concentrate on improving productivity in the service industries as well as in manufacturing and agriculture.

The hard truth is that we are losing in the race for industrial efficiency. The U. S. has long been fabled for know-how, which has been the foundation of our economic dominance, but in the past five years the annual increase in productivity per man-hour has lagged alarmingly behind that of all our major rivals.

In short, then, even if the current negotiations for new monetary and trading rules are successful, the United States will still face more intensive competition from a unified Europe and a technologically sophisticated Japan. And, unless we change our strategy, there will be no hope of success if a growing welfare state, excessive union power, and a shift to services continue to push costs upward at a faster rate than productivity gains.

STRATEGY FOR THE SEVENTIES

What, indeed, should be our strategy? Should we follow the lead of labor leaders and their Congressional supporters? This would mean a further growth of the welfare state combined with out-and-out protectionism. It would mean economic policy decisions favoring public rather than private investment. And it would mean excessively rising wages, including an untenable minimum wage policy, combined with larger Federal deficits without regard to productivity. There is no surer way to destroy America's competitive capability.

It is ironic that we should describe as "liberal" the policies now embraced by labor leaders. They would protect U.S. produced goods by systematic quotas on imports. They would protect some U.S. jobs by prohibiting the export of capital which is now, incidentally, bringing home $7.9 billion annually in earnings. They would expand the welfare state by guaranteeing a minimum money income for all families, whether working or not, at levels even now being pushed up from $2400 for a four-person family, proposed by President Nixon, to $3400, or $4800, or even, at the extreme, to $6500. Taxes would sky-rocket, output would slow down, the welfare rolls would expand by literally millions of families. These same "liberals" even now are proposing a scheme to provide Federally-financed national health insurance at an estimated first-year cost of $60 billion.

Union leaders favor these public investment policies at the expense of private investment. They claim that President Nixon's proposed Job Development investment tax credit is a profit "windfall" to business. The facts are that corporate profits, after taxes, are a declining share of GNP, a declining share relative to employee compensation, and a declining share of the corporate sales dollar. After-tax profits of U.S. corporations, since 1950, have dropped from 6.6 to 4.4 percent of GNP, from 3.9 to 2.4 percent of the sales dollar, and from 12.0 to 7.2 percent of employee compensation. And, as already noted, our capital cost recovery system compares unfavorably with that of our trading partners.

The excessive power of union leaders, and their sometimes arrogant exercise of this power, is reflected in their behavior towards the Phase II wage and price control program. Their demands for retroactive pay increases, and for deferred increases exceeding any reasonable wage guidelines, would if granted, destroy the effectiveness of Phase II. Out of 82 million working people in the country only about 20 percent belong to unions. What equity is there in granting retroactivity to an infinitesimal part of this percentage but denying it to the rest? What effectiveness is there to a freeze if retroactivity is granted? Yet, the union leaders are threatening non-cooperation with the Pay Board if their demands are not met.

At this time of national crisis, with the future well-being of every citizen so deeply involved, it is unthinkable that they would be so callous and arrogantly selfish as to walk away from their responsibility to the nation. It would be further proof of the absolute need for labor law reform. Why should such a powerful segment of our society, which, under law, can bring this nation to its knees, be accorded privileges and immunities not available to others under our democratic system of government? Unquestionably, the policies of the union leaders are leading us directly toward isolation and depression when the ravages of inflation inevitably take their toll.

The key to competitive capability in world trade is *productivity*. The challenge of the new era lies in the will to shape our industrial strategy in the light of today's circumstances, predicated upon faith in the traditional values of an open world. Surely the recent record of the free world's growing wealth justifies faith in freedom. Surely the harshness of fettered life in the regimented communist world justifies skepticism of government controls such as our union leaders advocate.

An economic strategy for the seventies requires above all that we conquer our chronic inflation by getting and keeping the government's fiscal house in order. This means not higher taxes but less public and more private spending to meet both economic and social needs. It requires that we face the fact of today's excessive union power in objective labor law reform. It requires recognition of the need for government measures to stimulate research and capital investment in order to restore and maintain the comparative advantage of our sophisticated technology. It requires a new examination of the need for society to bear some of the costs of adjustment which growth and change impose on particular people, industries, and regions as we adjust our economy to meet tomorrow's demands.

Such a strategy should and can be combined with international economic and monetary arrangements based upon increased cooperation among free world trading nations through the liberalization and expansion of trade and investment. The truth remains as valid today as ever that trade among regions of the world, along lines of comparative advantage, creates mutual gains in income and wealth. What is needed is a new code of monetary and commercial rules of the game, mutually negotiated, which provides for the financing and administration of fairer, as well as freer, economic intercourse among nations. This is the only true road to peaceful development.

But more than anything else, we in America must wake up—wake up to the realization that we are not necessarily invincible. Burdened down with frustration, war-weary, disillusioned and fed up with taxes, acutely sensitive to the thanklessness of our friends and allies whom we have supported over the years, and somewhat embarrassed by many aspects of our own mismanagement, we stand in imminent danger of committing the cardinal error of *withdrawal*, and saying to hell with it.

That is human nature, but we had better think twice. We must cut the cloth of our strategy to fit the pattern of a clearly defined national purpose. And that purpose must embrace the long-range goals and aspirations of a nation that stands for peace, but must always be strong enough to keep the peace. In that sense we can yield leadership to no other.

But national purpose without national will is meaningless. And it is here that our great American heritage must strengthen our faith. As we struggle to maintain our place in this new, one-world that is emerging at the dawn of the twenty-first century, let us not forget the sacrifices, the discipline and the collective will of our forefathers who pioneered the then new world of over two centuries ago. Our obligation to them is enormous, and an abiding recognition of this responsibility could just perhaps be the beginning of a bright, new day in the history of the United States.

BEYOND OKINAWA

Mr. CHURCH. Mr. President, no country in Asia is more important to the United States than Japan, nor does any country in Asia have greater potential to contribute to the peace and stability of Asia. I believe that the ratification of the Okinawa Reversion Treaty removes the last vestige of American occupation of Japanese territory as a result of World War II. The treaty represents the depth of friendship and good faith between Japan and America, and formalizes a relationship of equality between the two countries.

However, Japanese-American differences still exist. As the New York Times stated in an editorial on November 15, recent administration measures "are exacerbating a growing new rivalry between the two nations in the economic sphere."

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:

[From the New York Times, Nov. 15, 1971]

BEYOND OKINAWA

There is irony in the Senate's vote last week ratifying the treaty restoring Japanese sovereignty to Okinawa after 25 years of American rule. For while the United States thus moved to wipe away the last major irritating vestige of the Japanese-American military conflict during World War II, the large majority in favor of ratification was due in part to Administration measures that are exacerbating a growing new rivalry between the two nations in the economic sphere.

These include the new agreement forced on Japan to limit textile exports to the United States and President Nixon's 10 per cent import surcharge. At the very time the Senate was voting to eliminate the Okinawa nettle, Secretary of the Treasury John B. Connally Jr. was in Tokyo pressing the resentful Japanese for new economic concessions.

The Okinawa pact, which still requires ratification by the Japanese Diet, does not put an end to Japanese-American differences, but it is a necessary step toward putting relations on a firmer footing to deal with the problems of a new Pacific era. This pragmatic accommodation to mutual interests offers a promising guide to the future cooperation which is essential for the security and prosperity of both nations.

NOMINATION OF WILLIAM H. REHNQUIST TO THE SUPREME COURT

Mr. HRUSKA. Mr. President, as a former member of the Subcommittee on Separation of Powers of the Senate Judiciary Committee, and as the ranking member of the full committee, this Senator is well aware of the doctrine and the set of problems usually labeled "separation of powers." One of the greatest features of our Constitution and the Government which it created is the balance between the various branches and the check that each has on the other two. Everyone in the executive, judicial, and legislative branches of the Federal Government should be aware of and dedicated to the preservation of this separation. This I very strongly believe.

It is for this reason that I was most concerned when I heard it asserted that William Rehnquist was in favor of an extension of the authority and power of the executive branch at the expense of its two coequal sisters. No nominee should be confirmed for the Supreme Court if he holds such views.

Now having examined the nominee's statements and testimony before congressional committees on this subject, and having listened to Mr. Rehnquist's statements at his confirmation hearing before our committee, it appears that this is simply another instance in which rhetoric has far outdistanced facts. I believe that I can state positively that the allegations that the nominee is insensitive to the doctrine of "separation of powers," that he favors "unchecked executive power" are totally false. Let me discuss this question in greater detail.

During the recent hearings, Joseph Rauh, speaking for the Leadership Conference on Civil Rights, concluded that Mr. Rehnquist is "a lawyer who believes in unchecked executive power." And in the Washington Post, Prof. Arthur S. Miller of George Washington University's National Law Center stated:

> A fair judgment, then, would be that as assistant attorney general, Rehnquist has been an "activist," one who assiduously sought ways to aggrandize presidential (and governmental) power.

These allegations are completely untrue and unfounded.

Before proceeding to specific items I want to reiterate a point that has been made before but conveniently overlooked by the opponents of Mr. Rehnquist. All of the instances cited as proof that the nominee favors unchecked Executive power stem from his statements as an advocate. As the President said in his television address, Mr. Rehnquist is the President's lawyer's lawyer. In this position we clearly should recognize that he has the lawyer's traditional duty of advocating his client's causes, in his case the policies of the President and of the Department of Justice. This role requires Mr. Rehnquist, as a lawyer, to use every rationally defensible argument on behalf of his clients.

Thus, even if Mr. Rehnquist personally is not persuaded by a particular argument or even if he were a judge, he would not be persuaded by that argument, as an advocate under our system he is required to argue it. The only restriction on this rule is that an argument be presented in good faith, that is, it must be a position that a reasonable person could take.

If the nominee had taken similar positions as a sitting judge or had offered them voluntarily as a private person, the conclusion drawn from them might have more weight, but as an advocate's position they should be treated as legal arguments rather than private beliefs. Even as an advocate, however, I conclude that Mr. Rehnquist's beliefs, as gleaned from public statements, clearly established him more as a legislative populist than a defender of untrammeled Executive power.

One of the primary criticisms of the executive branch is that it sometimes asserts the authority to undertake a particular action under the legal doctrine of inherent executive power. Thus, whenever a specific power is not found in the Constitution, an administration, whether Democratic or Republican, is tempted to take the easy way by stating to its critics that its power is inherent. There have been many attempts, Mr. President, to link Mr. Rehnquist with this doctrine. It is this Senator's belief that in fact Mr. Rehnquist rejects this theory.

In hearings on the Executive's impoundment of appropriated funds before Senator ERVIN'S Subcommittee on the Separation of Powers, one administration witness alluded to the Executive's power to impound funds as inherent regardless of congressional intent that moneys be spent on specific projects. Mr. Rehnquist, on the other hand, did not adopt this argument although in the case under consideration he reached the same conclusion. He found the discretionary Executive authority derived solely from the statutes enacted by Congress and commented that, at least in the domestic area, Congress could pass a statute directing the President to spend appropriated funds. The constitutional provision that the President "take care that the laws be faithfully executed" would then require that the funds be spent. No inherent power would permit a contrary result. This position, I submit, clearly does not admit interpreting the nominee's philosophy to be one favoring unchecked Executive power.

During these same hearings Senator GURNEY proposed a hypothetical situation in which U.S. intelligence learns of an imminent threat by another nation to launch a missile directed at the U.S. Capitol. He asked whether in the absence of congressional action the President would have the power to act. In the remarkable exchange that followed, Professor Miller who sat on the panel and who, as you will recall, has charged Mr. Rehnquist with advocating unchecked governmental power stated:

> May I say that is an instance in which I think the President, at least in my judgment, not only has the power but the obligation to act in certain instances. *But I am a little reluctant to put it on the basis of law.* I am willing to go along with Justice Jackson in his opinion in the *Korematsu* case and say there are certain instances where we do not want to put the color of law on some of these things. If the survival of the Nation is at stake, even the survival of some soldiers, yes. But put this under the color of law, then we are running down dangerous paths. I would prefer, as Justice Jackson said, in the *Korematsu* case, to go ahead and do it, but do not come up to the Supreme Court and get a stamp of approval for it. (Hearings before the Subcomm. on Separation of Powers of the Senate Comm. on the Judiciary on Executive Impoundment of Appropriated Funds, 92d Cong., 1st Sess. 252 (1971).

It seems to me that Mr. Miller, the critics of Mr. Rehnquist, has himself in this instance made a good statement of the doctrine of inherent Executive power. Mr. Rehnquist was quick to object to the view of the Executive's ability to act without a legal basis and stated his objection to Professor Miller's statement as follows:

> "If you add that qualification, certainly there are many questions that do not readily lend themselves to judicial decision. *I would personally dislike the inference that the President is not under law in some situations.* I agree with the Chairman that if you look at the Constitution and read cases like *In re Neagle* and *Curtis-Wright*, the President has the powers *under the law* that are necessary to respond to these emergencies. But I would shy away from the doctrine that he is a law unto himself under certain circumstances." *Id.* (emphasis added).

Mr. President, I submit that this testimony clearly indicates that the philosophical learnings of Mr. Rehnquist are definitely away from any advocacy of unchecked Executive power.

More emotional than the impoundment issue, is the nominee's advocacy of warrantless wiretaps in cases involving the national security. I would remind the Senate that five previous Presidents, beginning with Franklin Roosevelt, asserted such power. In addition, under the Omnibus Crime and Safe Streets Act of 1968, the Congress authorized Government wiretaps. It expressly stated that the President's power in national security cases was not to be limited in any way by the act. Since the Nixon administration inherited both the congressional legislation and the historical precedents from past Congresses and Presidents, it can hardly be argued that Mr. Rehnquist has advocated some newly devised scheme to increase Executive power.

What is notable is the nominee's legal approach in defending this policy when challenged by court action. As the testi-

mony in the confirmation hearings make clear, the Government originally intended to argue its case on the basis of an inherent executive power to wiretap. This theory implies, of course, an executive free to act without constitutional constraints. At the instigation of Mr. Rehnquist, however, others were persuaded that wiretapping creates a constitutional problem under the fourth amendment that must be tackled head on. This change of strategy to a clear recognition of fourth amendment issues and away from the attempt to justify the policy on inherent powers indicates, as do the impoundment hearings, the nominee's dedication to the rule of law.

I said earlier that in my estimation, Mr. Rehnquist's philosophy might better be characterized as those of a legislative populist. He clearly believes that the Congress decides policy and when that policy is determined, the Executive has the duty to carry it out. In discussing the wiretapping authority granted by the Congress under the 1968 Act the nominee has stated:

"It is not to the Department, but to the courts, that any final decision as to the constitutionality of legislation passed by Congress is confided. . . . If . . . the Department of Justice, as it did in this case, proceeds on the assumption that it will enforce any law enacted by Congress unless its unconstitutionality is clear beyond a doubt, the question is then placed in a position where it may ultimately be decided by the courts . . . I believe this is a far more faithful adherence to our tripartite system of government than for an agency of the Executive Branch, such as the Department of Justice, to take it upon itself to decide that a law enacted by Congress and signed by the President is unconstitutional, and that therefor it will not be enforced. (Speech of December 2, 1970, at the University of Hawaii.)

Those who criticize the nominee for advocating unchecked Executive power would do well to ponder this philosophy. It seems to me that a person who refused to carry out duly enacted measures of Congress would be more susceptible to charges of executive arrogance than persons of Mr. Rehnquist's persuasions who feel the executive branch is duty bound to follow the policies of Congress.

Another example of his philosophy along these lines deals with another provision of the 1968 act. That provision can be interpreted as providing that the Government in a criminal prosecution, seek to obtain the admission of confessions into evidence which, under our view of the case would be excluded by the rule adopted by the Supreme Court in Miranda against Arizona. Although some wrongly have suggested that the nominee is on record as stating that this case should be overruled, what he actually said is that the Government should follow the dictates of Congress. He said:

It is not at all unreasonable to suggest that the government, if it felt the occasion warranted such action and especially if it were acting under a mandate from Congress, would be entirely within the role allocated to it under the adversary system if it were to ask the Supreme Court of the United States to overrule the decision in *Miranda* v. *Arizona*. (Speech on April 20, 1970 at the University of Arizona.)

This is one more instance, it seems to me, where the nominee is unfairly criticized for arrogating some power to the Executive when in fact, he is merely advocating that the Executive follow the dictates of Congress.

Just as it cannot fairly be stated that the nominee favors unchecked Executive power at the expense of the legislative branch, neither can it be said that he has been unmindful of the constitutional role of the courts. He has not criticized the Supreme Court and its decisions, although, as I stated earlier, as an advocate he believes that the Executive should follow the congressional policies where Congress has specifically authorized that a reconsideration of certain decisions be sought.

Some have suggested, particularly in relation to the May Day arrests, that the executive branch had arrogated to itself the determination of what constitutional rights persons are entitled to. An attempt to categorize Mr. Rehnquist's views as adopting this position is misplaced. He has stated, albeit in another context, that:

[T]he Supreme Court is traditionally under our system the body to which is confided the power to decide the meaning of constitutional terms. And I do not think either Congress, or the Executive, at least for many years, have said that, you know they rather than the Supreme Court should hold that power.

Certainly the Supreme Court gives weight to acts of the Executive and of the Congress in making its determination, but traditionally I think its determination rather than that of either other branch has been final. (Hearings Before the Subcom. on Separation of Powers of the Senate Comm. on the Judiciary on the President's Pocket Veto Powers, 92d Cong., 1st Sess. 23 (1971)).

I submit, Mr. President, that William Rehnquist is an ideal nominee for the Supreme Court insofar as the interests of the Senate and of the entire legislative branch are concerned.

We have heard a good deal of late about judicial conservatives and judicial activists. I suggest that regardless of the merits of that controversy, on the basis of past statements, the nominee can only be categorized fairly as an executive conservative. Those who would characterize him as an activist have wrongly placed their own interpretations on his advocate's statements which are admittedly strong and effective. I think it entirely inappropriate to interpret strong advocacy as a philosophical position that the Executive has unchecked powers. On the contrary, Mr. Rehnquist has eschewed the easy arguments such as inherent powers, and has shown a deep understanding of the fine constitutional distinctions that underlie our constitutional doctrine of separation of powers. We are fortunate to have the opportunity of confirming such a man as Associate Justice of the Supreme Court.

LOUIS F. ISON, PRESIDENT, KENTUCKY FARM BUREAU

Mr. COOK. Mr. President, recently the Louisville Courier-Journal published an article about Louis F. Ison, president of the Kentucky Farm Bureau. Mr. Ison, who calls himself a "one hundred percent farmer," operates a 469-acre farm in Mercer County, Ky. Because of the many problems facing the farmer these days, I would encourage Senators to read the views of a farm leader and "one hundred percent farmer." I ask unanimous consent that the article be printed in the RECORD.

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

LOUIS ISON: FARM BUREAU CHIEF ALSO "100 PERCENT FARMER"

(By James R. Russell)

HARRODSBURG, KY.—The rolling land comprising Highview Acres north of here is a miniature of Kentucky's agriculture, with its tobacco, livestock, grain and pastures.

And the man who farms it is a 5-foot 8-inch Kentuckian who refers to himself as being "one-hundred percent farmer."

He is Louis F. Ison, who is starting his seventh one-year term as the non salaried president of the Kentucky Farm Bureau Federation. He quipped in a recent interview, "Actually, I'm only 5–7½ and just throw in an extra half-inch when I feel like bragging a little."

With his organization totaling 119,265 family memberships, or some 400,000 persons, the 56-year-old farm leader said that agriculture is still the main thrust of his group.

"We're more conservative in our approach than some of the other farm organizations, but our objectives are the same," he said.

"I believe the future of agriculture is getting brighter for those of us who can stand the pressures. And in a few years, farming will be more economically rewarding, but first the farmer must have greater bargaining powers and a more orderly system of marketing."

BALANCE HUMILITY WITH CONFIDENCE

Described by one of his colleagues as a man wno has successfully balanced humility with confidence, Ison sees farming as "still a way of life, even with its hard work and increasing production costs.

"The intangible benefits are great," Ison said. He added however, that the farmer needs some tangible rewards to keep going. Pointing to what he called the "gap" between farm income and that of other segments of society, Ison said that current farm parties, at about 67 per cent, are the lowest since the depression of the 1930s.

"But the productivity of farmers has doubled that of industrial workers in the past 10 years, and the price we, as farmers, pay for our efficiency is overproduction and lower prices," he said.

"The consumer is the ultimate benefactor, but then the housewife still complains about her grocery bill, when in reality her supermarket cart has everything in it from hardware to hair nets and shaving cream to panty hose."

Food is the greatest bargain around today, with the consumer spending about 17 per cent of his disposable income to eat, Ison said. The food bill in some countries takes 80 per cent or more of the family's earnings, he noted.

BELIEVES FARMERS SHOULD UNITE

Normally low-keyed, but capable of producing a theatrical flourish, Ison acknowledge two prejudices: agriculture and the Farm Bureau.

He said that the political potency of the "farm bloc" is a thing of the past, but that the farmers voices can still be heard if united.

"And those voices are best combined through farm organizations, particularly Farm Bureau; if I didn't believe that, I shouldn't be president of it," he said.

Besides low farm income, Ison sees organized labor's continued demands for wage

hikes as among the biggest problems facing the country.

"Labor must be willing to accept controls and restrains like everybody else," he said indicating that increased labor demands puts added pressure on the farmer through rising costs of farm production needs.

"I don't see the rapid decline in the family farm as many people do," he said, "but each year there's a greater number of people who farm along with (holding) a job in town. These people have an intense interest and love for the farm, and I definitely see a place in agriculture for the part-time farmers."

BELIEVES IN COUNTY AGENTS

Ison, a 1936 graduate of the University of Kentucky College of Agriculture, is strong supporter of the Extension Service, and said that his organization was instrumental in the return last year to the county agent system back after UK had changed the program in favor of area specialists.

He said that county agents are still the main and most reliable source of information available to a farmer, and he chided Kentucky's farmers for not taking greater advantage of UK's Cooperative Extension Service.

Ison and two partners, Douglas Brown, 44, and David Canada, 22, farm 469 acres in Mercer County. It's a general farming operation, Ison explained, including 6.7 acres of burley tobacco, a 40-cow dairy herd, 80 purebred Angus brood cows, grain and pastures.

Ison is a charter member of the Mercer County Farm Bureau, organized in 1941, and he has held several posts in the Kentucky organization before being elected president in 1965.

He is one of the seven directors from the Southern region on the national board and on the 27-member board of directors of the American Farm Bureau Federation.

His Farm Bureau duties take him away from his farm about half of his time, he said, and his wife, Alma, interjected that she'd been practically a widow for six years, a period that corresponds with her husband's term as president.

Elaborating on his absences from home, Ison told this story on his mother-in-law, Mrs. Lee Sanders, who at 94 is having a little hearing trouble:

She answered the phone one evening, and it was Ison calling to say that he wouldn't be in for supper. "Say you won't be in all summer? Well, all right," Mrs. Sanders said, hanging up the telephone.

POINTLESS FINCH

Mr. CHURCH. Mr. President, Mr. Pete Laine, one of our leading reporters covering the Latin American scene, calls Robert's Finch's travels to six Latin countries "pointless." Mr. Laine sums up my views quite well. I ask unanimous consent that his article published in the Miami Herald of November 12, be printed in the RECORD.

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

TO SEE OUR LATIN "FRIENDS"?—FINCH IS OFF ON A POINTLESS TRIP

(By Pete Laine)

WASHINGTON.—White House counselor Robert Finch left for Latin America Thursday on a trip so pointless on the surface that some feel it must have secret goals.

Will Finch do a Kissinger by feigning sickness while he slips into Chile to make friends with Cuban Premier Castro, the hemisphere's other prominent tourist?

It's hardly likely. Finch, unlike Kissinger, is sort of a spare wheel around the White House. Critics say he knows nothing about Cuba anyway and little more about the rest of Latin America.

Yet he is taking a 19-member party to six nations in two weeks as a personal representative of President Nixon on what is firmly labeled a Presidential trip.

Such trips are rarely made without purpose, yet two advance press conferences have failed to make clear just why Finch has packed his bags.

At the second news conference Wednesday he went out of his way to deny again that he will discuss removal of Nixon's import surcharge, which is the other main issue in U.S. Latin affairs.

Finch has given these vague reasons for his journey: he will "sign a number of minor agreements . . . review economic questions . . . demonstrate President Nixon's continuing concern . . . carry on the dialog . . . do a lot of listening."

The U.S. Information Agency reported that Finch was going to try to halt the flow of drugs into the United States from Latin America—but Finch failed to mention drugs at either of his news gatherings.

All this failed to satisfy the Washington grapevine, which has speculated instead that Nixon was obliged to make some sort of showing for the long-neglected region—and chose to send Finch because Secretary of State William Rogers couldn't spare the time.

Finch, it is suggested, has been told to try to soothe the Latins so they won't cause his boss too many headaches in 1972.

If Finch embraces his hosts too hard, he may get spiked by their medals. Five of the six nations he is visiting are dictatorships.

When he was asked why he was not going to any of the few remaining Latin democracies. Finch said it just happened there wasn't any business there to attend to.

The nations on his schedule are Peru, Ecuador, Argentina, Brazil, Honduras and Mexico. Also going are Assistant Secretary of State Charles Meyer, Surgeon General Jesse Steinfeld, and White House Communications Director Herb Klein.

At Wednesday's press conference, Finch became the first administration official to challenge, at least publicly, Treasury Secretary John Connally's view that the United States has no friends left in Latin America.

"I heartily disagree," Finch told a questioner. "We have a great many friends there."

He said he was "pleasantly surprised" that 18 of the 22 Latin nations backed the United States in the U.N. showdown on the China issue.

His party is due back in the United States Thanksgiving Day.

MORE EVIDENCE ON CIGARETTES

Mr. MOSS. Mr. President, the Tobacco Institute, in its zeal to put doubts in the public mind and, by the way, to increase sales of cigarettes, purchased, undoubtedly for a large sum of money, full-page advertising space in the program of the John F. Kennedy Center for the Performing Arts. The headline of the advertisement is "The Question About Smoking and Health Is Still a Question" and is replete with the same arguments which have been fully answered by medical science years ago.

It is offensive to me to find more of the twisted denials of medical consequences of smoking from the Tobacco Institute, in the concert program of a building memorializing a great American President, the man who, among his other achievements in his too short life, commissioned the Surgeon General's Advisory Committee on Smoking and Health. The very statement offered in the advertisement is untrue, answered repeatedly by responsible medical people.

Since the Tobacco Institute is continuing to grasp at straws, here is one they might roll in their next cigarette. It is a report which comes from, of all places, the University of Louisville Medical School. The report tells us of the research of Dr. Condict Moore, who found that in 203 cigarette smokers who were successfully treated for cancer by surgery or X-rays, 40 percent of those who continued smoking got a second cancer, whereas only 6 percent of those who quit ended up with cancer again.

Mr. President, I ask unanimous consent that an article concerning this matter, published in the New York Times of October 26, 1971, be printed in the RECORD.

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

RECURRENCE OF CANCER IS LINKED IN STUDY TO CONTINUED SMOKING

(By Lawrence K. Altman)

Cigarette smokers who continue the habit after being successfully treated for cancer face a much greater risk of developing another cancer in their mouths, throats, voice boxes or lungs than do persons who quit smoking after successful treatment, a Louisville physician has reported.

The physician, Dr. Condict Moore of the University of Louisville Medical School, said that he had studied 203 cigarette smokers who had been successfuly treated for cancer by surgery or X-rays.

He said that 40 per cent who went on smoking got a second cancer in areas exposed to smoking, whereas just 6 percent of those people who quit got another malignancy.

Dr. Moore emphasized that the statistical difference indicated that the new cancers resulted from continued tobacco exposure rather than from recurrences of the old malignancies.

"The difference in second cancer incidence is surprisingly large," the Louisville physician said in the issue of the Journal of the American Medical Association that was published yesterday. Dr. Moore noted that his difference occurred in people who stopped smoking even "at the relatively advanced age of nearly 60 years."

Dr. Moore said that the 203 persons in his continuing study had had their cancers controlled for an average of seven years. The period of successful cancer control ranged from three to 18 years.

All 203 patients, who were treated at a city hospital, a Veterans Administration hospital or a private office in Louisville, were strongly advised to stop smoking to reduce the risk of developing a second malignancy because Dr. Moore said they had "a fundamental predisposition to cancer."

Of the 203 patients, more than half, or 122, kept on smoking cigaretts and 49 (40 per cent) acquired second cancers in their mouths, throats, windpipes or lungs. In contrast, Dr. Moore said that of the 81 former smokers, just five got another cancer in the anatomical areas that were exposed to tobacco smoke.

Dr. Moore said that it was unlikely that an inability to stop smoking might be a symptom, rather than a cause, of a basic, constitutional predisposition to cancer.

GAO REPORT ON POULTRY PLANTS

Mr. RIBICOFF. Mr. President, yesterday I released a report prepared by the General Accounting Office concerning the unsanitary conditions which exist in many poultry slaughterhouses and packaging plants. The GAO inspected 68

plants across the country, about one-fifth of the plants in the Nation. Americans ate more than a billion and a half pounds of poultry from these plants last year.

The names of the 68 plants inspected by the GAO between October 1970 and March 1971 have now been made available to me together with a report prepared by the Department of Agriculture giving the Department's description of the current status of the 68 plants.

The GAO found that every plant had some deficiencies when inspected, with sanitary facilities at many being virtually nonexistent. The GAO has declared that it believes conditions in these plants are probably typical of conditions in most poultry factories and slaughterhouses.

The Department of Agriculture, charged with the responsibility of enforcing Federal meat and poultry inspection laws, has found that many of the plants continue to have substantial violations.

I am confident that unless something is done to change our present regulatory system, a GAO report in 2 more years will uncover the same deplorable conditions once again. Apparently Upton Sinclair's 65-year-old book, "The Jungle," is going to continue to be an accurate description of contemporary America.

Something must be done to change this situation. If Federal regulation of food processing is to be meaningful, it must be carried out by agencies whose highest priority is the health and safety of consumers. The Department of Agriculture has come to represent too many other interests to protect consumers effectively. It may be necessary to transfer its consumer protection functions to an agency responsive to consumers, with general responsibility for food plant regulation.

Even reorganizing the Federal food inspection system will not be sufficient, however. Time after time we have seen institutions designed to protect the consumer fail in their mission. I have, therefore, supported legislation to establish an independent Consumer Protection Agency with authority to represent the interests of consumers before other agencies.

Many who opposed my bill last year, including the administration, now support the independent agency concept. The dispute this year is over the scope of the consumer advocate's right to participate on behalf of consumers in another agency's activities.

My legislation would insure that the Consumer Protection Agency would have the right to participate to protect the consumer's interest in any agency decision. Under my bill, for example, the Consumer Agency would be able to participate in Government's decisions concerning its inspection programs.

The House bill to create a Consumer Protection Agency is also now before my Subcommittee on Executive Reorganization and Government Research. Unfortunately, the House bill fails to give the Consumer Agency adequate authority to protect the interests of consumers.

For example, the House bill would not give the Consumer Advocate the right to participate in most of the important decisions taken by the Department of Agriculture with respect to inspection of food plants. The Advocate could not participate in Agriculture Department decisions to close or suspend the operation of a plant; in decisions about the rules for inspectors looking for violations; or in decisions about the resources to be devoted by the Agriculture Department to its inspection programs. The sorry conditions that now prevail in spite of the Agriculture Department's inspection programs graphically illustrate the need for the presence of a consumer advocate in the regulatory process at all of these decision points.

But even if we develop an effective inspection system, we will still have to depend to a great degree on the food packagers and processors themselves to make certain that the system works. Federal inspectors cannot be present every day. Private industry has the primary responsibility to assure that its products are wholesome, safe and clean. This does not seem too much to ask. In the past, however, the only times the industry seems to have shown much interest in cleaning its own house is after the publication of reports by the General Accounting Office.

We cannot wait 2 years between every housecleaning and allow pollution of our food supply in the meantime.

I ask unanimous consent that the list of 68 plants and the Agriculture Department report on their current status be printed at this point in the RECORD.

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

GAO REPORT

PLANTS INCLUDED IN GAO REPORT TO ILLUSTRATE THE TYPES OF SANITATION PROBLEMS AT THE PLANTS GAO VISITED

Case study, name of plant, and location

Plant A; Marshall Durbin & Co., Inc., Jasper, Alabama.

Plant B; Great Lakes Duck Farm; La Porte, Indiana.

Plant C; Luck's, Inc.; Seagrove, North Carolina.

Plant D; Yoakum Packing, Ltd.; Yoakum, Texas.

LISTING OF PLANTS SELECTED AT RANDOM AND VISITED BY THE GENERAL ACCOUNTING OFFICE

Plant number, name of plant, and location

Alabama

192; Gold Kist, Inc. (formerly Pillsbury Farms); Guntersville.
413; Gold Kist Poultry; Boaz.
1317; Wayne Poultry Company; Albertville.
1254; Valley Industries, Inc.; Ashland.
323; Ralston Purina Company; Trussville.

Arkansas

457; Springdale Farms, Division of George's Feed & Supply Co., Inc. (formerly Demand Foods Co.); Springdale.
208; Springdale Farms, Division of George's Feed & Supply Co., Inc. (formerly Loyd's Poultry Processing Co., Inc.); Springdale.
138; Campbell Soup Company; Fayetteville.
963; Ralston Purina Company; Springdale.
607; Garrett Poultry Co., Inc.; Rogers.
112; Franz Foods of Arkansas, Inc.; Green Forest.
350; J–M Poultry Packing Co., Inc.; El Dorado.
275; Valmac, Inc.; Pine Bluff.
121; J. K. Southerland, Inc.; Clinton.
212; C. Finkbeiner, Inc.; Little Rock.
846; Hanford Produce Company; Clarksville.

Georgia

1480; Tip Top Poultry, Inc.; Marietta.
243; Wilson Laurel Farms, Inc.; Cumming.
1272; Swift & Company; Douglas.
311; Swift & Company; Gainesville.
1279; Conagra, Inc. (formerly Red Hat Poultry); Dalton.
184; Elberton Poultry Company; Elberton.
40; Pillsbury Farms; Ellijay.
7373; Talmadge Farms, Division of Cagle's, Inc., Lovejoy.
1277; Gold Kist Poultry, Athens.
1246; Gold Kist Poultry, Canton.
1257; Marell Poultry Company, Murrayville.
865; Eng Frozen Foods, Atlanta.

North Carolina

510; Rose Hill Poultry Corp., Rose Hill.
844; Watson Seafood & Poultry Co., Inc., Raleigh.
1324; Gerber Products Co., Ashville.
1; Holly Farms Poultry Ind., Inc., Wilkesboro.
842; B & H Foods, Inc., Charlotte.
14; Holly Farms Poultry Ind., Inc., Hiddenite.
16; Mid-State Farm Coop. Co., Silver City.
187; Morton Frozen Foods, Concord.
1399; Luck's Inc., Seagrove.

Texas

812; Market Produce Co., Inc., Division of Pilgrim Industries, Inc., Arlington.
647; Byerly Foods, Inc., Dallas.
2276; Whiteman Foods, Alto.
175; Burgess Poultry Market, Inc., Nacogdoches.
973; Ralston Purina Company, Nacogdoches.
508; City Poultry Processing Co., Houston.
788; Yoakum Packing, Ltd., Yoakum.
1137; Holly Farms, Inc. (formerly Reneau Bros. Poultry & Egg Co., Inc.), Seguin.
845; Mott's Inc. of Mississippi, Nixon.
7035; Taylor Turkey Ranch, Ovalo.
7050; Hill Country Foods, Goldthwaite.
635; Plantation Foods, Inc., Waco.
13; Campbell Soup Company, Paris.
430; Handy-Andy, Inc., San Antonio.

LISTING OF PLANTS INCLUDED IN PRIOR REPORT AND VISITED BY THE GENERAL ACCOUNTING OFFICE

Plant number, name of plant, and location

Alabama

1307; Marshall Durbin & Co., Inc., Jasper.

Illinois

762; A. F. Murmann & Co., Rockford.

Michigan

1234; Nottawa Gardens Corp., Athens.

Minnesota

279; Swift and Company, Marshall.

Mississippi

1262; Hens Incorporated, Bay Springs.
308; B. C. Rogers & Sons, Inc., Morton.

North Carolina

802; Southeastern Poultry of North Carolina, Charlotte.
449; Swift & Co., Greensboro.

Ohio

6810; United Poultry, Inc., Cleveland.

Virginia

56; Rockingham Poultry Marketing Cooperative, Inc., Broadway.
199; Rockingham Poultry Marketing Cooperative, Inc., Stanley.

Wisconsin

161; Brakebush Brothers, Inc., Westfield.
301; Dairyland Poultry, Inc., Endeavor.
254; Hartwig's Poultry Farm, Inc., Johnson Creek.

1237; Wright Broiler Co., Inc., Shawano.
701; Tillman Produce Co., Inc., Wilton.

Indiana

1365; Great Lakes Duck Farm, La Porte.

STATEMENT PREPARED BY THE CONSUMER AND MARKETING SERVICE, DEPARTMENT OF AGRICULTURE, ON STATUS OF SANITATION AS OF NOVEMBER 10, 1971 IN PLANTS VISITED BY THE GENERAL ACCOUNTING OFFICE

CURRENT STATUS OF SANITATION AT FEDERALLY INSPECTED PLANTS

Marshall Durbin and Co., Jasper, Ala., P 1307

The overall condition of this plant has improved since the GAO visit. However, crowded conditions result in maintenance problems and present an unsatisfactory appearance. Problems continue to be experienced with condensation associated with ice augers and the offal house. Corrections to structural deficiencies are underway. New ceiling for the eviscerating room is being programmed for completion at an early date. Improved supervisory control has been established and the plant has received specific instructions regarding continued application of sanitary requirements. Failure to maintain acceptable standards will result in withdrawal of Federal inspection.

A. F. Murmaun & Co., Rockford, Ill., P 762

A marked upgrading of plant facilities and daily sanitation instituted by the Company has resulted in satisfactory compliance to approved product standards. Driveways and parking lot are improved through resurfacing and accumulation of debris around plant has been removed. Additional action is programmed such as floor repair and clean-up of overhead lights and conveyors. Present conditions of the establishment would provide grant of inspection.

Great Lakes Duck Farm, La Porte, Ind., P 1365

Inspection was suspended from this plant because of unsatisfactory conditions of the facility and the failure of the Company management to effect corrections. The suspension remained in effect until all corrections were made. Operations resumed on October 8, 1971.

Nottawa Gardens, Corp., Athens, Mich., P 1234

Slaughter of poultry has not been conducted at this plant for the past 10 months. Some structural changes are necessary and these are being accomplished. The facility is acceptable at this time for a grant of Federal inspection. Continued maintenance and more attention to detail in cleanup is required.

Swift & Co., Marshall Minn., P 279

This plant is being maintained and operated in an acceptable sanitary manner. The facility is no longer considered a problem plant with reference to sanitation requirements.

Hens, Inc., Bay Springs, Miss., P 1262

This plant presents continuing problems because of facility sanitations control. The Company management is considering a move to a new location.

B. C. Rogers & Sons, Morton, Miss., P 308

Present operations of the plant are acceptable to approved product sanitation. A number of deficiencies in equipment and facilities have been corrected or improved. Unacceptable items noted in the last supervisory inspection pertain to facility and equipment which are of daily routine maintenance.

Southeastern Poultry of North Carolina, Charlotte, N.C., P 802

Present condition of this facility is such that a grant of Federal inspection would be approved. Although an older plant, acceptable product sanitation is achieved on a continuing basis.

Swift & Co., Greensboro, N.C., P 449

Federal inspection has been withdrawn from this establishment and the facility is closed.

United Poultry Inc., Cleveland, Ohio P 6810

A number of minor variations to acceptable requirements exist at this plant. However, none involve product contamination. There is intensive programming to correct minor deficiencies. Supervisors have been instructed to assure that maintenance program is carried out and maintained daily.

Rockingham Poultry Marketing Cooperative, Inc., Broadway, Va., P 56

This plant has shown marked improvement in plant facility maintenance and in approved sanitation requirements. Insect and rodent control is now satisfactory. There are no current deadlines for facility change or major structural improvements in the slaughter operations. A part of the plant operation has been rejected and facility and equipment deficiencies will be corrected before opreations are allowed to resume.

Rockingham Poultry Marketing Cooperative, Inc., Stanley, Va., P 199

Overall operation of this establishment is satisfactory. Daily sanitation acceptability, both preoperational and operational, meets acceptable standards. There are no major programmed changes necessary at this time. Plant modeling has achieved desired results in the production of wholesome product.

BakeBush Brothers, Inc., Westfield, Wis., P 161

This plant has modern facilities and equipment and are generally maintained in good condition. More attention is being given to daily routine sanitation and several minor facility improvements are being made. Line speed is being controlled to assure proper ready-to-cook product and sanitation requirements.

Dairyland Poultry, Inc., Endeavor, Wis., P 301

The facilities of this establishment are marginal. Although the plant has made a number of facility and equipment improvements the general condition of the buildings presents a continuing problem. Plant layout is not satisfactory for efficient operation and inspection. Concerted effort is being made to correct all sanitation deficiencies. Lacking corrections by plant management the plant will be denied Federal inspection.

Hartwig's Poultry Farm, Inc., Johnson Creek, Wis., P 254

This plant's further processing facilities were reconditioned in January 1971, which involved the processing room, freezer, cooler, shipping-receiving and dry storage areas. Slaughter operations have been rejected since January 1971, and inspection will not be granted unless major renovation is accomplished.

Wright Broiler Co., Inc., Shawano, Wis. P 1237

Inspection was withdrawn on April 20, 1971.

Tillman Produce Co., Inc., Wilton, Wis., P 701

This facility is producing wholesome product although the age of the buildings and some equipment will continue to present a problem to management and the inspection personnel. Although extensive renovation was performed in early 1971, continuous maintenance on a daily basis is required and is being performed.

Gold Kist, Inc. (formerly Pillsbury Farms), Guntersville, Ala., P 192

Deficiencies in this plant have been programmed with plant management. The plant has closed at times in an effort to meet their responsibilities. The inspector-in-charge has been directed to make sure that operations are such that will eliminate contaminated product from being shipped. Rust on the ice crushes is much improved. There is a continuous program to remove the rollers one at a time to remove the rust. Condensation is being controlled to the extent that it is not contaminating the product. The offal loading area is not completely enclosed. Moisture test indicates that product is in compliance.

Gold Kist Poultry, Boas, Ala., P 413

Several facility and equipment changes have been made in this plant. At the present, inspectors must resort to halting operations more than would normally be expected. Items such as drip pans and flumes to direct excessive water to floor drains are needed. These items plus adjustments on new equipment, particularly the changing of eviscerating lines to eliminate dragging viscera, are to be corrected immediately. The offal facility is not acceptable. The present hopper cannot properly be cleaned and will be replaced or modified as soon as management determines which is most economical. Until such time, inspectors have been instructed to double check offal operations. The final product is acceptable and potential is good for a much smoother operation.

Wayne Poultry Company, Albertville, Ala., P 1317

This plant is generally good. Recent reviews have shown that inspectors need to insist on better housekeeping, both prior to and during operations. Inspectors have been instructed to follow through on routine sanitation and also repair cooler walls and correct deficiencies regarding outside openings. The finished product in this plant is very acceptable and with more attention to the above items, we can see no problems with this operation.

Valley Industries, Inc., Ashland, Ala., p. 1254

Inspection supervision is much better in this plant. The inspector-in-charge has evidenced intensions of maintaining a clean plant. Plant management is more cooperative in correcting and dealing with problems involved in a food producing plant. Water sediments have been eliminated with the addition of two filters. The general conditions of this plant are good. Unacceptable conditions found on a preoperative sanitation are corrected before operations begin.

Ralston Purina Company, Trussville, Ala., p. 323

This plant should be considered as good, the major problem being an ineffective maintenance program. Augers and pipes must be repaired to prevent condensation. This is to be corrected immediately. Continuous chillers need seam repairs to eliminate possible contamination and to provide greater ease in cleaning. Until the chiller seams are repaired, inspectors will assure that sanitation is acceptable before operations begin. This can be done but requires more surveillance from inspection and in turn costs the plant more in operating time and labor. Regardless, management and inspectors have been instructed that operations are not to be allowed unless sanitation is acceptable.

Springdale Farms (formerly Demand Foods Co.) Springdale, Ark., p. 457

This is an older plant that is showing some deterioration, but is being kept acceptable for Federal inspection by an ongoing maintenance program. Much galvanized metal has ben replaced by stainless steel. Repair of facilities is being made on a continuing basis; also housekeeping and sanitation are greatly improved. Additional action is programmed such as improved lighting and the repair of damaged walls, doors and floors.

Springdale Farms (formerly Loyd's Poultry Processing Co.) Springdale, Ark., p. 208

Sanitation in this plant has greatly improved. Operations have been halted numer-

ous times but results have been realized. Deadlines have been given on maintenance and repairs of facilities and equipment. No product is allowed in the cooler unless tightly wrapped with plastic covers. A new cooler is scheduled for completion April 1, 1972. This plant has changed management and seem to want to comply with the regulations. While we get verbal understanding of problems that must be corrected, the halting of operations brings forth the usual tense relationships. Inspectors and management have been informed that there will be no let up until compliance is attained.

Campbell Soup Co., Fayettville, Ark., P 138

This plant has recently completed and occupied a new facility. The facilities reviewed by GAO have been completely replaced. On the last review of this new facility no unacceptable items were recorded.

Ralston Purina Company, Springdale, Ark. P 963

This plant is acceptable and no major problems are encountered with sanitation and facilities. The problem of condensate has been corrected by installation of a new ventilation system. Some condensate is still present over the crovac freezing system but no danger of product contamination exists. This system is enclosed and the product is protected at all times. Operations are smooth and sanitation is well above minimum standards.

Garret Poultry Co., Rogers, Ark. P 607

This plant is in generally good condition both from the standpoint of facilities and operations. Facilities and equipment have only minor deficiencies and are corrected on a normal plant maintenance program. Deficiencies in sanitation are caused by an apparent labor problem of management. This makes it more difficult for inspection personnel to maintain an adequate sanitation program which is evidenced by the amount of down time this plant has in order to operate.

Franz Food of Arkansas, Inc., Green Forest, Ark. P 112

Facility and equipment problems in this plant have nearly all been programmed for repair or replacement. Work is progressing well on walls and floors that needed repair. Much has already been completed. About the only problem at this time is minor facility corrections.

J–M Poultry Packing Company, Inc., El Dorado, Ark. P 350

This plant presently is acceptable for Federal inspection. Extensive remodeling is now in progress. Glass board has been installed to eliminate flaking paint on walls of the ice pack cooler. Sanitation is being handled on a daily basis.

Valmac, Inc., Pine Bluff, Ark. P 275

Peeling paint from ceilings and walls was a constant problem in this plant. Paint was barely six months old when problems forced the scraping of flaking paint before operations began on a daily basis. These areas have now been sandblasted and resealed. The maintenance program is effective and does not interfere with daily operations. Sanitation is acceptable with no problems encountered with the final product.

J. K. Southerland, Inc., Clinton, Ark. P 121

The overall condition of this plant is good. On the last review no unacceptable items were recorded. Flaking paint on some walls has been corrected by repainting. The review indicates this plant is producing a wholesome product under satisfactory conditions.

C. Finkbeiner, Inc., Little Rock, Ark. P 212

Considerable renovation of this plant has been completed over the past twelve months. Sanitation problems encountered are handled on a daily basis by the assigned inspector and in no way detract from the overall facility. Maintenance and housekeeping procedures have progressed nicely.

Hanford Produce Company, Clarksville, Ark. P 846

This plant is presently acceptable for Federal inspection. Continued maintenance is required due to normal wear and tear.

Tip Top Poultry, Inc., Marietta, Ga. P 1480

Sanitation and housekeeping are basically acceptable in this plant. Some improvements have been made in physical structures and others have been programmed with management. Holes in the floors of shipping dock have been repaired. Non-potable water lines have been identified. Chiller joints have been properly sealed. All areas of product contact were clean before operations began at the time of the last review.

Wilson Laurel Farms, Inc., Cumming, Ga. P 243

All deficient areas in this plant are correctable and have been scheduled with plant management. All areas with sanitation deficiencies are corrected prior to the starting of operations. Only boxed or covered product is permitted in the cooler until the scheduled refinishing is completed.

Swift and Company, Douglas, Ga. P 1272

Many improvements have been made in this plant. The management has accepted their responsibilities in operating a food producing plant. A complete review was made on September 20, 1971. A score of 93.5 was recorded which indicates the improvement in this plant. Acceptable product is being produced under acceptable conditions.

Swift and Company, Gainsville, Ga. P 311

Inspection withdrawn June 1971.

Conagra, Inc. (formerly Red Hat Poultry) Dalton, Ga. P 1279

Some walls are in need of repair, particularly the cooler. The offal door and conveyor need replacing. These deficiencies have been programmed for repairs and deadlines given plant management. Problems have been encountered with particles of paint in the ice-making room. The paint has been scraped and the ceiling cleaned to preclude any contamination of ice. In general maintenance has been a problem but has improved. Plant management and inspection personnel have been well informed as to their responsibilities and will be expected to maintain sanitary operation and a wholesome product at all times.

Elberton Poultry Company P 184

The facilities, sanitation and operations in this plant have greatly improved since the GAO review. Only minor deficiencies have been encountered on recent reviews. The last review showed no items being marked unacceptable, however, there were items noted that needed correction.

Pillsbury Farms, Ellijay, Ga. P 40

This plant is well equipped to meet inspection standards. There is ample room for equipment, good lighting and facilities. The main problem is a lack of a continuing sanitation program. Daily checks by inspectors have had to be increased and the plant placed on a "go-no-go" basis. Some floors need repairs and have been programmed for completion. The ceiling in coolers need work. No product is allowed in coolers without complete protection. With increased surveillance from inspectors and efforts by plant management on the above-mentioned areas, this should be a good plant. At present there is no product contamination and the end product is acceptable.

Talmadge Farms, Division of Cagle's Inc., Lovejoy, Ga., P 373

During the past 10 months this plant has maintained a continuous program of improvements. A two-story building has been completed. The canning and sausage operations have been moved into this building. A new floor has been poured in the old canning room. This room will not be used until the walls and ceiling are completed. Four rooms in the dry curing department have been remodeled and the others have been programmed for completion. The floor has been patched in the old cooler and a new cooler is under construction. On the last review no product contamination was observed. All equipment had been properly cleaned before operations began.

Gold Kist Poultry, Athens, Ga., P 1246

There has been a tremendous amount of remodeling done in this plant. A new floor has been poured in the eviscerating room. A new ice room has been completed. The outside area has been paved. Sanitation is much better throughout the plant. Supervision has directed both management and inspection of their responsibilities. A new ceiling is being programmed for the eviscerating room. Other minor deficiencies are continually being corrected on a day to day basis.

Gold Kist Poultry, Canton, Ga., P 1246

This plant is an older building and probably could not be made a thing of beauty without completely rebuilding from the ground up. Improvements have been made in facilities and equipment, but much is still to be desired. The final product is wholesome and sanitation is acceptable. Inspectors must constantly be on guard for sanitation deficiencies; however, operations are halted and frequent clean-ups are accomplished. Management accepts the fact that operations will be hampered in order that we complete the objective of a wholesome product. This plant will be closed the week of Thanksgiving and new ceilings installed. Plant management will determine before January 1, 1972, whether to completely renovate the present facility or build a new plant. Regardless of the decision to renovate or build, acceptable sanitation will be maintained.

Marell Poultry Company, Murrayville, Ga., P 1257

This is a relatively new plant and has no great problems. Preoperative sanitation is a problem and new procedures have been implemented. Inspectors are instructed to place reject tags on any equipment and not allow operations to begin until the equipment is satisfactory. The inspector in charge is to report daily to his officer in charge until further notice. Another problem of pest control in non-product areas has been solved. In general this plant is good and certainly a wholesome product is the end result.

Eng Frozen Foods, Atlanta, Ga., P 865

Operations discontinued (inspection withdrawn, June 1971).

Rose Hill Poultry Corp., Rose Hill, N.C. P 510

Improvements at this plant have progressed satisfactorily. Maintenance of production areas has presented little problem. Better housekeeping practices in maintenance rooms and the box storage area has been accomplished. Also, additional lights have been installed and security over condemned materials has been increased. This plant meets requirements for operating under Federal inspection.

Watson Seafood and Poultry Co., Inc., Raleigh, N.C. P 844

Considerable progress has been made on the facilities of this plant in the past year. Walls and ceilings have been repaired. Deficiencies also existed in the handling of condemned products, in the workshop and box storage areas, and the holding cooler. All of these items have been corrected. A few minor deficiencies are in the process of being corrected. Company management has accepted their responsibilities for sanitation and good operating procedures.

Gerber Products Co., Ashville, N.C. P 1324

Overall operation and sanitation is presently considered good. Also, facilities and maintenance is above average. Deadlines have been met and none are due at this time.

Holly Farms Poultry Ind., Inc., Wilkesboro, N.C. P 1

The overall operation of this plant is good. Sanitation is well above average and presents no problems other than the sheer enormity of checking such a large plant. One problem encountered is worn equipment which is scheduled for replacement by January 1, 1972. No deadlines are due at this plant at the present time.

B & H Foods, Inc., Charlotte, N.C. P 942

Sanitation and operations of this plant are presently considered good. Sanitation has lapsed on occasions, but has been satisfactorily corrected on a daily basis. This is a very small plant with above average facilities and there are no significant problems at the present time.

Holly Farms Poultry, Ind., Inc., Hiddenite, N.C., P 14

This plant is acceptable for Federal poultry inspection. The overall sanitation and operating procedures are good. Facilities and the maintenance program are also good. The last review indicated no unacceptable items.

Mid-State Farm Coop., Cp., Siler City, N.C. P 16

A great deal of progress has been made at this plant over the past year. Handling of product, elimination of condensation, control of rust and flaking paint, operational housekeeping, and others are much improved. Several pieces of equipment still need replacing and preoperative sanitation needs improvement. In many instances inspectors must hold up operations until minimum sanitation requirements are met. Unless plant management can demonstrate a more effective cleanup program, the delaying of operations will likely continue.

Morton Frozen Foods, Concord, N.C., P 187

Many improvements have been made on the facilities of this plant. A new ceiling was installed in the picking room. Shackles, chains, and suspensions have been replaced. New sheet metal has been obtained for the pickers. Some deficiencies have been programmed for completion by management. Sanitation has improved with inspectors holding up operations until cleaning is accomplished. Wholesome product is being produced while continued progress is being made in upgrading an old building.

Luck's, Inc., Seagrove, N.C., P 1399

A marked upgrading of plant facilities and daily sanitation has resulted in satisfactory compliance. Control of dust and drainage on the outside premises has been accomplished by new paving, grading and using oil as a binder. Grass has been planted and unused scrap either hauled away or neatly stacked. Additional action is programmed such as further paving of outside premises, repairs to damaged title on inside walls, and through wall pipe passages are to be closed. Storage, product handling, and housekeeping are considered superior. Present conditions of the establishment would provide grant of inspection.

Pilgrim Industries, Inc. (formerly Market Produce Co., Inc.), Arlington, Tex. P 812

Sanitation and facilities are generally good in this plant. Several cracks in floors are in need of repair and have been programed for correction. Outside premises especially around the dumpster need cleaning. This was immediately corrected. Maintenance program is good and problems are minor. Corrections in sanitation are handled immediately on daily basis.

Byerly Foods, Inc., Dallas, Tex. P 647

This plant's facilities and operations are generally acceptable. Facility deficiencies are minor and corrected through an adequate maintenance program. Sanitation deficiencies are corrected on a daily basis before operations begin. The last review indicated no unacceptable items.

Whitman Foods, Alto, Tex. P 2276

A recent review has not been made of this plant. It only operates 4 to 5 weeks per year. At the present time this plant is closed. A review will be made before operations begin to assure that sanitation requirements are met before starting the plant.

Burgess Poultry Market, Inc., Nacogdoches, Tex. P 175

This plant was destroyed by fire December 15, 1970. Inspection withdrawn.

Ralston Purina Company, Nacogdoches, Tex. P 973

Facilities and equipment are presently acceptable. Minor variations are no more than could be expected and are corrected as they appear through an enforced maintenance program.

City Poultry Processing Company, Houston, Tex. P 058

Some deficiencies have been noted due to normal building and equipment deterioration. An effective maintenance program was lacking and has been initiated. Continuous chiller seams are hand cleaned and will continue to be hand cleaned and inspected until an acceptable sealer is available. Sanitation problems are handled on a daily basis with discrepancies corrected before operations begin.

Plant D. Yoakum Packing, Ltd., Yoakum, Tex. P 788

The operations in this plant are acceptable. Most deficiencies found are of minor nature and corrected before operations begin. The last review showed no unacceptable conditions found. A new door to the kill floor has been installed.

Reneau Brothers—Poultry and Egg Company, Inc., Seguin, Tex. P 1137

Several minor variations and some unacceptable items were noted and corrected during the last supervisory inspection. These were primarily sanitation and routine procedure deficiencies that are normally handled on a daily basis. This does not detract from the overall acceptability of the plant. Continued maintenance and more attention to sanitation is required.

Motts, Inc., Mississippi Nixon, Tex. P 845

This is an old plant with more than usual maintenance problems. A vigorous renovation program is underway and progress is readily recognizable. Ceilings are a major concern and are to be replaced in their entirety. Product is protected at all times and sanitation discrepancies are corrected on a daily basis. This plant has come a long way in the past 12 months. Continued efforts should greatly improve this plant's capability and allow them to clean and operate without as many slow downs and shut downs by inspection.

Taylor Turkey Ranch, Ovalo, Tex. P 7035

At the time of the last review this plant was unacceptable for Federal inspection. This is a seasonal plant that hasn't operated in several months. Floors, walls, and ceilings are in need of repair and the plant will not be permitted to operate until these items are corrected.

Hill Country Foods, Goldthwaite, Tex. P 7050

This plant is acceptable for Federal poultry inspection. The last review indicated some minor maintenance deficiencies which have been corrected. Sanitation problems are handled daily before operations begin.

Plantation Foods, Inc., Waco, Tex. P 635

Sanitation and facilities in this plant are quite good. The maintenance program is one of the better and operations are generally performed with efficiency.

Campbell Soup Company, Paris, Tex. P 13

This plant's operations and facilities are acceptable for Federal inspection. This is a modern plant that is well maintained. The last review was very good with all items being acceptable except one minor variation.

Handy Andy, Inc., San Antonio, Tex. P 430

This is a modern plant with good facilities. The maintenance program is not keeping up with needed repairs. This could be due to mostly new equipment not yet needing attention. Based on observation the maintenance need will arise rather swiftly if the trend continues. Pest control has needed attention and will be checked closely in the future. Pipes for air agitation in chill vats have been replaced because of unsanitary conditions. Some chill vats were flaking, galvanizing and have been rejected for use. Other than the above items, this plant is not considered a problem. However, inspectors will need to keep a closer surveillance in the future.

WATER POLLUTION PROBLEMS

Mr. PELL. Mr. President, 2 weeks ago the Senate approved S. 2770, a bill which would launch a realistic, comprehensive, and effective program to combat the country's very serious water pollution problems.

I supported the passage of that bill because I believe it will provide, for the first time, a program on a scale equal to the magnitude of the problem.

For the same reasons, I was amazed and shocked to read news reports that the administration is now seeking to undermine and weaken this water pollution control legislation during consideration in the House of Representatives.

Perhaps the administration believes that the current deep public concern over water pollution and other environmental problems is something of a fad that will pass away; or that the American people can be satisfied with nothing more than talk about protecting our environment. If so, then the administration is terribly and tragically wrong, both about the problem and the determination of the American people to solve it.

Evidence continues to pile up that our environmental problems have not been exaggerated. Indeed, we continue to see evidence that the problem may be more serious than we have thought.

Today, for example, the University of Rhode Island has made public a study indicating that areas of Narragansett Bay, previously considered unpolluted, may in fact be chronically polluted with hydrocarbons from petroleum.

The study, conducted by John W. Farrington of the university, and supported by the Environmental Protection Agency, and the national sea-grant college program, is disturbing, because it suggests that our marine pollution problems may indeed be far greater than we have previously suspected. I ask unanimous consent that a summary of the study be printed at the conclusion of my remarks.

The University of Rhode Island report, I believe, underscores the necessity of

mounting the most vigorous water pollution abatement program we can, and I believe the Water Quality Standards Act, recently passed by the Senate, represents just such an effort.

The report also supports a point I have made repeatedly. We need more knowledge of the specific effects of varying levels of pollutants on the marine environment and on human life.

Mr. Farrington's study disclosed the presence of petroleum hydrocarbons in shellfish in Narragansett Bay. But we do not really know what this means in terms of the shellfish population or human health, because we have no standards of permissible levels of hydrocarbons in shellfish.

It is ironic that a few miles from Narragansett Bay is the National Marine Water Quality Laboratory, charged with the responsibility for developing marine water quality criteria. That laboratory is laboring in grossly inadequate, temporary quarters, even though Congress appropriated money 9 years ago for modern facilties.

The Senate adopted my amendment to the Water Quality Standards Act, requiring that this laboratory be built. I hope the administration now will not wait for final passage of that bill, but will proceed as quickly as possible with the construction of this vital research facility.

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

HYDROCARBONS FOUND IN NEW BAY AREAS

Hydrocarbons, possibly derived from petroleum products, have been found in sediments and clams in parts of Narragansett Bay considered unpolluted up to now.

John W. Farrington, who has completed requirements for a doctoral degree in oceanography at the University of Rhode Island, said in a recent paper that some areas of Narragansett Bay, including areas in the West Passage where the waters are designated as unpolluted and shellfishing is not restricted, may be chronically polluted with oil. Mr. Farrington delivered his paper at the University of Delaware.

Sources of the oil include sewage treatment plants, storm sewers, repeated small spills from tankers and Naval vessels, and motor oil from small craft, he said.

"The presence of this oil raises the question of the potential danger to shellfish consumers," Mr. Farrington said.

He emphasized, however, that there are no standards of permissible levels of hydrocarbons in shellfish. Nor is it known that the hydrocarbons found in the shellfish in the bay could have any adverse effects on humans.

Toxicological studies are now being initiated by the Food and Drug Administration (FDA) to determine the potential danger of hydrocarbons to humans, according to Darrell Schwalm, a shellfish consultant to the FDA in Boston.

He was among the URI, federal and state officials who attended a meeting at which Mr. Farrington discussed his findings at URI's Narragansett Bay Campus last Friday (Nov. 5).

Other participants of the meeting included Dr. Clarence M. Tarzwell, director of the National Marine Water Quality Laboratory in West Kingston; Carleton A. Maine, chief of the division of water supply and pollution control in the state Department of Health; John N. Cronan, deputy chief of fish and wildlife in the state Department of Natural Resources; Capt. James Verber of the Public Health Service at Quonset; Dr. John A. Knauss, provost for marine affairs at URI; Stuart O. Hale, assistant to the provost; and Dr. James G. Quinn, assistant professor of oceanography under whom Mr. Farrington did his graduate work at URI. Dr. Quinn is the co-author of Mr. Farrington's paper.

Mr. Farrington estimated that about 75 million gallons of hydrocarbons are discharged into the country's coastal waters every day through sewage effluents.

His research points up the fact that it is becoming more critical to "watch what we allow to be discharged from our sewage outfalls," Dr. Quinn said.

Hydrocarbons are an important group of organic compounds containing only hydrogen and carbon in varied structural combinations.

Hydrocarbons were found in shellfish taken in three locations and sediments from eight locations covering an area starting at the Fields Point and East Providence sewage treatment plants on the Providence River, continuing through the upper bay and the West Passage, and ending off Beavertail at the southern tip of Conanicut Island.

As a comparison, samples of hard shell clams found in Charlestown Pond, a coastal salt marsh and lagoon area on the south shore of the state cut off from most sources of oil pollution, were analyzed and found to contain no detectable levels of petroleum hydrocarbons.

The area around the sewage treatment plants is designated as polluted and is closed by the state department of health to shellfishing. Due to sewage overflows, the upper part of the bay is also closed to shellfishing following heavy rains, based on fecal coliform counts. Most of the West Passage has been considered unpolluted, however.

Although there are several possible explanations for the presence of hydrocarbons in the sediments and shellffish from "unpolluted" areas of the bay, Mr. Farrington said that the most likely sources are in the petroleum products, such as used oil, in the sewage effluents of the Fields Point and East Providence plants, and in small oil spills.

Based on analyses of the effluents, Mr. Farrington estimates that 350,000 liters, or about 79,450 gallons, of hydrocarbons a year are discharged by the sewage treatment plants into the river. The exact nature of the hydrocarbons is not known, but the analyses point to a petroleum source.

The explanation that "best explains the observed data" is as follows:

Oil in the sewage effluents, coupled with that in small oil spills, is adsorbed by—that is, it adheres to the surface of—particles of matter in the water. Under certain conditions, some oil can even form its own particulate matter. Most of this matter is then deposited on the bottom.

While the oil is being deposited, it begins to break down and some constituents dissolve in the water. Some of the particles with oil on them are filtered by the hard shell clam and become incorporated in the clam's tissue. The breakdown of the oil slows down in the clam, while continuing at the same rate in the sediment. This results in the difference in the amount and types of hydrocarbons found in hard shell clams and sediments from the same location.

The concentration of hydrocarbons in the shellfish varies from 94 parts per million of dry weight near the sewage outfalls to 11 parts per million near the mouth of the bay.

Dr. Quinn said that hydrocarbons in shellfish tend to build up in the lipids or fatty tissue. "The next question is what do the hydrocarbons do to the shellfish biochemically? We can't just trust that the animal will purify itself over a period of time," he said.

Research on the effects of hydrocarbons on lipid metabolism of shellfish is continuing at URI's Graduate School of Oceanography, Dr. Quinn said.

Mr. Farrington is presently conducting research with Dr. Max Blumer, who is continuing his study of the effects of the 1969 West Falmouth oil spill, as a post-doctoral investigator at the Woods Hole Oceanographic Institution.

Mr. Farrington's paper is based on research he did at URI for his doctoral thesis over the past three years. Funding for the project came from the Environmental Protection Agency and the Sea Grant Program of the Commerce Department's National Oceanic and Atmospheric Administration.

NOMINATION OF WILLIAM REHNQUIST

Mr. FANNIN. Mr. President, for the past several weeks, the entire life of William Rhenquist has been subjected to a microscopic examination. Absolutely nothing has been discovered that should detract from his magnificent qualifications to be an Associate Justice of the Supreme Court.

We who have known William Rehnquist for a number of years knew exactly what all of the investigations would reveal. We knew that William Rehnquist is a man of the highest character as well as a man with a brilliant legal mind.

Mr. President, my colleague from Arizona (Mr. GOLDWATER) summed it up well in today's New York Times. I ask unanimous consent that an article written by Senator GOLDWATER be printed in the RECORD.

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

"A MAN OF THE HIGHEST PERSONAL INTEGRITY"

(By BARRY M. GOLDWATER)

WASHINGTON.—Liberal opponents of Supreme Court nominee William H. Rehnquist will never find a more difficult target.

Almost a week of hearings before the Senate Judiciary Committee plus thousands of hours spent searching out a lifetime of records and comments by the Phoenix attorney have left nothing to object to except Mr. Rehnquist's political views.

It is estimated that never before have so many journalists, academicians, legal experts and others spent so much time on the qualifications of one nominee.

And what emerges from the thousands of words, voiced and written, about Mr. Rehnquist are these salient facts:

Mr. Rehnquist is a man of the highest personal integrity and professional competence.

Mr. Rehnquist is a man who takes the trouble to see both sides of all issues to which he addresses himself.

Mr. Rehnquist is a man who has demonstrated himself to be thoughtful and moderate; a man whose beliefs and convictions are well within the mainstream of this country's thinking.

Perhaps one of the greatest pluses for Mr. Rehnquist which emerged from a nonstop inquestion by liberal politicians, commentators and journalists was his ability to maintain his poise and temper under the most extreme and trying circumstances.

He has proven to friends and critics alike that he wears pressure well, and is a man of such breadth and balance that his severest critics were had put to find even short

passages of his past statements to quote out of context.

It would be unfair to say that the Phoenix attorney is a man devoid of political and social convictions. As an acquaintance of many years, I know him to be a man who believes that the protection of individual rights should extend not only to the accused but also to society as a whole. He perhaps could fairly be described as a man who believes in a system based on ordered justice, who is deeply concerned about threats to our democratic processes.

Some, but by no means all, of Mr. Rehnquist's opponents have lately begun to use smear tactics in an effort to prevent his confirmation. The tactics by now have included exaggerations of his views, outright distortions of his public statements, plus a considerable variety of vicious labels and characterizations. It may be a measure of desperation, but the fact remains that now that the committee questioning has failed to destroy Mr. Rehnquist's chances, he is being called a "right-wing zealot," a "radical of the right," a "laundered McCarthyite" and an "extremist in favor of executive supremacy and diminution of personal freedom."

In my opinion, the opponents of Mr. Rehnquist overstepped themselves and defeated their own purpose when they seized on a casual talk-show claim that the President's nominee was a member of the John Birch Society. Almost as soon as the charge hit the airways, the nominee filed a sworn statement with the Judiciary Committee denying that he was now or had ever been a member of the Birch Society. Unfair as the charge was, the effort of the A.D.A. leader, Joseph Rauh, to use it for smear purposes may have tipped the Senatorial scales in Mr. Rehnquist's behalf.

Rauh's attempt to cast doubt on Mr. Rehnquist's denial of membership and his obvious attempt to smear the nominee through a process of guilt by association blew up right in his face. It brought from Senator Edward Kennedy of Massachusetts, a committee member with admitted reservations about the nominee, a warning not to spread charges without evidence. Kennedy further told Rauh: "You have left an atmosphere that I think is rather poisonous."

Mr. FANNIN. Mr. President, I also invite the attention of Senators to four other columns which have been published recently in the press. These articles discuss the Rehnquist nomination and the role of the Supreme Court in general. I ask unanimous consent to have printed in the RECORD columns by William F. Buckley, Jr., James J. Kilpatrick, and Richard Wilson, and an article by Anthony Lewis which appeared under a London dateline in the New York Times.

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

WOULD SENATE LIBERALS CONFIRM JUSTICE CARDOZO?

(By William F. Buckley Jr.)

If one were to ask the question about former justices of the Supreme Court, "Who is the fairest of them all?", there would be many answers: But no list of the great Supreme Court justices of this century would exclude the name of Benjamin Cardozo. A learned friend now calls to my attention that notwithstanding that Cardozo was worshipped in his day, which is not that remote (he died in 1938), one wonders whether the liberals in the Senate would nowadays vote to confirm a man with such a record.

In brooding over appointments to the vacancies in the Supreme Court, Fred Graham, who covers the court for the New York Times, wrote recently, "The suspicion is that what Mr. Nixon really has in mind is a Supreme Court that will quietly attend to its own judicial backyard, and will not interfere with what the other two branches and the states want to do." That of course is not only what President Nixon has in mind, but substantially what the framers of the Constitution had in mind. Certainly that is substantially what Cardozo had in mind. And yet, in recent days, in the New York Times Prof. Alan M. Dershowitz named Cardozo as the judicial exemplar, whom Nixon's choices should seek to emulate.

Judge Cardozo always distinguished between the function of the legislature and the function of the court. Soon after being named to the Court of Appeals, he concurred in a decision of that court affirming the conviction of Dr. Margaret Sanger for the offense, under the law as it stood, of disseminating birth control information. The court's objection, in which he joined, noted breath-takingly that it was not the business of the courts to consider arguments "touching social conditions and sociological questions." These, the court held, were "matters for the legislature and not the courts."

On this point, Cardozo more or less held firm throughout his life, the most conspicuous exception being his vote to condemn the National Recovery Act as unconstitutional. It was the keel of his judicial philosophy, singled out by his eulogist, Atty. Gen. Homer Cummings, at his memorial service. For Cardozo, Cummings said, that doctrine was not an "aphorism but a burning truth."

Cardozo seldom interfered with state legislation. Although he did on one occasion invalidate the sentencing of a Communist under an anti-anarchy law, he took pains to point out that he was observing merely that a Communist is not an anarchist, that he was not disputing the constitutional authority of the state to "protect itself by prohibiting the teaching of revolutionary doctrine."

And, in the field of criminal prosecutions, Cardozo came face to face with many problems still being actively debated. For instance: Do you or don't you admit evidence even if it was procured by trespass or other unlawful means? Cardozo believed that the purpose of a trial was to ascertain whether accused was guilty.

He never held the 5th Amendment as binding in the state courts, and indeed he did not consider either it, or even a jury trial, as generically indispensable to freedom: "Few would be so narrow and provincial as to maintain that fair and enlightened system of justice was impossible without them (trial by jury and the privilege against self-incrimination) . . . justice . . . would not perish if the accused were subject to a duty to respond to orderly inquiry." For the record, Justices Hughes, Brandeis, and Stone concurred.

I am indebted to James Jackson Kilpatrick for a little arithmetic on the Supreme Court's 1970–71 term. The court handed down 121 written opinions. Twenty-eight of these were 5-to-4 decisions. Of the 28, eight dealt with statutory questions. The rest were cases arising under the Constitution. The court conservatives won thirteen, lost six, and tied one (U.S. versus Arizona). Burger and Blackmun voted as one in all 20 cases. On the liberal side, Douglas, Brennan, and Marshall never broke ranks. White joined the two conservatives in 16 out of 20 cases, Harlan and Stewart in 15 of them, Black in only 9. The exemplary Cardozo, whom Messrs. Powell and Rehnquist should indeed seek to emulate, would have joined the conservative bloc.

REHNQUIST'S RECORD IS RESULT OF ADVOCATE ROLE

(By James J. Kilpatrick)

Nine of the last 12 nominees to the U.S. Supreme Court were sitting judges when their names went to the Senate. It was not much of a problem to read their reported opinions and to get a line on their cast of judicial thought.

A more difficult task is presented in getting a line on Lewis F. Powell, Jr. and William H. Rehnquist, the President's nominees for the vacant Black and Harlan seats. They are active lawyers, one in private practice, the other as government counsel; they think, speak and act as advocates, not as judges. Their high calling has made them players, not umpires, and this role needs to be kept in mind.

It needs especially to be kept in mind in the matter of Rehnquist. He is coming under heavy fire just now from a number of civil libertarians who are offended by things he has done or said as assistant attorney general. He has, for example, been "tough on demonstrators." He has "supported preventive detention." He has "defended a President's unrestrained power to eavesdrop on private citizens." The impression is being cultivated that Rehnquist is somewhat to the right of Torquemada and just to the left of Genghis Khan.

A very different impression may be formed from a careful reading of Rehnquist's speeches and prepared statements over the past three years. These make a stack of papers 4 inches high. To study them is to gain a picture of advocacy at its best—of argument compelling in its force, but founded in reason. One also sees Rehnquist, as the quintessential lawyer, living by the commandment of Canon 6 that his obligation is to represent one's clients "with undivided fidelity." His clients, of course, have been the attorney general and the President.

Yes, he is tough. He speaks to the Newark Kiwanis Club on Law Day of "the new barbarians" and he is cool to cold: "I do offer the suggestion in the area of public law that disobedience cannot be tolerated, whether it be violent or nonviolent disobedience. I offer the further suggestion that if force or the threat of force is required in order to enforce the law, we must not shirk from its employment."

He is wholly a man of the law: "The minority, no matter how disaffected or disenchanted, owes an unqualified obligation to obey a duly enacted law. Government as we know it could not survive for a day if it permitted any group to choose the laws which it would obey, and those which it would not obey."

In another Law Day address, this one in Houston, he defends the government's position in the matter of violent demonstrators. He has no apologies for sweeping them up: "I suggest to you that, quite contrary to the views expressed by the defenders of the radicals, these actions of state and federal governments are only the most minimal sort of responses to very intense and serious provocation, and that these actions on the part of the government are not only thoroughly defensible but absolutely necessary. They are absolutely necessary not only for the preservation of order, but for the preservation of liberty itself. . . . We must not equate dissent with disloyalty. . . . But I would like to pose the corollary that neither should we equate destruction with dissent."

Time after time, one finds Rehnquist defending "the balancing approach," and "the reasonable approach." In a speech at Tempe, Ariz., in December 1970, he provided a superb defense—agree or disagree—of the case for "preventive detention." He is constantly remarking that "all or nothing" solutions cannot be accepted. He is contemptuous of the excesses in federal surveillance activities. These at one point "rather clearly got out of hand."

Rehnquist is not the most felicitous writer one might encounter. He splits infinitives. He mangles verbs. He falls into the "may or may not" constructions that smack of redundancy. He has not mastered the distinction between "less than" and "fewer than."

The syntax is not so important. Rehnquist, on his advocate's record, offers a brilliant intellect and a scholar's patience. On the court he may disappoint Nixon and he will disappoint me, but he promises to make a tremendous judge.

REHNQUIST UNDERSCORES IDEOLOGICAL ISSUE

(By Richard Wilson)

The nomination of William Rehnquist as a justice of the United States Supreme Court presents the issue between President Nixon and the Democratic Senate majority in a unique and direct way.

No fringe questions cloud the issue. Rehnquist's record as a lawyer is without blemish. No reproach arises from his personal life, his financial affairs, or his intellectual qualifications.

Rehnquist is an activist conservative. It does not wash that in the Justice Department he merely did a lawyer's duty as an advocate of his client's cause. The record shows that he did so with the force of conviction. His record as a private lawyer equally supports the conclusion that he has articulated the rational conservative position as a believer, and by no means in the sense that a lawyer might defend an accused murderer whom he suspected, in his heart, to be guilty.

A vote against Rehnquist in the Senate, therefore, must be based largely upon opposition to his politico-legal philosophy as revealed in his record as a lawyer. Is this a group basis upon which to oppose a President's nomination of a Supreme Court justice?

There is no use saying that lawyer-trained senators are above basing their votes on such differences. If William Kunstler were to be nominated to the Supreme Court he would be opposed as a dangerous radical who could not be trusted as a judge. It is precisely the difference between a Rehnquist and a Kunstler which makes the point. Rehnquist respects the processes of law and Kunstler does not.

If innocence of all politico-legal doctrine or ideology were to be made the definitive qualification of a Supreme Court justice, the court would not have seated Charles Evans Hughes, Earl Warren, Hugo Black, Felix Frankfurter and others. Hughes was governor of New York and a candidate for President. Warren was governor of California and a candidate for vice president. Both were Republicans and adhered to a certain political philosophy.

Black and Frankfurter were liberals in their time and very active as such. That was a major reason why they were appointed to the court. Others were appointed for the same controlling reason. One law school dean came to prominence as a supporter of Franklin D. Roosevelt's court reorganization plan and he was subsequently appointed to the court.

A senator must judge whether or not a nominee's past record of advocacy and his political orientation is such as to disqualify him from being a fair and able judge weighing all sides of an issue. Fair-minded and able men often come to different conclusions, as the Supreme Court illustrates very often. Justices supposed to be "liberal" or "conservative" often end up the opposite or somewhere in between.

President Nixon has placed on the scales by which a senator weighs a nominee's qualifications the idea of "strict construction" of the Constitution. Just what this phrase means is beyond clear definition. It might be said that under strict construction of the Constitution the President of the United States could not conduct the Vietnam war without direct congressional authorization and declaration. Would Nixon agree to that? Even the strict constructionists on the Burger court evidently do not.

Strict constructionism has become a codephrase for inflexible adherence to the past which Nixon himself negates nearly every day in his executive policies. It was a mistake to introduce the idea, for the court is compelled to move with the times as it did so dramatically in the school desegregation cases. In these cases the strict construction of the Constitution changed the centuries-old pattern of American life.

The current need is not for those trapped by the past, but for men with minds of penetrating depth unswayed by shibboleth and fixed concepts. Rehnquist brought that kind of a mind to the problem of legally rationalizing opposition to long prevailing concepts which were supposed to be "liberal" and therefore sanctified, as was the separation of the races so long sanctified.

So, a senator who votes against Rehnquist must say to himself: "This man is qualified, evidently brilliant, capable of growth, and with an enviable grasp of the law. But I cannot support him because he doesn't fit my definition of a liberal." Experience shows this is a poor way to measure judicial qualification.

[From New York Times, Nov. 11, 1971]

AFTER REHNQUIST

(By Anthony Lewis)

LONDON.—The problem now troubling American liberals in the nomination of William H. Rehnquist to the Supreme Court was foreseen years ago by Judge Learned Hand. In his Holmes Lectures at Harvard he said:

"In so far as it is made part of the duties of judges to take sides in political controversies, their known or expected convictions or predilections will, and indeed should, be at least one determinant in their appointment."

Judge Hand was not using the word "political" in its narrow partisan sense. If our judges are to decide controversial national issues in the guise of lawsuits, he was saying, then they will be chosen in part for their ideology.

It is difficult for liberals to deny the premise. They know that for years they cheered the Supreme Court on as it advanced values of which they approved. Now a conservative President wants judges with different values. Is it logical to deny him that power, or even democratic? After all, the Presidential appointing power is the only means of seeing that the Court even distantly reflects the changing outlook of the country—as it must.

From this it follows that a President, should be allowed ample ideological scope in choosing a Supreme Court justice. There are limits—a racist would be disqualified—but they are broad. And so, many Senators who entirly disagree with Mr. Rehnquist's right-wing ideas will nevertheless properly vote for his confirmation.

But a more basic issue will remain—the one that really interested Judge Hand. That is the issue of the appropriate limits on the judicial function. Should judges be dealing with heated social and economic controversies? Or should they limit themselves to tamer matters of more traditional law?

In recent years it has gone out of fashion to ask such questions. Mr. Justice Frankfurter's plea for judicial self-restraint seems long ago and far away. Few seem to remember the terrible lesson of the 1920's and 1930's, when self-willed judges almost destroyed the Supreme Court.

Instead we have what could be called the neo-realist view. It was put with candor in 1958, the same year as Judge Hand's lectures, by Prof. Charles L. Black of Yale:

"We are told that we must be very careful not to favor judicial vigor in supporting civil liberties, because if we do we'll be setting a bad precedent. Later on, we may get a bench of [conservative] judges . . . [but] suppose the present Court were to shrink from vigorous judicial action to protect civil liberties. Would that prevent a Court composed of latter-day McReynoldses and Butlers from following their own views?"

Professor Black's rhetorical question expects a negative answer, but it is not so clear that restraint on the part of a liberal Court would have no effect when the pendulum swings. Certainly Brandeis, the greatest intellect who ever sat on the Supreme Court, thought otherwise. Again and again he held back from results that he personally desired because he thought he would encourage other judges to push their views in other cases.

Of course there is no convenient formula to set the limits on the judicial function. Every judge will have his own deep instincts about the values essential to the American system. Brandeis deferred to most legislative judgments, however foolish they appeared, but not when it came to freedom of speech or privacy: He thought they were too fundamental to the whole constitutional scheme.

The justices of the Warren Court did not decide the great cases as they did out of sheer perversity, as some of the sillier critics seem to think; they were carrying out what they perceived to be their duty. If they had changed their minds because they anticipated adverse reaction, they might have been said to lack courage.

The Warren Court is to be criticized not for its motives but, occasionally, for its judgment. It overreached from time to time. For me the outstanding example was the *Miranda* case: A narrow majority, without convincing basis in history of expert consensus, read a particular code of police procedure into the general language of the Constitution.

Judicial intervention on fundamental issues is most clearly justified when there is no other remedy for a situation that threatens the national fabric—when the path of political change is blocked. That was the case with racial segregation and legislative districting; it was not the case with *Miranda*.

Judge Hand would have excluded all such matters from the courts, but that remedy would be too drastic. We have long since come to rely on the Supreme Court as an essential medium of change in our rigid constitutional structure. What we can ask of the judges is modesty, a quality required not only by man's imperfection but by the fragile nature of the judicial institution.

FORCED BUSING AND THREAT TO NEIGHBORHOOD SCHOOLS

Mr. SPARKMAN. Mr. President, in this day, when so many of us throughout the whole Nation are concerned with the threat against our neighborhood schools and with the problem of forced busing, it is good to read such an editorial as published in the Mobile, Ala., Press Register of Sunday, November 14, 1971. I think it is a fine analysis and cross-section of views throughout the country.

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:

BUSING BY FORCE LOSES GROUND FAST

If the trend of attitude on the issue continues, it soon may be difficult to find a voice anywhere in the nation that will speak out unreservedly in favor of the political atrocity of busing school children by federal force for racial purposes.

The Gallup Poll and other recent surveys have shown the great strength of public opinion against that atrocity.

Not to be left at the post in throwing cold water on forced busing, Sen. Henry M. Jackson of Washington State, who would like to land the Democratic presidential nomination next year, says that although believing in school integration in the "fullest sense," he would "oppose moving my daughter from a good school to a bad one."

More and more politicians who have been vague in the past on where they stand on busing by force are backing away from that political atrocity today in the face of mounting nationwide condemnation of the practice.

Editorially, the Christian Science Monitor currently says: "There should be prudence in the use of busing. Busing can at best be a temporary aid to desegregation, even though educators say there can be no meaningful desegregation without busing.

"Busing may never be successful until it is truly voluntarily accepted and of course then it would likely not be necessary."

Rep. John M. Ashbrook of Ohio joins the ranks insisting on busing restraints. His position, as he summarized it in the House:

"In view of the need to improve the education of children in all of our schools, whatever their racial composition, I think that federal funds should be restricted to educational purposes.

"So long as we permit the use of these funds for busing, it is a major temptation to every federal and state court, and even to state agencies, to order extensive and unpopular busing program on the theory that the costs will be picked up by the federal government."

Forced busing is on the defensive in the United States. It is losing ground both among the people as a whole and among politicians as a group.

Few plunges into the preposterous have been as untenable and vulnerable as herding school children into buses by federal blackjack for transportation out of their own neighborhoods into strange and often faraway neighborhoods in the name of promoting racial balance in the classrooms.

In a broadside at forced busing, the Chicago Tribune says editorially:

"Busing is tremendously expensive in terms of money, time and energy—all of which can be better used than by making premature commuters out of school children."

Another way in which busing is tremendously expensive is easily pinpointed: The disservice inflicted upon school children.

Correctly, the Tribune reasons that the schools "never should have been burdened" with the expectation of being made the "sole agency for increasing racial integration in American society."

Forced busing is a product of political brainstorms more than a product of anything else. In practice, it is a form of political dictation obnoxious to an obviously great majority of the American population.

SECRETARY OF STATE WILLIAM P. ROGERS

Mr. DOLE. Mr. President, the last few weeks have been filled with news on developments in foreign policy—from the President's announcement of the summit conference in Moscow to today's coup in Thailand. The day-to-day pace of these events is often difficult for most Americans to follow. So it is a welcome document that can provide a clear explanation of these events and can put foreign activities into perspective.

I refer to Secretary of State William P. Rogers' address last Friday before the 62d anniversary convention of the professional journalism fraternity—Sigma Delta Chi—which included college and professional newsmen. In an excellent survey of our foreign policy and its implications over the last 3 years, and a revealing series of questions and answers, the Secretary has put into a few pages the meaning of what has gone on around the world for all to understand.

Mr. President, I ask unanimous consent that the transcript of Secretary Rogers' address be printed in the RECORD, so that my fellow Senators may have the opportunity to review recent developments in the foreign policy area.

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

ADDRESS BY THE HONORABLE WILLIAM P. ROGERS

Members of the head table, ladies and gentlemen, I would like to, if I may, make a few introductory remarks and then suggest that if you have some questions, I will try to give an answer to those questions.

I am particularly pleased to be here today at this meeting of Sigma Delta Chi for many reasons:

First, I have always had a very deep and abiding interest in the media. I must confess, however, that I expected to see some of the same, older faces that I have been accustomed to. I had no idea that we would have so many young men and women here today. I am very pleased that that is the case.

As I said, I have had over the years, a great interest in the press and had the privilege of representing the press on a number of occasions, and particularly in connection with the First Amendment right.

I always have supported the First Amendment, as you might expect, the right of free speech, fress press—until I became Secretary of State. [Laughter and applause.]

FOREIGN NEWS IS BAD NEWS

I want to, in order to lay a little ground work for what I am going to say preliminarily, point out that in the field of foreign affairs, the news that is made is always bad news. There is very little attention given to good news.

And in the case of the United States, we are to blame for the bad news, no matter where it occurs, because we are the strongest and most powerful, successful, if you will, nation in the world. We have a heavy responsibility in dealing with international affairs, and people do blame us for things that happen, regardless of whether we could have prevented it, regardless of whether we were prepared to meet the humanitarian needs that developed in any kind of crisis.

I was reminded of this not so long ago when my briefing officer came in in the morning reciting what happened throughout the world during the night. Every morning I get a briefing of that kind. And this particular day, everything he said was bad. There wasn't a bit of good news, and I finally said to him, "The news is very bad today, isn't it?"

And he said, "Mr. Secretary, the news is very bad today."

I said, "Is there any good news anywhere in the world?"

And he said, "No, sir, there's no good news in the world." [Laughter.]

"But," he said, "I will say this, and you may be pleased to note, that there is some bad news that we are not to blame for." [Laughter.]

I said "What's that?"

And he said, "The Aswan Dam is leaking." [Laughter and applause.]

JUDGE FOREIGN POLICY IN RELATIVE TERMS

Well, I want to say that the only way that it's possible to judge foreign affairs is in relative terms. You have to ask yourself: "How do we stand today compared to where we stood at some other time?"

Now I don't suppose there has been a time in the history of this country when international affairs was in a more fluid state throughout the world. And for that reason, I think it's a particularly interesting time to be alive and I think particularly you young men and women who are interested in journalism should feel very fortunate.

There is a tendency in this country to say that we are becoming less involved in the world. And others say we should become less involved in the world.

Now I want to say to you ladies and gentlemen that I disagree on both points.

We are not becoming less involved in the world.

We should not become less involved in the world. However, it is important to change the character of our involvement, and that is what the foreign policy of this Administration, your Government, is attempting to do.

I would like, just briefly, to discuss three areas that demonstrate this point:

MILITARY COMMITMENTS VS. INVOLVEMENT

First, in military matters, we have treaty commitments that oblige us to act in certain ways throughout the world. This is the result of the bipartisan foreign policy that has existed since World War II.

But we felt that we were too deeply involved in terms of numbers; our presence was too great; that we could live up to our treaty commitments with fewer number of people, with a presence that, was not so intrusive; and as a result of that in the last two and a half years we have reduced our troop strength in the Pacific by 420,000. And as you know, the President will soon make a further announcement.

Now I'm not speaking just about Viet-Nam; I'm speaking about the Pacific area. We have reduced our troop strength in Korea, Viet-Nam, Japan; in Thailand, Taiwan and the Philippines, 420,000 Americans have been brought home from those areas, and we still are able to maintain our treaty commitments and to carry out the obligations that we have as a nation.

ECONOMIC POLICY WITHOUT PROTECTIONISM

In economic terms, we have as you know, adopted a new economic policy. Some feel that this policy is designed to build a wall around the United States, a protective wall, that we'll go back to a position in the world of "protectionism." But I can say to you ladies and gentlemen, that that is not the case.

The United States benefits from free trade just as the whole world benefits from free trade, and we are the greatest trading nation the world has ever known. And speak as you will about foreign assistance, the way we can benefit the less developed countries is to make the United States a better marketplace for them.

There's no amount of money that we can spend in terms of foreign assistance that would in any way equate the benefits that they would receive if we continued to keep our marketplace open. And the United States is dedicated to that end. We have to play our role in helping less developed countries develop their economies.

Now our new economic policy is designed to do one thing, and that is to make the economic picture of the world more fair.

As a result of World War II we took on a great obligation to assist other nations, and some of the things that have existed up until recently, have been because of inertia. We continued the policy that we initiated a long time ago; so that nations like Japan and Germany that benefited as a result of some of the efforts that we have made in the past; now have become very strong economic powers, and the policies that this Administration has adopted, are merely designed for the purpose of making trade more fair; making the monetary picture more equitable; making

it clear that we are going to share more equally the burdens of our mutual defense.

But none of the things that we have done or plan to do, in any sense of the word, is designed to go back to a period of "protectionism."

EMBARKING ON AN "ERA OF NEGOTIATIONS"

The third area that I would like to discuss very briefly today, is our position in political terms throughout the world. I don't suppose that there has ever been a time in our history when we've had more initiatives for peace underway than we do at the present time.

President Nixon promised in his Inaugural that we would embark on an era of negotiations, and we have carried out that pledge. I can illustrate it in a few ways here today.

First, on Monday (November 15), the SALT Talks, the Strategic Arms Limitation Talks, will resume in Vienna. These talks, as you know, have made progress and have focused on central issues of great importance. The two agreements that were signed on September 30th on the Hot Line between Moscow and Washington, dealing with nuclear accidents, were described by the members of the press as "appetizers." (Two years ago they might have been considered "breakthroughs.")

When the talks resume in Vienna, the United States and the Soviet Union will intensify their efforts in a very serious and substantive way. Our efforts will be directed toward achieving an agreement within the framework of the May 20th announcement made by the President and by the Soviet leaders of Moscow, which contemplates a limit on both protective and offensive weapons.

Having concentrated on ABM, on the defensive weapons, during the Helsinki round last summer, we and the Soviets will be discussing offensive limitations in greater detail in Vienna during the coming session. We have every reason to be hopeful that those negotiations will result in a successful conclusion.

BERLIN FORCE REDUCTIONS ON THE MOVE

Now in addition to these SALT Talks, Europe has been the scene of other, very active negotiations. For example, as you know we have achieved a preliminary settlement dealing with Berlin. At the present time there are talks under way between the two Germanies, and if the two Germanies are able to carry out the specific commitments that are necessary, pursuant to the agreement of Four Powers, we believe that this problem which has plagued society since World War II can be greatly improved, and the tensions alleviated.

We also, as a result of the fact that the Soviet Union now has made a positive response to the NATO initiatives on Mutual and Balanced Force Reduction, feel that there is some hope that those discussions could at some point get under way.

The former Secretary General of NATO, Mr. Brosio, has been named as Explorer and will go to Moscow with the thought in mind of discussing with the Russians how we could initiate those discussions dealing with Mutual and Balanced Force Reductions in Europe.

As you probably know, we also are contemplating the possibility of a Conference on European Cooperation and Security.

So that in the European picture particularly, there are very active negotiations going on which could lead to a much more peaceful climate in that area of the world.

THE MIDDLE EAST: CONTINUING THE 16-MONTH CEASE-FIRE

In the Middle East, as you know I am sure, we have taken a very—played a very active role, and as a result of that there has been a ceasefire in effect for sixteen months.

We have urged the parties to take further practical steps toward an interim agreement, which would be a litmus test for peace. This step would help maintain the cease-fire. It would divide the two nations. It would diminish the risk of confrontation between the national powers. It would give a new lease on life to efforts to achieve a final peace settlement.

We have suggested to the parties that ways be found to intensify the negotiating efforts. The practical fact is that the discussions between the parties have reached the stage where the differences are difficult to rectify by means of negotiations at a distance. What is required, are negotiations in close proximity so that the parties can exchange thoughts quickly. So one nation could say, "If we're prepared to make the following concession, would you be prepared to do the following?"

As it is, long distance discussion—it's a very cumbersome procedure.

We are very concerned about the buildup of forces in South Asia, and the rising number of armed clashes over recent days along the East Pakistan border.

We are apprehensive that these clashes might lead to an outbreak of hostilities in the days ahead.

We believe that a war would solve nothing, but would merely add to the mass of problems that already exist in the area.

In view of these concerns, we have urgently counselled both sides to exercise maximum restraint.

QUIET DIPLOMACY IN THE SUB-CONTINENT

We have also been the principal supporters of an international program designed to meet the problems that have arisen from the huge exodus of refugees from East Pakistan into India; and through quiet diplomacy on both sides, we are seeking to encourage steps which would diffuse the situation, get a dialogue going between those principally concerned, with a view to making practical progress toward a political accommodation.

And then finally, as you know, the President is planning to meet at the Summit with the two great Communist powers.

The current situation is unique in this post war world. For the first time since 1945, a United States President will visit the Soviet Union. For the first time ever, a United States President will visit China.

SUMMIT CONFERENCES LEAD TO "GENERATION OF PEACE"

The President is undertaking these trips in the same spirit that we are undertaking all our negotiations. We realize that fundamental differences divide us from the Soviet Union, and from the People's Republic of China; and that our problems cannot be solved overnight.

We approach these visits with modest expectations, but with the hope that such serious and intensive efforts could lead to peace during our generation.

It's an undeniable fact that peace depends in very large measure on these efforts to reconcile differences on a variety of issues, in a variety of ways, and in a variety of forums.

As I see it, that is the principal reason why the United States must remain deeply involved in the affairs of the world.

Ladies and gentlemen, let me say in conclusion that there are four points I would like to leave with you:

The first is that at no time in the history of this country has the Government ever undertaken such comprehensive and intensive efforts for peace as we are undertaking.

Secondly, the world, as a result of the efforts that have been made, is a more peaceful place to live in than it was two-and-a-half years ago. The war in Africa, which was a disastrous war with a tremendous number of casualties, has ended. In the Middle East, as I indicated, there has been a cease-fire for about sixteen months and we all hope and pray that it will continue. The war in Viet-Nam is deescalated to the point where there is very little combat, certainly very little combat as far as American troops is concerned.

Third. The progress that has been made, at least from the standpoint of the United States, has been pursuant to a policy that we announced at the beginning of this Administration. It has been a policy that's pursued in an orderly way. I'm sure that there are phases of it that some of you do not agree with, but that's inevitable in our society. But in any event, the progress that has been made, has been made pursuant to a plan, pursuant to the policies that were announced earlier on in the Administration, and they've been implemented successfully to date.

NIXON LEADERSHIP LEADING TO LASTING PEACE

And the fourth point I would like to make is that I think as a result of this leadership on the part of the United States, and particularly on the part of President Nixon, that he has achieved in the world picture, is a position of leadership for peace which holds out great hope for the prospects of a generation of peace. I know that all of us who are working in government, and I'm sure that all of you here today, have the same hope that we can succeed in conducting our foreign policy in such a way that would lead to a generation of peace.

Thank you. [Applause.]

I didn't keep standing to encourage the applause; but to suggest that I would be happy to take your questions.

Q. Mr. Secretary, what immediate results might we look for from the President's trip to Peking and Moscow?

A. Well, I think that—— [Requests for a repetition of the question.]

The question is: What immediate results do we expect from the President's trip to Peking and Moscow.

In the case of Peking, because we have not had any contacts with the People's Republic of China for so long, I think we have to begin with modest expectations. I think the mere fact that the trip is being taken, and we would hope that there would be some possibility of further contacts subsequent to the visit, in itself, would be a concrete result of considerable proportions; because the fact that a nation like the People's Republic of China was isolated for so long, in itself, we thought was a bad situation. We believe the fact that the People's Republic of China is now a member of the United Nations and is establishing diplomatic relations with many other countries and is playing a more active role in international diplomacy, will help to reduce tensions in the world.

Secondly, we would hope that there would be some possibility of an exchange of journalists, of students, doctors, scientists, and so forth.

Then possibly as time goes on, there could be an increase in trade. I think that the trade possibilities are somewhat limited to begin with because of the nature of the relationship; but we would hope there would be some possibility of increased trade.

Now in the case of the Soviet Union, because we have had very active diplomatic relations with them for so long and we are engaged in so many discussions there, we would hope that there would be some more concrete results achieved; and I would hope there would be progress in the SALT Talks. We certainly will have an opportunity to talk about the progress that is made in Berlin. So there are, I think, some prospects from the trip to Moscow, of some considerable concrete results.

Q. If the Government hadn't told us why they went to China, how it was all set up—secret trip with Kissinger and all that—how do we know that you are going to tell us all

the details of the trip? And what kind of assurance do we have of that?

A. Well the question really is: How do you know that the Government is going to tell you everything that happens, because we didn't tell you about Mr. Kissinger's trip, and so forth.

Well I don't think that the premise on which you base your question is very good.

The reason that there was no advance publicity about Mr. Kissinger's trip is because that was the only way we could work it out. We weren't sure, of course, what the results of that visit would be; and we agreed at that time that there would be simultaneous announcement from Peking and Washington; and the announcements were made by agreement at the same time, and they were the same announcement.

Now I suppose that all I can say to you is that when you have a government, you have to believe them. We are not going to mislead the American people. [Laughter.]

And I would be glad to answer any questions about this that you want. I have told you what our purposes are.

We have very modest expectations about this visit. We have indicated—

Q. Mr. Secretary—

A. We have indicated, I might just finish by saying we have indicated to our Allies that we're going to continue to honor our treaty commitments.

Now I don't know what to say, except that we have no intention of misleading the American people about the purposes of our visit to Peking and Moscow.

On the other hand, I think the American public supports the idea of these visits, and we will make known the result, as soon as it's possible to make those results known.

As I say, if you agree with the People's Republic of China that you will make an announcement at a certain time in a certain way, we have an obligation to live up to that agreement. And that is what we did.

Q. How do you feel about Mr. Kissinger's going to China and Moscow . . .

A. Well, in the first place, Mr. Kissinger went to China. He didn't go to Moscow.

But, I feel fine about it. [Laughter.]

Q. Mr. Secretary, has the publication of the Pentagon Papers hurt our relationship with any foreign powers at all?

If so, how?

A. Yes, it did.

How lasting those effects are going to be, I can't predict. But we had numerous complaints from governments to the effect that "they were shocked that this could happen."

Because some of the conversations we had with those governments were made with the understanding that they would not be made public.

Now in diplomacy, this is inevitable at times. There are times when you ask another government to assist as a mediator, or in some other role which could be very helpful in the cause of peace, and if that government says that for political reasons at home, or some other reason, it would not like to have that fact known.

Now there's nothing insidious about that. That is just a practical fact of life. We have, I think to some extent, reassured the governments that this is not going to be a continuing practice and we are not going to release things that we agree we'll not release—so I think it's too early.

I am sure that initially, it hurt us with other governments. How lasting that effect will be, I can't say.

Q. Mr. Secretary, how can we regain our leadership in the United Nations after the defeat on Taiwan?

A. Well I don't think we lost our leadership in the United Nations because of the defeat on Taiwan. That suggests that any time you lose a vote in a democratic institution, you lose your leadership.

The whole point of a democracy is that sometimes you win, and sometimes you lose; and you are bound by the majority of votes.

I don't think that we lost our prestige in the United Nations.

In the first place, I think our position was sound; and I think people will recognize it as sound.

Secondly, I think people feel that we made a good, stiff, hard, fight to succeed.

And third, we acknowledged right after the defeat that it would not affect our relations with the United Nations, that we would continue to support it and continue to be an active participant.

So I don't think we have lost at all. In some ways, I think we've gained. I don't think you lose prestige every time you have a defeat. If you believed that, you wouldn't really believe in the democratic process.

Q. Sir, there has been some speculation that the United States is declining to almost a second-rate power. Since our involvement in Viet-Nam and our de-escalation of Viet-Nam, how have our diplomatic relations been with our allies?

A. Well, any time you are going through a period of change, you have some problems with your allies; and certainly our new economic policy has created some problems.

In terms of our standing throughout the world, that just is not true. We have not lost our standing in the world. We are, by far, the most prominent and powerful nation in the world.

Sometimes, I hestitate to say it, because it sounds so immodest. I think sometimes it's better if we're a little self-effacing. But the fact is that the position of the United States is probably adversely affected by our power.

So the mere fact that we are so powerful and so successful, has caused a certain amount of annoyance and irritation on the part of other nations; and I suppose that's inevitable. That's been true throughout history.

Generally speaking, our relations with our allies is very good. We've got problems that we're working on, but we are going to solve the problems and we're going to continue to have very close alliances as we have had in the past.

Q. I noticed that the United States is apprehensive that trouble may break out between India and Pakistan. There has been some speculation that war may break out soon. Whose side would the United States take if we get into that, or would we remain neutral?

A. Did you hear the question? No? Good, I'll go to another question. [Laughter.]

Q. The question really was, if a war breaks out between India and Pakistan, whose side are we going to take?

The answer is, we have good relations with both India and Pakistan. We have, as you know, provided more assistance to India than any other country in the world, and we have provided a good deal of assistance to Pakistan.

Since 1965, we have not provided any substantial military equipment, except by way of spare parts to either side. We have had an arms embargo on every major item. We have provided spare parts because up to 1965, we provided military equipment for both India and Pakistan; so the Government took the decision at that period of time, that we would continue to supply spare parts because otherwise they wouldn't have been able to get them for the equipment that we provided, and we would not supply arms to either side. That is our present position. We are not supplying arms to either side, and recently we have not granted any licenses for further spare parts, so we are not providing any military equipment to either side.

Now, diplomatically, we are going to do all we can to prevent a war from breaking out, and obviously if a war should break out, we are going to do everything we can to stay out. We have no intention of getting into any other war . . . [Applause.]

Q. Some of our colleagues in Washington press corps panels here, are talking about a credibility gap, and I have not been able to reconcile in my own mind how you can say, on the one hand, you have no intention of misleading the American people, yet we were not advised of Mr. Kissinger's whereabouts. Does your statement mean that you are willing to mislead us on a short-term basis but not on a long-term basis? [Applause.]

A. Well, that's a little bit like some of the discussions we used to have in philosophy classes; that if you say that a Government cannot do what we did in that instance, then I think it is quite impractical. There are times when it is important for practical reasons to do what we did. Now, that wasn't misleading, except for a couple of days [laughter.] and we had an agreement. Well, if you agree with the idea that the visit should take place—and most people do—and you accept the proposition, which is the correct proposition, that we couldn't have done it except as we did it, then do you seriously argue that we should have jeopardized the visit? Now, I don't think you do. I think, on reflection, you will say to yourself, "Well, that was a practical thing to do, and that is the kind of thing that happens in human affairs generally." I suppose that everybody has told a little white lie once or twice, hasn't he? [Applause.]

Q. Mr. Secretary, back to the India-Pakistan question, the U.S. announced just prior to Indira Gandhi's visit with the President, that there would no longer be any military assistance sent to Pakistan. Now, I am wondering how this affects our relations with Pakistan and what their reaction was?

A. Well, it's a good question. Our relations with Pakistan will not be affected because we did work it out with the leaders of Pakistan. We explained that it was causing very serious problems here domestically. It was misunderstood. It was causing a problem in India because it had taken on an importance far beyond its means. And it was agreed that this would be done. So, we have tried not to pass judgment on the events in the sub-continent. We have tried to maintain friendly relations with both sides. We have very active consultations underway with both India and Pakistan, and we would hope that our role will help in alleviating some of these problems.

Q. Mr. Secretary, nobody in the media or otherwise has commented upon the "overseas Chinese" reaction to what happened in the United Nations. I would like to know what you have learned, or what you feel, about the "overseas Chinese" [inaudible] bankers in Southeast Asia feel about is happening and what this means to us in terms of our foreign policy in that part of the world?

A. I think it is difficult to answer that question because they don't speak with one voice. There are lots of different viewpoints among the overseas Chinese, and I suppose it would be the same as the reaction throughout the world. There are some who look upon it unfavorably and others who support it, so I don't believe it is possible to answer that.

I think there is this recognition, though, in the world, that because of the recent policy decisions of the Peoples' Republic of China, and because the Peoples' Republic of China has been more active diplomatically, that it was inevitable that they would become members of the United Nations.

Now, as you know, we felt that it was desirable to have Taiwan represented, too, because in the absence of that representation, the voices of 14 million people are not heard. As you know, the other nations, at least a majority of them, disagreed with us. What the overseas Chinese feel about that, I'm not sure.

Q. Mr. Secretary, are there any day-to-day negotiations concerning the American pris-

oner-of-war issue, and do you hold any further hope on the Paris Peace Talks, and do you feel the President's trips to Moscow and Peking will in any way affect the outcome of the Peace Talks?

A. Well, in answer to the first question. yes, there are discussions going on about the prisoners of war. So far they have not been fruitful. We would hope that at home point they would be. As you know, Ambassador Porter continues to talk about the prisoners of war at the Paris Peace Talks. Whether there are prospects for successful negotiations in Paris or not, I don't believe it is possible to predict. Certainly there has been no progress to date.

We continue to hold out hope that at some point, the North Vietnamese might decide to negotiate seriously about the end of that conflict. But, as the United States continues to withdraw its troops, as we are doing, the problem becomes more and more a problem for the Vietnamese people.

On the third part of your question, I don't think it is possible to predict what the outcome will be of the President's visits.

Q. Mr. Secretary. the United States supported a two-China policy. Are you also a supporter of a two-Viet-Nam policy and a two-Korea policy?

A. Well, I don't like to characterize the policies in that simplistic way. We have felt that in the case of the People's Republic of China and the Republic of China, it would be well to have them both represented in the United Nations, not necessarily because of a two-China policy or a one-China policy, but just as a practical political matter. We favored the representation of those 14 million people on Taiwan.

As to the Korean situation, we are pleased that there are discussions now going on between the two parts of Korea. This is something I failed to mention. This is also a development that is very encouraging. It's the first time since the Korean conflict. But I don't like to label our policy in that manner.

Q. Mr. Secretary, if Dr. Kissinger's mission to Peking had been a failure, would we ever have heard about it?

A. Yes, you'd have heard about it. [Laughter.] We would have said we tried and it didn't work.

Q. Do you foresee any conditions in the near future under which this country and the Peoples' Republic of China will exchange full diplomatic missions?

A. Well, certainly at the present time, they take the position that they will not have diplomatic relations with any nation that has diplomatic relations with the Republic of China, so that I think at the moment the chances are not good. What would happen in the future, the long run, I think is not possible to predict.

Q. Even with the President's trip?

A. Well, it's not possible to predict, no.

Q. Mr. Secretary, Barbara Walters on NBC the other morning was commenting that the President should take women reporters or commentators on the trip. Are they going to be able to go?

A. Say that again? [Laughter.]

Q. Barbara Walters commented on her "Today" program the other morning, I think it was Tuesday morning, about the President taking women reporters and commentators on the trip to Peking. Are you going to take them? I think they should go, myself. What do you think about it? [Applause.]

A. Let's take a vote. [Laughter] I am sure that women will be included. Frankly, I haven't seen the list, so I'm not sure the list has been compiled yet, but I think you made a good case.

Q. Mr. Secretary, with the President being so closely identified with the initiatives toward peace, can these initiatives survive his failure at the polls next November?

A. Well, the Sigma Delta Chi has already decided that is highly theoretical. [Applause.]

Q. You have emphasized before that the United States is now making such comprehensive efforts to peace that has ever been made before. Yet, there has been a charge that the United States policy essentially in the world has not changed, [inaudible] a government more receptive, such as, in Viet-Nam, during the Nixon Administrations term of office, there have been more bombs dropped, more bomb tonnage than in any terms of office preceding that. At least that is what the *Washington Post* says. Does the point make Viet-Nam just an academic question; that is, a man named Jacques Cousteau recently said over his fifty years of investigating the oceans, that he has seen the oceans deteriorate fifty percent.

Now, if that occurs, then Viet-Nam is going to be an academic question. And I'd like you to tell us, in what sense has the Administration tried to improve both of these matters. And earlier in this—excuse me—but there was a man in your Administration named Secretary Hickel that seemed to be very much concerned about these issues, and in fact at the time they banned DDT, he was fired the next day. [Applause.]

A. The question was, what are you doing about the environment? [Applause.]

There are a good many things about it. Obviously the bombing is one of those things that all Americans wish were not necessary, but as far as the environment is concerned, we have many things underway. As you know, Russell Train is the head of the Environment Council; and in the case of the State Department, we have Chris Herter, who is the son of a former Secretary of State, who is actively preparing for the Stockholm meeting dealing with the environment under the auspices of the United Nations. It is a major problem in the world. We are committed to doing everything that we can, including the expenditures of a great deal of money to help solve these problems. And I think particularly because the environmental problems are not basically political problems, we should be able to work out arrangements with all nations to make progress in this area. I have been particularly pleased that in the discussions we had with the Soviet Union, they approach it in the same way.

Q. Mr. Secretary, I am a Viet-Nam combat veteran. My wife is Vietnamese. I know what has happened to the family structure in Viet-Nam through the American war effort and the Communists. I know what has happened in one family and you can multiply that a million times. I feel bad about the Americans who died and I feel bad about the Vietnamese who have died. What are we going to do, after the fighting is finished, to rebuild what we have done over there?

A. I guess most of you heard the question, and it is a very good question. We are going to offer—we have offered, and are prepared to help to rehabilitate South Viet-Nam. As you know, both President Johnson and President Nixon have indicated a willingness to help North Viet-Nam. You are absolutely right. We have a great responsibility to the people in that area to help them. The devastation has been very great. I have been in Viet-Nam twice, and I must say we are encouraged by the progress that has been made but there is a great deal of repair work that has to be done, and the United States is fully prepared to assist in that regard.

Q. Mr. Secretary, I'd like to return to Pakistan for one moment, if I may. India is the largest and most important country in that part of the world, and it has always had a non-alignment policy. Does the Administration have any fear that our Pakistan policy may change that non-alignment?

A. No, I don't think so. When Prime Minister Gandhi was here, we talked about that matter. She assures us that their non-alignment policy will continue regardless of the recent treaty which was signed with the Soviet Union. We have no reason to doubt that. We have, as I say, contributed a great deal to both nations in the way of foreign assistance, and the legislation that was passed by the Senate yesterday provides further economic assistance of that type.

Q. Mr. Secretary, how has Mr. Nixon's China policy affected our relations with the Republic of China and Japan?

A. Well, in the case of the Republic of China, I think the answer is obvious that they have been very disappointed in developments. They are particularly disappointeed at the result of the United Nations. On the other hand, I am sure, and have complete confidence in it, in the sense that they know we did everything we could to succeed, and they have expressed their appreciation for our efforts. So I think our relations are as good with the Republic of China as they could be under the circumstances. When I say "under the circumstances," I mean, considering the fact that they are naturally disappointed.

As far as Japan is concerned, I think our relations are good. I was particularly pleased that the Okinawa Treaty was enacted, was ratified, with such speed by the United States Senate. And I think this is a good example of what I started out by saying, and that is that good news gets very little attention. I don't suppose there has been a more historic event in several decades than the return of Okinawa to Japan, as it was accomplished

By mutual agreement, by working together carefully over a long period of time, working out all the intricate details that were involved in that treaty, and having it ratified by the Senate by such a huge vote—I think it was 86 to 6, something of that kind—and the Japanese people, I am sure, appreciate it very much. It is one of the few times in history that land of that kind, that size territory, has been returned to the vanquished. And I think it is something that all American can be very proud of.

Q. Mr. Secretary, thus far today, you have failed to discuss Latin America. Would you briefly cutline the present United States policy concerning Latin America, and, to be specific, what do you see in the chances of United States reopening displomatic relations with Cuba?

A. Well, the two questions, of course, are quite separate. As far as Latin America is concerned, we consider that it is an area of primary concern in the United States, and I think it is fair to say that we have not been able, for reasons which are quite apparent, to do some of the things that we hoped we could do. For example, we have not opened our markets to Latin America, as we should. We have to do that. I did say earlier in my remarks that one of the ways to help the less developed countries is to provide a market place for them. And the best market place for the Latin American goods is the United States. We have to do that, and we haven't.

We have to replenish the IDB funds, and that is underway. Congress has now—I am encouraged by the fact that they are moving on that front.

There are other things that we have to do for Latin America. We are in the process now. I think it is very easy, as you have suggested, to put Latin American problems on the back burner, because we have so many other problems involving peace and war. But, we must not do that. Our Latin American friends are very important to us and we are very important to them. And they have, over the years, grown to have a very special relationship with us, particularly in the trade field, and we have to continue that.

So, we are now in the process of trying to improve our relations with Latin America, and take more fully into account some of the needs that they have.

Q. Mr. Secretary, you have told us that Mr. Kissinger's trip to Peking would have been jeopardized by prior disclosure in the

press, and that the disclosure of the Pentagon papers has hurt our image around the world. I wonder if you could back that up a little more fully and tell us exactly how the disclosures would have adversely affected Mr. Kissinger's trip, and how the disclosure of the Pentagon papers has adversely affected our image around the world, other than just embarrassment by other countries at this disclosure?

A. Well, I attempted to do that a little earlier by saying that in the case of discussions with other nations, by the very nature of diplomacy, there are a lot of things that you have to talk about with other nations that you can't talk about in public. That has always been the case. That is true of every institution. That is true of newspapers. I know something about it because I was connected with a newspaper. When you have a Board of Directors meeting, you don't have it in public. There are some things that you, by logic, are supposed to talk about privately. Now, in diplomacy, that is particularly true, and there are nations that expect to talk with us about matters which they expect us to hold in confidence. And in this case, these nations expressed very deep concern about whether we would be able to talk with their governments in confidence or not. It is just that simple.

Q. Yesterday at lunch, Max Frankel of the Washington Bureau's Chief of the *New York Times* was discussing the Government's case against the *New York Times* for publishing the Pentagon papers. I'd like to know what, if anything, is done by Washington to incite those expressions of diplomatic concern?

A. Nothing. Let me be sure, now, that you listen to the answer. Are you suggesting that we went to other governments and said, "Please come in and complain?"

Q. It appeared to me there was some intimidation by the United States.

A. Oh, I don't think that is serious. I'd like to talk to you about that. No, we had cables from other governments immediately, and we had their Ambassadors come in and talk to me at once. We have enough complaints without stimulating them. [Laughter.]

Q. Do you foresee any possibility that the United States might withdraw support of Israel; that President Nixon might make a deal with the Russians?

A. Could you say the first part of the question again, please?

Q. Do you foresee any incidents in which the United States might withdraw support to Israel. There have been pressures, for example, for the President to make a deal with the Russians, or some comment that this would make relations with Russia better. Now, might we withdraw support from Israel?

A. No. I'm glad you asked that question because it illustrates the problem we have around the world. When we adopt a new policy, a policy of trying to get along better with the People's Republic of China, we have to be sure that our friends and allies do not think that we are doing it at their expense. And when we discuss matters with the Soviet Union, we have to convince our friends and allies that it is not at their expense. And it is not an easy thing to do, because of articles that are written, and speculation, and so forth.

Now, in answer to your question, specifically, the United States has supported Israel since the inception, and we have made it clear that we are going to continue to support Israel's sovereignty, its right to be free from interference from its neighbor. We have provided a great deal in terms of supporting assistance. In fact, yesterday, when the Foreign Assistance Act was up, someone raised this question with me, and I called the members of the Senate who are concerned with it and said that I would make it clear to them that it was the policy of the Administration to authorize the expenditure of all the money that was included in that bill. And there was, at that point, another $85 million for supporting assistance to Israel. So the United States, in its efforts to get along with other nations in the world, is not going to do it at the expense of our friends and allies.

Q. Mr. Secretary, we have had summit conferences before. What is there different about Moscow and Peking that would offer some assurance of peace, or some prospect of peace?

A. Well, the question is, what is new about the summit conferences with Peking and Moscow. Well, of course, the thing that is new about the summit meeting with Peking is that we have never had one before. You can't be any newer than that. [Laughter.]

Now, as far as the Soviet Union is concerned, President Nixon said that he did not want to have a meeting of the summit unless he felt that there were prospects for some concrete results, and that is why we waited until the Berlin Agreement; that is why we waited until there had been progress in the SALT Talks. So we now think that there is some prospect of progress at the summit meeting. I'll take just one or two more questions.

Q. Mr. Secretary, specifically, how will foreign aid be restructured because of recent voting on the foreign aid bill?

A. I'm not sure. It is a matter now really between the Senate and the House of Representatives.

I would like to say this, however, that we would very much hope that a continuing resolution would be enacted, because in the absence of a continuing resolution, we are in direct conflict with what is called the "Deficiency Act." The Deficiency Act says that no member of the Executive Branch should authorize or obligate funds without an authorization and an appropriation by the Congress. So that if, after November 15th, there is no continuing resolution, and we authorize any expenditure of funds, for example, if we approve the purchase of a plane ticket or buy new supplies or anything of that kind, we violate the law, and the anti-Deficiency laws says "you shouldn't obligate any funds until Congress has authorized it." So we very much hope now that in view of the fact that both the Senate and the House of Representatives have made it clear that they favor a Foreign Assistance Act, that in order to provide for orderly government, and to make it possible for the people in the program itself to operate without fear of violating the law, that the Congress will pass a continuing resolution making it clear that we have that authority.

I'll take one more question.

Q. Mr. Secretary, now that our government has implemented a ten percent surcharge, I would like to know what steps are being taken to stop the generation of a trade war?

A. Well, we have very active talks going on, in the first place, with a Group of Ten being scheduled. We have discussions going on with other governments—the Japanese, the Canadians, and the Latin American countries, trying to work out a solution to this difficult problem. And, as I indicated earlier, it involves monetary matters. It involves elimination of some of the trade barriers, and it involves more active burden-sharing on the part of our allies. We are also having talks with Germany about burden-sharing, offset discussions, and I think we can work it out so it will be satisfactory in the final analysis, and will be for the mutual benefit of all free societies.

Ladies and Gentlemen, I want to thank you, very much.

[The session terminated at 2:30 p.m.]

FORMER SENATOR EDMONDSON'S DEATH AN UNTIMELY LOSS

Mr. BELLMON. Mr. President, many Oklahomans were shocked and saddened today by the untimely death of J. Howard Edmondson, a former Member of the Senate and former Governor of Oklahoma.

J. Howard Edmondson deserves a prominent place among Oklahoma's outstanding political leaders. He was a courageous, effective, and innovative Governor. His administration produced many progressive changes and reforms in Oklahoma government which contributed significantly to the State's progress and development.

Among the most outstanding accomplishments of the Edmondson administration were the establishment of central purchasing, which resulted in substantial savings to the State government, and a merit system for State employees, which brought greater stability and security to the operation of State agencies.

As Oklahoma's youngest Governor at the time of his election in 1958, Edmondson literally brought a fresh breeze to the statehouse. He spearheaded an infusion of young blood and new ideas into government that has prevailed, to the benefit of the citizens of our State.

His brief tenure in the Senate was characterized by serious and dedicated service to his constituents in Oklahoma. In his private life since leaving government service, he has continued to be an influence in the political affairs of our State.

Personally, we were good friends. I share the deep feeling of sorrow felt by all who knew and admired him. His tragic, untimely death at such an early age is a great loss to our State.

My deepest sympathy is extended to his widow, his children, his brother, Ed, who serves as Representative from Oklahoma's Second District, and other members of the family.

U.S. TRADE RELATIONS

Mr. BELLMON. Mr. President, a story in this morning's Washington Post by Frank C. Porter shows that finally responsible officials in our Government are beginning to speak out forcefully and constructively on the inequity of trade relations between this Nation and others. I refer to the story headlined "Connally Firm on Tariffs."

In this article, Secretary of the Treasury John Connally calls attention to Japanese tariffs on live calves which doubled the cost of a 300-pound animal delivered to Japan.

This restriction, which has been put into effect to protect a small scale and totally inefficient Japanese beef industry, has long been a source of concern to me. For many months our office has been working to initiate feeder cattle exports of lightweight feeder cattle into Japan. When we started there was no tariff, but once it appeared this project would succeed, the Japanese put on a tariff of $135 per head. Of course, this high duty made the project uneconomical.

As a result of this action, I have rec-

ommended that before we remove the 10-percent surcharge on Japanese imports into the United States, we insist that the Japanese remove duties and restrictions on the importation of American beef or feeder cattle.

Also in the Post article, Mr. Porter writes:

He took the Japanese to task for tariffs and taxes that increase the cost of a $2,200 Pinto to $5,000 in Tokyo while the competitive Datsun sells at $2,000 in the United States.

Further, Secretary Connally states that "in trying to redress these imbalances we do not intend to become provincial. We shall not resort to protectionism."

Mr. President, this is the kind of realism and strong language which this Nation has needed for years. I strongly commend Secretary Connally for his analysis of one of this Nation's most pressing basic problems and for his forthright and courageous manner in bringing this situation to the attention of our Nation and the world.

I ask unanimous consent that this article be printed in full in the RECORD.

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

CONNALLY FIRM ON TARIFFS

ALLIES' FAILURE ON CONCESSIONS TO U.S. SCORED

(By Frank C. Porter)

Treasury Secretary John B. Connally sharply criticized Japan and Western Europe last night in a hard-hitting speech suggesting that American efforts to win trade and monetary concessions overseas so far have made little progress.

Connally, who returned Saturday after a swing through the Orient, made no mention of any success in the worldwide talks.

Nor did he indicate any softening in the three-month-old general tariff or this nation's unilateral decision to let other currencies float against the dollar.

In remarks after he delivered the prepared speech, Connally said: "They tell us to remove the surcharge and revalue the dollar and we'll talk to you. That's not exactly the basis on which I'd like to talk."

Connally said these are not decisions that will be made by finance ministers or treasury secretaries. "They are of the highest political importance. They will be made by Premier Sato, Prime Minister Trudeau, President Nixon, President Pompidou and Willy Brandt."

Rumors had been rife that the Secretary would announce some loosening in these policies or even withdrawal of the tariff altogether in his address to the Economic Club of New York last night.

As it turned out, he indicated no retreat from the tough stance he took toward this country's trading partners immediately after President Nixon announced his new economic policy Aug. 15. Gone was the conciliatory tone he had used frequently among finance ministers of non-Communist nations at the International Monetary Fund meeting here late in September.

He rebuked Japan for removing import quotas on cattle only to impose a tariff on calves equal to the full value of a 300-pound animal.

He took the Japanese to task for tariffs and taxes that increase the cost of a $2,200 Pinto to $5,000 in Tokyo while the competitive Datsun sells at $2,000 in the United States.

"At the same time, are we wrong to point out that European discrimination diverts Japanese goods from those outlets into the American market?" Connally asked. "The Common Market countries, which make up a market comparable to the American market, now accept only five per cent of all Japanese exports. The United States accepts 30 per cent. Is that fair?"

In a question-and-answer session, Connally said the Japanese are complaining about increases in their imports.

"Their imports are up by 4 per cent over last year," he said, "but their exports are up 25 per cent."

Connally said there have been predictions of a recession in West Germany by Dec. 1. But, he said, "they have 1 per cent unemployment and we have 6 per cent."

"They are bringing in Poles, Spaniards, Italians, Hungarians and others to do their work. If they have a recession, they might have to send some of those fellows home."

Connally said that the United States has stood for years "like some Atlas, underwriting the stability of the world's currency system so that trade could go on without uncertainty."

But severe imbalances have developed that threaten this nation's strength in carrying out its world responsibilities, he went on. In trying to redress these imbalances, Connally said, "we do not intend to become provincial. We shall not resort to protectionism."

In fact, Connally charged, "those who would withdraw from our world responsibilities are the true protectionists—the true isolationists."

He then took a swipe at Congress. Throughout Asia he heard first-hand "the cries of alarm" over American efforts to kill foreign aid, Connally said.

"I am conscious that—too often—it seems a lonely effort to fight the forces in the Congress seeking to turn this nation away from the principles of free and nondiscriminatory trade," he said.

On domestic matters, the Secretary took note of uncertainties over Phase II of the wage-price stabilization program. "The truth of the matter is that absolute certainty is the last thing we want if we do believe in a free system," he said.

But there are some things of which one can be sure, Connally told the businessmen gathered at the Waldorf-Astoria in New York City:

"You can be certain that the rate of inflation is going down.

"You can be certain that price increases are going to level off.

"You can be certain that the rate of inflation will be cut roughly in half by the end of 1972.

"You can be certain that the actions of the Pay Board are going to diminish the wage-cost push in this country.

"You can be certain that the stimulation from the President's recommendations to the Congress, and the Congress' action on all the proposals, will result in the stimulation of this economy.

"You can be certain that 1972 is going to be a better year than 1971."

In another part of Manhattan, according to the Associated Press, Chairman Wilbur D. Mills (D-Ark.) of the House Ways and Means Committee suggested that time may be running out on the administration's international negotiations.

"There is every evidence that, as the timetable for lifting the additional duty on U.S. imports remains indefinite, the negotiating leverage for achieving a meaningful realignment of currencies will be dissipated," Mills said.

He also told the 58th National Foreign Trade Convention he thinks that the U.S. position is weakened by the fact that President Nixon imposed the import surcharge without specific congressional authorization, creating uncertainty as to what the national trade policy is.

AGRICULTURE VIEWS OF REPRESENTATIVE SCHERLE, OF IOWA

Mr. YOUNG. Mr. President, Representative BILL SCHERLE, of Iowa is one of the few actual farmers serving in either the House of Representatives or the Senate of the United States.

Representative SCHERLE, being an actual farmer himself, has his thoughts and interests deeply rooted in the soil. His is an influential and powerful voice for the farmer in the Congress of the United States. The views he expresses should be of vital interest and concern to every Member of Congress.

Time magazine for November 22, contains an article based on an interview with Mr. SCHERLE which, I believe, represents the thinking of the average farmer, not only in Iowa, but throughout the United States. Since agriculture is the biggest and most important segment of our entire economy and, because the prosperity of our entire Nation depends in very large measure on the prosperity of agriculture, I believe the views expressed by BILL SCHERLE are entitled to the widest possible exposure.

Mr. President, I ask unanimous consent that the article be printed in the RECORD as a part of my remarks.

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

FRUSTRATIONS OF A RURAL REPUBLICAN

(Few politicians are in a better position to reflect the intensity of anger and restiveness among the nation's farmers than Iowa Republican Congressman William J. Scherle, 48. A husky (6 ft. 3 in., 249 lbs.) feed-grain and livestock farmer from a diversified agricultural area near the Missouri River, the three-term Congressman has vainly tried to warn the Nixon Administration about its political vulnerability in the Midwest. He expressed his frustration last week to TIME Correspondent Jess Cook:)

Farmers are going to be very vindictive in 1972, but we can't seem to reach these Administration people about the seriousness of the situation. I would think the '70 election would have been a lesson. Nixon can make all the trips to China and Moscow he wants to, but the greatest impact on the voter is mood. If a farmer goes to the polls with a jingle in his pocket and the weather is right and he can pay for his new equipment, he'll vote for the incumbent. If not, he'll go to vote with vengeance in his heart, and the people in power will be out by 8 o'clock that night.

There isn't one single guy today at the White House who has an agriculture background. Take the presidential aide handling agriculture and the environment, John Whitaker. You know what he is? A geologist! What the hell does a geologist know about agriculture? Secretary Hardin is an economist. You can take all the economists in the world and lay them end to end, and they'll never come to a conclusion. My initial reaction to Dr. Butz? Oh hell, another professor! I was hoping for someone from the soil. But I'm reserving judgment until I find out what his policies and programs are going to be.

One of the White House aides came up to me a couple days ago and said he had helped us out on corn prices. I thought maybe he had set aside another million acres. Then he told me he had eaten a couple of ears for dinner the night before. He didn't even realize that's a different kind of corn.

It's difficult for me to comprehend the lack of astuteness on the part of our party. This is one issue the Democrats have com-

pletely captured. You've got guys like Humphrey and McGovern who are making inroads, who know the farm problem. The White House talks about rural development. But who's running with it? Hubert Humphrey. He recognizes the fact that there are no job opportunities for our young people in rural America today. I sent telegrams to the White House urging that agrobusiness be represented on either the wage or price council. I didn't even get the consideration of a reply. And there isn't one farm figure on those boards.*

We are now piling corn on the streets in Iowa for the first time. The dock strike is partly the reason, but the fantastic surplus is another. Back in February any ordinary working farmer could see what was going to happen. There was no excuse for the Agriculture Department to encourage more planting. Farmers are still harvesting now, but in a couple months they're going to start settling up—paying for their gas and fertilizer and taxes. Then they're going to find out that the crop the Agriculture Department caused and the farmers produced isn't going to have any value to it.

All those hogs are going to go to market next October, a month before the election. Small calves will go late next summer and in early fall. Everything points right now to low prices again for livestock around election time. No matter what is done from now on, this 1971 experience is what's going to carry through next fall. Many of my people will have no place to go except further into debt. When that farmer settles up, he's going to be damn mad. Unfortunately, there's only one person on the ballot to be mad at: the President.

NOMINATION OF WILLIAM REHNQUIST TO THE SUPREME COURT

Mr. FANNIN. Mr. President, it is perfectly clear that William Rehnquist was not involved in any voter harassment during the 1964 election in Phoenix.

The two men who have signed affidavits making the allegation were wrong both as to when the incident occurred and who was involved.

A statement by the former Maricopa County Republican Committee chairman and some fine investigative reporting by a Phoenix Gazette newswoman have clarified just what happened, who was involved, and when.

Mr. President, I ask unanimous consent to have printed in the RECORD a story explaining the incident published today in the Phoenix Gazette.

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

BUILDER SAYS REHNQUIST NOT INVOLVED AT POLLS

(By Lois Boyles)

A Valley builder today charged that attempts to misconstrue the facts apparently are being made by two Phoenix Negroes who have accused U.S. Supreme Court nominee William Rehnquist of harassing blacks at the polls during 1964 voting.

Ralph Staggs, who was Maricopa County Republican Committee chairman two years earlier, said there was an incident involving a GOP challenger at the Bethune Precinct in 1962. He said it did not involve Rehnquist.

Staggs and a news story in The Phoenix Gazette on Nov. 7, 1962, agree that the Republican involved was Wayne C. Bentson.

The news account stated that Bentson "said he had challenged 12 voters because he felt that in the past some voters were not qualified. Those challenged were asked either to prove their address or their literacy by reading a part of the U.S. Constitution."

Bentson reportedly "grappled" with Pat Marino, a Democrat poll watcher. Police, reports the news article, "quieted them down and advised them to take up the matter with the county attorney's office if they wanted to press charges."

In sworn affidavits signed by Jordan Harris, 1825 W. Apache St., and Robert Tate, 947 W. Watkins, Rehnquist was accused of intimidating and harassing blacks waiting to vote at the Bethune Precinct during the 1964 general election balloting.

The affidavits, plus one prepared today by Staggs, are expected to be considered tomorrow by the Senate Judiciary Committee which will hold a closed-door session on Rehnquist's nomination.

In his affidavit, which he said was picked up today by a federal marshal for placement on a plane to Washington, Staggs declared:

". . . I strongly feel that the opponents of his (Rehnquist) appointment are attempting to misconstrue this activity on general election day 1962 as somehow happening on general election day 1964."

News stories of the 1964 general election do not mention any problems in the Bethune Precinct. A news account the following day cited reports of "substantial harassment of Democratic voters" in several precincts but stated that Robert H. Allen, state Democratic chairman, listed only Murphy, Riverside, Butler, Sierra Vista, Sullivan and Glendale No. 4. Bethune was not mentioned in the news article.

In explaining the Staggs stated in his affidavit that:

"Because of several past elections prior to 1962 wherein the Democratic Party had made a practice of voting tombstones and moveouts in Maricopa County the Republican Party for the general election of 1962 established what is known as a challengers committee."

Staggs said first class mailings were sent out to all voters where "the above illegal voting activity had been occurring . . ."

He said "any attempts to vote the registrations of mailings returned because persons had died or had moved out of the precinct, county or state were challenged."

The former chairman said he had appointed Wayne Bentson as a challenger for the Bethune Precinct and that "during voting . . . on General Election Day 1962 Wayne Bentson became involved in attempting to challenge illegal voting."

The affidavit states that Harold Musgrave, a courier from Republican County Headquarters, arrived at the precinct about the time the argument started. "Harold Musgrave personally assisted in removing Wayne Bentson from the voting place and called . . . headquarters wherein the Phoenix city police were then called to investigate the matter."

In capital letters, Staggs declared "I further hereby certify to the best of my knowledge that Mr. Bill Rehnquist on general election day 1962 was nowhere in the vicinity of 'Bethune Precinct' when this activity occurred nor anytime during general election day."

The FBI made some initial checks of squabbles that occurred during 1962 but U.S. District Court Judge Carl Muecke, then U.S. Attorney, said this investigation was halted when both political parties agreed after the voting that nobody would file complaints.

Muecke said nobody has asked him about the 1962 complaints so far except eastern newspapers and national news magazines. "The FBI hasn't asked me about it," he said and neither have Sen. James O. Eastland, D-Miss., chairman of the judiciary committee, nor Sen. Birch Bayh, D-Ind.

As for Rehnquist, Muecke said he had no idea if the nominee was involved in any election day activity in 1962, but "I don't recall seeing him." Rehnquist, at that time, Muecke pointed out, was just another lawyer. "I didn't know he was going to be nominated to the U.S. Supreme Court."

* Scherle is correct, although it should be noted that raw agricultural products are exempt from the controls and the Secretary of Agriculture is a member of the parent Cost of Living Council.

CATOCTIN NATIONAL PARK

Mr. MATHIAS. Mr. President, most Americans have heard of Camp David, the presidential retreat in the Catoctin Mountains of Frederick County, Md. Far fewer are yet familiar with Catoctin National Park, the 5,700-acre preserve which surrounds Camp David and offers a variety of recreational and educational opportunities to the people of the East.

In an interesting, enthusiastic article in the New York Times travel section on November 7, Mr. Paul J. C. Friedlander summarized his own weekend visit to Catoctin National Park, which he styled as "a beautiful preserve, easily reached, readily familiar, and physically easy to explore." In addition to describing the natural beauty of the Maryland piedmont, Mr. Friedlander paid a well-deserved tribute to Catoctin's superintendent, Frank Mentzer, who has developed a fascinating folk culture center and a number of very effective environmental education programs.

As Mr. Friedlander concluded:

It is a nice thing to have such a friendly, beautiful little park devoted jointly to people and nature so close to the Northeast's megalopolis.

Those who have discovered Catoctin National Park share this assessment of its value and its charm. To acquaint more citizens with the attractions of this important national asset, I ask unanimous consent to include Mr. Friedlander's article in the RECORD at this point.

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

A WEEKEND IN CATOCTIN PARK

(By Paul J. C. Friedlander)

OUTSIDE CAMP DAVID, MD.—President Nixon helicoptered in here the Friday night of the weekend we had chosen to explore Catoctin National Park, which may help explain the unusual dateline. We rubbed shoulders against the No Trespassing signs and the triple fences that enclose Camp David, the official Presidential hideaway in the center and at the highest point of Catoctin Park. We saw from the highway the seemingly unmanned entrance gates and sentry box, and some of the electronic protective devices that insure Presidential privacy; and we spoke with the official who is responsible for security up to the outermost gate where the Army's selected guard units and the Secret Service take over.

But if we had not asked this security man directly we would not have known the President was in residence here. He didn't bother us and we apparently didn't bother him, and his unseen presence far beyond the thick stand of trees did not limit our activities and those of the hundreds of other citizens who wandered freely in and out of the park that long weekend.

His presence, strictly a coincidence, underscored the purpose of our trip; to investigate

the theory that if Catoctin is good enough for all the Presidents of the United States since Franklin Delano Roosevelt, it must also be good for us common people as well. And it is.

SMALLEST WILDERNESS PARK

Catoctin, about 5,700 acres in size, is the smallest wilderness park in the Federal system and one of the youngest. It is a low-key, friendly park, not overwhelming in beauty like Yosemite, nor in size and natural wonders like Yellowstone, nor in grandeur like Grand Canyon. Yet in its simple rolling uplands and small, rounded mountains—its highest peak is 1,420 feet—it is a beautiful preserve, easily reached, readily familiar and physically easy to explore.

The park's origin goes no farther back than 1936, when the Federal Government bought up the worn-out farms on which 50 families still struggled and, calling the place the Catoctin Recreational Demonstration Area, proved that it was possible to create parks out of exhausted land.

Thurmont, the park's gateway in western Maryland, is only 59 miles inland from Baltimore, only 20 miles south of Gettysburg's battlefields and about 240 miles from New York if you detour frequently for covered bridges and sightseeing.

Something besides distance and size sets this park apart from other national parks and that is its dedication by its fairly new superintendent as a place to be used by all the people. It is an outdoor park for outdoor folk and it is an education institution wherein city children from the ghettos of Baltimore and Washington and from schools in nearby communities spend weekends, weekdays and sometimes whole weeks in organized camp-schools, working at regular school programs and learning about nature and the environment directly from that environment.

Another major contribution by Supt. Frank Mentzer, who has been here only three and a half years, is the preservation and demonstration of the colonial culture of this region of Maryland in a Folk Craft Center.

Catoctin is the most northeasterly spur of the Blue Ridge Mountains and the area was settled beginning in 1733 by Philadelphians needing farmland and by immigrants, mostly Palatinate Germans. Their Appalachian culture, heavily overlaid with their Moravian religion, was similar to, yet different in details from that of Appalachia farther south and west.

Each Saturday and Sunday from Memorial Day to Labor Day an old blacksmith works in a genuine dirt-floor smithy; we saw him sweating an iron rim onto a foot wheel for the pottery exhibit. There a young woman pots, a carpenter rives shakes (cuts shingles by hand) using 18th- and 19th-century carpenter tools; the broommaker sews brooms, a local woman cards wool, spins and weaves; another woman makes lye soap and jams in a working kitchen. All tools and utensils pre-date 1850, the arbitrary cut-off point when modern machinery began to replace simple tools of the old craftsmen.

The Catoctin Tourist Association sells the center's products in a shop whose profits are plowed back into the center. For next spring and summer, Mentzer plans week-long craft classes with local artisans as instructors.

There are no gates to shut the public out of Catoctin Park; there is no admission charge to enter the park, no admission fee for the Crafts Center. At the old General Store you can buy genuine broomcorn brooms made by an 80-year-old broommaker, apple butter, Applachian wooden spinning-tops and genuine Appalachian handicrafts.

SIZE IS LIMITING

There are the usual camp, tent and trailer sites for rent, and free picnic areas. Although the size of the park limits the length of hiking trails into the woods, there is room to backpack away from everyone else. One trail demonstrates the making of charcoal, once a major industry here; another leads to a bootleg still that thumps and makes moonshine alcohol on weekends. It is perhaps Catoctin's most popular exhibit, although a chemical added to the mash makes the end product undrinkable.

If, like most of the population, you are addicted to taking in the beauties of nature from an automobile, you can do that here as well. A self-guided motor tour employing a mimeographed guidesheet helps visitors "Enjoy a leisurely 6.8-mile loop drive along the backroads of Catoctin Mountain. Wildflowers, historic sites, vistas and points of interest are identified by marker or vehicle mileage."

The first 1.6 miles of road are, as the guidesheet warns, rough and rocky, unpaved, a trail wide enough for only one car and slippery in the rain. It is maintained as what it was originally—a north-south wagon road. Off the loop road run horse and snowmobile trails along abandoned logging roads used years back when oak and chestnut trees were cleaned out of these forests for the tannic acid their bark contributed to the local leather tanning industry. That industry died when the tanbark trees were used up, a moral stressed repeatedly in the park's environmental classes and lectures.

AUTOMOBILE TRAIL

Advocates of the "forever wild" school of park preservation must shudder at the thought of Superintendent Mentzer's automobile trail, but I can testify that our drive was a beautiful experience that did us good and the park no injury. It led us up to the mountain and down the other side through autumn colors muted by haze and low-hanging clouds and into a richly cultivated valley whose distant gold and red slope curled up into clouds resting on the opposite mountain.

Such views are too good to reserve only for Presidents and backpackers. Besides, after spending a long day poking into every facet of the park's operations, I was in no shape to undertake a 6.8-mile hike.

The fall foliage, at its peak on our weekend, is gone, and the Craft Center will not be open to the public until next spring, but the park soon will welcome winter visitors—cross-country skiers, showshoers, snowmobilers, hikers, campers whose outdoor life knows no calendar.

Florida-bound motorists may find Catoctin a valuable pause in their driving, not far off their main route, especially if they start west of the Hudson River. Mentzer claims the park is at its most beautiful with a light layer of snow whitening the forest. Winters are comparatively mild here in the lee of the Appalachian Range, and roads to and inside the park are kept open all winter. Spring comes early, the trails are said to be dry and usable in March.

It is a nice thing to have such a friendly, beautiful little park devoted jointly to people and nature so close to the Northeast's megalopolis. Nice not only for our Presidents but also for the rest of the citizenry. In another month or so I intend to see what Catoctin looks like in its winter dress and I plan to return late in the spring for a refresher walk through the Craft Center.

CHROME ORE FROM RHODESIA

Mr. McGEE. Mr. President, nearly 2 months ago I urged this body to reject efforts allowing the United States to purchase chrome ore from Rhodesia in violation of a U.N. ban on such actions.

At that time, I warned that such action would be detrimental to our interests on a number of fronts including our future relations with black African nations. I warned that such action on the part of the United States would adversely affect the successful pursuit of our two-China policy in the United Nations. However, this body saw fit to defeat my attempts to delete that section of the military procurement bill which forced us to violate that U.N. ban. I believe the U.N. vote against our two-China policy can in part be laid at the feet of the U.S. Senate.

I also warned that such action would hinder Great Britain in her present negotiating efforts with the Rhodesian Government. In this morning's edition of the Washington Post there appeared an article by Jim Hoagland which substantiates these fears expressed almost 2 months ago.

The deliberate action of this body to violate our treaty commitments has resulted in repercussions highly detrimental not only to this Nation, but for many of our allies as well.

I ask unanimous consent that Mr. Hoagland's article be printed in the RECORD.

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

[From the Washington Post, Nov. 17, 1971]

BRITAIN SAID HINDERED BY U.S. RHODESIA MOVE

(By Jim Hoagland)

SALISBURY, Nov. 16—British Foreign Secretary Sir Alec Douglas-Home reportedly said today that the proposed American lifting of sanctions on Rhodesian chrome imports has seriously undercut Britains' bargaining power in the current negotiations with the white settler rebel government of this southern African country.

Sir Alec's comment was reported by a delegation of six mulatto Rhodesian leaders who met with him this afternoon here. All six were present at the meeting and all agreed in an interview with The Washington Post on the paraphrase of Sir Alec's remark.

They also agreed that Home had given them the impression that Britain felt it had to settle with the white government now before sanctions were further eroded.

AGREEMENT SEEN NEAR

They added that they came away from the 50-minute meeting, held at Sir Alec's invitation, with the impression that a settlement was imminent, but that it would be a settlement unacceptable to Rhodesia's nonwhite majority of 5 million.

Agreement has apparently been reached on four of the five points being discussed by the two sides.

The Rhodesian side was apparently balking at giving concrete assurance that steps would be taken to remove racially discriminatory laws enacted since the unilateral declaration of independence in 1965 by Prime Minister Ian Smith's government, the mulattos said.

British spokesmen declined to comment on any of the discussions being held by the foreign minister, nor on his second day of talks with the government and a wide spectrum of Rhodesian citizens.

The 240,000 whites account for less than one-twentieth of Rhodesia's population of more than 5 million. Aside from the 5 million blacks, there are 20,000 mulattos, persons of mixed ancestry known here as coloreds.

The mulatto group reported that Home said time was running out for reaching a settlement, citing U.S. Congressional action to allow imports of Rhodesian chrome in defiance of United Nations sanctions on Rhodesia as proof that sanctions were being rapidly eroded. The American move had blown

a large hole in the sanctions wall in Sir Alec's view, it was reported.

AWAITS PRESIDENT'S SIGNATURE

Resumption of Rhodesian chrome imports has been approved by both the Senate and the House of Representatives in an amendment to the defense authorization bill which is expected to be signed by President Nixon.

Gerald Raftopoulos, chairman of the National Association of Colored People and leader of the mulatto delegation, said that Sir Alec seemed resigned to accepting a two-stage settlement that would leave political power in the hands of the whites for the foreseeable future, with only a vague commitment to eventual majority rule.

The first stage would leave largely intact the 1969 republican constitution, which guarantees that Africans cannot achieve more than parity with whites in parliament.

The second stage would involve undefined mechanisms that would lead to the possibility of African rule through increased education and employment opportunities, to which voting rights would be tied.

In both stages there would be "a blocking system" in Parliament that would at first protect rights of the black majority under white rule, and then protect the rights of the minorities under black government.

Home treated Rhodesian's independence as an accomplished that that Britain and the rest of the world were powerless to change, Raftopoulos and the others said, and counseled them that nonwhites would never get a better settlement than at the present time.

When they pressed him for outside supervision of any agreement reached with Smith and for foolproof guarantees against racialist changes to the constitution, Sir Alec replied that Br'tain had devised constitutions for black African states that had been promptly torn up and Britain had been powerless to intervene.

He reportedly said that since Rhodesia was no longer a colony, the British could only try to persuade Smith to come to an agreement.

"Britain seems eager to settle on just about any terms," said Gaston Thornicroft, another member of the delegation. "The (Rhodesian) whites will be fools if they don't accept this. It smells like a sell out.

"Sir Alec was just being courteous in listening to us, Thornicroft added. He clearly had his mind made up. What is involved now is a formal handing over of power to the same people who are imposing racial discrimination on us, and trusting them to see there will be no discrimination. They will do as they like."

When the British Conservative Party ousted the Labor government in last year's elections, Prime Minister Edward Heath said a new attempt would be made to reach a settlement with Rhodesia.

Home's current talks are the first high-level negotiations on the issue since Smith and former Prime Minister Harold Wilson held unsuccessful talks in 1968.

Since 1963, Britain has been trying to get the white settlers to accept five principles as part of an independentce agreement. As originally outlined, the principles call for unimpeded progress toward majority rule under the terms of a liberal 1961 constitution since repudiated by Smith's government; guarantees against changes to the constitution that would nullify that progress; an immediate improvement in the political status of the African population; progress towards ending racial discrimination; and a method of testing public opinion in Rhodesia that would satisfy the British that any settlement reached was acceptable to the Rhodesian people as a whole.

Sir Alec was said to have assured the mulatto delegation that the test of acceptability was "well under control" and that he saw no problems in reaching agreement on the other principles, with the exception of specific measures to end racial discrimination.

ARTHUR BARRIAULT

Mr. MANSFIELD. Mr. President, a gentleman, a scholar, and a first-rate newsman, Arthur Barriault celebrates his 57th birthday today. For 27 years, Arthur has covered the Hill for NBC, and in doing so he has endeared himself to all of us because of his innate decency and his unfailing courtesy and consideration.

When speaking of Arthur, words become superfluous, so all I will say for all Senators on both sides of the aisle is, happy birthday, Arthur, and may you have many more. You have earned our respect and affection.

CONTINUED ABUSE OF WELFARE PROGRAM

Mr. CURTIS. Mr. President, pointing, as an example, to the recent fate of the foreign aid bill, Anthony Harrigan, in a column published in the Indianapolis News of November 15, has suggested that continued abuses and efforts by liberals in Congress to up the ante may threaten the welfare program with the same fate.

As a matter of fact, Mr. Harrigan did not mention the recent example of abuse in New York, which I regard as the epitome, where a woman succeeded in getting a medicaid card for her dog. Fortunately, she was only testing the system and was not serious in her intention to make use of this tax-provided benefit.

In somewhat the same vein, another outstanding journalist, Jenkin Lloyd Jones, writing in the Washington Evening Star of October 23, has suggested that we may be passing through the golden age of welfare. He believes angry taxpayers may yet revolt—and soon—may "grab the meat ax" and have at the entire welfare program, chopping down the good with the bad.

I believe both the facts and the reasoning contained in these two columns very much merit the attention of Senators who desire true welfare reform, and they constitute a useful word of warning to those who would play "pie in the sky" politics with this issue. The real needy, who are in need for reasons beyond their control, will unjustly suffer if the lobby for expanding welfare turns the taxpayers against all welfare. I ask unanimous consent that they be printed in the RECORD.

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

[From the Indianapolis (Ind.) News, Nov. 15, 1971]

TRUE WELFARE REFORM

(By Anthony Harrigan)

WASHINGTON.—Welfare funds are being used to support prostitutes and drug addicts and finance hippie communes, according to testimony given at a Pennsylvania House of Representatives investigating committee hearing in Reading, Pa., last month.

That's only a segment of the national scandal involving welfare. In several states, food stamps have been distributed to strikers. In New York State, thousands of employable welfare recipients have resisted efforts to put them to work.

It is no wonder that increasing numbers of informed Americans are indignant in the face of these and other revelations of misuse of the taxpayers' money.

Rep. Adriano Mastrangelo, in a recent report on welfare abuses in the Keystone State, cited the following situations:

"Public welfare funds were paid to a convicted prostitute for eight months because she sprained her ankle.

"Public welfare funds—$132 a month per person—are being collected by a group of hippies who put the money in a common fund. One hippie went to Europe for five months but his relief payments were continued and his checks contributed to the common 'pot' by fellow hippies in his absence.

"Public welfare funds were paid to a woman living with an employed man not her husband."

In New York State, State Rep. John E. Kingston recently noted that there is data that indicates "significant numbers of persons failing to comply with the new work law." He wrote in a letter to *The New York Times* that "8,800 employable recipients (of welfare) have resisted efforts to put them to work."

The Food Stamp Act, Public Law 88–525, also has been used to aid the undeserving. Last year, for example, food stamps were distributed to strikers at General Motors plants. The food stamps served as a subsidy to members of the striking United Auto Workers. Proponents of food stamp legislation are seeking expansion of the program which cost $248 million in 1969 and which now costs more than $2 billion a year. A total of 9.2 million Americans now receive this form of welfare aid.

Food stamps are among the most irritating welfare giveaways. Working citizens only read about welfare checks. But they see the free-loading of the food stamp recipients in neighborhood grocery stores.

Recently, I received several letters regarding food stamp abuses from readers of this column. Mrs. James E. Rowland of Chester County, Tenn., wrote:

"I hate to go to the supermarket and buy bologna and the cheapest ground beef and watch the ones that have the stamps, much better-dressed than I am, loading their carts with country ham, steaks, and the most expensive cakes and cookies, and soft drinks by the case. . . . I have worked all my life and I don't want any handouts. But I am tired of working and giving part of what I make to the leeches who are better off than I am. Just what can be done about this?"

Unquestionably, many Americans share Mrs. Rowland's indignation. Their indignation will be all the greater when they learn of efforts by Senate liberals and the White House to obtain quick approval of welfare expansion legislation.

The Nixon administration is trying to get its hurtful Family Assistance Act out of the Senate Finance Committee as soon as possible. Sen. Abraham Ribicoff (D–Conn.) has another enormously expensive welfare bill that he is pushing. His bill is backed by a coalition that includes the AFL–CIO, the League of Women Voters, Common Cause, and Americans for Democratic Action.

The promoters of increased welfare would do well to consider the fate of foreign aid legislation, another pet liberal project over the last two decades. Public dissatisfaction with the foreign giveaways finally resulted in defeat of the foreign aid bill. The same thing could happen to welfare legislation if the White House and senatorial liberals keep proposing new programs as election time draws close. A day of reckoning could come for both the White House welfare planners and Sen. Ribicoff's coalition.

The promoters of welfarism should realize that working Americans are sick of the domestic giveaways and want to tighten welfare requirements. The New York Assembly has realized that and approved a requirement that welfare recipients pick up their welfare checks at state employment offices. The Empire State now insists that able-bodied reliefers make a serious effort to get a job.

No other Western democracy has the welfare mess in which the U.S. is involved. Prof. Nathan Glazer of Harvard recently wrote in *Commentary* that in Sweden and England welfare is thought of as emergency aid but that "welfare has come to be seen in America as a regular means of family support."

If President Nixon and the Congress want to reform the welfare system, they must make sure that public assistance is limited to the aged and destitute.

[From the Washington Star, Oct. 23, 1971]

RISING RESENTMENT TOWARD WELFARE

(By Jenkin Lloyd Jones)

It may be an unthinkable thought, but it is possible that at this moment the United States is passing through the Golden Age of Welfare.

The thought will be hard to get used to, for we have been well-conditioned to think of ever-expanding social agencies, ever-proliferating social workers and ever-escalating welfare costs.

But there are a few wisps of black cloud scudding across the sky, a few storm signals beginning to flutter. For a nationwide taxpayers' revolt may be gathering.

You see it manifested in the ever-more-frequent defeat of local bond issues. A year or two ago only "frills," that public improvements people could easily do without, were failing in the bond elections. Now "nuts-and-bolts" items—water works, disposal plants, street projects, schools—are beginning to have trouble.

People first express their tax anger at those expenditures they can most directly control, which are local. State expenditures are more remote, federal spending remoter still. But distaste for rising taxes can eventually be felt as far away as Washington.

It is a political truism that the poor do not control spending in any field, not even spending in their own behalf. The nonpoor do, for they are in the majority. Poverty programs, therefore, depend upon the enthusiasm, or at least the acquiescence, of the nonpoor. When the nonpoor get turned off, the programs will languish.

We may, therefore, be approaching the time when the best political speech will not be the one in which every paragraph begins: "We must do more. . . ."

For taxes are drawn from the fruits of labor and risk. And where poverty programs fail to produce desirable results, those who labor and risk will eventually express their disillusionment. Compared to the vast group which contributes more to government than it asks from it, the clout of those who ask more from government than they contribute to it is feeble.

This may be the reason why recently you haven't seen "many poor people's marches" led by Rev. Ralph Abernathy. Or welfare pickets parading around the state capitol or city hall. They aren't going over so well any more. The cabdrivers are angry, the bartenders cynical, the store clerks sarcastic.

The idea is that there is a nobility attached to the perpetually poor dies hard among aristocratic "liberals," whose contact with them is sketchy. Perhaps they subconsciously seek to atone for their coming-out parties and their prep schools by "identifying" with the losers. It is a form of instant humanitarianism, even if they keep guards at their gates.

But there are no such illusions among the working proletariat. They have been poor. They know struggle. They have few tears for nonstrugglers.

Candidates may soon discover that it is no longer politically rewarding to demand still greater appropriations for welfare programs that have apparently failed. Failure is becoming too plain. The rise of dependency, irresponsibility and crime, even as outlays for their cure have risen, can no longer be shrugged off. Americans will not underwrite ever-growing chaos with ever-larger checks forever.

Yet there is much the public money can do to uplift the poor. We are simply very new at this idea of national charity. We had no experience to go on. For the first time in history we told a man that subsistence would be guaranteed him whether he chose to work or not, and some of us are aghast that many have chosen not.

We told ourselves that human beings asked only opportunity. This is not true for many human beings. Slums are characterized by empty libraries and full beer joints. Poverty is often the result of a lack of purposeful organization within the individual, himself.

Under the lash of necessity even a disorganized man will struggle to eat. Remove that necessity through free charity and the struggle ceases and endless demands for more begin.

We learn from experience. We should now have enough experience with welfare to know that some theories don't work. But the sociologists will not audit them, for many are their own brainchildren. Many politicians will not audit them because they authored the welfare bills.

So angry taxpayers will eventually grab the meat ax. And the danger is that good programs will suffer with the bad.

THE TRAGEDY IN ULSTER—IV—DISSOLUTION OF STORMONT

Mr. KENNEDY. Mr. President, the London Times of November 8, 1971, contains a major article by Mr. Hugh Monro entitled "Paradox of Political Reform at Stormont." In this article, Mr. Monro makes the point that it would be futile to reform Stormont, the Government of Northern Ireland, which now exists to protect the dominant position of the Protestant majority. As Mr. Monro states, Stormont is incapable of real reform. The only effective alternative is the dissolution of the present Stormont and the institution of direct rule from London, a step that may lead in the future to a united Ireland.

Mr. President, I ask unanimous consent that Mr. Monro's article may be printed in the RECORD.

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

[From the London Times, Nov. 8, 1971]

PARADOX OF POLITICAL REFORM AT STORMONT

(By Hugh Munro)

Northern Ireland was partitioned from the rest of Ireland because of demands from the local Protestant majority, and the primary aim of Stormont since then has been to organize and maintain the defence of the Northern Protestants against the nationalist majority in the whole island. The trend of current policy is to try to adapt the political system so that it protects the Northern Roman Catholics from being overwhelmed by the local Protestant majority. But Stormont simply cannot perform these two roles at the same time. Reform, in other words, subverts the whole idea of Stormont as it has so far been known.

A state can only make sense as long as it is based on a common patriotism; without it, it is not possible to organize a reliable security force, which is willing to face danger, on behalf of the state. Until now Stormont made sense because it was based on the belief in a Protestant state. While we may dislike the "Ulster" patriotism behind the old Stormont we cannot deny its vigour or the effectiveness of the B–Special security force it helped to motivate. But if the new Stormont is to be non-sectarian what form can its underlying patriotism take?

"Britishness"? Hardly. Northern Irish feelings about Britain divide the province, not unite it. An Orangeman for example is certainly loyal to Britain—but only because Britain is Protestant. Catholics would be attracted to the British ideal of fair play but when Unionists have been pressed by Britain to give a greater political voice to Catholics they have tended to switch their loyalty from Britain—in 1912 to Germany, in 1969 to UDI. When "loyalism" is at its most intense it is intensely disloyal.

A PATRIOTISM TO UNITE

Is "Irishness" the key? Certainly both Nationalists and Unionists are Irish but there is the need for a partiotism to unite the Northern Irish as Northern Irish. Irish patriotism, as it stands, is subversive for Northern Ireland. For a patriotism which could unite Northern Protestant and Northern Catholic we must turn to the seat of local, provincial fellow-feeling, which unites Munstermen, for example, or the people of the English West-country.

The plain truth is that a state which could withstand the storms which rage in the North today cannot be built on such a weak foundation. A man might play a hard game of rugby for a non-sectarian Northern Ireland but no one will die for it or even suffer for it. Such a state cannot organize a security force to defend itself.

On this view the immediate aim of Mr. Heath, Mr. Faulkner and Mr. Lynch as also of the Social, Democratic and Labour Party for a non-sectarian, reconstructed Stormont is a will-of-the-wisp, and no British soldier should be asked to risk his life in pursuit of it. Ironically it is the extremists whether they fight for a Protestant state or for a united Ireland who have an aim which makes practical sense and not the moderates.

On this view the change from the old Protestant Stormont to the new non-sectarian one is a change from something to nothing: from a body which made sense, to a body which makes none. No wonder the transition process which involves British pressure on Stormont to pass laws it does not want to pass has used up two moderate premiers already and is using up a third and will use up any more who offer.

The whole point of the current moves to reform Stormont is to create social harmony, not to ensure effective government. But Stormont cannot serve as a working party for social harmony and a source of firm government for a divided community at the same time. If Britain is not to turn towards a united Ireland and is not to go back to the other (but objectionable) policy of a Protestant "Ulster" there is no alternative to effective direct rule involving as it does, British control of the police and judiciary. By eliminating the contentious constitutional issues from its debates and reducing it to a coordinating body for local authorities, Stormont has the best chance of creating social harmony and the patriotism which would build Northern Ireland into an effective entity, capable of non-sectarian regional government.

IMPORTANT SHARE IN POWER

The shattered structure of Northern Ireland can only be reformed from the ground up, by building on the foundation of the local authorities. By the adoption of pro-

portional representation, the promise to give non-Unionists a better share in power can be positively fulfilled. But in the field of central government that promise can only be fulfilled—and it must be fulfilled, if there is to be any end to the turmoil—negatively by reducing the scope of politics in the North. If the Unionist monopoly of central power must be broken, and if shared power means ineffective government, then power must be transferred elsewhere—to Westminster.

When reform is seen in this light the refusal of the Social, Democratic and Labour Party and the Nationalists to engage in talks ceases to matter. What point is there in talks when it is not practicable to give these parties any important share in central power? Far more welcome to them, and more practicable, would be reductions in Unionist power for which neither their consent nor their participation in talks is needed. Indeed the necessary task of reducing Stormont's powers would be harder if the Unionists felt it was being done at the request of the Social, Democratic and Labour Party.

The point must be appreciated. The old Stormont will not reform itself and the attempt to make it do so is only prolonging the turmoil and destroying moderate men. Stormont's power over law and the police must be removed before the experiment can begin to find out to what extent a non-sectarian Stormont can make sense. And it must be regarded as an experiment carried out with an open mind and an acceptance that Stormont may never make much sense at all and that the only patriotism which can unite Northern Protestant and Northern Catholic in a stable community will be Irish patriotism.

Reform in the North equals constitutional change equals effective direct rule; and effective direct rule may lead to a united Ireland. And the only workable alternative to reform is a "Protestant parliament for a Protestant people".

CONCLUSION OF MORNING BUSINESS

Mr. MANSFIELD. Mr. President, is there further 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 lays before the Senate the unfinished business, H.R. 10947, which the clerk will report.

The second assistant legislative clerk read as follows:

(H.R. 10947). A bill to provide a job development investment credit, to reduce individual income taxes, to reduce certain excise taxes, and for other purposes.

The PRESIDENT pro tempore. The pending business is amendment No. 685. The debate on the amendment is limited to 2 hours, with 30 minutes on amendments in the second degree.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, will the Senator yield briefly without losing his right to the floor and without this time being charged to his time on the amendment?

Mr. CRANSTON. I am delighted to yield to the distinguished majority leader.

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

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

The second assistant legislative clerk proceeded to call the roll.

Mr. 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 orderd.

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

The PRESIDENT pro tempore. The Senator from California is recognized.

Mr. CRANSTON. Mr. President, amendment No. 685, offered by the Senator from Illinois (Mr. STEVENSON), the Senator from New Jersey (Mr. WILLIAMS), the Senator from Massachusetts (Mr. KENNEDY), and myself, is designed to set aside revenues collected from the automobile excise tax after a one and one half year suspension of the tax and apply these funds to the solution of serious transportation-related problems—mass transit, air pollution control and research, Amtrak, highway traffic safety, and airport development and noise control.

The President's proposal, embodied in the Revenue Act of 1971—H.R. 10947—recently reported from the Finance Committee, would permanently repeal the 7 percent excise tax on the sale of new automobiles. Under present law, the tax, which now goes almost entirely into general revenues, would be gradually phased out between now and 1982. More than $20 billion of badly needed Federal revenues would be lost as a result of repeal. Our amendment would suspend the tax for a year and a half rather than repeal it.

Under normal circumstances, I would not advocate even a one and a half year suspension of the tax. But we have been boxed in by the President's announcement that he would end the tax. The President has no power to end the tax without the approval of Congress. However, some 8 million people may well think that he guaranteed them that they will get $200 off their 1972 cars retroactive to August 15.

Many families are counting on that guarantee; the automobile industry has based sales campaigns and production schedules on it.

Congress cannot reverse history at this late date. All we can do is to try to set things aright for the future.

To protect those people who purchased or plan to purchase automobiles on the basis of the President's assurance that they would receive a tax refund and so stimulate short-term consumer demand, our amendment would suspend the excise tax until January 1, 1973. While the tax is suspended, the Secretary of Transportation would be charged with preparing a program for use of the revenues derived from the excise tax when it is reimposed on January 1, 1973. The program would have to allocate no less than 50 percent of the funds for mass transit purposes, and the remainder for air pollution research and control, improvement of the national rail transportation system—Amtrak—highway safety and related programs, airport development and noise control, and transportation research and development. The Secretary would be charged with reporting back to Congress by April 30, 1972. At that time Congress would approve, modify, or disapprove the program.

If, by January 1, 1973, Congress did not approve a program for allocating funds derived from this excise tax, the funds produced from the reinstatement of the tax would be held in escrow until Congress did pass such legislation.

The issue raised by this amendment is: Shall we sacrifice $20 billion in Federal revenues between now and 1982 in order to stimulate the purchase of 2 to 3 million additional cars, or shall we spend that money for transportation priorities such as mass transit, improved rail systems, and highway safety?

Two to three million more cars will mean more pollution, more congestion, more demand for highways to eat up the countryside, and more cars per city parking space, and in this case it will mean less money for needed transit systems, less money for Amtrak, less money for highway safety, less money for airport development, and less money for research on pollution control.

We are told that repealing the excise tax will stimulate auto sales and in turn create jobs, but spending money for mass transit, improved rail systems, and airport development will also create more jobs. In fact, expenditures in these areas will probably create even more jobs because, as recent experience has shown, increased auto sales generally result in increased overtime and not new employment.

The administration has also urged that repeal of the excise tax is needed to stimulate immediate consumer demand. But repeal is unnecessary to serve even that purpose. Our amendment, which suspends the excise tax until January 1, 1973, will stimulate short-range consumer demand without sacrificing $20 billion in long-term revenues. The $20 billion which we will save can be used for vital transportation needs such as mass transit.

The Urban Mass Transit Administration estimates that this Nation needs $32 billion for mass transit alone over the next decade. But we have only authorized obligations of $3.1 billion over the next 5 years and the administration has refused to even spend the funds approved by the Appropriations Committee.

Two weeks ago Senators WILLIAMS and CASE and 34 other Senators including Senator STEVENSON and myself sent a letter to the White House protesting the freeze on mass transit spending. The reply we received pointed out that New York City has just refused to pass a half billion dollar bond issue for the construction of improved rapid transit as evidence of disinterest by major cities in this program. The administration drew the wrong conclusion, and, I think, a rather astounding conclusion. Local taxpayers, already overburdened by fiscal demands, often cannot afford the one-third matching fund requirement. That requirement should be reduced to 10 percent in matching funds. An increased Federal contribution will require more Federal money for mass transit. This bill will help to provide those funds.

To conclude that when a bond issue is voted down it means the people are not interested in that subject is utterly ridiculous. Bond issues are frequently voted down in connection with education. That does not mean that the people are not interested. The fact that bond issues are voted down is evidence that property taxes are out of hand and outrageously high. It is the least fair tax because it is a tax on possessions and capital. It could drive people out of business, out of their homes, and off their farms.

If the administration does not understand this, they have little understanding of the problems facing many people of our Nation.

A second major purpose to be served by this bill will be to allocate needed funds to Amtrak. Congress set up Amtrak to improve rail transit. We must now make sure that Amtrak is adequately funded. We must provide them with the wherewithal to build improved long-range rail systems such as the Metroliner. If Amtrak is not given the funds to modernize, the whole Nation will be cheated. We will be denied an efficient high-speed alternative to airplane and auto travel.

Amtrak needs funds now. Last week Amtrak declared that it needed $140 million in additional funds for equipment improvements. The excise tax should be applied to provide those funds and help develop this transportation system.

This amendment provides us with a unique opportunity to make a clear statement of our national transportation priorities. We can either forsake $20 billion in Federal revenues for the production of more cars, more pollution and more congestion, or spend $20 billion for more mass transit, Amtrak, highway safety, airport development and vehicular pollution control.

The decision should be easy. We should adopt this amendment.

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

Mr. CRANSTON. I am happy to yield such time to the Senator from Illinois as he may require.

The PRESIDENT pro tempore. The Senator from Illinois is recognized.

Mr. STEVENSON. Mr. President, I commend the distinguished Senator from California for his clear and forceful statement about this amendment, which both of us have offered.

It is always easier to cut taxes than to increase or reimpose taxes. It might be instructive to review what the Senate has done in recent days. The bill as reported by the Committee on Finance recommended tax cuts which amount to about $11.6 billion annually. On the floor of the Senate, amendments have been offered and agreed to which would add to that sum approximately $5 billion annually. This means, it seems to me, that with such a large prospective loss of revenue, there will not be a chance to provide the revenues, or anywhere near the revenues, the Nation needs for an adequate transportation system in the near future.

Mr. President, the amendment would reimpose the excise tax on automobiles as of January 1, 1973. It would give the purchasers of automobiles the relief that has been promised them. It would give the economy a boost at a moment when it needs it; then it would reinstate a significant source of revenue, and reinstate it for transportation purposes. Without the reinstatement of this tax we would make the production of more pollution-spewing automobiles, which are already congesting the streets, a high national economic priority. It just does not make sense. It would make sense, it seems to me, to take these funds which the Federal Government will not have available if the excise tax is permanently repealed, and earmark them for transportation, as this amendment does.

This amendment would provide about $20 billion for transportation over a 10-year period. At least one-half of that sum would be allocated to mass transit. The other half would be for other forms of transportation, including Amtrak and the development of urban rail transportation corridors. It would be made available for safer streets, for traffic control, and for safety devices. It would be used for airport development and to relieve the noise near our airports. It would also be used to relieve ourselves of the air pollution which results principally from the automobile.

If our amendment prevails, funding for mass transit could be more than doubled for the 5 years beginning in fiscal 1971.

The President has asked for only $3.1 billion for mass transit, though the Urban Mass Transit Administration estimates that plans already on the drawing boards will require some $32 billion in capital expenditures over the next 10 years, two-thirds of which must come from the Federal Government's mass transportation assistance capital grant program.

Even with these additional funds, we still would not come close to meeting our responsibilities to the people of our cities for improved mass transit facilities.

Without the additional source of revenue our amendment would make available, it would become virtually impossible in the future to provide any additional funds for mass transit facilities.

This year the President plans to spend about $600 million a year for mass transit in the whole Nation, even though Congress has made $900 million available. That sum is not enough to aid the cities of New York and Chicago alone. Our amendment, Mr. President, would make, roughly, $1 billion more a year available for mass transit facilities.

I would emphasize, in closing, that the amendment would in no way affect the highway trust fund, unless it is to help it. It does not divert any funds from the highway trust fund. It, in fact, reimposes the truck excise tax as of January 1, 1973, and earmarks the revenues from that tax for the highway trust fund. At the same time, it would put the revenues from the alcohol tax back into the general revenues. So it will end up a washout, and with no adverse effect on the highway trust fund.

The highway trust fund could benefit from this amendment. Funds from the excise tax could be used for the so-called "spots" program, for the repair of city streets, for the provision of traffic signals, stoplights, and the like. These programs are presently funded by the highway trust fund. Funds for such critical needs in cities across the entire country could be made available as well under the plan worked out by the Secretary of Transportation pursuant to this amendment.

Passage of the Cranston-Stevenson amendment would relieve some of the pressure on the highway trust fund. That pressure is mounting. It is coming from Governors. It is coming from mayors. It is coming from citizens who want additional Federal assistance and who need it for mass transit facilities, for Amtrak, for airports, and so on. They are looking to the highway trust fund.

The pending amendment could lead to the creation of a general transportation fund; and if it did so, it would, as I have said, take some of the pressure off the highway trust fund.

I want to again commend the distinguished Senator from California (Mr. CRANSTON) for his statement and for offering this amendment. It offers us our best chance in the future to begin to meet the critical needs across the entire country for rail transportation, airports, mass transit in the cities, and safer city streets. Without it, things are going to go from bad to worse. Less money will be available for such needs, and we will have a classic example of perverted priorties. Our highest economic priority should not be the production of pollution spewing automobiles on our crowded streets. This amendment could put us well on the way to an adequate transportation system in the Nation.

I thank the Senator and yield the floor.

Mr. CRANSTON. Mr. President, I thank the distinguished Senator from Illinois.

The PRESIDENT pro tempore. How much time does the Senator yield himself?

Mr. CRANSTON. One minute. I thank the distinguished Senator from Illinois for his generous remarks and, more, for his creative part in developing this measure. It was his suggestion that broadened it to assure that there would be coverage of other needed aspects of transportation specifically covered by the proposal. I think that makes the original plan which I introduced far more meaningful and constructive and should win for it far more support in this body.

I yield the floor.

The PRESIDENT pro tempore. Who yields time? What is the pleasure of the Senate?

Mr. BENNETT. Mr. President, I yield myself such time as I may require in opposition to the amendment.

The PRESIDENT pro tempore. The Senator from Utah.

Mr. BENNETT. Mr. President, this amendment will be very unpopular, particularly in the State of the Senator from California, which has the largest automobile market in the United States. It provides, in effect, that the reduction in automobile prices made possible by the repeal of the 7-percent excise tax will last effectively for only 16 or 17 months, and then will be reinstated. That represents from $150 to $200 per car.

The Senate has not challenged the decision of the committee to remove the

tax, and it is difficult for me to believe that Senators will turn right around and say, "Yes, we will leave it off for 15 months, but we are going to put it right back on again after that."

I can understand the concern of Senators from States having large cities with serious traffic problems wanting to find a solution for that problem. I think that in California, San Francisco has already gone a long way in providing a mass transit system without Federal help. From what I know of Los Angeles, any mass transit system, if developed, must be developed with the use of the streets, because the city spreads over so wide an area that an attempt to develop a subway system would be prohibitively expensive. The old rights-of-way that used to be available for the interurban system have long since disappeared, and it would be prohibitive to attempt to reacquire them, in my opinion.

Mr. President, this amendment, even acknowledging its desirable objective, is, in my opinion, ill-timed and ill-prepared, and has a very serious defect. If the purpose of the amendment is to set aside money which can be supplied for mass transit, Amtrak, highway safety—I do not know why the latter is in the language, because it is taken care of now by the highway trust fund—airport development, and the abatement of aircraft noise pollution and vehicular air pollution, then it would seem to me we are getting the cart before the horse. We are saying, "Provide the money; then after a while we will set up the program."

When we developed the highway trust fund, the committees involved spent months studying the problems it involved and might create, and we legislated the highway program before we started to set aside the money.

It is the objective of the sponsors of this measure to have the money start coming in on January 1, 1973. So they have all of the year 1972 to introduce authorizing legislation to develop the program. The amendment says, in effect, "The Secretary of Transportation is supposed to develop the program." That is a surrender of the responsibility of Congress to the executive—something which most Senators who, I suspect, will support this amendment always object to.

This is saying: "First raise the money; then we will come up with the program," when it should be saying, "We will come up with the program; then we will decide how to raise the money."

This mixture of objectives as stated in the amendment is very curious. They are going to put in money for mass transit, for intercity rail transit, for Amtrak, and for airport development. In other words, it looks as though they have lumped everything into this proposal except the use of the automobile itself.

Maybe we should have a trust fund or a program to finance Amtrak, which has nothing to do with mass transit. Maybe we need to expand the existing trust fund to handle the cost of airport development. Yet we are asked now through the back door, to provide the money before we know what the program is.

There is another weakness about this particular amendment. It does not say how much of the money that might be raised should be allocated to mass transit, except that at least 50 percent should be. Maybe it should be 80 percent. It does not say anything about the allocation of funds to the other objectives of the amendment. That is the reason why legislation to set up the program should precede the attempt to raise the money, in my opinon.

So I say the amendment is ill timed. This is not the time for it. We have got the cart before the horse. It is ill prepared, because we do not have the basic guidelines for distributing the money. As I have stated, it is a complete reversal of the philosophy of many Senators who, I assume, would support it, in that it says that Congress should relinguish its authority to the executive. This proposal throws the problem over to the executive.

There is a better way to do it. As I said, we have a year before this amendment would take effect, and any money could be put in the fund. If the proponents of the proposal think it is worthwhile, let them take that year and go through the process of setting up a program. Then let Congress decide, whether this is the way to raise the money and how much of it should be allocated to each of these purposes. Maybe there are other meritorious purposes. Maybe some of those specified in the amendment should come out. On its face, I think highway safety should come out, because that is already covered by the highway trust fund.

I wonder also if the Senator realizes that under the present law, the excise tax on automobiles goes steadily down and will finally be eliminated in 1983. In January 1973, it will have dropped from 7 percent to 6 percent. I do not have at my fingertips the scale on which it will drop beyond that time. But if the Senator is depending on the present law, and is just suspending it, then the funds for these purposes are going to drop off according to the schedule in the present law.

Mr. President, I cannot believe that the Senate will want to reverse itself so soon. I cannot believe that any Senator will want to go to his constituents—the 60 million or 70 million of them who own automobiles—and say, "Well, we are very sorry; the cost reduction we give you by taking off the excise tax is good only for next year; and then we are going to tax you again—you, the farmers who use light trucks and the many millions of you who live in areas where there is no mass transit need. We are going to tax you $150 to $200 per car in order to devote the money to the few areas in the United States where the density of the population presents a mass transit problem."

I hope the Senate will realize that this amendment, however well intentioned, has not been thought through. I hope its sponsors will realize that they have a year, if they want to try to develop it in an orderly fashion. Then they can come back with a program and ask us to raise the money. Then they will not be asking us to raise the money blindly while saying "We expect somebody to develop a program."

The PRESIDENT pro tempore. Who yields time?

Mr. CRANSTON. Mr. President, I yield myself not more than 5 minutes.

The PRESIDENT pro tempore. The Senator from California is recognized for 5 minutes.

Mr. CRANSTON. First, I thank my good friend from Utah, with whom I often work on the same side of measures, but with whom now, on two consecutive days, I have found myself on opposite sides, for his helpful advice about what may be possible and what may be needed in California. I will take my chances on determining what may be possible in California and what may be needed there.

San Francisco, indeed, has, on its own initiative, developed a mass transit system. However, it has cost more than $1 billion, and it is only a partial system, covering only a part of the bay area.

Los Angeles experts on rapid transit do not believe that they can depend only on surface transit in the streets. There is a plan, that would cost $2.5 billion, that is generally deemed by experts there to be what is needed for rapid transit within the central city of Los Angeles. California has probably had more problems with the smog that automobiles produce, more problems with the congestion that overuse of autos causes, more problems with the urban sprawl that accompanies transportation systems dependent almost entirely upon automobiles, more problems with Amtrak, more problems with air safety, more problems with many aspects of our automobile-based transportation system that this amendment is designed to improve.

The Senator from Utah stated that the amendment is ill-prepared, that we do not have information with respect to the basis on which the funds would be dispensed. He complains that we are giving the Secretary of Transportation the opportunity to devise a plan, and he charges that this is a surrender of power to the executive branch.

I feel that we surrendered incredible power yesterday, under the guidance of the Senator from Utah, in the field of trade relations. This is not a surrender of power. We have asked the expert in this field, the Secretary of Transportation, to recommend a plan, and then to come back to Congress with it. We have given no blank check in this amendment to the executive branch

The Senator suggested that perhaps 80 percent, not 50 percent, should go to mass transit. Congress could make that determination, with the guidance of the Secretary of Transportation.

The Senator indicated that he felt there were several faults in the proposal, most of all the fault that we have not come up with a precise plan at this point for the use of the excise tax. I ask the Senator from Utah this question: If this amendment is rejected and if we subsequently do come up with a detailed and sound plan for the use of the excise tax for forms of transportation other than automobiles, will the Senator support a move to reassess the excise tax for that use?

Mr. BENNETT. The Senator from Utah will not say in advance that the imposition of a tax on automobiles is the most equitable way to cover the cost of transportation needs that do not involve automobiles. The theory on which the highway trust fund was set up was that the people who used the highways would be taxed to pay for construction of the highways. This is exactly the opposite. This amendment says that the people who do not use the mass transit system will be taxed to pay for the construction of that system.

I think that would require a great deal of study; and, offhand, I don't think I could support it, philosophically.

Mr. CRANSTON. I ask the Senator how he fits into that philosophy what I understand to be his support of a move to get the alcohol tax put into the highway trust fund.

Mr. BENNETT. The decision of the committee to put the alcohol tax in the highway trust fund was made at the very urgent request of the chairman and members of the Committee on Public Works. We in the Finance Committee considered ourselves simply a vehicle to carry out the desires of our friends on the other committee.

So far as the Senator from Utah is concerned, any reallocation of taxes by which it could have been made up would have been satisfactory. But at the very urgent and earnest importuning of the members of the Committee on Public Works, we took that action.

Mr. CRANSTON. I thank the Senator.

I would make one correction in the Senator's understanding of our amendment. The amendment would not reinstate the tax on agricultural haulers, so that the farmer would not be paying for rapid transit or other forms of transportation called upon by the plans to be presented by the Secretary of Transportation.

One other point I should like to make is that I believe that automobile owners are among those who would gain the most by this amendment. If this amendment is adopted, other forms of transportation will be made available that will relieve congestion for those who must depend upon automobiles for their transportation or those who insist upon doing so.

Second, it will speed the day when we will have less pollution from automobiles. Everybody, whether he drives a car or not, presently has his health threatened by the pollution that comes from current automobiles. This is a colossal problem in my State. I understand that it is also, to some extent, now a problem in Utah, although I do not know whether automobiles are the source of the smog I have seen in the skies of Utah when I have visited that State.

I yield the floor.

The PRESIDENT pro tempore. Who yields time?

Mr. BENNETT. I yield myself such time as I may require.

I should like to begin with a little lesson in geography for the Senator from California. The city of Salt Lake is in a bowl surrounded by mountains, and we are constantly subject to the meteorological phenomenon known as inversion, where the air hangs dead over the city, and that is the cause——

Mr. CRANSTON. I understand that, because we have the same problem in Los Angeles.

Mr. BENNETT. That is the cause of the difficulties we have in Salt Lake City.

I share the concern of the Senator from California on the question of pollution of the atmosphere by the use of automobiles. But it is obvious that the Government has a very definite program to try to solve that problem, and it is not dependent on the diversion of funds provided by the amendment.

One or two other problems have come to my attention since I spoke earlier. If we take this tax off now and put it back on again in 15 months, and everybody knows it is going on, the year 1972 will be the most chaotic one can imagine, both in the manufacturing and the purchasing of automobiles. The factories will be called upon to greatly increase their output for 1 year, because everybody will want to get a car before the price goes up. One of the objectives of the President's program, however, of which this is a part, is to try to stabilize and level out production.

The Senator from Michigan probably can tell us what proportion of our national economy is related to the automobile industry.

Mr. GRIFFIN. One out of every six jobs.

Mr. BENNETT. One out of every six jobs in the United States is related to the automobile industry, he informs me.

If you build automobile production up to a tremendous peak in 1972 and then cut it back sharply in 1973, which is what will happen under the amendment, not only will you have greatly disrupted the stability we are trying to create, but also, you will have done, I believe, very serious damage to this important part of our economy.

I have been in the retail automobile business, and I know something about the way in which cars are sold. With the knowledge that the tax is going back on in 1973, 1972 might become a seller's market. Allowances on used cars could be forced down, because the dealer would know that as soon as 1973 began, his customers would have to pay from $150 to $200 more for a car, and he might as well get part of it in 1972. So one of the effects of the program undoubtedly would be to raise the price of new cars and lower the value of used cars in 1972.

Going to the matter of airport development, we already have the Airport and Airways Development Act of 1970 which provides for a 10-year system of expenditures for airways facilities, only part of which will be paid by the airway users. It is generally recognized that the users charge on general aviation is inadequate. Through the first half of 1970, airways expenditures will exceed the airway users charge by almost $1 billion. It is unfair to load this $1 billion on those who buy automobiles, many of whom never use the airways and never have an opportunity to use them. The man or woman who has to have a car to drive to work, I think, would feel resentful to know that they will have to pay $150 or $200 more for their car in order that those rich individuals who can afford private aircraft, as well as the big commercial airline companies, will have their tax burden reduced.

Now, Mr. President, I am glad to yield to the Senator from Michigan (Mr. GRIFFIN) such time as he may require.

Mr. CRANSTON. Mr. President, will the Senator from Michigan yield?

Mr. GRIFFIN. I am glad to yield, if the Senator would allow me to make a brief statement first.

Mr. CRANSTON. The Senator from Massachusetts (Mr. KENNEDY) is supposed to be in committee. However, if I could yield him about 3 minutes to offer a modification to my amendment so that he could go to it, I know that we would both appreciate it very much.

Mr. GRIFFIN. Is it an amendment to this amendment?

Mr. CRANSTON. It is not one that will take time. It is just a modification of the amendment.

Mr. GRIFFIN. I am glad to yield to the Senator now.

Mr. KENNEDY. I thank the assistant minority leader very much.

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

Mr. CRANSTON. I yield 3 minutes to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I am supposed to chair a hearing and I appreciate this accommodation very much.

Mr. President, I would like to ask the primary sponsor of the amendment whether he would agree to a modification of his amendment as follows:

On line 10, page 4, instead of the word "railway" insert the words "urban transportation."

As I understand it, that is the standard boilerplate language to include the objective of the Senator's amendment in considering the rail corridors. This is a technical amendment to conform with the understanding of the Department of Transportation and it is important that the amendment conform to that understanding. Would such a technical modification be acceptable to the primary sponsor of the amendment?

Mr. CRANSTON. I thank the Senator from Massachusetts for his suggestion. It is a constructive one and in accordance with the understanding of the Department of Transportation which cited the great need for further transportation facilities in the northeast corridor of the country. This same problem applies elsewhere.

Mr. President, I ask unanimous consent that I may modify my amendment in accordance with the suggestion of the Senator from Massachusetts.

The PRESIDENT pro tempore. Without objection, it is so ordered; and the modification will be made.

Mr. KENNEDY. Mr. President, has the modification to the amendment been accepted?

Mr. CRANSTON. Yes.

Mr. KENNEDY. Mr. President, do I correctly understand that there has been a ruling to accept my modification?

The PRESIDENT pro tempore. It has

been agreed to, to modify the amendment of the Senator from California.

Mr. KENNEDY. Mr. President, I want to add my voice in commendation of the efforts made on this problem by the Senator from California and the Senator from Illinois. It is an extremely imaginative and creative effort to help achieve a balanced transportation system. The vote yesterday that was taken on the Percy amendment, which failed by only three votes, indicates that there is a growing awareness in this body of the importance of reshaping our transportation system.

Mr. President, the amendment now before the Senate would direct revenues from the 7-percent auto excise tax into a single account as a first step toward the creation of a national transportation trust fund.

As a cosponsor of this amendment, I believe it is important to recognize several points at the outset.

First, this amendment will not affect current plans of consumers or auto manufacturers since it will not take effect until January 1, 1973. Until that time, the auto excise tax will be suspended to provide an emergency stimulus to the economy.

Second, revenues from the reinstated tax after January 1, 1973, will be used to meet urgent national transportation requirements. The anticipated $2.2 billion a year will be used for mass transit, Amtrak, highway safety, airport development, and the abatement of aircraft noise pollution and vehicle air pollution.

Third, in response to my suggestion, the original amendment has been modified to include a specific authorization to the Secretary of Transportation to use a portion of these funds to meet the transportation needs of the Northeast Corridor and the Nation's other developing urban corridors.

Mr. President, permanent repeal of the auto excise tax represents a $2 billion a year incentive for manufacturing more automobiles at a time when our transportation system already is suffering from overdependence on the automobile.

Although the illness of our transportation system has been diagnosed repeatedly, the patient has been unwilling to accept the prescription for its cure.

The national transportation policy statement by the Department of Transportation only 2 months ago listed the symptoms of our national transportation "nonsystem": urban congestion, severe deterioration of local public passenger service, airport and air traffic congestion, hazards to safety, environmental degradation, and financial distress in many segments of the Nation's transport industry.

Separate modes of transportation have developed independently with separate planning and separate funding. The result has been a fundamental disruption of our transportation priorities.

Highways have been funded from an almost unlimited account that has been pumping over $3 billion a year into concrete for the past 6 years.

Yet the Nation's cities have been unable to obtain even one-tenth as much for urban mass transit. Mass transit expenditures averaged less than $200 million between 1965 and 1970.

Even with the passage of the Urban Mass Transportation Assistance Act last year in which $3.1 billion was authorized over 5 years, the administration has hamstrung the program by impounding appropriations.

Now with $2.6 billion in requests from the Nation's cities, the administration has announced it will spend only two-thirds of the $900 million which is authorized.

Today, cities and States are unable to plan rationally for the transportation needs of their constituencies. They are forced to seek funds from a Federal system that has given them the unpleasant choice of building highways or building nothing.

For these reasons, I introduced S. 295, the national transportation trust fund bill, earlier in this session to reorder those transportation priorities. That measure, which still is pending before the Senate Commerce Committee, would have combined the existing trust funds as well as the revenues from the auto excise tax into a single fund.

The current amendment does not in any way affect the existing highway and airway trust funds. But it does provide a separate source of revenue—revenue from the auto excise tax—to finance a broad range of transportation services.

Mass transit—where our greatest needs exist, where the Institute of Rapid Transit estimates that between $28 and $34 billion will be needed over a decade, and where the transportation committee of the National Conference of Mayors has called for emergency appropriations just to keep our mass transit systems running—would receive 50 percent of the proceeds from this fund.

In addition, in an effort to take action which will meet the crisis in the Northeast Corridor and to provide preventive medicine for the Nation's other urban corridors, the amendment now contains a separate authorization for the transportation needs of the urban corridors.

There are currently 15 urban corridors across the country, including Boston-New York, New York-Washington, New York-Buffalo, Philadelphia-Pittsburgh, Miami-Jacksonville, Chicago-Indianapolis-Cincinnati, Detroit-Chicago, Chicago-St. Louis, St. Louis-Kansas City, Milwaukee-Minneapolis, Seattle-Portland, Oklahoma City-Dallas-Houston, Memphis-New Orleans, and Oakland-Sacramento.

These are densely populated areas containing a series of two or more standard metropolitan statistical areas not more than 500 miles apart connected by major routes of ground passenger transportation.

All of these corridors would be eligible for transportation assistance under this amendment.

And there is specific reference to the Northeast Corridor, essentially Washington to New England, because that is where we must take action immediately.

After 8 years of study, the Northeast Corridor transportation project of the Department of Transportation issued its final report and recommendations in September.

The report found the Northeast Corridor to be the most extensively urbanized region in the Nation with some 44 million persons, 20 percent of the Nation's population, living on less than 2 percent of the Nation's land.

The sprawling growth of suburbia and exurbia, the exodus of industry and population from the central city, the steady concentration of people in new metropolitan areas joined in an urban band 500 miles long—all have created the transportation crisis.

Traffic congestion on the highways and congestion at airport terminals already exist so that travel times both by air and by road are declining between Boston and New York and between Washington and New York. In fact, it takes longer today on the average to get from National Airport to New York than it did in 1953.

The report noted that:

Aircraft and terminal delays between 1968 and 1969 increased 20 percent. Almost 30 percent of this delay was registered at five major Corridor airports.

It was after years of detailed investigation that the final report recommendations were made. And I believe it is essential that action be taken now to begin to put the recommendations into effect.

The amendment now before us would authorize funds for that purpose.

The major recommendation of the study for the current decade was to improve the passenger railroad service to provide 2-hour nonstop New York to Washington and 2¾ nonstop from New York to Boston. A 3-year program would include $100 million for right-of-way improvements between Washington and New York, $190 million in similar improvements between New York and Boston, $70 million for terminal improvements and $100 million for additional vehicles.

This would mean more high speed Metroliner-type cars, improved passenger comforts, greater frequency of schedules, and both nonreservation and nonstop service.

The result would be a major reduction of the air and road congestion within the corridor, a reduction in pollution and an increase in passenger service. The resulting profitmaking potential would fund additional improvements in the 1980's that would decrease nonstop rail service time from downtown Washington to downtown New York to 1½ hours and to 2 hours between New York and Boston.

As more people used high speed trains within the corridor, congestion on the highways and congestion at the airports would be substantially reduced.

This would be the model for similar steps in the other corridors to meet transportation needs before a crisis develops.

For these reasons, I am pleased that the amendment now before the Senate contains a specific authorization for the use of the revenues from the auto excise tax for the construction and improvement of transportation in the urban corridors of the Nation.

I feel that along with the other authorizations for mass transit, highway safety, air and noise pollution, this

amendment will move the Nation toward the goal of a balanced transportation system that can carry people where they want to go, in the manner they want to travel and at costs they can afford.

I strongly urge approval of this amendment.

I thank the Senator from California very much for yielding to me.

Mr. CRANSTON. I thank the Senator very much for his constructive aid on the bill and for his stanch support.

Mr. PELL. Mr. President, I rise in support of Senator KENNEDY's perfecting amendment to Senator CRANSTON's amendment which would restore the 7-percent excise tax on automobiles next year and would funnel those funds into other modes of transportation.

Mr. President, in the Northeast Corridor we have had study upon study recommending improvements in rail passenger service. This past September, the Department of Transportation recommended the expenditure of $460 million for upgrading of roadbeds, purchase of new vehicles, and the improvement of terminals.

I think there is no doubt that in the Northeast Corridor any significant change or development of new highways is prohibitive because of lack of available land and community objections.

In our Northeast Corridor we can best aid the highway traveler by providing alternative rail passenger service which drains off the congestion on our interstate highways.

Consequently, I support this amendment to provide earmarking of a portion of the automobile excise tax for rail passenger improvements.

The PRESIDENT pro tempore. Who yields time?

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

To me, Mr. President, this is an incredible amendment, incredible for a number of reasons. The distinguished ranking minority member of the committee has pointed out that if it actually were to be adopted, it would result in a tremendous surge in the manufacture and sale of automobiles during the period between now and January 1973.

Some, perhaps with tongue in cheek, have criticized the automobile excise tax repeal proposal of President Nixon as having something to do with the political fortunes of the junior Senator from Michigan.

I suppose, if that were really a factor, I should be wholeheartedly in favor of the amendment now being offered by the Senator from California, because surely there would be no unemployment in Michigan during the months ahead until January 1973 and automobile sales would certainly skyrocket.

However, what would happen after that might well be an economic disaster for my State and for other areas of the Nation.

There would be economic chaos if this incredible amendment of the Senator from California were to be adopted.

Mr. President, I think the amendment is incredible from another point of view. My senior colleague from Michigan, Mr. HART, has appropriately and accurately characterized the 7-percent excise tax on automobiles as a consumer sales tax. That is exactly what it is.

If we repeal the 7-percent excise tax on automobiles, as proposed by President Nixon, the consumer will benefit directly. If the amendment of the Senator from California were agreed to, and the auto excise tax were reinstated, then a sales tax upon the consumer would be reimposed, in effect beginning in January 1973. Frankly, I am appalled that Senators who regard themselves as liberals should choose this regressive way of raising revenues for a purpose, of course, which has nothing to do with the sale or the use of automobiles. As the Senator from Utah has said, we need mass transit, we need airports—and the need exists whether or not automobiles are sold.

The junior Senator from Michigan is very much in favor of mass transit development. He has voted for bills and amendments which have sought to advance programs in this area.

It would seem to me that the question now is, how shall we finance mass transit programs? Shall we do it through a very unfair and regressive kind of taxation by using a sales device that hits hardest at people in the lower income categories? Or shall we use the more progressive graduated income tax which is already available if the Congress wishes to raise more revenues?

I am amazed that Senators who regard themselves as liberals would even consider using a form of sales tax as the way to finance such costly programs as mass transit.

Beyond that, of course, the excise tax on automobiles is an unfair and discriminatory tax which should have been removed years ago. I should think that if the Senator from California believes that a sales tax or an excise tax is the appropriate way to raise revenue for such a laudable purpose as mass transit, then he would favor imposing the excise tax on manufactured products other than automobiles. I wonder if perhaps some of the products that are manufactured principally in the State of California might not be included and similarly taxed, in order that the whole burden would not fall on just one industry.

One of the principal reasons why President Nixon recommended repeal of the auto excise tax, as I understand it, related to his concern about our balance-of-trade situation. One reason why our trade balance has been deteriorating is that we have found it more and more difficult to sell American-made automobiles in the world market. We are finding it more and more difficult, not only because of the tariff and nontariff trade barriers of other countries, but also because, incredibly, our own country, unlike other countries, imposes, in effect, a 7-percent duty upon our own automobiles before we send them out of the country. After adding the 7-percent tax, we then try to sell them in the world market.

We do not do that to any other manufactured product we try to sell in the world market. We do not try to impose such a tax on refrigerators.

We do not impose such a tax on washing machines or anything else and then try to sell them in the world market.

In effect, through the excise tax we are imposing a tariff on ourselves with respect to the automobiles we seek to sell in the world market. No wonder we are having problems with the trade-balance picture.

Mr. President, as I have said, the auto excise tax is a highly discriminatory tax. It is a tax that should have been removed a long time ago. It has continued in effect, in large part, because many people have forgotten why the tax was imposed in the first place.

The auto excise tax was imposed in 1917. It was a temporary wartime tax, imposed to discourage the sales of automobiles so the automobile production facilities could be used to manufacture war materiel and for other war purposes.

In World War II, once again the tax that was primarily designed to discourage the sales of automobiles so that the production facilities could again be used to produce tanks and other war materiel.

During the Korean war and the Vietnamese war, perhaps the same justification for such a tax could be cited. However, now we are winding down and getting out of the war in Southeast Asia.

Mr. President, this is an incredible amendment. I cannot believe that the Senate would agree to it. I have great faith that the Senate will reject it.

Mr. CRANSTON. Mr. President, I yield to the Senator from Illinois such time as he may require.

The PRESIDENT pro tempore. The Senator from Illinois is recognized.

Mr. STEVENSON. Mr. President, I supported the Kennedy amendment, recognizing as he and the Senator from California do, that urban rail transportation corridors extend through communities which are rural and lie between major urban areas. These corridors, for example, include the routes between Chicago and Detroit and between Chicago and Kansas City.

It is certainly possible that the northeast corridor would be one of the principal beneficiaries of this amendment.

There should be plans to develop those corridors. But my State of Illinois, the State of Michigan and the State of California, and indeed all States would benefit from the amendment and the amendment offered to it by the Senator from Massachusetts.

The distinguished Senator from Michigan has announced that he is "amazed" and "appalled" at this "incredible" and "ridiculous" amendment. I will not resort to such adjectives. However, I would say this, that I and many others are, to say the least, surprised that this administration, or any other, would offer legislation which would make the production of more death-dealing, pollution-spewing automobiles for our congested highways and streets the Nation's No. 1 economic priority—and at the expense of other domestic needs, including transportation.

Many were surprised that this industry would be singled out for special treatment. That is exactly what has happened Congress has already faced up to the excise tax and has provided for its gradual repeal by 1972. One reason to repeal it now is to give certain consumers, those well off enough to buy automobiles, a

break, and at the expense of other consumers purchasing other products.

The real purpose is to benefit one industry, the automobile industry. We recognize, as does the Senator from Michigan, that many other industries are dependent upon the automobile industry. That argues, as this amendment does, to suspend the excise tax on automobiles for 1 year. It would give relief to the automobile industry and provide a stimulus to the economy.

If the administration's rosy predictions about the consequences of the new Nixon economics come about, we will get the economy going. Next year the automobile industry will be in fine condition, and then this excise tax can be used to benefit industries all over the country. Manufacturers of mass transit equipment could, for example, benefit.

It is argued that the elimination of the excise tax on automobiles will stimulate car sales and, therefore, create more jobs. But mass transit funds would create jobs, too, and also help meet the need of people across the entire country for adequate mass transit facilities.

I am sorry that the distinguished Senator from Utah, the ranking minority member of the Committee on Finance, is not in the Chamber, because he valiantly, day in and day out, has fought one proposal after another to provide tax reductions. One amendment after another has been offered on the floor of the Senate to give relief to taxpayers, and one amendment after another he has, usually successfully opposed. He has argued effectively, and with alarm, about the adverse effect of these tax cuts, particularly tax cuts for people, as opposed to business. The Committee on Finance has already approved tax cuts of about $11.6 billion annually, most of them for business. On the floor of the Senate we have added to that sum another $5 billion in tax cuts. That means total annual tax of about $16.6 billion. That would not be so serious, but for the fact that it looks as if the Government will run a deficit for fiscal year 1972 of about $28 billion.

The distinguished Senator from Utah has joined us. I have made the point that we are running a $28 billion deficit for 1972, and that there were adopted in the Committee on Finance and on the floor of the Senate tax reductions that will cut taxes by about $16.6 billion annually. Now we come along with a modest proposal to stop decreasing the revenues of the Federal Government, after a 1-year suspension, for the sake of the economy and the automobile industry, and it is opposed.

Now that the Senator from Utah has returned to the Chamber, I should like to ask him a few questions.

Mr. BENNETT. I am sorry. I was temporarily away from the Chamber.

Mr. STEVENSON. I apologize for interrupting the Senator. I was just saying that the Senator has pointed out eloquently and oftentimes successfully how the Treasury—the budget—cannot take these repeated tax cuts. Here we are offering increased revenue after a suspension of the excise tax for 1 year, and the Senator opposes it.

My question to the Senator is simply: Where is the money going to come from? The administration estimates that the Federal Government should furnish $20 billion over the next 10 years for mass transit alone.

In addition, I am sure there are many communities in Utah, as there are in many other States, where more funds are needed for improved rail passenger service, whether it is through Amtrak or the development of urban corridors.

Where is the money to come from? I am sure the Senator from Utah has mayors and community leaders across his entire State who want additional funds for safe city streets, the repair and maintenance of city streets, and traffic signals. Such funds are available now under the highway trust fund, but in inadequate amounts. I think the Senator would agree.

He mentioned the authorization for the Airport Development Act. Enough funds are not available or authorized in the future for the improvement of our airports and for the relief of those who live in the proximity of airports and are subject to the noise of those airports.

Here we are giving up a source of roughly $2 billion a year. We have adopted tax cuts tentatively of $16.6 billion annually. The Government is running a $28 billion deficit for 1972.

Where is the money going to come from?

Mr. BENNETT. The Senator from Utah can point out, for instance, that since we began to debate this bill on the floor of the Senate we adopted an amendment allowing a tax credit of $2.2 billion for education. Let us eliminate that tax credit. That is one place the money can come from.

The Senator is saying we should wipe out the tax reductions on automobiles but must retain all the other tax reductions we have made. Actually, if the Senator's amendment should be agreed to the money would not go into the general fund. It would go into a special account, which Congress has resisted up to this time, for mass transit, for airport improvement, and for other purposes.

The Senator asks where the money is going to come from. Another possibility would be to reduce the $800 exemption to $750—the figure the House adopted—and pick up the $2 billion. Or, as I said, we could reverse our decision on the tax credit for education and pick up $2 billion.

In other words, I do not think we should say to ourselves that there is any difference on the effect of the general revenues between one proposed reduction and another. Actually, the problems that the Senator describes will have to be met, if they are met, out of the general revenues; and those problems will not be solved by saying we should reinstate this tax or that tax. I do not think it is wise to try to earmark this particular tax or that particular tax for a special purpose.

So I would just say to the Senator from Illinois that the final answer is, the money is going to come from the taxpayer, and generally it does not make too much difference what type of taxation we use to get it with respect to the particular dollar that is spent.

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

Mr. BENNETT. I yield.

Mr. GRIFFIN. I find myself in general agreement with the Senator from Utah on many points. But I would like to interpose some disagreement—

The PRESIDING OFFICER. The Senator from Illinois has the floor. Who yields time?

Mr. BENNETT. Mr. President, I will yield the Senator 3 minutes out of my time.

The PRESIDING OFFICER. Does the Senator from Illinois yield the floor?

Mr. STEVENSON. I yield the floor.

Mr. GRIFFIN. I think it makes a great deal of difference what kind of a tax is used—difference in terms of whom will bear the heaviest burden of the tax.

I wish to reemphasize a point I made before. The excise tax on automobiles is essentially a sales tax, and a sales tax is a very regressive, unfair tax in that it imposes a heavier burden, relatively speaking, on the lower income groups.

There was some reference earlier to the fact that the rich buy automobiles. Sure, the wealthy buy automobiles—but a great many more automobiles are sold to those who are not wealthy. Every family, with few exceptions, in our country buys automobiles. Indeed, the biggest item in the family budget is the family automobile. It is interesting that anyone who regards himself as a liberal would advocate use of a most regressive form of taxation—such as a sales tax—when the more progressive form of taxation, the graduated income tax, is available.

So, I would suggest that there is a very essential difference as to which kind of a tax is used.

Mr. BENNETT. I appreciate the comments and the point of view of the Senator from Michigan. He is correct that the regressive nature of the auto excise tax is one of the important reasons why we are getting rid of the tax.

Mr. GRIFFIN. We have taken it off other items.

Mr. BENNETT. We have taken it off everything except telephone service, and liquor and tobacco which has been subject to tax for a very long time.

Mr. President, I yield such time to the Senator from Arizona as he may desire.

Mr. FANNIN. Mr. President, I would like to ask the Senator from Illinois how this could be special relief when the automobile industry has been discriminated against by this tax for years, and the consumer has been paying this tax as a penalty for years, which has been a great disservice to the workingman.

I think he realizes, if we can refer to California, that because of our inability to compete in the automobile market, we have seen a tremendous increase in the number of automobiles coming into this country, small automobiles particularly. In fact, and perhaps the distinguished Senator from California knows more about this than I do, there is a factory that is going to be built in Canada by the Toyota Co. which is further going to complicate the problem.

I would remind him that this is a penalty that has been assessed against this particular industry, and not against other industries. We are not taking it off; we are just relieving them from that discrimination. In doing so, we are relieving the consumer, and not the manufacturer. This relief has to be passed on to the consumer. I do not think that is doing too much.

Mr. STEVENSON. I am sure the Senator does not mean that this is the only industry subject to an excise tax.

Mr. FANNIN. It is the only one that has been discriminated against all these years with an excise tax. It is the greatest industry that has been discriminated against.

Mr. STEVENSON. I do not doubt that the revenues from the excise tax on this product are the greatest, because the volume of production and sales in the industry are the greatest, but excise taxes apply to many products.

Mr. FANNIN. It was brought out by the Senator from Utah that there are other excise taxes.

Mr. BENNETT. Mr. President, if the Senator will yield, the only major Federal excise tax left, if the bill is passed, is the excise tax on telephones.

Mr. STEVENSON. Perhaps it is only a question of semantics, but may I ask what the taxes on alcohol and tobacco are if not excise taxes?

Mr. BENNETT. The Senator again needs correction. Since the beginning of the Nation we have had taxes on alcohol and tobacco, and they are so built into our pattern that we take them for granted. I take them for granted and forget them. I will admit that we still have excise taxes on tobacco and alcohol. They have been there for nearly 200 years. But practically the only modern excise tax that affects products or services which will remain after the bill passes is the tax on telephones. They were many more in World War II, and one by one we have taken them off, and we are now moving to take the excise tax on automobiles off.

Mr. FANNIN. I might point out that the taxes on alcohol and tobacco were designed to discourage the consumption of those particular products. So I think those taxes are in a completely different classification from what we are talking about. We are talking about the excise tax on automobiles.

How can it be said that the amendment will help offset the $5 billion-plus of revenue loss that the Senate has added to the bill? The amendment provides fully for the expenditure of the money saved by the amendment. So that is not a correct assumption.

I am sure that the problems in Chicago and other parts of Illinois are great. In fact, I am familiar with the Chicago bus authority and the problems it has had with the buses. I have seen the number of miles that those buses have traveled. Any encouragement to replace them would certainly assist insofar as environmental effects are concerned, and I believe that is a very important point. There is a very serious problem in the downtown area of Chicago, which I am sure the Senator recognizes. But the amendment would put in a deterrent—the excise tax which will remain—to the replacement of those vehicles, as well as automobiles and small trucks. That would not be good from the standpoint of the environment.

Insofar as the current year is concerned, this proposal would be fine. As a matter of fact, it would probably mean that there would be many more sales of cars and much more employment in the automobile industry in 1972 than would otherwise be the case. The administration has already estimated that this reduction will result in 600,000 additional domestic automobile sales and 150,000 additional jobs, not counting dealer employees. In a period such as this, this represents an important contribution toward lowering the level of unemployment.

The difficulty with the proposal is, however, that it will encourage individuals to purchase 1972 models instead of 1973 models. What we want to do is increase the total number of purchases, not merely move purchases up from 1973 to 1972. We do not want a Niagara of purchases in 1972 and a desert of purchases in 1973. That is exactly the kind of cyclical problem we are trying to avoid.

I would also like to point out that the number of cars on the road really is not dependent on whether there is a tax on automobiles. In the long run, the number of cars on the road will not be decreased by this proposal. Actually, this proposal simply means that there will be a smaller number of new cars and a larger number of old cars on the road. But that, however, does have important ramifications for the environment.

As the Senator well knows, old cars are the real polluters, and therefore, the amendment is counterproductive from the standpoint of improving the environment.

I also would say it is counterproductive from the standpoint of what is happening economically in this country. I do not know if the Senator is familiar with the U.S. balance of trade for selected products, and what is happening in this Nation of ours with the imbalance of trade, and has been happening over the past few years.

Imports of cars into the Senator from California's State have increased fantastically, having almost doubled in the last few years. Foreign car sales have now, I think, in the first 6 months of this year, reached about 35 percent of the total car sales, and as far as the total U.S. balance of trade for selected products is concerned, automobiles in fact represented a $2 billion deficit. I think this is vitally important, because it indicates that we are becoming less and less competitive in the world market.

The repeal provision, of course, would help as far as this industry is concerned. I feel that the Senator, in his proposal, is certainly being counterproductive to what we are trying to accomplish.

The PRESIDING OFFICER. Who yields time?

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

First, let me point out to the distinguished Senator from Arizona something that I do not believe we have made clear in our explanation of this amendment. It does not reimpose the excise tax on buses and/or agricultural haulers.

Mr. FANNIN. I realize that. It is very clear, as far as the equipment that is involved.

Mr. STEVENSON. Well, in response to the remarks of the Senator from Arizona and the Senator from Utah—and I do not have any desire, Mr. President, to extend this debate—let me just say that it has been suggested that this excise tax is different from other excise taxes, including the alcohol tax which goes back some 200 years to the origins of the Republic, as the Senator from Utah pointed out.

If there was not an excise tax on automobiles 200 years ago, it may have been because there were not any automobiles 200 years ago. Since then, of course, the automobile has arrived on the scene, and has become the single most serious offender against the environment.

Mr. FANNIN. Well, the Senator is answering his own question, then, because we did not have the problem that has been expressed by the Senator from Utah and the Senator from Michigan. This was put on as an emergency measure and a revenue measure. But as far as the liquor and tobacco taxes are concerned, that was not the case. The purpose of the liquor and tobacco taxes was to discourage the consumption of those products.

Mr. STEVENSON. Well, I hesitate to quarrel, but it has been my impression over the years that excise taxes have been intended to be revenue producing measures when adopted by Congress.

This tax is a substantial source of revenue. Congress has faced up to the fact that it should be, in an orderly way, repealed. Our amendment does nothing to interfere with the actions already taken by Congress. The excise tax would be phased out by 1982, as has already been decreed by Congress. Our amendment would simply provide that, after this 1-year suspension of the tax, the funds from that continuing source of revenue would be earmarked for transportation.

I think the Senator from Utah made the essential point. I asked him where the money was going to come from. We all admit the critical need for improved transportation services. A first-rate transportation system in the country might do more for the economy and for our competitive position in the world than almost any single thing that we could do. Other countries, like Japan, do more for transportation than the United States.

The point has been made that we can get the revenues which we all concede are needed, not only for mass transit but for improved airports, for improved living conditions in proximity to airports, for safer city streets, for our urban corridors, and for adequate rail passenger service. It is suggested by the Senator from Utah that those revenues, which by and large we all admit must be obtained, may be obtained by repealing the tax credit for education.

Mr. President, I think that makes the point. The Senator is implying that the

production of more automobiles that would result from the repeal of the excise tax on automobiles, more automobiles for our crowded streets, more pollution-spewing automobiles, is more important than education. That is the basic difference between us.

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

Mr. STEVENSON. I am glad to yield to the Senator from Utah.

Mr. BENNETT. I cannot imagine that my colleague would assume that in answering his question, I was stating my personal priorities. He asked me about other sources, and I indicated that there are other sources. It is unfair to now infer that because I mentioned it, I have stated that the manufacture of automobiles is more important than education.

Mr. STEVENSON. I am not making any assumptions at all. I asked the Senator where the money was going to come from, and he said we could repeal the tax credit for education.

Mr. BENNETT. I said we could get it from many sources, and I read the Senator the list of things in this bill that represent a $2 billion tax cut.

Mr. STEVENSON. Many sources except, apparently, a tax on the production of automobiles. I think that, Mr. President, is basically the difference. I do not want to increase taxes for individuals; I do not want to repeal tax credits for education; but I do recognize that the tax money has to come from somewhere, and say that the production of more pollution-spreading automobiles for our crowded streets should not be our highest economic priority.

The excise tax is a reasonable source of revenue. The revenue spent on public transportation is going to help the economy. An improved transportation system would help the economy. The expenditure of funds for improved transportation facilities, improved airports, safer city streets, and our urban transportation corridors would produce jobs and other benefits throughout the country.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. CRANSTON. Mr. President, I am prepared to yield back the remainder of our time, after just one moment, if the other side is prepared to do so.

I would like to clarify one point. The proponents of the measure have said several times that we are reimposing the 7-percent surtax. That will not be done. The tax, under the provision that provided for it, will go down. It would be reimposed at 6 percent under the amendment, would drop down to 5 percent after 2 years, and would taper off thereafter.

Mr. BENNETT. Mr. President, it was the Senator from Utah who called that to the attention of the Senator from California. I did not say we were reimposing a 7-percent excise tax. I said it was proposed to reimpose a tax that would go down to 6 percent.

Mr. CRANSTON. Perhaps it was the Senator from Michigan who referred to the reimposition of the 7-percent surtax. I was, of course, aware that it would go down, as my statements have indicated.

The Senator from Utah displayed an interest in California. I would like to point out that the citizens of Salt Lake City would perhaps benefit from this amendment also, since there is a $500,000 application for a bus transportation assistance program there. I do not know where that money is to come from, if we do not find some way, such as the method we are proposing, to get the money for transportation.

The President is presently withholding $200 million that was supposedly made available through our committee under the contract obligation procedure for road transit. That money is not being freed.

Mr. President, I am prepared to yield back my time, if no one else wishes to speak.

Mr. BENNETT. Mr. President, I yield myself 2 minutes, and then I will be prepared to yield back the remainder of my time.

The point I want to make again is the point I made in the beginning: We are going at this backwards. We should develop a program for these purposes, and then we should find ways to finance it. This amendment raises the money first and then says we hope the Secretary of Transportation can come up with a program.

Mr. President, I think this amendment is ill-timed. I think it is ill-prepared. As I said earlier, it transfers to the executive department a responsibility that belongs to Congress.

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

Mr. BENNETT. I yield.

Mr. GRIFFIN. Throughout the debate it has been assumed, or may have been assumed, by some, that the sale of new automobiles increases pollution. It should be taken into account in this debate, that by reason of legislation which this Congress has passed—legislation which has established very tough and strict pollution standards upon the automobile industry—the sale of new automobiles which, in turn, replace old automobiles, will actually result in a significant reduction in pollution. Of course, it is the old automobiles that are polluting the air. As new automobiles are sold and replace old automobiles, the air will be cleaner.

So we should not assume in this debate that the sale of new automobiles necessarily means more pollution.

Mr. BENNETT. I agree with the Senator from Michigan.

Mr. President, I am prepared to yield back the remainder of my time, if the other side is.

Mr. CRANSTON. I yield back the remainder of my time.

Mr. BENNETT. I yield back the time in opposition.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment, as modified.

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

The yeas and nays were not ordered.

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

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

Mr. BENNETT. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California, as modified. 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 Indiana (Mr. BAYH), the Senator from North Carolina (Mr. ERVIN), and the Senator from New Hampshire (Mr. MCINTYRE) are necessarily absent.

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

Mr. GRIFFIN. I announce that the Senators from Colorado (Mr. ALLOTT and Mr. DOMINICK), the Senator from Kansas (Mr. DOLE), the Senator from Nebraska (Mr. HRUSKA), the Senator from Maryland (Mr. MATHIAS) and the Senator from Pennsylvania (Mr. SCOTT) are necessarily absent.

The Senator from Ohio (Mr. SAXBE) is absent on official business.

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

If present and voting, the Senator from Nebraska (Mr. HRUSKA) and the Senator from Pennsylvania (Mr. SCOTT) would each vote "nay".

The result was announced—yeas 25, nays 64, as follows:

[No. 349 Leg.]

YEAS—25

Brooke	Hatfield	Packwood
Byrd, Va.	Hollings	Pell
Case	Hughes	Ribicoff
Church	Javits	Stevenson
Cranston	Kennedy	Tunney
Eagleton	Long	Weicker
Fong	McGovern	Williams
Fulbright	Moss	
Gravel	Muskie	

NAYS—64

Aiken	Fannin	Nelson
Allen	Gambrell	Pastore
Anderson	Goldwater	Pearson
Baker	Griffin	Percy
Beall	Gurney	Proxmire
Bellmon	Hansen	Randolph
Bennett	Harris	Roth
Bentsen	Hart	Schweiker
Bible	Hartke	Smith
Boggs	Humphrey	Sparkman
Brock	Inouye	Spong
Buckley	Jackson	Stafford
Burdick	Jordan, N.C.	Stennis
Byrd, W. Va.	Jordan, Idaho	Stevens
Cannon	Magnuson	Symington
Chiles	Mansfield	Taft
Cook	McClellan	Talmadge
Cooper	McGee	Thurmond
Cotton	Metcalf	Tower
Curtis	Miller	Young
Eastland	Mondale	
Ellender	Montoya	

NOT VOTING—11

Allott	Ervin	Mundt
Bayh	Hruska	Saxbe
Dole	Mathias	Scott
Dominick	McIntyre	

So Mr. CRANSTON'S amendment, as modified, was rejected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed the bill (S. 1810) for the relief of Dorothy G. McCarty, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the bill (S. 1866) for the relief of Clayton Bion Craig, Arthur P. Wuth, Mrs. Leonore D. Hanks, David E. Sleeper, and DeWitt John, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate.

H.R. 1966. An act for the relief of Helen Rose Botto;

H.R. 2714. An act for the relief of Mrs. Kayo N. Carvell;

H.R. 2792. An act for the relief of Juanita Savedia Varela;

H.R. 3093. An act for the relief of Mrs. Crescencia Lyra Serna and her minor children, Maria Minde Fe Serna, Sally Garoza Serna, Gonzalo Garoza Serna, and James Garoza Serna;

H.R. 4083. An act for the relief of Thomas William Greene and Jill A. Greene;

H.R. 4319. An act for the relief of Josephine Dumpit;

H.R. 5179. An act for the relief of Soo Yong Kwak; and

H.R. 6506. An act for the relief of Mrs. Hind Nicholas Chaber, Georgette Hanna Chaber, Jeanette Hanna Chaber, and Violette Hanna Chaber.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution:

S. 306. An act for the relief of Eddie Troy Jaynes, Jr., and Rosa Elena Jaynes;

S. 389. An act for the relief of Stephen Lance Pender, Patricia Jenifer Pender, and Denese Gene Pender;

S. 629. An act for the relief of Chen-Pai Miao;

S. 708. An act for the relief of the village of Orleans, Vt.; and

S.J. Res. 132. Joint resolution extending the duration of copyright protection in certain cases.

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

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred to the Committee on the Judiciary:

H.R. 1966. An act for the relief of Helen Rose Botto;

H.R. 2714. An act for the relief of Mrs. Kayo N. Carvell;

H.R. 2792. An act for the relief of Juanita Savedia Varela;

H.R. 3093. An act for the relief of Mrs. Crescencia Lyra Serna and her minor children, Maria Minde Fe Serna, Sally Garoza Serna, Gonzalo Garoza Serna, and James Garoza Serna;

H.R. 4083. An act for the relief of Thomas William Greene and Jill A. Greene;

H.R. 4319. An act for the relief of Josephine Dumpit;

H.R. 5179. An act for the relief of Soo Young Kwak; and

H.R. 6506. An act for the relief of Mrs. Hind Nicholas Chaber, Georgette Hanna Chaber, Jeanette Hanna Chaber, and Violette Hanna Chaber.

FURTHER CONTINUING APPROPRIATIONS, 1972

Mr. ELLENDER. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on House Joint Resolution 946.

The PRESIDING OFFICER (Mr. GRAVEL) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the joint resolution (H.J. Res. 946) making further continuing appropriations for the fiscal year 1972, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. ELLENDER. Mr. President, yesterday, the Senate passed House Joint Resolution 946, the continuing resolution, with one amendment, changing the expiration date from the sine die adjournment of the first session of the 92d Congress, which had been proposed by the House of Representatives, to December 1, 1971.

The Senate amendment also set a ceiling on foreign economic and military assistance and sales at a figure of not to exceed the rate in the authorization bills which passed the Senate and the House of Representatives for foreign assistance, or at the current rate for fiscal year 1971, or the budget estimate for fiscal year 1972, whichever is the lower figure.

Last night, the House requested a conference with the Senate on this joint resolution.

I move that the Senate insist upon its amendment and agree to the request of the House for a conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. ELLENDER, Mr. MCCLELLAN, Mr. PROXMIRE, Mr. INOUYE, Mr. YOUNG, Mrs. SMITH, and Mr. HRUSKA conferees on the part of the Senate.

REVENUE ACT OF 1971

The Senate resumed 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 Chair lays before the Senate amendment No. 690, offered by the Senator from Oklahoma (Mr. HARRIS), which the clerk will now report.

The assistant legislative clerk read as follows:

On page 3 of table of contents, after section 702, insert the following:

"TITLE VIII—TO PROHIBIT CORPORATIONS FROM ENJOYING TAX DEDUCTIONS FOR ADVERTISING NOT DIRECTLY RELATED TO THE DISTRIBUTION OF A COMPANY'S GOODS AND SERVICES".

On page 209, line 14, insert the following:

"TITLE VIII—TO PROHIBIT CORPORATIONS FROM ENJOYING TAX DEDUCTIONS FOR ADVERTISING NOT DIRECTLY RELATED TO THE DISTRIBUTION OF A COMPANY'S GOODS AND SERVICES

"SEC. 801. Amend United States Code, title 26, scetion 162(e)(2)(B), to read: 'in connection with any attempt to influence the general public, or segments thereof, with respect to legislative matters, elections, referendums, or any matter (except as otherwise provided in this section) not directly related to the distribution by the taxpayer of goods and services.'."

The PRESIDING OFFICER. There is a time limitation of 30 minutes on the amendment, 15 minutes to the side.

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

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 5 minutes.

Mr. BYRD of West Virginia. Mr. President, could we have order?

The PRESIDING OFFICER. The Senate will be in order. The Senator from Oklahoma may proceed.

Mr. HARRIS. Mr. President, the amendment would prohibit corporations from enjoying tax deductions for advertising that is not directly related to the distribution of the corporation's goods or services.

I have just picked up the current issue of Life magazine, dated November 19, 1971. In thumbing through the magazine—and one can do this with any magazine—I note here a huge double page ad that must have cost a considerable amount of money. The headline is: "No-fault auto insurance. If insurance companies are for it, shouldn't you be against it?"

The article says that if one wants to, he can contact the office of this insurance company, the Traveler's Insurance Co., and find out what they have to say about no-fault insurance. They say that they will tell anyone who calls what should be done.

Mr. President, I ask unanimous consent that the advertisement to which I have referred be printed in full at this point in the RECORD.

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

NO-FAULT AUTO INSURANCE—IF INSURANCE COMPANIES ARE FOR IT, SHOULDN'T YOU BE AGAINST IT?

Some people say no-fault is the answer to all the auto insurance problems. Everything from the high costs to the length of time it can take to collect a claim.

Some people say no-fault is the answer to nothing.

Several states already have it.

Several more are considering making it law.

We happen to think that, while no-fault is a good place to begin, there are a great many more things that should be done.

However, knowing what you think of insurance companies—and knowing that some of you may find it a bit hard to believe that any insurance company could be for anything that could lower rates and make claims easier to collect—we'd like to do something better than give you our opinion.

We'd like to supply you with enough information to have your own opinion. (After all, it is your money that's at stake.)

So if you call or write The Travelers Office of Consumer Information, we'll send you out a simple explanation of no-fault. As unbiased as we can make it.

We'll tell you what major no-fault insurance plans have been passed or are being considered.

We'll tell you how the various plans are supposed to work.

We'll tell you what problems they could solve and what problems they can't possibly solve.

And, of course, we'll tell you what we think ought to be done.

Then you can make up your own mind. Before your state legislators make up theirs.

And if you have any less lofty questions on your mind—or any problems—our Office of Consumer Information will do its best to help you with them too.

Call toll-free weekdays, from 9 to 5 Eastern Time (800) 243-0191.

Call collect from Connecticut 277-6565.

Or you can write, if you prefer, to The Travelers Office of Consumer Information, One Tower Square, Hartford, Connecticut 06115.

THE TRAVELERS.

Mr. HARRIS. Members of my staff called Travelers. The ad carries the implication they are for no-fault insurance. Actually, they are against Federal no-fault insurance which would save people about $1 billion in premiums. They are also even against State no-fault insurance over $2,000. Losses over $2,000 should be insurable losses, according to Travelers.

The point is they were able to propagandize us by that ad, which is a tax-deductible business ad, paid for out of business expense.

I picked up Newsweek magazine dated November 15, 1971. This can be done with any magazine these days, it is becoming so prevalent. Here is an ad by Rockwell-Standard Co. that states we should disperse the population in this country. As it turns out, they have a good idea how that should be done. They say that only a good highway system can make population dispersal practical. I suppose that means as opposed to mass transit, or other forms of transportation, from which the public might choose.

The point is not their position on the issue. The point is that they were able to propagandize us on a public issue using the corporate business tax deduction.

The same thing is true with respect to United States Steel, when they tell us strip mining is not so bad; and the same thing is true about Standard Oil of New Jersey when they tell us how well they are cleaning up the air, and for us not to get excited about pollution.

Mr. President, I ask unanimous consent that the advertisement from Newsweek may be printed in the RECORD at this point.

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

IF YOU WERE PLANNING A COUNTRY, YOU WOULD NOT CROWD 70 PERCENT OF THE PEOPLE INTO 2 PERCENT OF THE LAND—MAYBE WE OUGHT TO HAVE A PLAN

It's a fact. We're a nation blessed with over 3 million square miles and yet we jam. pack and squeeze 142 million people into just 74,000 square miles. That's only 2% of the land!

Think of the problems—health, mental health, crime, poverty, water and air pollution, drug addiction—that are so much a part of these crowded conditions.

The obvious answer is to develop a plan to spread jobs, opportunities and people around. First, we must have the leadership and backing that only the Federal government—and we, the people—can supply. Second, we need the cooperation and involvement of industry.

And third, we need our good highway system—only highway transportation can make population dispersal practical.

For a challenging look at the problems and opportunities of population dispersal, write the American Trucking Association, Inc., Dept. R-S, 1616 P St. N.W., Washington, D.C. 20036. As for the new booklet, "The Geography of Survival." It's the beginning of a plan.

ROCKWELL-STANDARD CO.

Mr. HARRIS. Mr. President, I wish to call the attention of Senators to the chart on the right in the rear of the Chamber. The Senator from Arkansas is looking at it now. It shows the permanent effect of President Nixon's tax bill as first proposed. Out of the total $9.4 billion tax cut proposed only $1.5 billion was to go to the average working man and woman. So when there is lobbying for that proposal it is lobbying for an antiworking man proposal and for a specific proposal that has billions of dollars of impact on the economy and the taxpayers. It mostly goes to big business, as we note from the chart and from the discussion that has taken place in this Chamber.

Later some of the President's close friends formed an organization called Citizens for a New Prosperity, which is one of President Nixon's campaign slogans, it seems. It takes a lot of nerve to talk about prosperity while we have 5.5 million people unemployed.

The point is they are not just talking about being against inflation. On the right in the rear of the Chamber we have a chart which states, "Fighting inflation is everyone's business." It goes on to state that President Nixon's tax program will create 500,000 new jobs and that we should be for it. That is wrong, in my view, but even if it were right, it is wrong for this group. Citizens for a New Prosperity, to be able to solicit business for contributions of $2,000 to $25,000, tax deductible money, and say "You can do this as a legitimate business expense," and, in effect, propagandize the taxpayers at their expense to vote for this tax bill that will give about $74 billion in tax cuts to big business over the next 10 years.

No wonder big business would want to spend tax deductible corporate funds to lobby for that and, in the process, for President Nixon's reelection. That is wrong.

My bill would provide if they want to run an ad in the newspapers talking about their products, the goods they produce and sell that would be a legitimate business expense, but that they cannot use deductible corporate funds to attempt to persuade the general public.

This has nothing to do with lobbying, but it does have to do with trying to persuade the general public on a general issue not related to the company's business, goods, and services. That should not be a tax deductible business corporate expense.

The PRESIDING OFFICER. Who yields time?

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

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. BENNETT. Mr. President, as the proponent of the amendment has suggested, the heart of his amendment is contained in the words "not directly related to the distribution of a company's goods and services." That is a pretty stiff and complete prohibition. Under it a corporation could not announce that it is now 50 years old. It could not congratulate any person for a particular civic achievement. It could not even announce it was closing for the funeral of its president.

This attempt to hamstring corporations by denying them the right to use tax deductible money for any purpose except that which the Senator would interpret as being directly related to the distribution of its goods and services, is far too stringent. The law already prevents the use of these funds for influencing legislative matters, elections, or referendums.

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

Mr. BENNETT. I yield.

Mr. LONG. Would this amendment make it a nondeductible item for a business concern at Christmas time to have an ad saying "Merry Christmas"?

Mr. BENNETT. It would.

Mr. LONG. Or, "Happy New Year"?

Mr. BENNETT. Anything not related to the sale of its product. Actually the initial example the Senator from Oklahoma started out with did involve a directly related expense. He cited an ad of an insurance company relating to no fault insurance. I cannot think of anything more directly related to the sale of insurance than a discussion of a new type insurance that may be made available.

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

Mr. BENNETT. I yield.

Mr. LONG. Recently in Louisiana a war veteran returned. He had won the Medal of Honor and we were very proud of him. We had a day in honor of this young man. People took out ads in the newspapers saying, "Congratulations. Welcome home." Would that be tax deductible?

Mr. BENNETT. That would not be tax deductible. Nothing would be tax deductible that did not specifically relate to the "distribution of a company's goods and services."

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

Mr. BENNETT. I yield.

Mr. LONG. Suppose a business took out ads in a booklet published by the graduating youngsters of a high school. Businesses often take out ads congratulating the graduates of the class of 1971 in a little yearbook. That ad would not be deductible?

Mr. BENNETT. It would not be deductible. If a patriotic corporation decided to devote part of its advertising budget to urge people to buy U.S. savings bonds, that would not be deductible.

Mr. LONG. Or an ad for the Boy Scouts?

Mr. BENNETT. Or for the United Givers Fund.

Mr. HARRIS. Why should it be deductible?

Mr. BENNETT. In this arena in which public issues are debated, every other organization that could buy that kind of ad would buy it with tax-exempt money—the labor unions, the foundations, and the organizations that are put together attracting academicians or other groups.

The Senator is now saying to this important segment of American industry, "All your opponents can attack you with tax-free dollars but you may not respond in that manner. You must pay taxes on the dollars you use to respond in a debate that goes on in a community."

It seems to me that since we have carefully limited the use of corporate funds to influence political issues or political elections, a limitation, by the way, which does not apply to labor unions or foundations, on business advertising is most unwise. I think we are going much too far if we make it impossible for corporations to say, "Merry Christmas" or "Welcome home, Joe" or "Buy savings bonds" or "Join the Community Chest," and that is the effect of the amendment. It is an idea gone completely rampant, far beyond the level of rationality, and I hope the Senate will reject it.

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

Mr. BENNETT. I am happy to yield.

Mr. GRIFFIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GRIFFIN. Are amendments to the amendment in order at this time?

The PRESIDING OFFICER. They are not in order until all time on the amendment has expired or been yielded back.

Mr. GRIFFIN. And how much time remains on either side?

Mr. GRAVEL. Eight minutes to the proponents and 9 minutes to the opponents.

Mr. LONG. Mr. President, I yield myself 1 minute.

I am sure the Senator has the best of intentions, and I think I am in agreement with much of what he would like to achieve, but the amendment obviously has much that we do not want to do and existing law already contains much of what the Senator is trying to achieve.

Under the proposal a business concern could not even run an advertisement in a newspaper which showed a picture of Smokey the Bear and which said, "Keep Louisiana green. Do not start forest fires," because it did not relate directly to the distribution and sale of its goods. This proposal has a number of other problems that would have unintended results.

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

Mr. LONG. I yield.

Mr. BENNETT. It will force the Internal Revenue Service to look over every advertisement that every corporation publishes to see whether the expenses for it are deductible.

Mr. LONG. The Senator is a very able member of our committee——

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

Mr. LONG. I yield myself 2 more minutes.

Ordinarily, I would think he would offer an amendment of this sort in the committee, so we would have a chance to study it and work refinements into it to help meet it objectively in a sound manner. The purpose of a committee of the Senate is to try to look at suggestions a Senator may make and to remove those facets that would reach unintended results and retain the parts that would bring about the intent of the Senator to the extent the committee is in agreement. There are all sorts of results involved here that I am sure the Senator does not intend should be reached, and that the public would not applaud for a moment.

I would think, under the circumstances, that the amendment should not be agreed to at this time. In due course the committee could look at suggestions along this line and perhaps recommend some parts that we think make good sense and not recommend those parts that would reach unintended results, and which I am sure the American people would not approve.

I yield to the Senator from Kentucky (Mr. COOPER).

Mr. COOPER. Mr. President, I shall vote against the amendment. Of course, corporations may have one point of view and others may have another point of view. Labor unions are already exempted under the law.

We have heard much in recent weeks about the right to know under the first amendment. In this case, the amendment would prevent people from hearing all sides of a question. There might be issues between labor and management. There might be questions affecting a community, a State, or a country. I think this is a wrong step to take, because it is a step toward throttling of opinion and different views and contradicts the great lessons we have been learning in recent weeks and months about the first amendment.

I think the amendment should be voted down.

Mr. LONG. Mr. President, I yield 2 minutes to the Senator from Arizona (Mr. GOLDWATER).

Mr. GOLDWATER. Mr. President, I am probably one of the few Members of this body that was ever engaged in a business that required extensive outlays for advertising. We who buy advertising look upon the expenditure as being up to our judgment. I tried to find an ad, but evidently they did not run one this week, of a great machine tool company, Warner and Swasey, in which that company rarely speaks about its fine products, but talks about America, about freedom, about the free enterprise system, about the need for better products and better work. Under the proposed amendment, that type of advertising would be prohibited.

I think the judgment of what an ad should contain is the prerogative of the man who is spending the money. We have watched labor unions come here or out of New York and take full-page ads in the New York Times and the Washington Post and tell us what to do on subjects that have absolutely no relation to labor or the working man.

I am reminded that a few years ago an effort was made, successfully, by the Sierra Club to block the construction of dams of the Grand Canyon for the central Arizona project. That advertising was made up of outlandish lies, but it was their money. I do not agree that lies should appear in advertising, but it was up to the people reading them to determine what was the truth and what was not the truth.

Under this amendment we are going to make it just impossible for companies or anybody else to support America, support the American Legion, support the Boy Scouts; we are going to make it impossible for the American advertising dollar to be spent on anything that is contrary to the wishes of the framers of the amendment.

I think I speak for every advertising person in this country when I say it is a bad amendment, it is a dangerous amendment, and it should never be considered.

Mr. LONG. Mr. President, I yield 1 minute to the Senator from Kentucky (Mr. COOK).

Mr. COOK. Mr. President, my distinguished senior colleague talked about the first amendment. One of the serious questions that bothers me about this proposal is that it states:

> To prohibit corporations from enjoying tax deductions for advertising not directly related to the distribution of a company's goods and services.

Let us take a television station, whose goods and services are to sell time on the air. Will its editorials be prohibited from taking a public position because, obviously, it take this time and at the end of the year deducts the cost of that time as a part of its cost of doing business? When it comes on television, it is not to sell time, but to say to the people of the community that they should give to the Community Chest. Is that not a public service to urge fundraising for the benefit of a community? Are we contravening the first amendment if that company exercises its right because it contributes that time and deducts it as a cost of doing business? Under this proposal, it is prohibited from extending that service to a community.

Mr. LONG. Mr. President, I yield my remaining time to the Senator from Michigan.

Mr. GRIFFIN. Mr. President, when the time expires, if the pending amendment is not tabled, I intend to send to the desk a perfecting amendment to the pending amendment. And I wish to indicate that if my perfecting amendment should be

adopted, I would then be for the amendment offered by the Senator from Oklahoma. I believe the amendment of the Senator from Oklahoma has a certain amount of merit, but it should be balanced. My perfecting amendment would add the following language:

And likewise funds collected and used by any labor organization shall be subject to taxation if used in connection with any attempt to influence the general public, or segments thereof, with respect to legislative matters, elections, referendums, or any matters not directly related to the representation of its members for purposes of collective bargaining.

For a long time there has been the serious problem that union dues collected from workers, who in many instances have been required to pay dues in order to work, have been used for purposes not related to collective bargaining. The workers' dues are often used on a tax-exempt basis to advertise for and against matters which have no direct relationship to their interest as workers.

I wonder if the Senator from Oklahoma would accept my perfecting amendment. If he would, then I would vote for his amendment.

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

I certainly would not accept the amendment. It is an obvious attempt to kill this amendment, and to make it possible for a lot of big business people, as a tax deductible item, to support President Nixon's reelection and his anti-workingman program.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. The Senator from Oklahoma has 7 minutes remaining. The Senator from Louisiana has no time remaining.

Mr. LONG. Mr. President, I move that the amendment be laid on the table.

The PRESIDING OFFICER. That motion is not in order until the Senator from Oklahoma either uses or yields back the remainder of his time.

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

The PRESIDING OFFICER. Seven minutes.

Mr. HARRIS. Mr. President, may I just say this, in final summation of the arguments in support of this amendment: If you pick up any magazine these days, you will find, as I have with the two that I have put in the RECORD, that every issue contains advertisements where big corporate giants are using tax deductible corporate funds as a business expense to propagandize the taxpayers. The difference between that and the labor unions' situation, Mr. President, is that those of us who are taxed to do that for that corporation, as consumers and as taxpayers, do not get a chance to control that corporation. The members of the labor union can vote on its policies.

I am not talking about lobbying here; that is another matter which I think we ought to go into down the road somewhere. But the customers of the Travelers Insurance Co. do not get a chance to decide whether the Travelers Insurance Co. will use, in effect, their tax funds to propagandize them against no-fault insurance. The same is true of the Ford Motor Co. The Ford Motor Co. used corporate funds as a business deduction to buy advertisements telling us that air bags were not a good idea. I think they are wrong; but the issue is not whether or not they are wrong. If they want to propagandize us, they ought not to be able to use tax-deductible funds to do so.

This amendment does not provide that a corporation cannot buy advertisements to say what it wants to about no-fault insurance, or whatever. It just says the cost cannot be a tax-deductible expense. We intended, when we passed these tax laws, that the only expense connected with the sale of the goods or services or products of the corporation should be deductible.

The committee had already concluded its work and reported when we saw what was happening with this organization called Citizens for a New Prosperity. They are asking big business to make corporate contributions as business expense items to propagandize the public on the so-called new prosperity, the Nixon economic program, and his tax policies. I pointed to a specific advertisement by which big business that stands to reap $74 billion over the next 10 years in tax windfalls under this bill will use corporate funds to advertise and tell the public what a good deal that is for them.

That is wrong, Mr. President. Unlike members of labor unions, who can vote on union policies, or members of foundations, who can vote on policies, we consumers of the products of big business do not get a chance to vote on their policies. They ought to be able to advertise if they want to, but they ought not to ask us to help pay for such propagandizing.

Mr. President, I yield back the remainder of my time.

Mr. GRIFFIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GRIFFIN. If a motion to lay on the table is made and does not prevail, would an amendment to the pending amendment then be in order?

The PRESIDING OFFICER. It would be in order, before action on the amendment of the Senator from Oklahoma.

Mr. LONG. Mr. President, I move to lay the pending amendment on the table.

Mr. HARRIS. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. GRAVEL). The question is on agreeing to the motion of the Senator from Louisiana (Mr. LONG) to lay on the table the amendment of the Senator from Oklahoma (Mr. HARRIS). 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 Indiana (Mr. BAYH), the Senator from North Carolina (Mr. ERVIN), the Senator from Hawaii (Mr. INOUYE), the Senator from Wyoming (Mr. MCGEE), and the Senator from New Hampshire (Mr. MCINTYRE) are necessarily absent.

I further announce that, if present and voting, the Senator from North Carolina (Mr. ERVIN) would vote "yea."

Mr. GRIFFIN. I announce that the Senators from Colorado (Mr. ALLOTT and Mr. DOMINICK), the Senator from Kansas (Mr. DOLE), the Senator from Nebraska (Mr. HRUSKA), the Senator from Maryland (Mr. MATHIAS), and the Senator from Pennsylvania (Mr. SCOTT) are necessarily absent.

The Senator from Ohio (Mr. SAXBE) is absent on official business.

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

If present and voting, the Senator from Nebraska (Mr. HRUSKA) and the Senator from Pennsylvania (Mr. SCOTT) would each vote "yea."

The result was announced—yeas 68, nays 19, as follows:

[No. 350 Leg.]

YEAS—68

Aiken	Curtis	Pearson
Allen	Eagleton	Pell
Anderson	Eastland	Percy
Baker	Ellender	Proxmire
Beall	Fannin	Randolph
Bellmon	Fong	Roth
Bennett	Gambrell	Schweiker
Bentsen	Goldwater	Smith
Bible	Gurney	Sparkman
Boggs	Hansen	Spong
Brock	Hatfield	Stafford
Brooke	Jackson	Stennis
Buckley	Javits	Stevens
Burdick	Jordan, N.C.	Symington
Byrd, Va.	Jordan, Idaho	Taft
Byrd, W. Va.	Long	Talmadge
Cannon	Magnuson	Thurmond
Case	McClellan	Tower
Church	Miller	Tunney
Cook	Moss	Weicker
Cooper	Muskie	Williams
Cotton	Packwood	Young
Cranston	Pastore	

NAYS—19

Chiles	Hollings	Mondale
Fulbright	Hughes	Montoya
Gravel	Humphrey	Nelson
Griffin	Kennedy	Ribicoff
Harris	Mansfield	Stevenson
Hart	McGovern	
Hartke	Metcalf	

NOT VOTING—13

Allott	Hruska	Mundt
Bayh	Inouye	Saxbe
Dole	Mathias	Scott
Dominick	McGee	
Ervin	McIntyre	

So the motion to table was agreed to.

DEATH OF FORMER SENATOR J. HOWARD EDMONDSON OF OKLAHOMA

Mr. HARRIS. Mr. President, it is my sad duty to report to the Senate that this morning, my colleague Mr. BELLMON and I received word of the death of the Honorable J. Howard Edmondson, former Governor of Oklahoma and late a Member of this body.

My wife and I extend our deep sympathy and condolences to Mrs. Edmondson and the family.

AMENDMENT OF CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961

Mr. EASTLAND. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 2559.

The PRESIDING OFFICER (Mr. GRAVEL) laid before the Senate the amendment of the House of Representatives to the bill (S. 2559) to amend the Consolidated Farmers Home Administra-

tion Act of 1961 to authorize insured emergency loans which was in line 10, after "title" insert ": *Provided*, That loans made under this section shall not be included in applying the $100,000,000 limitation in section 309(f)(1)".

Mr. EASTLAND. Mr. President, the bill, as passed by the Senate, authorizes the Farmers Home Administration to make emergency insured loans. These would be made from the agricultural credit insurance fund for resale to private investors. Under section 309(f) of the Consolidated Farmers Home Administration Act of 1961, there is a limit of $100 million on the amount of loans which can be made from the agricultural credit insurance fund and held for sale by the Secretary at any one time. With the additional loan volume provided for by the bill this limitation would be inadequate, particularly in the case of emergency loans where prompt action is needed. The Senate has already passed S. 1806, which would increase this limitation from $100 million to $500 million, but the House of Representatives has not as yet acted on S. 1806. The House amendment to S. 2559, therefore, would exempt the emergency loans provided for by it from the $100 million limitation.

Mr. President, I ask unanimous consent that background information relating to this matter be printed in the RECORD.

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

BACKGROUND—AGRICULTURAL CREDIT INSURANCE FUND ACTIVITY

1. The Agricultural Credit Insurance Fund is used to insure the following loans:

Program and 1971 volume

Farm ownership	$263,000
Soil and water	4,700
Recreation	2,700
Water and sewer systems	231,600
Grazing	7,000
Irrigation	400
Indian land acquisition	5,000
Total	514,400

2. Section 309(f)(1) of the Consolidated Act states that "The aggregate of the principal of such loans made (that is, loans made through the Fund) and not disposed of is not to exceed $100 million at any one time."

3. *Reason for the $100 million limitation:* The intent of this limit is to cause the Farmers Home Administration to insure and sell its loan paper in the shortest possible time (so as to transfer the financing of the program from government funds to private sector funds).

We are able to work with the $100 million limitation with the loan volume itemized above.

The emergency loan program would cause an additional flow of approximately $100 million through the account (FY volume $127 million; 1972 FY Estimated $140 million).

4. *Special Characteristics of Emergency Loans:* Under the emergency loan program we must be prepared to respond to need as it develops. That is: to make loans when they are needed and in the amounts needed. Characteristically, demand for emergency loans tends to be concentrated in a short period of time. This generates a heavy flow of loan paper and this extraordinary emergency loan volume added to regular loan volume being made outside the emergency area might cause the paper in the account to reach the limit. This would force us to discontinue new loan making until the excess paper is sold.

5. *Reason for exempting emergency loan paper from the limit:* It would not be consistent with Congressional intent in authorizing emergency loans to place an extraneous impediment in the way of prompt disbursement of loan funds.

Mr. EASTLAND. Mr. President, I move that the Senate concur in the amendment of the House.

The motion was agreed to.

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. 680

Mr. HARRIS. Mr. President, I call up my amendment No. 680 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The amendment reads as follows:

In the table of contents, strike "Title V—Domestic International Sales Corporations", and insert in lieu thereof the following:

"TITLE V—TAXATION OF CONTROLLED FOREIGN CORPORATIONS

"Sec. 501. Undistributed earnings and profits of controlled foreign corporations taxed to United States shareholders.
"Sec. 502. Definition of controlled foreign corporation.
"Sec. 503. Definition of United States shareholder.
"Sec. 504. Amounts included in gross income of United States shareholders.
"Sec. 505. Exclusion from gross income of amounts received from previously taxed earnings and profits of controlled foreign corporations.
"Sec. 506. Adjustments to basis of stock in controlled foreign corporations and of other property.
"Sec. 507. Taxes deemed paid by corporate United States shareholders.
"Sec. 508. Special rules for foreign taxes paid in year of receipt of previously taxed earnings and profits of controlled foreign corporations.
"Sec. 509. Rules for determining ownership of stock.
"Sec. 510. Exceptions to application of section 367.
"Sec. 511. Controlled foreign corporation electing to be taxed on income from all sources.

On page 123, line 3, strike the following: and insert in lieu thereof the following:

"TITLE V—DOMESTIC INTERNATIONAL SALES CORPORATIONS"

"SEC. 501. UNDISTRIBUTED EARNINGS AND PROFITS OF CONTROLLED FOREIGN CORPORATIONS TAXED TO UNITED STATES SHAREHOLDERS.

"The undistributed earnings and profits of a controlled foreign corporation shall be included in the gross income of its United States shareholders in the manner and to the extent set forth in this subpart.

"SEC. 502. DEFINITION OF CONTROLLED FOREIGN CORPORATION.

"(a) CONTROLLED FOREIGN CORPORATION.—For purposes of this subpart, the term 'controlled foreign corporation' means—

"(1) any foreign corporation of which more than 50 percent of the total combined voting power of all classes of stock entitled to vote, or more than 50 percent of the total values of shares of all classes of stock, is owned, directly or indirectly, by not more than 10 citizens or residents of the United States on any day during the annual accounting period of such foreign corporation; and

"(2) any foreign corporation which is created or organized after December 31, 1971, which is not a controlled foreign corporation within the meaning of paragraph (1), and of which 10 percent or more of the total combined voting power of all classes of stock entitled to vote, or 10 percent or more of the total value of shares of all classes of stock, is owned, directly or indirectly, by one citizen or resident of the United States on any day during the annual accounting period of such foreign corporation.

"(b) CORPORATIONS ORGANIZED IN LESS DEVELOPED COUNTRIES.—

"(1) IN GENERAL.—For purposes of this subpart, the term 'controlled foreign corporation' does not include a corporation which is created or organized under the laws of a less developed country (as defined in paragraph (2) and which derives, for its annual accounting period, at least 80 percent of its gross income from sources within such country (determined with the application of subsection (d)).

"(2) LESS DEVELOPED COUNTRY.—For purposes of this subsection, the term 'less developed country' means (in respect of any foreign corporation) any foreign country (other than an area within the Sino-Soviet bloc), or any possession of the United States, with respect to which on the first day of the annual accounting period of such foreign corporation, there is in effect an Executive order by the President of the United States designating such country or possession as an economically less developed country for purposes of this subpart. For purposes of the preceding sentence, an overseas territory, overseas department, overseas Province, or overseas possession may be treated as a separate country. No designation shall be made under this paragraph with respect to—

Australia	Liechtenstein
Austria	Luxembourg
Bahamas	Monaco
Belgium	Netherlands
Bermuda	Netherlands Antilles
Canada	New Zealand
Denmark	Norway
France	Portugal
Germany (Federal Republic)	San Marino
Hong Kong	Spain
Iceland	Sweden
Ireland	Switzerland
Italy	United Kingdom
Japan	Union of South Africa
	Yugoslavia

"(c) FOREIGN PERSONAL HOLDING COMPANIES.—For purposes of this subpart, the term 'controlled foreign corporation' does not include a corporation which for its annual accounting period is a foreign personal holding company (as defined in section 552).

"(d) SOURCES OF INCOME.—

"(1) IN GENERAL.—For purposes of subsection (b) and section 504(f)(2), the source of any item of gross income of or a foreign corporation shall be determined under regulations prescribed by the Secretary or his delegate, except that—

"(A) the items of income described in paragraph (2) shall be treated as income from sources outside the country under the laws of which such foreign corporation is created or organized; and

"(B) notwithstanding the provisions of paragraph (2), the items of income described in paragraph (3) shall, in the case of a foreign corporation created or organized under the laws of a less developed country, be

treated as income from sources within such country.

"(2) INCOME TREATED AS INCOME FROM SOURCES OUTSIDE THE COUNTRY OF INCORPORATION.—The items of income referred to in paragraph (1) which shall be treated as income from sources outside the country under the laws of which a foreign corporation is created or organized are—

"(A) gains, profits, and income, computed in accordance with regulations prescribed by the Secretary or his delegate, derived from the sale of personal property which is not produced by the selling corporation and which is sold for ultimate use, consumption, or disposition outside the country under the laws of which such foreign corporation is created or organized;

"(B) commissions derived in connection with the sale of personal property which is sold for ultimate use, consumption, or disposition outside such country;

"(C) interest on bonds, notes or other interest-bearing obligations of individuals not residents of such country and of corporations not created or organized under the laws of such country;

"(D) amounts received as dividends from a corporation not created or organized under the laws of such country;

"(E) compensation for the rendition outside such country of technical, managerial, engineering, construction, scientific, or like services;

"(F) rentals or royalties from property located outside such country or from any interests in such property, including compensation for the use of, or for the privilege of using outside such country, patents, copyrights, secret processes and formulas, goodwill, trademarks, trade brands, franchises, and other like property (including rentals and like payments in respect of motion picture films or television tapes);

"(G) premiums on insurance or reinsurance to the extent paid to insure against risks outside such country; and

"(H) earnings derived from the operation outside such country of ships or aircraft.

"(3) INCOME TREATED AS INCOME FROM SOURCES WITHIN A LESS DEVELOPED COUNTRY.—The items of income referred to in paragraph (1) which shall (notwithstanding the provisions of paragraph (2)) be treated, in the case of a foreign corporation created or organized under the laws of a less developed country, as income from sources within such country are—

"(A) gains, profits, and income, computed in accordance with regulations prescribed by the Secretary or his delegate, derived from the sale by such corporation of personal property produced by it in less developed countries, if at least 80 percent of the value of the assets of such corporation used in its trade or business are located in less developed countries;

"(B) gains, profits, and income, computed in accordance with regulations prescribed by the Secretary or his delegate, derived from the sale by such corporation of personal property produced in such country (whether or not produced by such corporation) from raw materials, components, or other products produced in such country, if at least 80 percent of the value of the assets of such corporation used in its trade or business are located in such country;

"(C) if such corporation is engaged in carrying on the banking business, interest on bonds, notes, or other interest-bearing obligations of individuals who are residents of less developed countries and of corporations created or organized under the laws of less developed countries, if at least 80 percent of the value of the assets of such corporation used in such business are located in less developed countries;

"(D) gains, profits, and income attributable to the operation of transmission lines, railroads, communication lines, buses, trucks, or aircraft within less developed countries, if at least 80 percent of the value of the assets of such corporation used in its trade or business are located in less developed countries; and

"(E) earnings derived from engineering and construction in less developed countries, if at least 80 percent of the value of the assets of such corporation used in its trade or business are located in less developed countries.

For purposes of subparagraph (A) of this paragraph and of subparagraph (A) of paragraph (2), a foreign corporation shall be treated as having produced personal property sold by it, only if the total cost of manufacture, production, fabrication, and processing of such property by the selling corporation, exceeds 125 percent of its cost of raw materials, components, and other products going into such manufacture, production, fabrication, or processing.

"(e) ANNUAL ACCOUNTING PERIODS.—For purposes of this subpart, the annual accounting period of any foreign corporation is the annual period on the basis of which such foreign corporation regularly computes its income in keeping its books.

"(f) CROSS REFERENCE.—

"For rules for determining ownership of stock for purposes of subsection (a) of this section, see section 959.

"SEC. 503. DEFINITION OF UNITED STATES SHAREHOLDER.

"(a) IN GENERAL.—For purposes of this subpart, the term 'United States shareholder' means a citizen or resident of the United States who owns or is considered as owning (within the meaning of subsection (c)) stock of a controlled foreign corporation or of a corporation which would be a controlled foreign corporation but for section 502(b).

"(b) EXCEPTION.—With respect to a controlled foreign corporation as defined in section 502(a)(2), the term 'United States shareholder' does not include any citizen or resident of the United States who owns, directly or indirectly, less than 10 percent of the total combined voting power of all classes of stock entitled to vote of such corporation, and less than 10 percent of the total value of shares of all classes of stock of such corporation. In determining ownership of stock for purposes of this subsection, the rules of constructive ownership of section 509 shall apply.

"(c) OWNERSHIP OF STOCK OF CONTROLLED FOREIGN CORPORATION.—For purposes of subsection (a) and of section 504(a), a citizen or resident of the United States shall be considered as owning stock of a controlled foreign corporation (or of a corporation which would be a controlled foreign corporation but for section 502(b)) which he owns through one or more foreign corporations, foreign partnerships, or estates or trusts the gross income of which under this subtitle includes only income from sources within the United States. For purposes of the preceding sentence, stock owned, directly, or indirectly, by or for a foreign corporation, foreign partnership, or an estate or trust the gross income of which under this subtitle includes only income from sources within the United States shall be considered as being owned proportionately by its shareholders, partners, or beneficiaries.

"(d) CITIZEN OR RESIDENT OF THE UNITED STATES.—For the purposes of this subpart, the term 'citizen or resident of the United States' means—

"(1) an individual who is a citizen or resident of the United States,

"(2) a domestic corporation,

"(3) a domestic partnership, or

"(4) an estate or trust (other than an estate or trust the gross income of which under this subtitle includes only income from sources within the United States).

"SEC. 504. AMOUNTS INCLUDED IN GROSS INCOME OF UNITED STATES SHAREHOLDERS.

"(a) UNDISTRIBUTED EARNINGS AND PROFITS.—If a foreign corporation is a controlled foreign corporation on any day of an annual accounting period beginning after December 31, 1971, every person who is a United States shareholder of such controlled foreign corporation on the last day in such period on which such foreign corporation was a controlled foreign corporation shall include in his gross income, for his taxable year in which or with which such period ends, that portion of the undistributed earnings and profits of such controlled foreign corporation for such period equal to the amount he would have received as a dividend if on such last day there had been distributed pro rata to its shareholders by the corporation an amount which bears the same ratio to the undistributed earnings and profits of the corporation for such period as the part of such period during which the corporation was a controlled foreign corporation bears to the entire period.

"(b) CERTAIN FOREIGN TAXES DEEMED PAID.—A United States shareholder which is a domestic corporation described in section 507 (a) or (b) shall, under regulations prescribed by the Secretary or his delegate, include in its gross income for the taxable year an amount equal to the taxes deemed paid by such corporation under section 507 for such taxable year.

"(c) CERTAIN LOANS.—If a foreign corporation which would be a controlled foreign corporation but for section 502(b) makes a loan to—

"(1) a controlled foreign corporation, or

"(2) a shareholder who is a citizen or resident of the United States,

owning, directly or indirectly, more than 50 percent of the total combined voting power of all classes of stock entitled to vote, or more than 50 percent of the total value of shares of all classes of stock, in such foreign corporation, then the amount of the loan shall be treated as a distribution of property to such borrower by such foreign corporation with respect to stock owned by the borrower. In determining ownership of stock for purposes of this subsection, the rules of constructive ownership of section 509 shall apply.

"(d) TREATMENT AS DIVIDENDS.—Any amount included in the gross income of a United States shareholder under subsection (a) or (b) for any taxable year shall, except for purposes of section 502 and except as provided in regulations prescribed by the Secretary or his delegate, be treated as an amount distributed as a dividend by the controlled foreign corporation to the United States shareholder on the last day of the annual accounting period of the controlled foreign corporation.

"(e) EARNINGS AND PROFITS NOT TO BE INCLUDED TWICE.—For purposes of subsection (a), the earnings and profits of a controlled foreign corporation for any annual accounting period shall, with respect to any United States shareholder, not include—

"(1) that portion of any distribution which is received by the controlled foreign corporation from another controlled foreign corporation (or from another foreign corporation which was a foreign controlled corporation) and which is paid from earnings and profits of such other corporation which for any prior taxable year were included in the gross income of the United States shareholder under section (a).

"(2) that portion of any distribution which is received by the controlled foreign corpora-

tion from another foreign corporation (whether or not a controlled foreign corporation) and which is attributable to a distribution by another controlled foreign corporation (or by another corporation which was a controlled foreign corporation) from earnings and profits of such other corporation which for any prior taxable year were, by reason of the application of section 503(c), included in the gross income of the United States shareholder under subsection (a), or

"(3) that portion of any amount received by the controlled foreign corporation (other than as a distribution described in paragraph (1) or (2)) which is attributable to a distribution by another controlled foreign corporation (or by another corporation which was a controlled foreign corporation) from earnings and profits of such other corporation which for any prior taxable year were, by reason of the application of section 503(c), included in the gross income of the United States shareholder under subsection (a).

"(f) SPECIAL RULE FOR 1968.—

"(1) IN GENERAL.—Except as provided in paragraph (2), there shall be taken into account for purposes of subsection (a) only 50 percent of the undistributed earnings and profits of a controlled foreign corporation for its annual accounting period beginning in 1968.

"(2) EXCEPTION.—Paragraph (1) shall not apply to any controlled foreign corporation which for its annual accounting period beginning in 1968 derives more than 20 percent of its gross income from sources outside the country under the laws of which it is created or organized. For purposes of the preceding sentence—

"(A) the source of any item of income shall be determined under section 502(d), except that paragraph (3) of such section shall not apply, and

"(B) the following items of income shall (notwithstanding the provisions of section 502(d)(2)) be treated as income from sources within the country under the laws of which a controlled foreign corporation is created or organized:

"(i) gains, profits, and income, computed in accordance with regulations prescribed by the Secretary or his delegate, derived from the sale by such controlled foreign corporation of personal property;

"(ii) if such corporation is engaged in carrying on the banking business, interest on bonds, notes, or other interest-bearing obligations;

"(iii) gains, profits, and income attributable to the operation by such controlled foreign corporation of transmission lines, railroads, communication lines, buses, trucks, or aircraft; and

"(iv) earnings derived from engineering and construction by such controlled foreign corporation.

"SEC. 505. EXCLUSION FROM GROSS INCOME OF AMOUNTS RECEIVED FROM PREVIOUSLY TAXED EARNINGS AND PROFITS OF CONTROLLED FOREIGN CORPORATIONS.

"For purposes of this chapter, gross income does not include—

"(1) that portion of any distribution which is received by the taxpayer from a controlled foreign corporation (or from a foreign corporation which was a controlled foreign corporation) and which is paid from earnings and profits of such corporation which for any prior taxable year were included in the gross income of the taxpayer under section 504(a);

"(2) that portion of any distribution which is received by the taxpayer from a foreign corporation (whether or not a controlled foreign corporation or a corporation which was a controlled foreign corporation) and which is attributable to a distribution by a controlled foreign corporation (or by a foreign corporation which was a controlled foreign corporation) from earnings and profits of such corporation which for any prior taxable year were, by reason of the application of section 503(c), included in the gross income of the taxpayer under section 504(a); or

"(3) that portion of any amount which is received by the taxpayer (other than as a distribution described in paragraph (1) or (2)) and which is attributable to a distribution by a controlled foreign corporation (or by a foreign corporation which was a controlled foreign corporation) from earnings and profits of such corporation which for any prior taxable year were, by reason of the application of section 503(c), included in the gross income of the taxpayer under section 504(a).

For purposes of this chapter, that portion of any distribution excluded from gross income under paragraph (1) or (2) shall be treated by the taxpayer as a distribution which is not a dividend.

"SEC. 506. ADJUSTMENTS TO BASIS OF STOCK IN CONTROLLED FOREIGN CORPORATIONS AND OF OTHER PROPERTY.

"(a) INCREASE IN BASIS.—Under regulations prescribed by the Secretary or his delegate, the basis of a United States shareholder's stock in a controlled foreign corporation, and the basis of property of a United States shareholder by reason of which he is considered under section 953(c) as owning stock of a controlled foreign corporation, shall be increased by the amount required to be included in the gross income of the shareholder under section 954(a) with respect to such stock or with respect to such property, as the case may be, but only to the extent to which such amount is included in gross income in the return of the shareholder, increased or decreased by any adjustment of such amount in any redetermination of the shareholder's tax liability.

"(b) REDUCTION IN BASIS.—Under regulations prescribed by the Secretary or his delegate—

"(1) the basis of a United States shareholder's stock in a controlled foreign corporation (or the basis of a shareholder's stock in a foreign corporation which was a controlled foreign corporation) shall be reduced (but not below zero) by an amount equal to that portion of any distribution with respect to such stock received by him from such corporation which is excluded from gross income under section 505(1), and

"(2) the basis of property by reason of which a person is considered under section 503(c) as owning stock in a controlled foreign corporation (or the basis of property by reason of which a person was considered as owning stock of a foreign corporation which was a controlled foreign corporation) shall be reduced (but not below zero) by an amount equal to that portion of any distribution received by him with respect to such property which is excluded from gross income under section 505(2), or to that portion of any amount received by him with respect to such property which is excluded from gross income under section 505(3), as the case may be.

"SEC. 507. TAXES DEEMED PAID BY CORPORATE UNITED STATES SHAREHOLDERS.

"(a) TAXES PAID BY CONTROLLED FOREIGN CORPORATION.—Any United States shareholder which—

"(1) chooses the benefits of subpart A of this part for the taxable year,

"(2) is a domestic corporation which owns at least 10 percent of the voting stock of a controlled foreign corporation, and

"(3) includes in gross income for such taxable year under section 504(a) any portion of the undistributed earnings and profits of such controlled foreign corporation for its annual accounting period ending in or with such taxable year,

shall, for purposes of section 901 (relating to allowance of credit for taxes paid to foreign countries and possessions of the United States), be deemed to have paid the same proportion of any income, war profits, or excess profits taxes paid or deemed to be paid by such controlled foreign corporation to any foreign country or to any possession of the United States, on or with respect to the undistributed earnings and profits of such controlled foreign corporation for such annual accounting period, as the amount of such undistributed earnings and profits so included in gross income bears to the entire amount of such undistributed earnings and profits. For purposes of the preceding sentence, if such controlled foreign corporation owns 50 percent or more of the voting stock of another foreign corporation which is not a controlled foreign corporation and from which it receives dividends in such annual accounting period, such controlled foreign corporation shall be deemed to have paid an amount, determined under section 902(b), of income, war profits, or excess profits taxes paid by such other foreign corporation to any foreign country or to any possession of the United States, on or with respect to the accumulated profits of such other foreign corporation from which such dividends were paid.

"(b) TAXES PAID BY CONTROLLED FOREIGN SUBSIDIARY OF FOREIGN CORPORATION.—A United States shareholder which—

"(1) chooses to have the benefits of subpart A of this part for the taxable year,

"(2) is a domestic corporation which owns at least 10 percent of the voting stock of a foreign corporation (whether or not a controlled foreign corporation) which owns 50 percent or more of the voting stock of a controlled foreign corporation, and

"(3) includes in gross income for such taxable year under section 504(a) any portion of the undistributed earnings and profits of such controlled foreign corporation for its annual accounting ending in or with such taxable year,

shall, for purposes of section 901, be deemed to have paid the same proportion of any income, war profits, or excess profits taxes paid by such controlled foreign corporation to any foreign country or to any possession of the United States, on or with respect to the undistributed earnings and profits of such controlled foreign corporation for such annual accounting period, as the amount of such undistributed earnings and profits so included in gross income bears to the entire amount of such undistributed earnings and profits.

"(c) TAXES ATTRIBUTABLE TO UNDISTRIBUTED EARNINGS AND PROFITS.—For purposes of subsections (a) and (b), the income, war profits, and excess profits taxes paid or deemed paid to a foreign country or possession of the United States by a controlled foreign corporation on or with respect to undistributed earnings and profits for an annual accounting period shall be the same proportion of the total income, war profits, and excess profits taxes paid or deemed paid to such foreign country or possession of the United States for such period as the undistributed earnings and profits for such period bears to the total earnings and profits for such period.

"(d) APPLICATION WITH SECTION 902.—

"(1) TAXES DEEMED PAID BY DOMESTIC CORPORATION.—In any case in which a domestic corporation receives a distribution from a foreign corporation, any portion of which is excluded from gross income under section 505 and is treated as a distribution which is not a dividend, the income, war profits, and excess profits taxes paid or deemed paid by such foreign corporation to any foreign country or to any possession of the United States, on or with respect to the accumulated profits of such foreign corporation from which such distribution is made, shall not be taken into account for purposes of section 902 to the extent such taxes were deemed paid by such domestic corporation under subsection (a) or (b) for any prior taxable year.

"(2) TAXES PAID BY FOREIGN CORPORATION AND NOT DEEMED PAID BY DOMESTIC CORPORATION.—Any portion of a distribution from a

foreign corporation received by a domestic corporation which is excluded from gross income under section 505(z) shall, notwithstanding the last sentence of section 505, be treated by the domestic corporation as a dividend for purposes of taking into account under section 902 any income, war profits, or excess profits taxes paid to any foreign country or to any possession of the United States, on or with respect to the accumulated profits of such foreign corporation from which such distribution is made, which were not deemed paid by the domestic corporation under subsection (a) for any prior taxable year.

"SEC. 508. SPECIAL RULES FOR FOREIGN TAXES PAID IN YEAR OF RECEIPT OF PREVIOUSLY TAXED EARNINGS AND PROFITS OF CONTROLLED FOREIGN CORPORATIONS.

"(a) INCREASE IN SECTION 904 LIMITATION.—In the case of any taxpayer who—

"(1) either (A) chose to have the benefits of subpart A of this part for a taxable year in which he was required under section 504(a) to include in his gross income any portion of the undistributed earnings and profits of a controlled foreign corporation, or (B) did not pay or accrue for such taxable year any income, war profits, or excess profits taxes to any foreign country or to any possession of the United States;

"(2) chooses to have the benefits of subpart A of this part for the taxable year in which he receives a distribution or amount which is excluded from gross income under section 505 and which is attributable to earnings and profits of the controlled foreign corporation which were included in his gross income for the taxable year referred to in paragraph (1); and

"(3) for the taxable year in which such distribution or amount is received, pays, or is deemed to have paid, or accrues income, war profits, or excess profits taxes to a foreign country or to any possession of the United States with respect to such distribution or amount;

the applicable limitation under section 904 for the taxable year in which such distribution or amount is received shall be increased as provided in subsection (b), but such increase shall not exceed the amount of such taxes paid, or deemed paid, or accrued with respect to such distribution or amount.

"(b) AMOUNT OF INCREASE.—The amount of increase of the applicable limitation under section 904(a) for the taxable year in which the distribution or amount referred to in subsection (a)(2) is received shall be an amount equal to—

"(1) the amount by which the applicable limitation under section 904(a) for the taxable year referred to in subsection (a)(1) was increased by reason of the inclusion in gross income of the amount of undistributed included under section 954(a) and the amount (if any) included in gross income under section 954(b) with respect to such amount included under section 954(a), reduced by

"(2) the amount of any income, war profits, and excess profits taxes paid, or deemed paid, or accrued to any foreign country or possession of the United States which were allowable as a credit under section 901 for such taxable year and which would not have been allowable but for the inclusion in gross income of the amounts described in paragraph (1) of this subsection.

"(c) CASES IN WHICH TAXES NOT TO BE ALLOWED AS DEDUCTION.—In the case of any taxpayer who—

"(1) chose to have the benefits of subpart A of this part for a taxable year in which he was required under section 954(a) to include in his gross income any portion of the undistributed earnings and profits of a controlled foreign corporation; and

"(2) does not choose to have the benefits of subpart A of this part for the taxable year in which he receives a distribution or amount which is excluded from gross income under section 955 and which is attributable to earnings and profits of the controlled foreign corporation which were included in his gross income for the taxable year referred to in paragraph (1):

no deduction shall be allowed under section 164 for the taxable year in which such distribution or amount is received for any income, war profits, or excess profits taxes paid or accrued to any foreign country or to any possession of the United States on or with respect to such distribution or amount.

"SEC. 959. RULES FOR DETERMINING STOCK OWNERSHIP.

"(a) CONSTRUCTIVE OWNERSHIP.—For purposes of section 952(a), section 953(b), section 954(c)—

"(1) STOCK OWNED BY FOREIGN CORPORATIONS, ETC.—Stock owned, directly, or indirectly, by or for a foreign corporation, foreign partnership, or an estate or trust the gross income of which under this subtitle includes only income from sources within the United States shall be considered as being owned proportionately by its shareholders, partners, or beneficiaries.

"(2) FAMILY AND PARTNERSHIP OWNERSHIP.—An individual shall be considered as owning the stock owned, directly or indirectly, by or for his family or by or for his partner. For purposes of this paragraph, the family of an individual includes only his brothers and sisters (whether by the whole or the half blood), spouse, ancestors, and lineal descendants.

"(3) OPTIONS.—If a person has an option to acquire stock, such stock shall be considered as owned by such person. For purposes of this paragraph, an option to acquire such an option, and each one of a series of such options, shall be considered as an option to acquire such stock.

"(4) STOCK OWNED BY CONTROLLED DOMESTIC CORPORATIONS.—A citizen or resident of the United States who is a shareholder of a domestic corporation which if it were a foreign corporation would be a controlled foreign corporation is defined in section 952(a)(1) shall be considered as owning proportionately stock owned, directly or indirectly, by such domestic corporation. A citizen or resident of the United States who owns, directly or indirectly, 10 percent or more of the total combined voting power of all classes of stock entitled to vote, or 10 percent or more of the total value of shares of all classes of stock, of a domestic corporation which if it were a foreign corporation would be a controlled foreign corporation as defined in section 952(a)(2) shall be considered as owning proportionately stock owned, directly or indirectly, by such domestic corporation.

"(5) STOCK OF FOREIGN CORPORATIONS CONTROLLED BY OTHER FOREIGN CORPORATIONS, ETC.—A foreign corporation, foreign partnership, or an estate or trust the gross income of which under this subtitle includes only incomes from sources within the United States owning, directly or indirectly, more than 50 percent of the total voting power of all classes of stock entitled to vote, or more than 50 percent of the total value of shares of all classes of stock, of a foreign corporation shall be considered as owning all of the outstanding stock of such foreign corporation.

"(b) APPLICATION OF CONSTRUCTIVE OWNERSHIP RULES.—

"(1) Paragraphs (2), (3), and (4) of subsection (a) shall be applied for purposes of section 952(a) only if the effect of the application is to make a foreign corporation a controlled foreign corporation.

"(2) Stock constructively owned by a person by reason of the application of paragraph (1) or (2) of subsection (a), be treated as actually owned by such person; but stock constructively owned by an individual by reason of the application of paragraph (2) of subsection (a) shall not be treated as owned by him for purposes of again applying such paragraph in order to make another person the constructive owner of such stock.

"(3) If stock may be considered as owned by an individual under either paragraph (2) or (3) of subsection (a) it shall be considered as owned by him under paragraph (3).

"SEC. 960. EXCEPTIONS TO APPLICATIONS OF SECTION 367.

"(a) CERTAIN EXCHANGES INVOLVING CORPORATIONS IN LESS DEVELOPED COUNTRIES.—If, within three years after December 31, 1967, a controlled foreign corporation transfers assets to a corporation described in section 952(b)(1) (relating to certain corporations organized in less developed countries), or distributes stock in a corporation described in such section, then in determining the extent to which gain shall be recognized on any such transfer or distribution, the provision of section 367 (relating to foreign corporations) shall not apply.

"(b) LIQUIDATION OF CERTAIN FOREIGN SUBSIDIARIES.—In the case of the receipt by a domestic corporation of property distributed in complete liquidation of a controlled foreign corporation, section 367 shall not apply in determining whether section 332 applies, if such domestic corporation includes in gross income as a dividend the entire amount of the accumulated earnings and profits immediately before such distribution of such controlled foreign corporation which had not been included in the gross income of the domestic corporation under section 954(a) for any prior taxable year as a United States shareholder of such controlled foreign corporation or of any other controlled foreign corporation.

"SEC. 961. CONTROLLED FOREIGN CORPORATIONS ELECTING TO BE TAXED ON INCOME FROM ALL SOURCES

"(a) ELECTION.—Any controlled foreign corporation (other than a life insurance company, as defined in section 801) may elect, in accordance with the provisions of this section, to be taxed on income from sources within and without the United States.

"(b) WHEN AND HOW MADE.—An election under subsection (a) may be made by a controlled foreign corporation for any annual accounting period at any time during the first month of such period or at any time during the month preceding such month. Such election shall be made in such manner as the Secretary or his delegate shall prescribe by regulations.

"(c) YEARS FOR WHICH EFFECTIVE.—

"(1) IN GENERAL.—An election made under subsection (a) by a controlled foreign corporation shall be effective for the annual accounting period of such corporation for which it is made and for each succeeding annual accounting period for which it is a controlled foreign corporation. Such election may be revoked only with the consent of the Secretary or his delegate.

"(2) TERMINATION.—An election made under subsection (a) by a controlled foreign corporation—

"(A) shall cease to be effective commencing with any annual accounting period for which such corporation is not a controlled foreign corporation;

"(B) shall cease to be effective commencing with the annual accounting period for which a revocation of such election is effective; and

"(C) may be terminated by the Secretary or his delegate commencing with any accounting period with respect to which such corporation fails to comply with the regulations prescribed under this section.

"(3) ELECTION AFTER TERMINATION.—If a controlled foreign corporation has made an

election under subsection (a) and such election has ceased to be effective, or has been terminated, under paragraph (2) of this subsection, such corporation may make a new election under subsection (a) only if the Secretary or his delegate consents to such new election.

"(d) EFFECT OF ELECTION.—If a controlled foreign corporation makes an election under subsection (a)—

"(1) such corporation shall be subject to the taxes imposed by this chapter on its taxable income (computed as provided in this section and in regulations prescribed under this section);

"(2) subpart B of part II of this subchapter shall not apply to such corporation; and

"(3) section 954 of this subpart shall not apply to shareholders of such corporation; for any annual accounting period of the corporation with respect to which such election is effective.

"(e) GROSS INCOME.—The gross income of a controlled foreign corporation which has made an election under subsection (a) shall include gross income from sources within the United States and without the United States.

"(f) TAXABLE INCOME.—

"(1) IN GENERAL.—Except as provided in paragraphs (2), (3), and (4), the taxable income of a controlled foreign corporation for an annual accounting period for which an election made under subsection (a) is in effect shall be determined under regulations prescribed by the Secretary or his delegate. Any such regulation—

"(A) shall apply for any such period only if it has been prescribed prior to the first day of such period; and

"(B) may provide that any provision of this title (other than this section) shall not apply, or that any such provision shall apply only in part, in determining the taxable income of controlled foreign corporations making elections under subsection (a).

"(2) CARRYBACKS AND CARRYOVERS.—In determining the taxable income and computing the income tax liability of a controlled foreign corporation which has made an election under subsection (a), the provisions of sections 172 (relating to net operating loss deduction), 904(d) (relating to carryback and carryover of excess foreign tax paid), and 1212 (relating to capital loss carryover) shall apply, except that any net operating loss incurred, any tax paid, or any capital loss incurred to certain foreign corporations) is amended by redesignating subsection (e) as subsection (f), and by inserting after subsection (d) the following new subsection:

"(e) CERTAIN CONTROLLED FOREIGN CORPORATIONS TREATED AS DOMESTIC CORPORATIONS.—For purposes of this section, a controlled foreign corporation shall, with respect to any annual accounting period for which an election made under section 961(a) by such corporation is in effect, be treated as a domestic corporation, but only with respect to any foreign corporation which it controls within the meaning of subsection (d)(1)."

(c) CLERICAL AMENDMENTS.—

(1) Section 367 (relating to foreign corporations) is amended by adding at the end thereof the following new subsection:

CROSS REFERENCE.—

"For exceptions to the application of this section in the case of certain exchanges involving corporations in less developed countries and liquidations of controlled foreign corporations, see section 960."

(2) Section 901(a) (relating to foreign tax credit) is amended by striking out "960" and inserting in lieu thereof "957".

(3) Section 902(e)(2) is amended by striking out "960" and inserting in lieu thereof "957(d)(1)".

(4) Section 904(g)(1) is amended by striking out "960(b)" and inserting in lieu thereof "958".

(5) The table of subparts for part III of subchapter N of chapter 1 is amended by striking out "Subpart G. Export trade corporations."

(6) Section 1016(a)(20) (relating to adjustments to basis) is amended by striking out "961" and inserting in lieu thereof "956".

(7) Section 6038(b) (relating to effect of failure to furnish certain informtion) is amended by striking out "960" each place it appears and inserting in lieu thereof "957".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to annual accounting periods of foreign corporations beginning after December 31, 1971, and to taxable years within which or with which such annual accounting periods end.

"(i) CROSS REFERENCES.—

"(1) For allowances of deduction with respect to dividends received from a controlled foreign corporation from earnings and profits accumulated during an annual accounting period for which an election under subsection (a) is in effect, see section 243(d).

"(2) For allowance of foreign tax credit to a controlled foreign corporation for an annual accounting period for which an election under subsection (a) is in effect, see section 901(e).

"(3) For information required of a controlled foreign corporation for an annual accounting period for which an election under subsection (a) is in effect, see section 6038."

(b) TECHNICAL AMENDMENTS.—

(1) Section 243(d) (relating to deduction for certain dividends from foreign corporations) is amended to read as follows:

"(d) CERTAIN DIVIDENDS FROM FOREIGN CORPORATIONS.—For purposes of subsections (a) and (b) of this section and for purposes of section 245, any dividend from a foreign corporation from earnings and profits accumulated—

"(1) by a domestic corporation during a period with respect to which such domestic corporation was subject to taxation under this chapter (or corresponding provisions of prior law), or

"(2) by such foreign corporation during an annual accounting period with respect to which an election made under section 961(a) by such foreign corporation was in effect,

shall be treated as a dividend from a domestic corporation which is subject to taxation under this chapter. The preceding sentence shall not apply to the extent such dividend is from earnings and profits attributable, under regulations prescribed by the Secretary or his delegate, to income allowed as a deduction under section 961(f)(4)."

(2) Section 901 (relating to foreign tax credit) is amended by redesignating subsection (f) as (g), and by inserting after subsection (c) the following new subsection:

"(e) FOREIGN CORPORATIONS TREATED AS DOMESTIC.—For purposes of this subpart (except for purposes of applying section 902(b)), a controlled foreign corporation shall, with respect to any annual accounting period for which an election made under section 961(a) by such corporation is in effect, be treated as a domestic corporation, except to the extent dividends, accumulated profits, and taxes of such corporation are attributable, under regulations prescribed by the Secretary or his delegate, to income allowed as a deduction under section 961(f)(4). For purposes of applying the preceding sentence to section 902(a), such controlled foreign corporation shall be treated as a domestic corporation only with respect to a foreign corporation which is not a controlled foreign corporation and 50 percent or more of the voting stock of which is owned by such controlled foreign corporation."

(3) Section 6038 (relating to information with respect for any annual accounting period prior to the first annual accounting period for which the first election made by such corporation under subsection (a) is effective shall not be taken into account. For purposes of applying such sections for an annual accounting period for which an election made by a controlled foreign corporation under subsection (a) is in effect (whether or not such election is the first election made by such corporation)—

"(A) each annual accounting period of such corporation commencing with the first accounting period for which the first election by such corporation was effective shall be treated as an annual accounting period for which an election made under subsection (a) is in effect, and

"(B) no annual accounting period prior to such first period shall be taken into account.

"(3) PERCENTAGE DEPLETION.—In determining the taxable income of a controlled foreign corporation which has made an election under subsection (a), the deduction provided by section 613 (relating to percentage depletion) shall not apply.

"(4) ANNUAL ACCOUNTING PERIODS BEGINNING IN 1968.—In the case of a controlled foreign corporation to which section 954(f)(1) applies and which has made an election under subsection (a) for its annual accounting period beginning in 1968, there shall be allowed as a deduction in computing its taxable income for such period an amount equal to 50 percent of its taxable income (computed without regard to this sentence) from sources without the United States (but not in excess of its entire taxable income).

"(g) CONSOLIDATED RETURNS.—Paragraph (3) of section 1504(b) (excluding foreign corporations from definition of includable corporation) shall not apply to any controlled foreign corporation for any accounting period for which an election made under subsection (a) is in effect.

"(h) REGULATIONS.—The Secretary or his delegate shall prescribe such regulations as he may deem necessary in order that the income tax liability of any controlled foreign corporation which makes an election under subsection (a) and of each United States shareholder of such corporation, both during and after the annual accounting periods for which an election is in effect, may be returned, determined, computed, assessed, collected, and adjusted, in such manner as clearly to reflect the income tax liability of such corporation and each such shareholder and the various factors necessary for the determination of such liability, and in order to prevent avoidance of such tax liability.

Mr. HARRIS. Mr. President, I yield myself 5 minutes on the amendment.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 5 minutes.

Mr. HARRIS. Mr. President, this amendment would delete the provision to permit the creation of the Domestic International Sales Corporation—DISC. In its place it would substitute provisions to end, as DISC does not, the special and unwarranted tax advantages now enjoyed by U.S. firms operating overseas.

In DISC we find much of what is wrong with the American tax code. Like existing loopholes, it is a proposal that over time will instill an even greater sense of unfairness and ill will among taxpayers. Over time it will represent another step toward wider scale efforts at tax evasion.

On virtually every count it fails the test of good taxation. Its economic effects are uncertain even to officials who must defend it. Its revenue effects are unfair

to the majority of taxpayers who will not benefit from it. Its technical provisions are unclear to those who must administer it.

It is even inconsistent with the rest of the President's economic program. In looking through its provisions, one has the distinct impression that in the panic to provide some emergency program in mid-August to replace the President's failing economic program, harassed bureaucrats late at night cleaned out their files. Since no one in the White House could understand the proposal, it was decided not to strike it.

Meanwhile, a number of eminent tax experts and economists have come forward with irrefutable arguments against this totally unnecessary giveaway. And today I urge the Congress to study this measure carefully enough to understand why it must be voted down decisively.

There are, in effect three principal reasons to defeat the DISC. They are briefly that it is unworkable, unfair, and undesirable.

UNWORKABLE

It is unworkable because of other steps being taken by the administration to boost U.S. exports.

The primary reason why the United States trade position has suffered is not the lack of a DISC but basic maladjustment in the relationship of the dollar to foreign currencies. The President's new economic policy recognizes this central fact and takes direct steps to deal with it. Thus the United States severed the link between the dollar and gold and forced a realinement of foreign currencies by floating the dollar.

The next measure is formal negotiation of new parities. But this is precisely why the DISC is unworkable.

In reaching a new parity level with the U.S. dollar, other nations will insist on taking into account the DISC and other trade gimmicks, which are as much a feature of the trade landscape as high tariffs, restrictive quotas or misalined price ratios. Without such gimmicks, the parity level the United States can persuade other nations to accept will, other things being equal, be higher. But with gimmicks such as the DISC, the level they accept will be lower.

There is another point. In trade negotiations, foreigners will always claim that the DISC is worth more than it really is. They will press the United States to accept a lower parity level for their currency than is really justified. Since no one can explain the final effect of the DISC, the U.S. bargaining position is of necessity weak.

In brief, there is not the slightest chance that the DISC will increase the level of U.S. exports. Whatever gain we might derive from such a system—and it would be minimal at a very high cost in tax fairness—other nations would immediately offset by refusing to revalue their currency as much as we would like.

UNFAIR

The DISC is unfair. It benefits a handful of companies which already are assured enormous gains because of future changes in the exchange rate.

I am fully persuaded that the American people would demand that the Congress decisively reject the DISC if more of us understood the basic economic fact that any devaluation of the dollar is equivalent to a large and open subsidy to exporters.

For what does devaluation mean? It means that, while the rest of us agree to pay foreigners more for imported goods, our exporters earn more not because of any effort on their part but simply because the dollar is devalued relative to other currencies.

A devaluation may be necessary. If a nation cannot pay its way abroad, it has no choice but to devalue. But before we pass out additional subsidies, we should clearly understand which part of the economy benefits from the original action of devaluation.

In the U.S. economy, it is a very small sector. A handful of giant companies, around 100, account for approximately 50 percent of U.S. exports. It is these companies which will receive the export subsidy, worth billions of dollars, caused by the U.S. devaluation.

I contend that, when we are already giving these few companies so much, it makes no sense to provide them with even more by creating the DISC.

As approved by the Senate Finance Committee, the DISC when fully operative will benefit U.S. exporters by about $400 million each year. This revenue loss to the U.S. Government will occur even if the DISC does not stimulate one additional dollar in exports. The reason is that, although the administration does not like to emphasize this, DISC advantages apply to existing exports as well as any increase.

I cannot imagine a tax measure more poorly conceived.

UNDESIRABLE

The DISC is undesirable on other counts.

An extraordinary complex measure, the DISC has no counterpart elsewhere in the world. But to the degree that it was effective, we can be certain that it would be copied. In that event whatever benefit the U.S. economy derived would be offset. Experience in the Fifties and Sixties has demonstrated that trade gimmicks are quickly copied.

A major departure in U.S. tax practice, the DISC has not received adequate study. The Treasury has not come up with a single study of DISC. The only available study, performed by the Congressional Joint Committee on Internal Revenue Taxation, raises serious questions concerning its desirability. The President's Commission on International Trade and Investment Policy refused to recommend DISC in its recent report.

A new loophole, the DISC does nothing about the root cause of the problem. Secretary Connally has contended that DISC is necessary in order to make it "as attractive from a tax standpoint for U.S. companies to produce goods in the United States for export to world markets as it is for them to build their factories in foreign countries and produce abroad." He was referring to the fact that profits made by foreign subsidiaries of U.S. firms are not presently taxed unless and until paid out as dividends to the U.S. parent company.

But his statement amounts to the extraordinary contention that we need a new tax loophole in order to correct damage caused by a loophole already in existence. It apparently never occurred to the administration to close the existing loophole, and we may guess why. Giant corporations which benefit from the existing loophole and now export U.S. jobs would object.

CONCLUSION

It is imperative, then, that the Senate defeat this poorly thought out proposal. In its place it should adopt tax measures which truly deal with the problem of exported jobs.

In 1962 the Kennedy administration proposed legislation which would tax each year American corporations on their current share of the undistributed profits realized in that year by subsidiary corporations in developed countries. Unfortunately, under pressure by the giant multinational corporations, the Congress approved this measure only in part. It restricted its scope to so-called tax havens.

It is time, not simply to act against the most outrageous tax abuses found in tax "havens," but unfair tax shelters of any kind. We must end totally unnecessary and artificial inducements to U.S. firms to locate abroad.

Today I am introducing an amendment which would correct the mistake made by the Congress in the early sixties. An exception is made for certain operations in less developed countries.

This comprehensive legislation applies to "controlled foreign corporations" which meet the following criteria:

First, any foreign corporation of which more than 50 percent of the total combined voting power of all classes of stock entitled to vote, or more than 50 percent of the total value of shares of all classes of stock, is owned, directly or indirectly, by not more than 10 citizens or residents of the United States on any day during the annual accounting period of such foreign corporation; and

Second, any foreign corporation which is created or organized after December 31, 1971, which is not a controlled foreign corporation within the meaning of the first paragraph, and of which 10 percent or more of the total combined voting power of all classes of stock entitled to vote, or 10 percent or more of the total value of shares of all classes of stock, is owned, directly or indirectly, by one citizen or resident of the United States on any day during the annual accounting period of such foreign corporation.

Over the years since 1962 this legislation has repeatedly been introduced and repeatedly defeated by the combined pressure of the giant corporations. It is time that the Congress assess the damage which their unjustified tax advantages abroad are inflicting on the American worker. It is time to stop caving in to a few and consider the interests of the majority of the country.

Mr. President, if a firm had a subsidiary in Oklahoma or Indiana, they would be taxed upon undistributed profits.

However, if that company had a subsidiary in Rome or in London, the tax can be deferred. The effect is to give inducements to industry to locate their plants abroad.

We should stop that and not give a subsidy to businesses that we hope will export more, but that we actually do not have any idea will do so. We should cut out the subsidy that is now inducing industry to move elsewhere and manufacture their goods.

Mr. LONG. Mr. President, I yield to the Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. CURTIS. Mr. President, I rise in opposition to the amendment offered by the distinguished Senator from Oklahoma (Mr. HARRIS). I have no doubt concerning the good intentions of the Senator's proposal. We are all interested in protecting the revenue of the U.S. Treasury. And we are all interested in preserving jobs in the United States.

This provision, first placed in the bill in the House and later approved by the Senate Finance Committee, does that very thing. For all practical purposes, we can only tax that income that comes into the United States that is earned here. It would be nice, of course, if we could increase our coffers by taxing the activities that took place in a far removed foreign country where none of the profits ever touched the United States.

As a result, if a concern in the United States wants to go into a foreign market—it might be Canada—they can move their factories to Canada. They can establish their business in Canada. That concern pays the Canadian taxes. But even though it is owned in the United States, we do not tax the income until it is returned to the United States, and that is for a very practical reason. We cannot very well do otherwise.

The DISC proposal which the Senator from Oklahoma would strike out is a method whereby we can keep the factory in the United States, segregate its activities relating to exports, and have, in general, the same tax consequences that we would have if the factory were moved outside of the United States to Canada, for example. In other words, the DISC proposal—which means Domestic International Sales Corporation—is offered here in order to make it possible that American companies can keep their payrolls in the United States and have the same tax consequences as if they were to remove those payrolls from the United States and have the entire operations abroad.

Mr. President, in substance this proposal provides that a company can create a domestic international sales corporation that is separated for tax accounting purposes from all their other operations. And they can transact their business in this country and export their products. The jobs remain in the United States. That tax is deferred to that separate entity created. There is a tax deferral there.

The Senate Finance Committee wrote a further provision into this title, and in order to get the advantage of this tax deferral, the money must be spent for the building and expanding of new plants in America. That is the sole idea of it.

DISC

The Senate Finance Committee bill contains a provision of major importance in keeping jobs in the United States—the provision for creation of domestic international sales corporations, or DISC's. The purpose of this legislation is to correct a distortion in our tax structure which encourages our companies to manufacture abroad for foreign markets. It eliminates this encouragement by providing an incentive for U.S. companies to continue manufacturing in the United States for export, thus preserving and creating jobs at home. In doing so, it stimulates U.S. exports in a manner entirely consistent with our international obligations and treaties.

A DISC is a United States corporation entitled to defer tax on one-half of its export sales income. These domestic corporations will ordinarily be organized as sales subsidiaries of U.S. companies, but they may be organized by any U.S. taxpayer or group of taxpayers engaged in export sales. To obtain the favorable tax treatment, 95 percent or more of their gross receipts must be from export sales and 95 percent or more of their assets must be used for export selling and related purposes. The benefits are carefully confined to insure that the beneficial treatment will be limited to export sales.

Further export stimulation is assured by a rule permitting a DISC to retain its tax-deferred income only if it reinvests that income in qualified export assets, or lends to U.S. producers engaged in export production.

Thus, as I have said, the DISC is primarily designed to create jobs. It will do so by stimulating exports of U.S.-produced goods, and thereby reduce the export of U.S. jobs. The DISC will do so by helping to offset the effect of foreign export incentives which reduce the ability of our exports to compete in third country markets and which encourage U.S. manufacturers to establish plants abroad to take advantage of those incentives. The DISC proposal will remove a real impediment to maintaining and expanding facilities in the United States for export production.

The DISC approach is trade expanding rather than contracting through tariffs or quotas. It is a positive inducement to private action rather than an additional form of Government-imposed limits or controls on U.S. business. It will be effective as soon as it is passed in persuading companies to maintain and increase their export sales, thus preserving and creating employment in the United States.

The Committee on Finance made three substantial changes in the DISC proposal as introduced by the Treasury. First, it limited the DISC rules to a period of 10 years to insure that Congress reexamines the functioning of this change in our tax laws. If DISC proves as valuable to our exports as expected, then the President, at that time, may request its extension.

Second, the committee reduced the amount of income entitled to deferral to one-half of the DISC's income. This was a substitute for the complexities and inequities of the so-called incremental approach the House adopted in approving DISC. Finally, the bill now contains provisions making it largely impossible for the tax-deferred income of a DISC to be used to invest in foreign subsidiaries.

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

Mr. CURTIS. Mr. President, I yield myself 5 additional minutes.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

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

I understand the Senator from Oklahoma wants to request the yeas and nays on the amendment.

Mr. CURTIS. I yield.

Mr. HARRIS. I ask for the yeas and nays.

The PRESIDING OFFICER. There is a sufficient second.

The yeas and nays were ordered.

Mr. BYRD of West Virginia. I thank the Senator.

Mr. CURTIS. Mr. President, as reported by the committee, the benefits available to DISC's are reduced from the Treasury's original proposal, and there are more safeguards to assure that these benefits are used to stimulate exports. A 10-year life for the DISC is sufficiently beneficial to induce U.S. businessmen to take advantage of it. Any lesser duration would not be sufficient. By the same token, a further reduction in the percentage of income eligible for DISC treatment would make the DISC so unattractive, compared with operating under the generous tax incentive provisions of foreign countries. Therefore, I urge that you pass this legislation as reported by the Senate Finance Committee. The substitute language will not really enhance the Federal Treasury.

Mr. President, I ask that the remainder of the time that I had yielded to me be returned to the use of the Senator from Utah.

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

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

The PRESIDING OFFICER. On whose time does the Senator suggest the absence of a quorum.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the time not be charged to either side.

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

Mr. FANNIN. Mr. President, the distinguished Senator from Nebraska made it very clear that this country will receive tremendous advantages from the DISC program. The Treasury Department has presented ample material to show that there will be a substantial increase in exports due to DISC of $1.5 to $2.5 billion a year.

But what is also very important is what would happen if we followed the recommendation of the Senator from Oklahoma for taxing foreign subsidiaries of U.S. companies. First, taxing them currently, as the Senator recommends, would not produce any appreciable revenue for the United States. Foreign countries now tax subsidiaries of our companies at an average rate of 38 percent. When the earnings of those subsidiaries are actually distributed to the U.S. parent company, the foreign country imposes a withholding tax of 15 to 25 percent. Since we allowed these foreign taxes to be credited against the U.S. tax on the earnings of the subsidiaries, there would be no net U.S. tax collected. In addition, the foreign subsidiaries would suffer from a competitive standpoint—they could not compete with foreign-owned companies.

Let me now return to DISC. This week the Commerce Department has reported the worst balance-of-payments quarter ever recorded for the United States. The reestablishment of an equilibrium in our balance-of-payments requires the effort of everyone. One of the most important factors will be a sustained export effort by the United States.

Unlike other developed countries, the U.S. Government has not pursued a meaningful export policy. In the area of income taxation our policy has in fact produced a comparative disadvantage for our exporters compared with foreign manufacturing and sales by foreign manufacturers and foreign based subsidiaries of U.S. companies. The DISC proposal is a step in reordering our tax policy to place U.S. exporters on a tax basis up to now obtained only through foreign investment and by U.S. competitors.

If we are to avoid controls and restrictive measures as we pursue a program to strengthen the U.S. balance-of-payments position, we must do more than we are now doing to promote exports. In many cases, our firms consider exporting the least important segment of the sales effort. For smaller and medium-sized firms there is a belief that sales efforts directed solely at American buyers bring the quickest and greatest return.

Firms giving substantial consideration to overseas sales often focus largely on production abroad. We must increase the number of firms who engage in export and the volume and value of exports by those already so engaged. The DISC proposal accomplishes this by making exports more attractive than they now are. The DISC, through an expanded export effort, will create new opportunities for U.S. production and needed jobs for American workers. It will elevate the export department to independent corporate status with separate promotional profits and sales targets.

I urge that the amendment be rejected.

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

The PRESIDING OFFICER. The Senator has 7 minutes remaining.

Mr. HARRIS. Mr. President, it is amazing to me to hear someone say, "We hate to export all these jobs and have American companies open subsidiary plants overseas," and then say, "We hate to put all of our American-owned subsidiaries in Europe at a competitive disadvantage." It would be better to let them stay here and compete. That is what this amendment would do.

I call attention to the statement by Secretary Connally when he testified before the Committee on Finance in favor of this. He said that DISC is necessary in order to make it:

> As attractive from a tax standpoint for U.S. companies to produce goods in the United States for export to world markets as it is for them to build their factories in foreign countries that produce abroad.

He was referring to the fact that profits made by foreign subsidiaries of U.S. firms are not presently taxed unless and until paid out as dividends to the U.S. parent company.

But his statement amounts to this. It is an extraordinary contention by Secretary Connally and the opponents of this amendment that we need a new tax loophole to give $400 million to corporations to correct damage caused by a loophole already in existence.

Apparently it never occurred to the administration or Secretary Connally to close the existing loophole. We do not need to open a new loophole with a great giveaway to corporations in this country when what we could do to achieve the result many say they want to achieve, and that I would like to achieve—keeping jobs in the United States—is to make it less attractive through a tax loophole for a company to locate subsidiaries in other countries.

The way to do so is to close the loophole, to make it less attractive to move, as Royal Typewriter Co. is now moving from Hartford, Conn., to London, and as others have done.

This amendment would strike the new loophole, DISC, and close up the existing loophole.

One of these days we will have to begin to think about corporate responsibility for runaway plants. We have seen many plants go from New England, for instance, to North Carolina and then to Mexico, perhaps over a period of 20 years, or, as Royal Typewriter has done, move from Hartford, Conn., to London.

Up to now most people have said that skill that is left will have to become the responsibility of the public and that the taxpayers will have to assume increased responsibility in regard to the employees left behind, with unemployment compensation and retraining and so forth.

We do have a public responsibility, obviously, in both regards, but it is about time that we also began to think about corporate responsibility. What about the responsibility of the corporation that leaves a community and leave the schools unsupported? What about those left without jobs? A corporation ought not to be able to move out of a community whether to go to another State or another country, without a residual responsibility to the community itself and its workers.

If we move in that direction, we will stop many runaway situations where businesses leave communities and leave the employees and the people of that community with overwhelming burdens as a result of their desire for greater profit by moving. That is what we ought to be doing, rather than giving additional tax incentives to big corporations, as this proposal would do.

An excellent summary of arguments against the DISC proposal has been prepared by Prof. Stanley Surrey, former Assistant Secretary of the Treasury, and I ask unanimous consent that it be printed in the RECORD at this point.

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

SUMMARY OF ARGUMENTS AGAINST DISC PROPOSAL

I. Proposal eliminates 50% of an entire activity—exporting—from income tax.

II. Proposal involves a revenue loss of nearly $1 billion over the next four years.

III. This sweeping exemption of export income, with its resulting large revenue loss, is taken without any presentation by the Treasury of any economic study or data to demonstrate why, where, and how this step will increase our export trade. Indeed, the revenue loss will exceed any possible benefits to our export trade.

IV. Direct steps now underway to improve the U.S. trade position, such as the realignment of foreign currency exchange rates, are the key to trade improvement and make the Proposal obsolete.

V. Proposal involves tax reduction for our largest corporations.

VI. While Proposal is phrased in terms of "deferral of tax" and for "export profits"—it becomes exemption and for much more than export profits, reaching into manufacturing profits.

VII. Proposal provides corporations with tax-free money for domestic use—having nothing to do with exports.

VIII. Proposal is inconsistent with our other tax rules and does not find any parallel in the tax rules of other countries.

IX. Proposal is likely to cause foreign retaliation and emulation which will hurt our trade balance.

X. Proposal is complex, with many surveillance problems and many inroads on existing rules, so that its weaknesses and further loophole potential will be fertile hunting ground for tax avoiders.

XI. Proposal is contrary to 1969 tax reform efforts.

THE DISC PROPOSAL TO SUBSIDIZE EXPORTS

(By Stanley Surrey*, Assistant Secretary of the Treasury under Presidents Kennedy and Johnson)

As approved by the Finance Committee, the Revenue Act of 1971 contains a tax Proposal, called DISC, designed to subsidize exports by freeing 50% of export earnings from income tax. This memorandum outlines arguments why the DISC Proposal is undesirable.

I. *Proposal Eliminates An Entire Activity—Exporting—From Income Tax*

The DISC Proposal is intended to exempt as much as possible of the export trade of the U.S. from income tax for a lengthy period, perhaps indefinitely. Such a major change in our tax system is contrary to the basic concept of an income tax, has no counterpart elsewhere in the world, and is a complex, costly, and undesirable step.

Such a step, if taken at all, should be taken

*Revised (with the author's permission) in the office of Senator Gaylord Nelson to take into account the changes adopted by the Senate Finance Committee.

only on the soundest of arguments, on the basis of careful and full documentation, on an analysis that clearly demonstrates—not just states—that the United States will realize demonstrable benefits from the step, and that no alternative of direct assistance is available and feasible. There is no such showing here.

II. *Proposal Involves a Revenue Loss of Nearly $1 Billion over the Next Two Years and Close to $1 Billion Annually Thereafter*

The DISC Proposal is no minor tax measure. As approved by the Finance Committee the annual revenue loss would be about $400 million when the Proposal is fully operative. This is the loss that will occur even if the Proposal does not stimulate an additional dollar of exports. It is a built-in, inevitable revenue loss since the Proposal provides a tax subsidy for *existing* exports and is not limited to the export growth, if any, induced by the subsidy. Even in the first four years, the Proposal will lose close to $1 billion.

Yet there is no case made—nor can it be made—that such a high and expensive expenditure priority is merited by these exporters and their activities. Nor is there any concrete analysis or data that the revenue loss will achieve demonstrable benefits for the United States—in market contrast to the recognizable benefits to be achieved through expenditures to meet our social problems—expenditures that must now be kept back to make way for $1 billion to exporters.

III. *Proposal Not Supported By Data, Analysis, or Economic Studies*

In the public presentation of this Proposal by the Treasury both in 1970 and 1971, and in the Ways and Means Committee Reports of 1970 and 1971 describing it, there is no study presented, no data made available, no economic case put forth to demonstrate the effect of this subsidy on the export trade and to demonstrate why, where and how the purpose of the subsidy—an increase in U.S. exports beyond what would result in the absence of the subsidy—will be accomplished.

The prime basis for the Proposal—and the Treasury's belief that it will increase exports—seems to be in these words of former Secretary Kennedy, quoted (p. 18) in the Committee Report:

"I believe this shift in taxation would help signal to industry that improved export performance is a national objective of high priority; it would help build the consciousness and attitudes toward exports that this country has been sorely lacking."

The "signal" and the "consciousness" come at a $1 billion price over 4 years. Where else is Congress spending so much money on so intangible a ground? No expenditure program—even a minor one—would be presented to the Congress or adopted by it on the basis of such a woefully inadequate, almost non-existent, supporting case. Yet since this is a "tax incentive", the Treasury presumably feels that it is permissible to spend $1 billion without even the support that an expenditure program of a few million dollars requires.

IV. *Direct Steps Now Underway to Improve the U.S. Trade Position, Such As Realignments of Foreign Currency Exchange Rates, Make The Proposal Obsolete*

The DISC Proposal is really an obsolete item left over from earlier blueprints on how to improve U.S. trade. The United States is now engaged under the President's New Economic Policy in direct steps that go to the central international factors which have adversely affected our trade position. Gimmicks such as DISC which hold no real promise of trade improvement should now be discarded along with the other blueprints and the new direct steps pushed vigorously instead.

The U.S. trade position has suffered from a basic maladjustment in the relationship of the dollar to foreign currencies. The President's New Economic Policy has recognized this central issue and involves direct steps to deal with it. The dollar has been cut loose from gold, forcing a realignment of foreign currencies and the negotiation of new parities. The temporary 10% surcharge on imports emphasizes the seriousness of the competitive disadvantage forced on the United States by the previous maladjustment and is a catalyst to negotiation and ultimate agreement on new alignments. The process of revision of the international monetary system, of reduction in non-tariff barriers to trade, and of sharing of defense burdens, set in motion by the President's measures, should have a beneficial effect on our long-term trade position.

With these direct steps underway, the DISC Proposal becomes obsolete. Certainly we do not need a gimmicky tax divice with no promise of improving our trade position when we are now engaged in major steps designed directly to sweep away the crucial handicaps we faced under the previous international monetary arrangements. At a time when we are working toward rational new arrangements, a permanent tax windfall to exporters is an out of place, obsolete carryover from a past that dealt in patches and gimmicks rather than the central issues.

V. *Proposal Involves a Tax Reduction For Our Largest Corporations*

The subsidy and revenue loss will in large part go to our largest corporations and represent a windfall to them. It becomes tax reduction for the 100 or so of our largest corporations who account for a major share of all U.S. exports—about half of our manufacturing exports alone are made by 93 companies. Such a reduction and such an expenditure are not in keeping with our fiscal situation or our national priorities.

VI. *While Proposal Is Phrased in Terms of "Deferral of Tax" and For "Export Profits"—It Becomes Complete Exemption and For Much More Than Export Profits, Reaching Into Manufacturing Profits*

The Proposal stresses that it will just *defer* 50% of the tax on *export profits*. But clearly the Treasury does not expect a mere few years deferral, for it recognizes that businesses will not alter their operations and organization for that. So the Proposal must envisage a long period of deferral. Such a deferral becomes the equivalent of exemption.

Indeed, in the description which it first circulated to business groups, the Treasury said the deferral for export profits would go on for at least ten years and where exports increase—and they do naturally year to year—the period would be longer. But in these days of high interest rates, a postponement of tax—a borrowing interest-free from the Government—is the equivalent of exemption. The Treasury earlier said as much—"deferral for a substantial period reduces significantly the impact of a tax and, of course, deferral that lasts indefinitely can have substantially the same effect as an exemption from tax." The NAM in its earlier 1970 testimony has described the Proposal just that way: "Its specific purpose is to increase exports by deferring, *perhaps indefinitely*, the U.S. tax on some part of profits from exports." (Italics added)

But even indefinite deferral is not required. For a profitable company, the present value of fifteen years deferral of tax is just about worth the amount of the tax itself—which makes deferral the equivalent of exemption.

Moreover, the deferral is even extended further under the part of the Proposal that on liquidation or disqualification of a DISC it can spread payment of the tax ten years forward into the future.

The Proposal is presented in terms of deferring tax on "export profits." Presumably it is intended to cover the profit attributable to the sales activities associated with exports. But its specific provisions for the determination of export profits sweep in manufacturing profits as well. Under the arbitrary formulas presented to determine DISC export earnings much—in some cases all—of the manufacturing profits will be included as well. Indeed, it is this inroad into the manufacturing profits that attracts most of the supporters.

The formulas define DISC export earnings as 50% of the difference between cost and sales price, or 4% of the sales price, whichever is greater. In many cases, it is likely that 4% of sales price could place the entire profit on the sale within DISC export earnings. For those industries with low rates of return on sales—agriculture for example—the entire profit from manufacture to sale will be included.

VII. *Proposal Really Means Providing Corporations Tax-Free Money For Domestic Use or Foreign Investment—Having Nothing to Do With Exports*

A DISC is permitted—indeed encouraged—to lend its 50% tax-free income to its parent company to be used to buy plant and equipment, or for research. The loan is costless to the parent. Indeed, this is the key to the Proposal. But the assets obtained through the loan proceeds—or the research done—need have nothing to do with exports. The funds can go entirely to domestic production. There is absolutely no tracing of the 50% tax-free income into export activities.

The loan can be in the proportion, of the total existing production assets of the parent, that its export sales are to total sales. Hence if a parent has $20 million of facilities, and its export sales are 20% of total sales, $4 million can be used for purely domestic purposes that do not relate to exports. There is no tracing required of the loan to facilities or equipment actually used in production for export. This could go on year after year for an established corporation which started with export sales. Indeed, the whole Proposal is geared to this, since a DISC is required to reinvest its profits and most DISCs would soon run out of real export activities on which to use their profits. Hence the permission under DISC to the parent to use the export sales income for its production activities becomes the key to indefinite deferral (House 1970 Committee Report, p. 17)—and the absence of tracing becomes the key to use for non-export activities.

The Proposal in effect gives financial assistance to companies who have exports even though they do not use the money for export activities. The statement in Secretary Connally's testimony before the Senate, "the deferral of tax on DISC income is available so long as the income is, in effect, used for export related activities," is simply inaccurate.

The requirement added in the House version that the loan to the parent must be matched by an increase in plant, machinery, equipment, support production facilities or research and experimental expenditures in the United States does not change the above remarks. These activities are not required to have any relation at all to exports. Moreover, for our major corporations ordinary domestic expansion will provide satisfaction of this requirement, and leave the DISC funds available for foreign manufacturing if the corporation so desires.

VIII. *Proposal, Though Described as Involving the Use of Domestic Export Subsidiaries, Will In Reality Encourage Foreign Subsidiaries and Bring Back Tax-Haven Operations*

The DISC Proposal is described in terms of the creation of domestic export subsidiaries—Domestic International Sales Corporations. But the technical structure of the Proposal is an encouragement to the use of *foreign sales subsidiaries*—FISC—in addition to the DISC, since a DISC plus a FISC gives more exemption than a DISC alone. Moreover, the structure encourages the use of

tax-haven countries in which to locate the foreign sales subsidiaries. Much of the 1962 anti-tax haven reform legislation is thus discarded and tax-havens are brought back to the scene.

The taxpayer's goal, when adding the FISC, will be to locate it in a tax-haven country so that foreign taxes are not a problem. The Proposal permits tax-haven operation for a FISC by here sweeping away the 1962 reform provisions designed to prevent tax-haven abuse. Moreover, the taxpayer will want to keep the DISC price low on sale to a FISC tax-haven, and thus he will become involved in controversies over price with the Internal Revenue Service on a wide scale.

The Treasury presentation did not describe these aspects in detail and the 1970 Committee Report does not consider their implications. As a consequence, apparently their effect was not considered in the revenue loss estimates, so that those estimates are on the low side. Moreover, the stimulus to use foreign subsidiaries makes DISC more helpful to the larger corporations than to small business.

IX. *The Proposal is Justified by the Treasury in These Terms:*

(a) Export Income is Partly Foreign Source Income

(b) Deferral of Tax On Export Income is Similar to Deferral of Tax on Foreign Manufacturing Subsidiaries

(c) Other Countries Are Not Taxing Exports

THESE JUSTIFICATIONS ARE NOT VALID

(a) To say that export income is partly foreign source income proves nothing. The U.S. has always taxed income from foreign sources as well as domestic sources when the income is obtained by U.S. corporations and individuals. Royalties, dividends, interest, etc., when paid by foreigners are foreign source income in the same sense, but are taxed when received here in the U.S. by a U.S. corporation And so export sales to foreigners made by US. corporations are taxable—and always have been—though they can be called foreign source income in the same sense.

The treaty policy of the U.S. goes to great lengths to insist that the export income of the U.S. is income to be taxed by the United States and *not* by other countries. That policy therefore seeks to prevent other countries from taxing our export trade and will permit such foreign taxation only where the U.S. exporter is operating through a permanent establishment in the foreign country.

The Treasury says that the DISC "approach is consistent with the basic philosophy of the U.S. tax system" (Statement of Sec. Kennedy). The contrary is the case—it is completely inconsistent with the application of the income tax to export income ever since 1913. It is completely inconsistent with our entire treaty policy since our first tax treaties in the nineteen-thirties.

(b) The fact that our foreign manufacturing subsidiaries are not generally taxed by the U.S. until their income flows to the U.S.—the tax is "deferred"—does not justify this Proposal. For the price of deferral in the case of these foreign manufacturing subsidiaries is payment of foreign income taxes. Those taxes are substantial and in many cases close to—or more than—our own income tax. (The Treasury says that the *effective foreign tax* rate on all foreign subsidiary operations of U.S. businesses was about 38.6% in 1964. Foreign marginal tax rates are often in the 50% or upper forties range. The U.S. effective corporate tax rate in 1965 for all industries was 37.8%.)

Deferral for our foreign manufacturing subsidiaries has not meant exemption from income tax—it has meant payment of income taxes to other governments. But the deferral of DISC means exemption from 50% of all tax—domestic and foreign—and in no way resembles the treatment of investment in our foreign subsidiaries.

Any deferral for our foreign manufacturing subsidiaries, ends when the income is brought back into the U.S. as dividends, or even when it is still owned by the foreign subsidiary but is invested in U.S. assets such as domestic facilities of the U.S. parent. But the DISC income is already in the U.S. Moreover, it can be invested in U.S. domestic facilities or activities of the U.S. parent having nothing to do with exports—and still avoid 50% of the income tax.

Moreover, if deferral for our foreign manufacturing subsidiaries is a material benefit and inducement to investment abroad, the obvious course is to end the deferral and leave the U.S. tax system in a neutral posture between investment abroad and investment at home. But this the Treasury will not do. Instead, it says we should keep our tax incentives to investment abroad and then it says we must exempt export income because of the tax incentive to foreign investment. The whole approach is clearly a boot-strapping operation, and one that ends up leaving a large gap in the income tax and being highly discriminatory in favor of those taxpayers engaged in foreign activities as compared with domestic activities.

(c) The Treasury presentation talks of other countries which "defer their tax on export income or exempt such income from tax, to a greater or lesser extent." But nowhere is it flatly stated that other important exporting countries—countries with which the U.S. may be compared—systematically seek to exempt from income tax 50% of their entire export trade. The fact is that the exemption inherent in the DISC Proposal goes far beyond the treatment of export income in any comparable country.

The House 1970 Committee Report, following the Treasury presentation, states as justification for the Proposal that "A number of foreign countries, for example, have the so-called territorial concept of taxation under which they do not tax foreign source income at all" (p. 16) This is simply inaccurate. Such countries do tax export sales to foreign independent customers. It should be noted that about 85% of U.S. export sales are to foreign independent customers, and there is no indication that foreign patterns differ materially. Where the sale is to a foreign affiliate, such as a subsidiary, some countries may not tax the profit realized by the subsidiary when repatriated to the parent, but they will tax the profit on the sale to the foreign subsidiary.

Moreover, these "territorial approaches" are usually a relic of tax history, traceable to schedular tax systems and colonial trade, with no affirmative intent to subsidize exports. The Finance Ministries of some of the countries using this approach understand its weaknesses and defects and are moving thru tax reforms to reach the present U.S. system. It would be irony indeed for the U.S. now to take the leadership in setting the tax clock back.

Some foreign countries do have some specific income tax incentives for exports. But the U.S. should be countervailing against such provisions, should be insisting they are contrary to GATT, and should be taking whatever other action is feasible in negotiation. That should be the U.S. role—and not the role of going much further by exempting 50% of all export income from tax and setting in motion a spiral of more and more tax escapes in the export field.

X. *Proposal Is Likely To Cause Foreign Retaliation and Emulation Which Will Hurt Our Trade Position*

In the Treasury presentation of the Proposal there is no material presented to demonstrate that this sweeping change in our tax rules and the resulting subsidy to exporters will not produce retaliation or emulation in other countries. Such a reaction abroad will tend to offset or exceed any potential gains to our trade balance sought through additional exports stimulated by DISC. If other countries emulate—and why shouldn't they since their exporters will demand equal treatment from their Governments—then the U.S., the largest and strongest nation, will have been the leader in tearing a big hole in the income tax. The U.S., the leading economic country in the world, should not be the instigator of the tax chaos.

Other countries may see DISC as a violation of GATT—whatever the U.S. Treasury says as to the status of DISC—and resort under GATT to countervailing duties against our exports. Or other countries may decide to emulate us and themselves adopt DISC or some variation—or even some new device—seeking thereby to advance their exports. But whatever the form of the reaction abroad, it is bound to hurt our trade balance and reduce if not remove, or indeed reverse, the export benefits claimed for the Proposal.

Foreign countries in self-defense will also have to revise their tax treaty rules and other tax rules and administrative practices, which up to now have been beneficial to U.S. exporters. The result will be an increase in the ways by which foreign countries will now tax our exports in situations in which our exports have been previously unaffected by foreign tax systems.

Tax treaties now uniformly exempt an exporter selling goods within a country from that country's income tax unless those activities constitute a "permanent establishment" in that country, a phrase which the treaties define narrowly so as to relieve an exporter from being involved in the tax system of the countries to which he is exporting. This treaty policy rests on the assumption—valid up to now—that the exporter will be taxed in his own country and double taxation can thus be avoided by freeing him of tax in the country of destination. But under DISC the U.S. exporter will be subject to only 50% tax, and hence other countries will begin to remove their liberal treatment of the U.S. exporter.

Moreover, where a DISC is selling through a permanent establishment or foreign subsidiary in a country with a significant corporate tax. the DISC will seek to fix the inter-company price at a high level, since the higher the price, the greater the exemption from U.S. tax under DISC. The foreign country, to protect its revenues, therefore must administratively check these DISC prices. Up to now, since the U.S. taxed the export sale, our exporters were largely free from this price check abroad; under DISC they will attract the examination of foreign revenue agents.

Many of the less-developed countries have been seeking to expand their tax systems to reach the profit on exports to their countries, and have sought to chip away at existing international tax standards which exempt exports in the countries of destination unless a permanent establishment exists. Under DISC, these countries will be considerably encouraged in pursuing our exporters, both because of the exemption under DISC from U.S. tax and because the technical rules of DISC treat export income as foreign source income (income arising outside the United States) when the goods are sold for consumption outside the United States. This use of a "destination" rule to determine foreign source income is an open encouragement to those countries to apply the same destination rule and make *our* export income *their source* income and subject to their tax.

XI. *Proposal Is Complex—With Many Surveillance Problems and Many Inroads on Existing Rules—So That Its Weaknesses and Further Loophole Potential Will Be Fertile Hunting Ground For Tax Avoiders*

The Proposal is no simple, readily applicable method of assistance. It is seriously complex—with its complexities and its technical rules likely to grow and grow as time goes on. For taxpayers will want to push more and more income into the DISC device—royalties and services are examples—and seek more and more ways to use the income without disturbing the deferral. The Treasury will have to cast its surveillance over a vast array of activities to seek to confine the deferral to "exports"—goods coming to the U.S. for processing and then sent out; goods sent abroad for some processing and then returned; foreign subsidiaries of DISC with their own activities that may involve services and other assistance to foreign manufacturing subsidiaries; transportation activities of DISC companies that intermingle exports, imports, and all kinds of goods over the world; companies that shift the place of production around and fill foreign orders in the U.S. but then manufacture abroad for use in the U.S. (just a switching of the place of manufacture).

The Proposal also cuts across many established rules—for example, it would validate the use of tax-havens all over again.

It is hard to see the justification for so much complexity and gadgetry—it is really impossible to see it in this situation when there is no assurance that any real benefit to the U.S. will come from all of this technical maze.

In all probability, many a tricky maneuver exists in these technical rules. Thus, the formulas for determining export income create more "foreign source income" than would exist under regular allocation rules. Suppose a company with manufacturing subsidiaries abroad creates a DISC, runs its exports through it, distributes the profits each year since it is not concerned with deferral—but by so doing and without actually increasing its exports, does technically increase the amount of "foreign source income" attributed to its existing exports and hence is able under the foreign tax credit rules to use the foreign taxes on its foreign manufacturing to shelter the U.S. income from its exports. The DISC here thus becomes an incentive to help investment abroad, despite higher foreign tax rates on that investment, rather than to increase our exports. (1970 Minority Report, p. 178).

The technical DISC rules will permit a taxpayer, contrary to existing rules, to shift the allocation of some of his costs of production away from exports and attach them to domestic sales, thereby increasing the amount of "export income" exempt under DISC.

XII. *Proposal Contrary to 1969 Tax Reform Efforts*

The Congress spent in 1969 an arduous year in legislating tax reform. Most of the effort went into reducing money spent through the tax system on matters that were not a necessary part of the income tax structure but were back-door ways of spending Government funds—the use of the tax system for non-tax ends. The Treasury now wants to turn its back on that Congressional effort and spend $1 billion over four years for non-tax purposes, but cloak it as part of the income tax. If this occurs, some future Congress will have to struggle with removing this tax preference—when the income tax windfall of exempting the whole export trade becomes clear to the public. But why start down this road at all, why reject all that was learned in 1969? If assistance is to be given by the U.S. Government to our export trade, as a priority matter under our budgetary policies, it should be done directly and not as part of the income tax.

The Proposal is a negation of the entire 1969 tax reform effort. That effort showed how hard it is to dislodge tax preferences—tax incentives—once planted in the Internal Revenue Code. Tax history is replete with the cycle of today's tax incentive becoming tomorrow's tax preference and tax loophole. But the entrance into the Code of an incentive—just present it with no back-up study, no analysis, no economic data but only the statement it will help by creating the right image—is in marked contrast with the efforts to dislodge the incentive once its wastefulness and preference aspects become plain to all. For then it is part of the status quo and its beneficiaries will resist any change. This can be especially true in the case of the DISC device, which will require corporate organizational changes and different methods of doing business for all our exporters. Once the business patterns and structures forced by the DISC become imbedded in business operations, it will be extremely difficult if not impossible to alter the DISC tax rules even though those rules simply mean tax reduction for some but no benefit to the United States at large.

Mr. HARRIS. I also call attention to an editorial published in the Wall Street Journal of September 30, under "Review and Outlook." The title of the editorial is "That Shiny DISC."

The editorial states that Professor Surrey's objections are persuasive and can be augmented, and it comes out against this proposal as a way of doing something about the exporting of jobs.

I ask unanimous consent that the editorial may be printed at this point in the RECORD.

There being no objection, the editoral was ordered to be prnted n the RECORD, as follows:

THAT SHINY DISC

While not everything can be applauded in the new tax package that emerged from the House Ways and Means Committee last week, there is at least one evidence that the committee is fulfilling its obligation to check administration impetuosity.

Chairman Mills and his committee took some of the shine out of an administration tax gimmick designed to encourage American business corporations to step up their export activity. If the idea dsappears entirely before the tax bill becomes law, it will be no great loss.

The idea in question is the administration's proposal that American corporations be allowed to set up "domestic international sales corporations," or "DISC," to handle their export business. DISCs would be allowed to "defer" federal income taxes on profits from exports if those profits were applied to new export or "export-related" activities.

In a recent Washington Post article, Harvard Law School tax expert Stanley S. Surrey said that the administration proposal would, to a large degree, have been an exemption, not merely a deferral, that it would have revived the "tax haven" idea that Congress tried to kill nine years ago and that it would have cost the government some $1 billion a year. Professor Surrey, who was the Treasury's top tax specialist in the Kennedy and Johnson administrations, added that there is very little assurance that the tax bonus would in fact boost exports appreciably.

Professor Surrey's objections are persuasive and can be augmented. The use of special tax incentives to further public policy is a doubtful technique in principle, to begin with. It soon gets the entire tax structure out of kilter, creating loopholes for some taxpayers and transferring to others the burden that has been lifted from the fortunate. The result is a sense of unfairness and ill will among taxpayers, which is the first step towards wide scale efforts at evasion.

There are still other objections. DISC is another example of the practice, which is becoming too popular, of trying to fudge against the accepted rules of international trade.

U.S. authorities who try to justify such activities insist that other nations give incentives to exporters. They do, but such things are partly a matter of degree, and *few nations have gone as far as the original DISC proposal* would have gone toward an outright exemption from income taxes. The U.S. already is inviting retaliation from its trading partners for its 10% surcharge on imports and it is not likely that tense trade relations can withstand much further aggravation.

Further, there is a serious flaw in the idea that subsidizing industry somehow makes it more competitive. A subsidy supplies the means to become less, not more, competitive, as should have been adequately proved a long time ago by the heavily subsidized U.S. ocean-shipping industry.

Despite all these objections and despite the fact that DISC-type proposals have been cut out of some tax bills of past years, Ways and Means did not kill DISC outright this time. The committee tried to provide that the tax benefit would actually be an incentive and at the same time sharply cut its potential impact on revenues. In the new version, DISC tax benefits would be based mainly on the amount by which their export sales exceeded the three previous years.

Treasury Secretary Connally doesn't think this would be sufficient "incentive" to exporters. In our view, it is a better incentive than the original, since only measurable gains would be rewarded.

But the Ways and Means version still doesn't answer the objection to tax incentives in principle. Nor does it preclude the possibility that once DISCs are established they will win further concessions. With that thought in mind, we would be very happy if the full Congress decides to send this particular DISC sailing, far enough that it wouldn't be likely to return.

Mr. HARRIS. Mr. President, the amendment would strike DISC, the new loophole for big business, and insert in lieu thereof the closing of a present loophole which gives tax incentives to corporations to locate subsidiary plants abroad.

In 1962 President Kennedy recommended the provision that is contained in my amendment.

On page 294 of the Public Papers of the Presidents appears an excerpt relating to this subject, under date of April 20, and I ask unanimous consent that an excerpt be printed in the RECORD at this point.

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

TAX TREATMENT OF FOREIGN INCOME

Changing economic conditions at home and abroad, the desire to achieve greater equity in taxation, and the strains which have developed in our balance of payments position in the last few years, compel us to examine critically certain features of our tax system which, in conjunction with the tax system of other countries, consistently favor United States private investment abroad compared with investment in our own economy.

1. *Elimination of tax deferral privileges in developed countries and "tax haven" deferral privileges in all countries.* Profits earned abroad by American firms operating through foreign subsidiaries are, under present tax laws, subject to United States tax only when they are returned to the parent company in the form of dividends. In some cases, this tax deferral has made possible indefinite postponement of the United States tax; and, in those countries where income taxes are lower than in the United States, the ability to defer the payment of U.S. tax by retaining income in the subsidiary companies provides a tax

advantage for companies operating through overseas subsidiaries that is not available to companies operating solely in the United States. Many American investors properly made use of this deferral in the conduct of their foreign investment. Though changing conditions now make continuance of the privilege undesirable, such change of policy implies no criticism of the investors who so utilize this privilege.

The undesirability of continuing deferral is underscored where deferral has served as a shelter for tax escape through the unjustifiable use of tax havens such as Switzerland. Recently more and more enterprises organized abroad by American firms have arranged their corporate structures—aided by artificial arrangements between parent and subsidiary regarding intercompany pricing, the transfer of patent licensing rights, the shifting of management fees, and similar practices which maximize the accumulation of profits in the tax haven—so as to exploit the multiplicity of foreign tax systems and international agreements in order to reduce sharply or eliminate completely their tax liabilities both at home and abroad.

To the extent that these tax havens and other tax deferral privileges result in U.S. firms investing or locating abroad largely for tax reasons, the efficient allocation of international resources is upset, the initial drain on our already adverse balance of payments is never fully compensated, and profits are retained and reinvested abroad which would otherwise be invested in the United States. Certainly since the postwar reconstruction of Europe and Japan has been completed, there are no longer foreign policy reasons for providing tax incentives for foreign investment in the economically advanced countries.

If we are seeking to curb tax havens, if we recognize that the stimulus of tax deferral is no longer needed for investment in the developed countries, and if we are to emphasize investment in this country in order to stimulate our economy and our plant modernization, as well as ease our balance of payments deficit, we can no longer afford existing tax treatment of foreign income.

I therefore recommend that legislation be adopted which would, after a two-step transitional period, tax each year American corporations on their current share of the undistributed profits realized in that year by subsidiary corporations organized in economically advanced countries. This current taxation would also apply to individual shareholders of closely-held corporations in those countries. Since income taxes paid abroad are properly a credit against the United States income tax, this would subject the income from such business activities to essentially the same tax rates as business activities conducted in the United States. To permit firms to adjust their operations to this change, I also recommend that this result be achieved in equal steps over a two-year period, under which only one-half of the profits would be affected during 1962. Where the foreign taxes paid have been close to the U.S. rates, the impact of this change would be small.

This proposal will maintain United States investment in the developed countries at the level justified by market forces. American enterprise abroad will continue to compete with foreign firms. With their access to capital markets at home and abroad, their advanced technical know-how, their energy, resourcefulness and many other advantages, American firms will continue to occupy their rightful place in the markets of the world. While the rate of expansion of some American business operations abroad may be reduced through the withdrawal of tax deferral such reduction would be consistent with the efficient distribution of capital resources in the world, our balance of payments needs, and fairness to competing firms located in our own country.

At the same time, I recommend that tax deferral be continued for income from investment in the developing economies. The free world has a strong obligation to assist in the development of these economies, and private investment has an important contribution to make. Continued income tax deferral for these areas will be helpful in this respect. In addition, the proposed elimination of income tax deferral on United States earnings in industrialized countries should enhance the relative attraction of investment in the less developed countries.

On the other hand, I recommend elimination of the "tax haven" device anywhere in the world, even in the underdeveloped countries, through the elimination of tax deferral privileges for those forms of activities, such as trading, licensing, insurance and others, that typically seek out tax haven methods of operation. There is no valid reason to permit their remaining untaxed regardless of the country in which they are located.

Mr. HARRIS. Mr. President, I sum up by saying, let us not create a new loophole, a new giveaway. Let us take away the present giveaway and close the present loophole for moving away.

Mr. BENNETT. Mr. President, this amendment would strike the DISC provisions in their entirety from the bill and substitute instead provisions which would tax U.S. companies on the income of their foreign subsidiaries. The Senate must reject this amendment, which would have catastrophic adverse effects on U.S. industry and U.S. employment.

As to DISC—at a time when our balance-of-payments deficit has reached the rate of $31 billion per year and our international trade posture is at a critical juncture, it is unthinkable that we should remove from this bill the one provision designed to increase exports and thus increase our balance of trade. DISC is designed to keep jobs in the United States by encouraging manufacture for export. The House, after careful study, cut back the DISC proposal as originally recommended by the administration. The Senate Finance Committee found an even better way to keep the DISC proposal but limit the benefits, including a limit to prevent investing tax deferred DISC profits in foreign plants or equipment. The DISC as so limited will result in a revenue loss of only $100 million in 1972 and $170 million in 1973, as stated in the Finance Committee report. This is a very small price to pay in terms of the tremendous revenue losses under other provisions of this bill to keep jobs in the United States and to deal in some meaningful way with our present balance-of-payments emergency.

As for taxing currently the foreign income of foreign subsidiaries of U.S. companies, I cannot think of more irresponsible action than attempting to make such a fundamental and complex change in our entire tax system, vitally affecting our international relations, by a Senate floor amendment without public hearings and without committee study and action. It will produce no increase in U.S. tax revenues in the long run. It will effectively drive our companies out of foreign markets in many cases, and as a result there will be a significant loss in U.S. employment at domestic plants of U.S. companies producing basic elements of products which are assembled abroad at foreign plants for foreign sale. The net effect will simply be to prejudice U.S. companies with no basic long-term benefit to U.S. workers, U.S. industry, or the international economic position of this country.

Before going into more detail, I would point out that the Commission on International Trade and Investment Policy, the so-called Williams Commission, consisting of distinguished representatives of business, labor, and the universities, after carefully considering the matter of taxing income of foreign subsidiaries of U.S. companies, reached the following conclusion:

> Thus, the present U.S. system of taxing foreign-source income probably represents the most practical approach to a basic neutrality between the taxation of domestic and foreign production while at the same time limiting the adverse impact of taxation on the competitive position of U.S. firms operating abroad.

They reached this conclusion because Congress exhaustively considered this matter in 1962 and decided to tax only the income from so-called tax haven operations. Income from foreign manufacturing operations does not escape U.S. tax; it is taxed when repatriated to the United States. The foreign taxes are paid currently as the income is earned, and these taxes are credited against the U.S. tax when the income is repatriated and subject to U.S. tax. Thus, there is no tax forgiveness on such foreign income—merely tax deferral as to the excess of the U.S. tax over the foreign tax. This is a sensible system which does not unduly prejudice U.S. companies vis-a-vis their foreign competitors, which also pay only the foreign taxes currently. It has worked well for all these years. We should not change it now.

Now, for more detail as to DISC—

The tremendous importance of the DISC in keeping jobs in the United States must be recognized. DISC is a provision which is an incentive for U.S. companies to continue manufacturing in the United States for export, thus preserving and creating jobs at home. In doing so, it stimulates U.S. exports in a manner entirely consistent with our international obligations and treaties.

The benefits of DISC are carefully confined to insure that the beneficial treatment will be limited to export sales and to companies which engage in no activity other than export sale. Further export stimulation is assured by a rule permitting a DISC to retain its tax deferred income only if it reinvests that income in qualified export assets, or lends to U.S. producers engaged in export production.

DISC will also serve to offset the effect of foreign export incentives which reduce the ability of our exports to compete in third country markets and which encourage U.S. manufacturers to establish plants abroad to take advantage of those incentives. The DISC proposal will remove a real impediment to maintaining and expanding facilities in the United States for export production.

The DISC approach is trade expanding, rather than contracting through tariffs or quotas. It is a positive inducement to private action rather than an additional form of government imposed

limits or controls on U.S. business. It will be effective as soon as it is passed in persuading companies to maintain and increase their export sales, thus preserving and creating employment in the United States.

The Senate Finance Committee made three substantial changes in the DISC proposal as introduced by the Treasury. First, it limited the DISC rules to a period of 10 years to insure that Congress reexamines the functioning of this change in our tax laws. Second, the committee reduced the amount of income entitled to deferral to one-half of the DISC's income. This was a substitute for the complexities and inequities of the so-called "incremental" approach the House adopted in approving DISC. Finally, the bill now contains provisions making it largely impossible for the tax deferred income of a DISC to be used to invest in foreign subsidiaries.

Thus, the benefits available to DISC's are reduced from the Treasury's original proposal, and there are more safeguards to assure that these benefits are used to stimulate exports. We should not lose this opportunity, at a very small cost in terms of revenue loss, to deal with the problem of maintaining and increasing U.S. employment, and improving our balance-of-payments position. I urge the Senate to reject the amendment of Senator HARRIS.

As for the matter of discouraging foreign investment by taxing foreign currency, this question was extensively debated in 1962 and resolved in favor of the current law whereby most manufacturing income abroad is deferred until distributed as a dividend.

Even if some U.S. investment abroad is deterred, this does not mean that U.S. exports will be increased in the same industries that can no longer invest abroad. There are many circumstances in which it is necessary to invest abroad to meet foreign-content requirements or avoid costs inherent in exporting—lower foreign wage rates; foreign tariffs and nontariff trade barriers. The DISC proposal contemplates that the tax motive would be removed from the consideration of whether to invest in the United States or abroad. From the tax standpoint it would favor the United States. A broad assault on foreign investment would be counterproductive. Substantial exports are made to U.S. affiliates and would not otherwise occur. Dividend remittances have been a positive balance-of-payments factor for more than a decade.

Any effort to handicap U.S. investment abroad does nothing to affect foreign-owned competition which benefits fully from foreign tax incentives and tax holidays.

The practical consequence of current taxation is that there would be no additional U.S. tax revenues. Foreign effective tax rates, as determined by U.S. tax rules, are lower than the U.S. rate. The overall effective rate in 1966 was approximately 38.6 percent. When distributions are made on foreign income most foreign countries impose a withholding tax on that income. The withholding taxes, together with corporate income taxes on manufacturing, will equal the U.S. tax rate on the dividend. Most companies would make current distributions in order to assure themselves of obtaining the tax credit and would then reinvest the after-tax proceeds in the foreign affiliates as a contribution to capital. In addition, foreign countries would be tempted to increase their rates to soak up the U.S. taxes. The net result would be simply to increase the level of foreign taxes on our companies with no tax gain to the United States. This is equally counterproductive.

For this additional reason, Senator HARRIS's amendment should be rejected.

The PRESIDING OFFICER. All time on the amendment having been yielded back, the question is on agreeing to the amendment of the Senator from Oklahoma. 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 Indiana (Mr. BAYH), the Senator from North Carolina (Mr. ERVIN), the Senator from Wyoming (Mr. MCGEE), the Senator from New Hampshire (Mr. MCINTYRE), and the Senator from Alabama (Mr. SPARKMAN), are necessarily absent.

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

Mr. GRIFFIN. I announce that the Senators from Colorado (Mr. ALLOTT and Mr. DOMINICK), the Senator from Kansas (Mr. DOLE), the Senator from Nebraska (Mr. HRUSKA), the Senator from Maryland (Mr. MATHIAS) and the Senator from Pennsylvania (Mr. SCOTT) are necessarily absent.

The Senator from Ohio (Mr. SAXBE) is absent on official business.

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

If present and voting, the Senator from Nebraska (Mr. HRUSKA), and the Senator from Pennsylvania (Mr. SCOTT) would each vote "nay."

The result was announced—yeas 28, nays 59, as follows:

[No. 351 Leg.]

YEAS—28

Burdick	Hollings	Montoya
Byrd, W. Va.	Hughes	Muskie
Chiles	Humphrey	Nelson
Church	Jackson	Proxmire
Eagleton	Kennedy	Randolph
Fulbright	Magnuson	Stevenson
Gravel	Mansfield	Symington
Harris	McGovern	Williams
Hart	Metcalf	
Hartke	Mondale	

NAYS—59

Aiken	Curtis	Pastore
Allen	Eastland	Pearson
Anderson	Ellender	Pell
Baker	Fannin	Percy
Beall	Fong	Ribicoff
Bellmon	Gambrell	Roth
Bennett	Goldwater	Schweiker
Bentsen	Griffin	Smith
Bible	Gurney	Spong
Boggs	Hansen	Stafford
Brock	Hatfield	Stennis
Brooke	Inouye	Stevens
Buckley	Javits	Taft
Byrd, Va.	Jordan, N.C.	Talmadge
Cannon	Jordan, Idaho	Thurmond
Case	Long	Tower
Cook	McClellan	Tunney
Cooper	Miller	Weicker
Cotton	Moss	Young
Cranston	Packwood	

NOT VOTING—13

Allott	Hruska	Saxbe
Bayh	Mathias	Scott
Dole	McGee	Sparkman
Dominick	McIntyre	
Ervin	Mundt	

So Mr. HARRIS' amendment (No. 680) was rejected.

MESSAGE FROM THE PRESIDENT

A message from the President of the United States, submitting a nomination, was communicated to the Senate by Mr. Leonard, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session, the Presiding Officer (Mr. GRAVEL) laid before the Senate a message from the President of the United States submitting the nomination of Edgar R. Fiedler, of New York, to be an Assistant Secretary of the Treasury, which was referred to the Committee on Finance.

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. 651

The PRESIDING OFFICER. Under the previous order, the Chair lays before the Senate the amendment (No. 651) of the Senator from Florida (Mr. GURNEY), which the clerk will state.

The second assistant legislative clerk proceeded to read the amendment, to add a new title: title VIII, amendments to the Social Security Act.

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

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

Mr. GURNEY. I send to the desk a modification of the amendment.

The PRESIDING OFFICER. The modification will be stated.

Mr. GURNEY. I ask unanimous consent that the reading of the modification be waived.

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

The modification is as follows:

Insert at the end of the amendment:

"(c) Notwithstanding any other provision of law, during the period beginning January 1, 1972 and ending with the close of December 31, 1972, the percentage of Federal matching that would otherwise be applicable for money payments to individuals under sections 3(a)(1), 403(a)(1), 1003(a)(1), 1118, 1403(a)(1), and 1603(a)(1) of the Social Security Act shall be increased by ten percentage points."

Mr. GURNEY. I ask unanimous consent that staff members Glenn R. Markus and Francis J. Crowley be permitted to be present on the floor to assist me during the consideration of this amendment.

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

Mr. GURNEY. Mr. President, the pending amendment which I offered is, I

feel, most important and long overdue. Its provisions are basically similar to the pending bill dealing with social security and medicare improvements, S. 2512, which I introduced earlier in this session.

There is no one in this Chamber who can deny the plight of our elderly American. He has been left to his own meager resources, ofttimes shut off from the mainstream of life, and always denied an adequate existence. He has surely been the principal casualty of inflation. We have not done this intentionally, but we have done it through neglect. I submit that the time has come to end this neglect.

There is another pattern of behavior which I believe must now be ended. That is the use as a political football of legislation designed to aid the elderly American.

Time and time again, provisions designed to improve and upgrade social security coverage and medicare coverage have been attached to unpopular bills in the hopes that these urgently needed and necessary social security and medicare reforms serve as a savior for the less popular causes.

All too often, the social security reforms prove only to be additional casualties of legislation containing unpopular provisions.

I submit it is therefore time to end what appears to be the perennial bondage of aid to the older American, to politically unpopular legislation. I had this in mind when I introduced S. 2512. I had this in mind when I offered the pending amendment.

A favorable vote on this amendment would clearly and adequately reflect the feeling of this Chamber that these reforms are not only long overdue and needed, but must be enacted now.

My amendment is purposely a noncontroversial one. There is little in the amendment which in one form or another has not been approved by the Senate and the other body this year or in many cases, last year.

The amendment consists of three basic parts:

First, the provisions relating to old age survivors and disability insurance.

Second, there are provisions relating to medicare, medicaid, and maternal and child health.

Third, the amendment contains provisions relating to certain aspects of welfare.

I. SOCIAL SECURITY REFORMS

Part A of the amendment contains several provisions which I think are an absolute minimum necessity. There are many who would say that the increases provided for are not enough and that more should be done. I would agree with this criticism. Yet, I feel that all of these provisions will constitute major and important improvements and I felt it important to keep the figures within what I realistically thought could be expected to win approval of this body.

The first provision I should mention in terms of social security reform is the provision of a 5-percent increase in benefits, effective July 1, 1972. I think that this is at least a year overdue and must be passed. Admittedly, 5 percent is not a tremendous sum of money, but for someone presently receiving, say, $146 a month, the extra $9 they would receive under such an increase would surely come in handy. It would definitely help in meeting necessary basic minimum expenses.

A second provision for social security reform contained in this amendment is in keeping with my feeling that the time has long since passed when social security reform should be treated as a political football. The amendment contains a provision to establish automatic cost-of-living adjustments in benefits, and in contribution and benefit bases, both to be established by the Secretary of HEW.

By tying social security benefits to a cost-of-living scale, we would provide a mechanism for relatively expeditious adjustments in social security benefits to reflect any higher cost of living. Presently, retired military and other Federal employees have such a cost-of-living provision in their retirement plans. The vast majority of these persons receive good pensions, considerably higher than that received by the average social security annuitant. If a cost-of-living factor is necessary for Federal employees with substantial pensions, it cannot be denied that it is at least as necessary for social security recipients—millions of whom try to eke out the twilight years of their lives on poverty income. This amendment provides that social security benefits would rise to reflect a rise in the cost of living. These changes are to be effected by the Secretary of HEW.

This cost-of-living provision would also eliminate, once and for all, social security increases serving as a free common carrier for assorted bits and pieces of other legislation, some of which should not be passed at all.

Third, the amendment provides for an increase in widow's benefits from the present amount of 82.5 percent of her husband's benefit to an amount equal to 100 percent of the deceased husband's benefit. This is also most important, indeed critical. We are all aware of the plight faced by millions of widows across the Nation. Not only does a widow suffer the loss of her husband, but automatically her income is cut despite the fact that most of her expenses—her rent, car, electricity, heat, water, and so forth, remain the same. Right on the heels of the great personal loss in the death of her husband comes a substantial loss of income.

This provision would at least enable her to maintain a stable financial floor and to prevent the crisis of a personal tragedy from being further complicated by financial catastrophe as well.

When one takes together the 5 percent benefit increase along with the increase in widow's benefits, the following example might be given. A widow who currently receives $146.70 a month in social security benefits would receive an additional $8.90 a month from the 5 percent benefit increase included in this amendment. Adding to that the widow's benefit increase, she would receive an extra $31 per month bringing the total monthly benefit to $186.60, an increase of nearly $40 a month and over 20 percent more than she is currently receiving.

The pending amendment also contains a provision which establishes an age 62 computation point for men. This provision will, in effect, allow a man to have his social security benefits computed on the same basis as a woman's social security benefits. Under present law, a woman is provided with an age 62 computation point while men are given an age 65 computation point. The effective result is that a woman with precisely the same earnings record as a man would draw benefits approximately 8 percent higher than those of a man. This amendment would provide equal benefits for equal earnings, and I think this is the only reasonable and equitable thing to do.

Another provision contained in this amendment is an increase in the earnings limitation on social security recipients. Presently set at $1,680 per year, this limitation in effect deters a retiree from continuing to lead some kind of productive life. Such an encouragement of inactivity is, I feel, totally un-American. We are discouraging people from working. We should be encouraging the older American to participate in all aspects of life, rather than adding another incentive toward isolation.

I know a little about this, because I live in a State where there are a great many social security retirees, Americans who led an extremely active and productive life. I have heard many complaints about the fact that they cannot work productively and cannot earn as much as what little job they could get would return. This is an inequity that should have been eliminated a long time ago.

I have long felt that we should do away with this earnings limitation altogether. Such proposals have not been successful in past sessions of Congress.

In S. 2512, I inserted a provision to raise the earnings limitation to $3,000. However, in view of the fact that the higher figure has never been acted upon by either the Finance Committee or the Senate, and in line with my hope that we can keep this amendment noncontroversial, I have lowered the figure to $2,400. This is the figure that the Senate approved last year and I am sure that the Senate can agree on it again.

Comparing social security to civil service retirement, once again we see that civil service annuitants can draw retirement benefits regardless of whether they hold a job. Social security annuitants are not so lucky. This is another area requiring the enactment of additional equity.

Section 818 of this amendment is, I feel, also an important one. It provides for reduction in the waiting period for disability benefits. Under present law, a person who becomes disabled must wait 6 months from the time he notifies the Social Security Administration to the time that he can begin to draw benefits, and the benefits are not retroactive. This, in effect, amounts to a 6 month wait before one can begin being compensated for benefits which he is entitled to at the time of the notification.

Now, in S. 2512, I had provided for a reduction in this period to 4 months. Once again, I have modified this in the present amendment in order that there may be agreement on social security reform at

this time. This amendment provides for a waiting period for disability benefits for 5 months, and in effect, adds an additional month of benefits over and above that provided by present law.

My amendment also provides for an increase in eligibility for childhood disability benefits. Under the present law, benefits are paid until the disabled child of an insured, retired, deceased, or disabled worker reaches age 18. My amendment would continue the benefits until the child reaches age 22, or until the end of a school year or semester.

II. MEDICARE, MEDICAID, AND MATERNAL AND CHILD HEALTH REFORMS

The major provision of the pending amendment in the area of health is a provision for medicare coverage for the disabled. We all realize the difficulty that the disabled have in finding insurance in the private sector. One criticism of this inclusion, however, has been that the high cost would preclude such an extension. However, I would respectfully submit that the present unmet need for health insurance protection for the disabled of our Nation is so great that this legislative action can no longer be deferred. Every study in this area has recommended such inclusion. It is abundantly clear that we should not procrastinate any longer on this matter. This is something that we can all agree here and now is necessary and appropriate legislation that should be passed.

This part of the amendment also provides for improvements in operating effectiveness of the medicare program. A most important provision is that which establishes funding for experimental and demonstration projects to develop incentives for cost cutting in the provision of health services. New and improved planning of health facilities and the prudent use of funding must be employed if any significant gains in controlling health costs are to be made. Health costs have been escalating at a wild pace similar to our welfare costs.

Expansion, modernization of facilities, and treatment must be evaluated, coordinated, and planned on a rational basis. This amendment would assist in that approach. Experience under the present medicare, medicaid, maternal and child health and other third party programs clearly demonstrates that there is little incentive in containing costs or providing health services in any efficient and effective manner. These demonstration projects with alternative methods and techniques of reimbursement may give us the information we need to help keep down the rising costs to the program of the delivery of health services.

That is a step in the right and a forward direction.

This amendment also provides for limitations on coverage of costs under medicare.

We all recognize the fact that medical costs can and do vary from one institution to another. This results from differences in size, the nature of services provided, the type of patient treated, the location of the institution and various other factors affecting the delivery of needed health services.

However, variations in cost can result from inefficient operation or the provision of plush surroundings. While it is true that a patient who desires these amenities should not be denied them, it is also true that medicare/medicaid should not have to pay for these nonessential services.

This section, then, gives the Secretary of HEW authority to set limits on costs recognized as reasonable for institutions within particular geographical areas.

The institutions will be informed in advance of the limits of government recognition of incurred costs and thus have the opportunity to act to avoid incurring nonreimbursable costs. Since these limits will be defined in advance, the health care institution could charge the beneficiary for services in excess of, or more expensive than, those that are deemed necessary for proper health care.

Also included in my amendment is a requirement that extended care facilities have at least one full-time licensed practical nurse on its staff, and care in intermediate care facilities would be subject to professional audit and utilization review requirements. Thus, care in extended care facilities would be subject to a review by medicare/medicaid to ascertain the institution's proper utilization of medicare funds, and plant a safeguard against the inefficient use of funds.

My amendment also provides payments under medicare to health maintenance organizations. Certain large medical care organizations seem to deliver medical care more efficiently and economically than the medical care community as a whole is able to. This is due in part to their operation on a prepaid basis at fixed amounts, which gives them incentives to keep costs low and control utilization.

Medicare does not currently pay for such comprehensive programs on a prepayment basis. Consequently, the financial incentives to economical operation in such programs have not been available to medicare. Section 864 of my amendment corrects this problem. Medicare would contract with such organizations, and would reimburse them on a capitation basis at a rate equivalent to 95 percent of the per person costs of medicare beneficiaries in the area, with actuarial adjustments, taking into account variations in patient mix. Profits accruing to the HMO's would be passed on to the medicare enrollees in the form of expanded benefits.

This amendment also contains a provision for payment of fees for physical therapy services and other therapy services. At present, physical therapy is covered as an inpatient hospital service, extended care service, home health service, and incident to physician services. It is also commonly furnished by a hospital, extended care facility, home health agency, or clinic. It is not now covered by medicare when the service is furnished in the therapist's office.

This would seem to make little sense. Many times the therapist's office may be more accessible than the facility to which the beneficiary must now travel to obtain the service. Also, the cost of treatment when given in a therapist's office would often be less costly. Therefore, my amendment permits physical therapy services to be paid for, when they are given by a registered physical therapist in a home or office.

Now possibly the most controversial subject when the medicare program's coverage is discussed is whether or not coverage of chiropractic services ought to be allowed. I have heard letters and received comments on both sides of the question. Chiropractors and their patients have urged coverage. Others in health fields have claimed that such services should not be covered under the medicare program. Because of the controversy involved, this amendment provides for a study of the validity of covering chiropractic services under medicare. I believe that only in this way can we decide whether or not this care should in fact be covered in the program.

The pending amendment also provides for the establishment of professional standard review organizations. This kind of proposal was originally developed by the distinguished senior Senator from Utah (Mr. BENNETT). It has received substantial recognition and deservedly so.

A significant amount of health services paid for by medicare and medicaid are currently in excess of those which would be found to be medically necessary under appropriate professional standards. Furthermore, in some instances, the health services which are provided are of unsatisfactory professional quality.

Professional standards review organizations would be sponsored by organizations representing substantial numbers of practicing physicians—usually 300 or more—in local areas. Established by the Secretary of HEW throughout the United States, these organizations would assume responsibility for comprehensive and ongoing review of services under medicare and medicaid.

The purpose of this section is to assure proper utilization of care and services under medicare and medicaid utilizing a formal professional mechanism representing the broadest possible cross section of physicians in an area. This provision should help provide better physician care under the medicare and medicaid programs.

Finally, following up the President's recent criticism of the quality of care in some of our nursing homes, I have included in this amendment a provision which was added by the Senate Finance Committee to last year's social security bill. This provision permits public access to records concerning a nursing home's qualifications for coverage in the medicare program. Such coverage requires, for instance, adequate fire protection and sufficient medical personnel to be employed by a health-care facility. This means that should an institution fail to meet these medicare qualifications and fail to correct itself within 90 days, the fact that the institution was not eligible and is not qualified, shall be made public. This type of public information and public access to this kind of record is desirable if we are to maintain our good nursing homes and raise the quality of some of the poorer institutions.

Part C of this amendment contains provisions relating to welfare. My files are full of letters from persons in my own State of Florida who are in the unfortunate position of requiring additional assistance from the State welfare programs to supplement their income on social security. What happens to these people when their social security benefits increase is shocking. When their social security benefits increase, their welfare benefits, their aid to the aged, blind and disabled benefits are lowered by an equal amount. Thus, these people who are unfortunately dependent upon receiving aid from two sources find themselves no better off after a social security increase than they were before.

Because of this, the pending amendment provides, in effect, that should an individual receive an increase in social security benefits of, say, $10 a month, the State could not reduce its assistance to that individual by the same $10. Instead, the aid to the aged, blind, or disabled recipient would receive the additional income, with the Federal Government paying the additional cost.

Finally, when the amendment was called up by me, I sent a modification to the desk which would allow a Federal matching increase in Federal funds to the States, because there has been a good deal of talk and argument to the effect that we should not introduce a social security measure at this time because it was feared that if we were to do so, the family assistance plan is going to rear its ugly head at the same time, as some people have said.

All of us know that we need the family assistance plan. The welfare plan is unfortunately long overdue. But we have not been able to come to agreement as to what it should be. In the meantime the States are suffering a severe financial burden in continuing the kind of burgeoning and expanding welfare needs.

I know some of the arguments that will be made. They will say that if we add social security to the bill, we have to add the welfare provisions because many States would go bankrupt.

I have tried to anticipate that by adding to the latter part of the bill a provision which would provide for a 10-percentage point increase in Federal matching funds to the States for welfare programs. This provision is effective only 12 months, from January 1, 1972, through December 31, 1972. The sole purpose of this provision is to relieve the terrible financial burden on the States while the Senate acts rationally on welfare reform.

All of us here are well aware of the present crushing burden that welfare programs place on the financial resources of the States. All of us are also aware of the need for a comprehensive reform of our present archaic and inadequate welfare system. What this amendment would do is provide emergency relief to the States until welfare reform is achieved.

I chose the period of 1 year, feeling that it would take possibly up to 6 months to get the family assistance plan or some workable welfare reform enacted by Congress. And if we do not enact it in a 6-month period, we can certainly forget about it, because by that time, it being a presidential year next year, we will be out of business for all practical purposes.

I have put in another 6-month provision, allowing a year altogether, including a 6-month transition period for the States to take over on whatever new welfare plan is to be put into effect.

It seems to me that this ought to at least satisfy the argument and the complaint of some of the welfare enthusiasts and advocates here that we should not have social security unless we have welfare plans. Frankly, I do not see that the two have anything to do with each other.

That is the main reason why I have introduced the amendment. I have introduced it, of course, as a separate bill prior to that time. For the life of me, I have never been able to understand why every time we have a social security bill it has to be coupled with something else.

We have a lot of retirement plans in the Federal Government. We have a retirement plan for the military, a huge retirement plan. We do not, when we consider one of those programs, tie it up with a welfare plan or some other piece of legislation. We have had retirement bills for the Federal employees and for the railroad workers. I do not recall that we have tied them up with some other obnoxious piece of legislation, either.

For the life of me, I cannot understand why we have to put off increased benefits for the elderly people until we have some controversial piece of legislation that we do not want to let get by.

I think that it is time that the Senate face up to its responsibility to the older Americans and considered this legislation by itself.

Mr. President, the problems confronting the older American are too well known by all of us to require any lengthy or detailed recitation. Yet, there is a mammoth chasm between our recognition of very real problems and our acting to resolve them. Each passing year increases the economic problems of old age. Economic slowdown, increases in living costs, decay of metropolitan centers and services, inadequate transportation facilities—I could well spend my entire time doing nothing more than listing the problems confronting the older American.

There are, however, certain figures I should like to point out. Today, there are more than 4.7 million older Americans living below the poverty line and this number is constantly increasing. If the present trend of easing older workers out of the work force continues, this number may well accelerate.

The situation confronted by the older or, indeed, even middle-aged worker seeking to obtain employment is not promising. Hearings held by the Special Committee on Aging, of which I am a member, have clearly shown that discrimination exists in the employment of the middle-aged and older worker because of age.

Also, the most economically disadvantaged of the older Americans is the woman. The elderly woman living alone or with nonrelatives is, according to Social Security Administration studies, the most economically disadvantaged in our entire society, with over 60 percent classified as poor and near poor. Especially hard pressed, of course, are those widows who are not covered by social security because they were not payroll workers during their lifetimes, but instead, were fulfilling the traditional role of mother and housewife. The widows find themselves confronted on the death of their spouse with reduced and totally inadequate benefits.

In the area of medical care, we are confronted with another crisis. Since the enactment of the medicare program in 1965, there have been four social security increases, equivalent to approximately a 50-percent increase. Yet, expenses for participating in medicare have advanced much faster than the increase in these social security benefits. Moreover, charges for services performed by physicians and by hospitals have also increased dramatically to a point where in fiscal 1970, a total of $10.6 billion was spent in public programs providing personal health on behalf of the elderly, and $5.1 billion spent privately.

Thus, improvements and adjustments in the experimentation of health delivery service systems is an absolute necessity.

As I have stated, these provisions in this amendment are all things that are noncontroversial, as far as what they provide is concerned. They have been processed by the House and the Senate either this year or last year. They are long overdue. They are desperately needed by the elderly people and by those on medicare and medicaid. I think the time has come for us to face up to our responsibilities and not permit them to be held hostage to welfare reform any longer. They need the money and they need it now.

I understand the administration is opposed to this. They sent a letter to all of us. I received a letter from the Secretary of Health, Education and Welfare, and he said that we have a comprehensive social security and welfare bill, H.R. 1, under consideration by the Committee on Finance, and that the administration is opposed to any nongermane amendments.

For the life of me, I think this amendment is far more germane than any we have considered in the last few days. The argument made by the Secretary in his letter is precisely the argument I make. They strongly oppose any separation of H.R. 1 from welfare reform for obvious reasons. As long as they have social security around serving as a vehicle for welfare reform, they will be able to get welfare reform passed more expeditiously and they will probably get a bill passed that is less advantageous and more detrimental to the United States.

If we separate these bills and let welfare stand on its own feet and be worked over so that welfare will finally pass this body on its own with a substantial vote, we will have a welfare formula that will work.

I say we will do the administration a great favor if we separate these two and pass social security now, which is so desperately needed.

Mr. President, what I am saying when I set out some of these facts is nothing more or less than that we need to act and act today on this amendment. The Senate

must live up to its responsibilities to improve the plight of the older American in our society. We must, here and now, vote favorably on the proposals contained in the pending amendment and get on with meeting our responsibilities in this area.

Mr. President, I reserve the remainder of my time.

Mr. BENNETT. Mr. President, is the Senator from Utah correct in assuming there is no limitation on time?

The PRESIDING OFFICER. The Senator is correct.

Mr. HARTKE addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah has the floor.

Mr. BENNETT. Does the Senator want me to yield for a question?

Mr. HARTKE. I wish to offer an amendment.

Mr. BENNETT. Mr. President, I yield for that purpose. I ask unanimous consent that I may yield to the Senator from Indiana for the purpose of introducing an amendment, without losing my right to the floor.

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

Mr. HARTKE. Mr. President, I ask that my amendment which is at the desk, an amendment to the Gurney amendment, be reported.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

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

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

The amendment, ordered to be printed in the RECORD, is as follows:

On page 105, line 14, delete section 838 and add the following new section:

ONE-YEAR REDUCTION IN SOCIAL SECURITY TAX RATES

SEC. 838. (a)(1) Section 1401(a) of the Internal Revenue Code of 1954 (relating to rate of tax on self-employment for purposes of old-age, survivors, and disability insurance) is amended—

(A) by striking out "and before January 1, 1973" in paragraph (3) and inserting in lieu thereof "and before January 1, 1972";

(B) by striking out "and" at the end of paragraph (3);

(C) by redesignating paragraph (4) as paragraph (5) and inserting after paragraph (3) the following:

"(4) in the case of taxable year beginning after December 31, 1971, and before January 1, 1973, the tax shall be equal to 5.9 percent of the amount of the self-employment income for such taxable year; and".

(2) 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 redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and by inserting after paragraph (3) the following new paragraph:

"(4) with respect to wages received during the calendar year 1972, the rate shall be 4.1 percent;"

(3) 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 redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and by inserting after paragraph (3) the following new paragraph:

"(4) with respect to wages received during the calendar year 1972, the rate shall be 4.1 percent;"

(b) The amendments made by this section shall apply only with respect to taxable years beginning after December 31, 1971.

Mr. HARTKE. Mr. President, for the record, this amendment deals with the question of pay as you go on financing for the social security system. In substance it keeps the fund at the present level and provides 1 year reduction of the present social security tax from the present level of 4.6 to 4.1 percent.

I thank the Senator for permitting me to introduce the amendment.

Mr. BENNETT. I am happy to do so.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. BENNETT. Mr. President, before I begin to discuss this particular amendment, I would like to make my latest report on the cost of the amendments we have adopted to date. The bill of the Committee on Finance would have cost the Federal Government $1.7 billion lost in revenue in 1971. We have added an additional $1.1 billion in lost revenues for 1971. The committee bill would have cost the Federal Government $7.8 billion in 1972. We have added an additional $5.2 billion for 1972. Through 1980 the bill of the Committee on Finance would cost the Treasury $68.3 billion. The amendments we have added to date would raise that to $125 billion, which is a few billion dollars short of doubling it.

It seems to me that those of us who blithely suggest this is only a billion dollars do not realize the course on which we have set the Government and do not realize that these costs, while they may be very small the first year—we are given to that bad habit—because although the first year would be $1.1 billion, it would be about $56 billion over 10 years.

As we continue in the discussion, I want to keep this up to date.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a table showing the losses in revenue from the floor amendments year by year from 1971 to 1980.

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

EFFECT OF SENATE FLOOR AMENDMENTS TO H.R. 10947 AS REPORTED BY THE SENATE FINANCE COMMITTEE AS OF NOV. 16, 1971

[In millions of dollars]

	Calendar years										
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	Total
$800 exemption		−1,833	−1,921	−2,009	−2,097	−2,185	−2,273	−2,361	−2,449	−2,537	−19,665
Child care deduction		−205	−215	−225	−235	−245	−255	−265	−275	−285	−2,205
Farm equipment made retroactive to January 1971	−75										−75
Unemployment compensation: increased benefits		−470									−470
Unemployment compensation: increased taxes		+237	+248								+485
Excise tax on metropolitan buses		−4	−4	−4	−4	−4	−4	−4	−4	−4	−3.6
Baker excise tax amendment	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
Industrial revenue bonds		−10	−25	−40	−60	−80	−105	−130	−160	−200	−810
Tax credit for higher education up to $325 per student		−2,200	−2,300	−2,400	−2,500	−2,600	−2,700	−2,800	−2,900	−3,000	−23,400
Minimum standard deduction—$1,300 for 1971	−1,005										−1,005
Investment credit (rural and city jobs)		−775	−829	−887	−949	−1,015	−1,086	−1,162	−1,243	−1,330	−9,276
Total	−1,080	−5,260	−5,046	−5,565	−5,845	−6,129	−6,423	−6,722	−7,031	−7,356	−56,457
Individual nonbusiness	−1,005	−4,712	−4,446	−4,650	−4,856	−5,062	−5,270	−5,478	−5,688	−5,902	−47,069
Individual business	−75	−135	−145	−222	−237	−254	−272	−290	−311	−332	−2,273
Individual total	−1,080	−4,847	−4,591	−4,872	−5,093	−5,316	−5,542	−5,768	−5,999	−6,234	−49,342
Corporation		−413	−455	−693	−752	−813	−881	−954	−1,032	−1,122	−1,115

Office of the Secretary of the Treasury, Office of Tax Analysis, Nov. 16, 1971.

Mr. BENNETT. Mr. President, there has been a great deal of discussion on the floor about the relative effect on corporations and individuals of the proposals contained in the present law and in this bill. We have been told over and over again that under the present circumstances corporations fair so much better than individuals that it is necessary to step up the tax reductions for individuals in order to equalize it. In this period of 1971 to 1980, inclusive, the tax reductions for individuals from floor amendments are $49-plus billion and the tax reductions for corporations are $7 billion. So we have leaned over at a rate of 7-to-1 in comparing reductions for individuals and corporations. Yet somehow, some of my colleagues cannot get this through their heads and keep coming back to us and saying, "My additional tax reduction is necessary because we have treated corporations so much better than we have treated individuals."

Now, going to the amendment which is before us, I wish to read a letter which has been addressed to the Republican leader, Senator HUGH SCOTT, by Elliott Richardson, Secretary of Health, Education, and Welfare.

The letter reads:

DEAR SENATOR SCOTT: I would like to supplement and reemphasize my letter of November 15, 1971 concerning the Administration's opposition to non-germane amendments to H.R. 10947, the Revenue Act of 1971.

We have been most pleased by renewed assurance that the Senate Finance Committee will resume consideration of H.R. 1, the Social Security and Welfare Reform bill, following disposition of the Revenue Act and will report the bill to the Senate early next year. We strongly urge that any proposals relating to Social Security or welfare, including State fiscal relief with respect to welfare costs, be considered in connection with H.R. 1 and not as amendments to the pending Revenue bill.

The Administration's opposition to inclusion of amendments affecting the Social Security Act in the Revenue bill stems both from the urgent need to expedite action on the Revenue bill and to allow for adequate consideration of such amendments in the context of the Social Security welfare reform bill to which they are germane.

I hope you will join with us, and urge others to do so, in the effort to speed passage of an unencumbered Revenue bill and to oppose inclusion of non-germane amendments in that bill.

The amendment suggested by the Senator from Florida would increase Federal expenditures by about $5 billion a year.

Mr. President, as a member of the Finance Committee, and if I may presume to do so, speaking for at least most of the members of that committee, we are disturbed, frankly, that a Senator who is not a member of the committee should undertake to write our legislation for us on the floor of the Senate, without giving us an opportunity to subject that legislation to the normal committee hearings and committee discussions. To take the bill as it came from the House and write it in to the bill on the floor of the Senate is to negate an important part of the legislative process, to deny many people who would want to be heard on these proposals the opportunity to have their say, and to deny to us in the committee the opportunity to consider alternative solutions to all these problems.

I would agree that it would be a wonderful world if we could take all the bills for which we are responsible and handle them simultaneously and instantaneously. In the nature of our particular assignment, the legislation has to originate in the House of Representatives, and we may not start to work until the House sends a bill over to us.

We have a revenue bill and a welfare-social security reform bill. Under the circumstances, the committee felt, and the President strongly urged us to do so, that we should handle the revenue bill first. We have to carry it all the way through in the processes of the committee. Then we have to handle it on the floor, in conference, and back on the floor again.

I have been on the floor 9 and 10 hours a day since last Friday, with no chance to hold hearings while we are involved in this debate, and it is going to be impossible for us to get to the process of considering H.R. 1, with its social security and welfare proposals, until after we are through here. I do not know how long the Congress will stay in session. As soon as we are through here, we will start to work on H.R. 1, and we will stay with it until the job is completed.

In practice, I know that means we cannot finish it up until some time early next spring. But that is no reason why we have to bypass the whole committee process, why we have to have the bill that came over from the House, why we have to deny people the opportunity to be heard, why we have to give up the chance we would have to consider alternative proposals. If we take that position, then we, in effect, have said to the House, "Well, you write the bill. We will give you our power. We will give up our right to look at it and we will take your bill without question."

It is for that reason that I, as the ranking minority member on the Finance Committee, and I am sure the chairman of the Finance Committee, feel that this is not the way to handle so important a bill.

I recognize that politically it is very appealing. This is an opportunity to make a political record. That kind of thing can only bring bad legislation.

So, Mr. President, when the proper time comes, either the chairman or I will move to table this measure, but I understand there is another member of the Finance Committee in the Hall who would like to have an opportunity to comment on it, and at this time I am prepared to yield the floor to the Senator from Connecticut (Mr. RIBICOFF).

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. RIBICOFF. Mr. President, certainly the amendment offered by the distinguished Senator from Florida is a worthwhile amendment. It contains elements with which none of us can disagree. As a matter of fact, each and every one of these proposals, if my memory is right, came out of the Finance Committee unanimously. I do not recall any member of the Finance Committee voting against these suggestions.

I think it is only fair, however, to point out to the Senate the significance of adopting these amendments. I have in my hand my amendment to H.R. 1, relating to the President's family assistance program. My amendment is 133 pages long. Should the proposal of the Senator from Florida not be tabled, I will then send to the desk and call up my amendment to the President's family assistance program.

The administration came to the chairman of our committee and to me and to the distinguished majority leader (Mr. MANSFIELD) and expressed concern about H.R. 1. It is no secret while the committee is practically unanimous in its support of social security, when it comes to H.R. 1 and the family assistance programs, there is great controversy in the Finance Committee.

It is my feeling that when the family assistance program comes to the floor of the Senate, after lengthy debate, the family assistance program will eventually be adopted.

I had originally intended to offer my version of the family assistance program as an amendment to the tax bill. However, I also recognized that the President's basic proposals in the tax bill are essential for the economy of our Nation. Taking anything up as controversial as a family assistance program at this time would lead to very extended debate, which would probably take us through Christmas. This would only give us a simultaneous failure of three basic measures that the country needs—the tax proposals of the President, the social security proposals which the Senator from Florida supports, and the family assistance program.

I know the distinguished Chairman of the Finance Committee is not enthusiastic about the family assistance program. But from my experience with the Finance Committee and the various men who have chaired it, even though they may not be sympathetic to a proposal, they have never denied a President or the Senate an opportunity to work their will on a basic measure presented to the Finance Committee. This can be affirmed by the distinguished Senator from Utah (Mr. BENNETT), who has been on that committee much longer than I.

The majority leader met with the chairman of the Finance Committee and with me. He told us that he had an obligation as majority leader to grant the President of the United States an opportunity to have any major proposal submitted by the President come to the floor for a vote. The majority leader pressed the chairman of the Finance Committee and myself to that end.

The majority leader, the chairman of the Finance Committee, and I came to the following understanding, which we then related to the entire membership of the Finance Committee, both Republicans and Democrats. Priority would be given to the tax bill and it would be moved to the floor as soon as possible. We would keep off the tax bill, so far as possible, the social security features of H.R. 1, the welfare features of H.R. 1, and the medicare features of H.R. 1.

The chairman of the Finance Committee then told the majority leader that, depending upon the time needed to com-

plete this bill, the time remaining before adjournment, and the date we resume after our recess, the Finance Committee would immediately complete its hearings and move H.R. 1 to the floor of the Senate.

Consequently, the chairman of the Finance Committee and I both, with different objectives, agreed with one another that we would object to and fight the social security features and any change in welfare provisions, in order to preserve the integrity of the tax bill. We also agreed to assure the President and this body that there would be an opportunity to vote on social security and the family assistance program. To date we have tried to comply with this promise.

There are two amendments, one already brought up today and the other to be brought up later in the afternoon, that would shatter the understanding of the majority leader with the chairman of the Finance Committee and myself. They are the amendments concerning social security submitted by the distinguished Senator from Florida (Mr. GURNEY) and the amendment relating to welfare submitted by the distinguished Senator from Illinois (Mr. PERCY). We feel it is incumbent upon us, although we agree with many of the objectives of those proposals, to fight against them now.

Speaking for myself personally, I am sure that assurances could be given by the chairman of the Finance Committee and the ranking minority member that the measures sought by both the Senator from Florida and the Senator from Illinois could be made retroactive.

It should also be pointed out that the distinguished Senator from Indiana (Mr. HARTKE) has at the desk some 50 amendments covering social security. Those amendments encompass virtually each and every provision of the amendment offered by the Senator from Florida. The Senator from Indiana is a member of the Finance Committee. After conversations with both the Senator from Louisiana and me, the distinguished Senator from Indiana, who is one of the strongest advocates for social security reform and social security enlargement, has not offered his amendments.

So to agree to such amendments as those offered today would be unfair to this body, to the Finance Committee, to the President of the United States, and to the people throughout the country who depend upon our having an opportunity to vote upon the basic family assistance program and social security.

It would be my hope that either the ranking minority member or the chairman of the Finance Committee would move to table this amendment. It is not that we do not believe the amendment is meritorious, because it is. I commend the Senator from Florida for having such a deep interest in behalf of social security recipients. But I can assure the Senator from Florida that there is not a member of the Finance Committee, be he conservative or liberal, be he Republican or Democrat, who does not also have a strong commitment to social security beneficiaries, and who will not do everything in his power to move the social security amendments to the floor as soon as possible.

I would predict that before February is over, or before March is well on its way, H.R. 1 will be before the Senate and will be acted on, which will afford the Senator from Florida the opportunity he wants and needs.

Mr. MANSFIELD. Mr. President, will the distinguished Senator yield?

Mr. RIBICOFF. I am happy to yield to the majority leader.

Mr. MANSFIELD. Mr. President, I join the distinguished Senator from Connecticut in what he has just said. I note that the distinguished chairman of the committee is in his chair at this time. I ask him, Is it not true that I met with the distinguished chairman of the Committee on Finance and the distinguished Senator from Connecticut, the distinguished Senator from Georgia (Mr. TALMADGE), and others to discuss the possibility of reporting out H.R. 1, which the President refers to as his No. 1 legislative priority? Is not that the case?

Mr. LONG. That is exactly true. I would like to make one thing clear to the Senator, however.

The President subsequently informed me that as of this moment, the bill before us, this tax cut provision to get the economy moving, is his No. 1 priority.

Mr. MANSFIELD. Exactly.

Mr. LONG. And he wants this bill to go ahead of H.R. 1, so much so that he does not want the provisions H.R. 1 on this bill, even if we were to vote to put it on here. He feels that nothing must jeopardize the tax measure now being considered, and he feels that putting the provisions of H.R. 1 on this bill would definitely jeopardize enactment of H.R. 10947, the revenue bill we have before us.

Mr. MANSFIELD. If the Senator will yield, I want to corroborate what he has just said, because, at the President's specific request, the welfare proposal was laid aside so that the measure now before us would receive immediate consideration, due to the economic situation in which the Nation finds itself at the moment.

Furthermore, if my understanding is correct, the agreement among the Senators already mentioned and others was that H.R. 1 would be retained as a single package covering social security and welfare, a goal sought by the President as well as most of the members of the House of Representatives; and I believe further that the distinguished chairman indicated to those of us who were in attendance with him at that time, some weeks ago, that it was his intention, if at all possible, to endeavor to get H.R. 1 out and reported to the Senate no later than the middle of February—if possible to do so.

Mr. LONG. We were talking about that approximate date, and of course that depends upon when Congress comes back in. It might require some further time to report that bill. As the Senator knows, I am a little bit more ambitious about being able to set a specific date for reporting than some others. But we are agreed that this is a priority matter, it is the first order of business, and we ought to go ahead with it once the pending measure, H.R. 10947, the President's tax package, is out of the way.

We cannot make decisions on H.R. 1 on the basis the Senator from Florida suggests, because it involves what the President himself has described as the most revolutionary welfare proposal made in the history of the country by any President. That is the so-called family assistance plan, which is a very controversial matter, and the people of this country are entitled to be heard on it.

Those who favor the family assistance plan and have been strongly for it feel that it prejudices their chance to pass a family assistance plan if it is separated from the rest of H.R. 1, so they are determined to offer the family assistance plan to the other part of H.R. 1 in the event that those other parts are called up.

We passed what for the most part is in the Gurney amendment a year or so ago, and the House would not even go to conference with us because they wanted to talk about the whole thing at one time.

So we have the same problem on both sides, and the only way to resolve it is to do our job in reporting to the Senate the bill we think ought to be passed. Then, having done that, the Senate should work its will. The parts of H.R. 1 and last year's Senate bill which are embodied in the Gurney amendment will be before us and we can vote on them. There is not too much controversy, even though we will undoubtedly want to increase the cash benefits and if the committee does not, the Senate will. But then we will have to reach a conclusion about the difficult problems involved in the family assistance plan.

In some respects, we are making progress. We are solidifying our thinking on some aspects of this matter, but a great deal of controversy still remains in the family assistance plan. The matters involved there are so momentous that they just should not be disposed of lightly. No one should try to dispose of those enormous issues by walking in on the Senate floor and trying to dispose of them in an afternoon. That is at least a 6-week job for a committee, and it should be as able a committee as the Senate can put together. I am proud that the Finance Committee has jurisdiction over it because of the enormity of the problem.

Then, a committee having done its work, the Senate ought to take up that matter and thoughtfully consider it. The discussion should be on what the committee reports, both for and against, both sides of the argument, on the momentous issues involved in the family assistance plan.

Mr. MANSFIELD. I agree with what the distinguished chairman of the committee has just said.

May I say, also, that I am in full sympathy with what the distinguished Senator from Florida is trying to achieve and what the distinguished Senator from Illinois (Mr. PERCY) later will seek to achieve in this body. But I think that if you bring in social security issues and welfare issues as amendments to this bill, which now has the highest pri-

ority and which affects all the population of this Nation—the social security recipients and the poor as well as many others—you endanger the possibility of getting out a bill and restoring the economy within a reasonable period of time. Prolonged even further, I believe, will be a full consideration and disposition of all areas of reform covered by the Gurney amendment, the Hartke amendments, the Percy amendments, and others. To be frank, these matters should be considered as a part of H.R. 1, which ultimately may well be the most important bill to come before this Congress.

I do have some questions about the $2,400 subsistence payment—a guaranteed annual income, so to speak. Some Senators wish to raise that figure to $5,500. That seems even more questionable. But I realize that something must be done, that welfare is getting out of hand, that the costs are increasing rapidly year by year. This bill may be the answer, but I find it difficult to accommodate myself to it. I am trying to keep an open mind.

The point is, I would like to consider all these factors in relation to H.R. 1, at which time both the welfare proposals of the President of the United States and his social security suggestions could be considered in toto, and on that basis occupy the undivided attention of the Senate, after the appropriate committee, the Finance Committee, has had a chance to work its will prior thereto.

So I would hope that those who are offering social security amendments would keep in mind that they are just hindering the passage of this bill; they are tending to tear apart H.R. 1, which should remain as a package. That is the way it was intended. I hope it remains so.

Therefore, I would join the distinguished Senator from Connecticut (Mr. RIBICOFF), the chairman of the committee, and others in doing what could be done to bring about a separation of these issues.

Mr. LONG. There is no doubt in my mind that if you try to put the social security provisions of H.R. 1, or the welfare provisions of H.R. 1, on this bill, you are not going to get either of them. You are not going to get the President's economic package, and you are not going to get H.R. 1, either. All you are going to do is spend a great deal of time doing on the floor of the Senate the kind of things we would be doing in the committee as an an agent of the Senate.

Mr. RIBICOFF. The distinguished chairman was not in the Chamber when I pointed out that, should this amendment not be tabled, I would feel obliged, because of the agreement I had with the Senator from Louisiana and the distinguished majority leader, to offer as an amendment to the pending amendment my family assistance plan, which encompasses 133 pages. This would undoubtedly lead to a very extended debate and discussion, which would then lead to the failure of this entire bill. Social security would not pass, family assistance would not pass, nor would the President's economic package pass. It would be tragic for this Nation on all three counts.

Mr. LONG. Frankly, if that situation should develop, I hope I would be permitted to offer some of my amendments before the Senator offers his amendments. Let me give the Senate an idea of what it is in for when we become involved in legislating social security amendments on the floor—just to seek the Senate's judgment on some of the issues that should be decided.

Would the Senate like to lift the social security earnings limitation? Some suggest that.

Here are some other amendments I think the Senate would find appealing. One of them would reduce the age of eligibility for retirement benefits to 60. That has been favorably considered by the Senate, and I think the Senate might want to do that again.

We had a rather inconclusive debate on the child care provision last year. I think the child care provisions in H.R. 1 need an instrumentality capable of implementing them. We should consider that issue.

There is the matter of disability benefits affected by the receipt of workmen's compensation; one amendment would eliminate the limitation that workmen's compensation and social security payments not exceed 100 percent of what a person was making before he was sick or injured.

Then the Senate should give us a judgment on the repeal of the earnings test completely, which some have suggested, and we could see what the Senate would like to do on that matter.

Some do not think 5 percent is a sufficient social security increase. We ought to decide whether we want a 5-percent or a 10-percent increase across the board. So we will have to vote on that.

Then we can see what we want to do about special minimum benefits for certain categories of people, and we have a suggestion that we drop out additional years of low earnings. This would increase the income for many people. It is popular.

We have a suggestion with regard to the reduction in the waiting period for disability benefits.

I am anxious to seek the support of the Senate on a program to extend medicaid to cover the mentally ill. There has been some controversy about what it would cost. Some contend it would cost $500 million, but I am satisfied that if closely drawn, it would not cost more than an additional $200 million a year.

In addition, it would be well to see what the Senate wants to do about the coverage of prescribed drugs. That is a very important matter that has been brought to our attention by the Senator from New Mexico—Senator MONTOYA—and others. We would be entitled to know what the Senate would want to do about that.

I have prepared a statement supporting my proposal to extend medicare to cover catastrophic health insurance for all citizens. That would cost only $3 billion, and it would do a great amount of good for many less fortunate people in this Nation who have sustained very high hospital and doctors' expenses during the year. In addition, I am rather persuaded that the hospitals have a good argument with regard to a proposed possible change in their medicaid payments. I have been impressed by their arguments and I am inclined to offer an amendment to help the hospitals with their problems.

Those are matters that the Senator from Louisiana thinks we are entitled to have an answer to from the Senate, when we get into these areas. Those matters, I would hope, could be presented before we get around to the Senator's amendment, because we might not be able to get to a vote on this between now and January next.

Mr. RIBICOFF. I certainly would defer to my distinguished chairman by giving him priority to offer his amendments. As I listened to those amendments, it seems clear we will be here not only on Christmas, not only on New Year's Day, but until March 1 of next year when H.R. 1 was scheduled to be voted on originally, before we would even dispose of Senator GURNEY's amendment. I feel sorry for this Nation and its economic woes and problems if we have to wait that long for action on the President's tax proposal.

Mr. MANSFIELD. If the Senator will yield there, we could not pass a defense appropriation bill, we could not consider the nomination of the President's two nominees to the Supreme Court, we could not have a foreign aid bill—not that we will have one—but this would put the clincher on it.

I understand, for example, in addition to what has been said, that the distinguished Senator from Indiana (Mr. HARTKE) has at least 50 social security amendments. We would not finish them this year. We would adjourn sine die at noon on January 3, 1972, and this would be the pending business, and where the President's program and his nominees to the Supreme Court would end up, no one knows.

Mr. LONG. This is part of the work that must be done by the Senate. That is why we have committees. I have always thought it was a fine thing to have a balance on committees. I have tried to see that on the Finance Committee we had an appropriate number of chairs for the liberals, represented, for example, so ably by the Senator from Connecticut (Mr. RIBICOFF), as well as some chairs for fine conservatives, so that we would try to reasonably reflect what the Senate would want to do about these matters. From time to time, I try to cast my vote to reflect what the Senate is most likely to do, feeling it is something we should do and that we should have the judgment of the Senate on these things. But we cannot follow the same procedure on the floor of the Senate. All we can do is to offer the amendments and proceed to debate them and vote on them and see what the Senate wants to do.

SEVERAL SENATORS addressed the Chair.

Mr. GRIFFIN. Mr. President, I am not quite sure as to whom all this oratory is being directed. But if it is being directed to this side of the aisle, let me say that I am one Senator who has gotten the message. It is rather clear that if we want to get the tax bill through, we had better not get involved with controversial matters unrelated to the tax package. As much as I favor the amendment of the

Senator from Florida (Mr. GURNEY), and I would like to vote for it, unfortunately, it would open up a Pandora's box, and if it were adopted we would be here indefinitely arguing about welfare reform and social security amendments.

It is very encouraging and heartening that the distinguished majority leader and the chairman of the Finance Committee are working so hard to help get the President's package through. I say that in all sincerity. However, when some of the other amendments are offered, having to do with unrelated matters—such as campaign contributions, which are important and should be considered separately—I hope we will see the same vigorous determination to put those matters aside, so this tax bill can be enacted as rapidly as possible.

Mr. MANSFIELD. May I say that we get the message on this side of the aisle, too. But there is a great deal of difference between 50, 75, or 100 social security amendments and a single amendment having to do with election financing.

After all, we have to depend upon big labor, big corporations, rich men, the American Dairy Association, the American Milk Producers Association, the American Medical Association, for the funds which are needed to conduct a presidential campaign. All we are trying to do is to bring equity back into the democratic process and preserve democracy, and keep it from falling into the hands of those who depend upon contributions and people who have the tendency, if not to buy politicians, at least to try to influence them.

Every Senator knows that if someone gives us $1,000, $3,000, or $5,000, that while we say, "No, this makes no difference," when they write us a letter or want to see us, we read the letter a second time and we spend a little more time with the donor than we do with anyone else. These are facts. They are economic facts.

So all we are asking for, in the Pastore-Talmadge amendment, is equity. What we are getting away from is the dependency on large corporations, large labor unions, and various other organizations which are politically oriented, representing various professions and the like. I think that this is the fairest objective that could be achieved if we want democracy to work as it should work and reduce in the process dependency on the rich and the big economic interests.

SEVERAL SENATORS addressed the Chair.

Mr. GURNEY. Mr. President, I knew I was going to get some discussion on my amendment, but I did not think I was going to get the political campaign issue in.

In answer to the distinguished majority leader, I do not know how it is in Montana, but in Florida, Democrats and Republicans seem to do all right in raising money. I do not believe that we need a campaign bill here.

Back to social security. We are talking here as to what the distinguished chairman of the committee pointed out, that there are some amendments to his amendment that people would like to offer.

I would not ask the embarrassing question of either the Senator from Connecticut or the Senator from Louisiana, whether they would object to my amendment. I think that the Senator from Connecticut has already answered that. He agrees with most of it. But what I would like to ask him is this, and it seems to me that this is the whole nub of the problem: The distinguished Senator from Connecticut, for whom I have the greatest regard and affection, and the distinguished chairman, the manager of the pending bill, have both stated that the bill is a good one, that the amendment is a good one, and that it has provisions in it which should be passed.

Mr. LONG. They should be good. We wrote them. That is where the Senator got them from.

Mr. GURNEY. That is precisely what I was going to say. They have been kicking around here for 2 years.

Mr. LONG. We passed them in the Senate.

Mr. GURNEY. Yes; we passed them in the Senate last year.

Mr. LONG. What happened after we passed them? The House would not even talk to us about that bill.

Mr. GURNEY. The point I want to make is that there is a great difference between the social security amendments I offered here and the family assistance plan or welfare reform. Both the distinguished Senator from Connecticut as well as the distinguished Senator from Louisiana have put their finger right on it; that is, that welfare reform is controversial. There is a great deal of difference of opinion on it.

I read the distinguished chairman's statement that he made last August in this Chamber, regarding the family assistance plan. I do not believe he agrees with me on the social security amendments, but I agree with him on the family assistance plan. But, for the life of me, I do not see why social security, every time it comes before this body or the other body, or the whole of Congress, has to be hostage to something that is controversial.

I will never forget, when I first arrived in the House of Representatives, one of the first things we had to consider was a social security increase tied to medicare. That is how medicare got through Congress. I am not arguing whether that was good or bad, but I will say that it never would have gotten through Congress, at least not through the House, in 1964, if it had not been hooked onto social security—that is, in the form that it was passed.

I do not see why 27 million older Americans—and that is just about how many older Americans there are who are drawing social security—every time we need an increase, every time we need a reform—and heaven knows, the chairman knows the legislation better than I, that in this amendment reform is long overdue, about 2 years—should be tied to something that is controversial.

For example, in the past few days, we have had the Magnuson amendment to benefit those who are unemployed. We have had the Hartke amendment, increasing exemptions for everyone. We have had the Humphrey amendment to aid farmers. We have had the Williams amendment to aid bus owners. We have had the Tunney amendment regarding child care. We have had the Hollings amendment to aid people who want to send their kids to college and get an education.

We have had the Pearson-Ribicoff amendment for both city and farm folks who were unemployed. But we cannot do that for 27 million older Americans. Why? It is because that provision is tied to a very controversial bill, and the administration—and I disagree with them heartily—and some of the people in the House and some of the people in the Senate say that we can get an unpleasant or a controversial bill and tie it up with social security. I think we should get over that hangup. We should let social security stand on its own and let the welfare system stand on its own.

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

Mr. LONG. Mr. President, might I say to the Senator that I seriously considered offering the amendment the Senator has at the desk. I would have liked to do it. However, I discovered that those at the White House were determined not to let us pass the social security bill without an answer on the family assistance plan one way or the other.

I was determined, and I am satisfied in my own mind, that even if we could succeed here—and I do not think we can pass this bill until we have finally either defeated the family assistance plan or given some kind of an answer in the terms of an alternative to it—but even if we did, I am fully convinced that when we meet with the House, the chairman and the ranking members of that committee—two very fine Members of the Congress, able statesmen, Representative MILLS and Representative BYRNES—will take the attitude that since we are not willing to talk to them about something that they have sent us, they will not talk to us about our proposal.

Nothing will happen. In all that time we will be at loggerheads with those people and delaying matters that much longer.

Everyone wants to do it by the ground rules that they themselves favor. I do not blame anyone for that. I would like to pass everything in the bill without the family assistance plan. Many would like to pass it with the family assistance plan. That matter will have to be fought out, and should be, on its own merits.

I criticized the House when they would not talk to us after we passed the social security bill last year. The House would not even talk to us. They would not even pick the bill up off the desk. And the social security benefit increase was held hostage to the family assistance plan.

However, I did succeed this year in getting through an amendment to pay the 10 percent social security increase, and that is now law. We put it on the debt limit bill and persuaded the House to let that go through while they were preparing their new social security bill, H.R. 1, and getting it to us.

We have had some cooperation. However, I can promise the Senator that, if I was ever convinced of anything in my

life, I am convinced beyond any peradventure of doubt that Representative MILLS and Representative BURNS will not talk to us about this bill unless we are willing to talk to them about theirs. If we are not willing to talk to them about their measure, they will not talk to us about ours.

They are not arbitrary or unreasonable men. They know that they speak for the House of Representatives and they know that the House is a coequal body. I am afraid that they are under the impression that the House is a superior body. But they will not yield for a moment so long as the Constitution says that the House shall initiate revenue bills.

They have ways of saying no which are absolutely beyond any peradventure of being misunderstood. There is no doubt that they will not take it. All we can ever do, if we ever get there—and I have my serious doubts of that—is argue and struggle with them and then come back and inform the Senate that they will not agree with it, which is something we already knew to begin with.

I have been through it. I can tell the Senator that they are not mean or unfair. But they are tough, and they know when they want to take a stand. They do not have the same rules in the House that we have in the Senate.

When I hear about democracy and think of the rule they have in the House of Representatives where the House might agree with the Senate 99 percent, but yet when the Senate sends them an amendment, one man might not agree to picking up the piece of paper off the Speaker's desk and there is nothing the other 99 percent can do.

When I see that kind of arbitrary situation under the House rules, it makes me wonder how democratic a body the House is. However, that is how it is. And we have to live with that and do the best we can under the circumstances.

I am fully convinced that the Senator from Connecticut is right and that the President is right about this matter. I am fully convinced that the Senator from Utah is right. And while I agree, so far as I know, with everything in the amendment with perhaps one or two minor differences, I would be the first to say that we would do our best, but that it would be very difficult to achieve what he wants. We would have a fight on the family assistance plan and, whether we like it or not, we cannot bypass that.

Here is an amendment the Ribicoff amendment, that is 133 pages long. Frankly, if I do say so, the word of the Senator from Connecticut is just as good as that of the Ways and Means Committee. When they say they will do something, they will.

Mr. RIBICOFF. Mr. President, I yield to the Senator from Indiana.

Mr. HARTKE. Mr. President, I thoroughly agree. I think that we have to make up our mind today whether we will proceed with the social security or whether we will proceed with welfare reform.

I am 100 percent in favor of the measure the Senator from Connecticut put together on welfare reform. I am a cosponsor and I am honored to be on that program with him.

I see a situation developing here on the floor in which every Senator is going to be faced with the fact that either we stay until January 3 or we get on with the job. I agree with the Senator from Florida. The provisions of H.R. 1 are wholly inadequate. They are not good enough for the old people. We are probably doing nothing for them.

There is an amendment at the desk which has been there for maybe 2 months, ever since the House bill was reported. I put it on the desk so that everyone would know that I was going to press for a 10-percent increase on social security.

The Senator from Florida is going for only 5 percent. As of now, it should be at least a 10-percent increase in social security if we want to give them anything.

The amendment of the Senator from Florida provides for 5 months' waiting time before eligibility for disability benefits, whereas my amendment provides for only 3 months.

The amendment of the Senator from Florida does nothing to improve the H.R. 1 provision about the dropout years. It does nothing about the definition of disability. It does nothing to improve the H.R. 1 provision for a special minimum benefit. It does nothing to equalize coverage for men and women. It does nothing about combining parts A and B of medicare. He does nothing about covering prescription drugs under medicare; he does nothing about covering eyeglasses; he does nothing about covering hearing aids; he does nothing about covering what I say are false teeth, but my wife says are dentures. Whatever we call them, his amendment does nothing about that.

It does nothing about the recommendation of the Secretary of Health, Education, and Welfare yesterday when he said we were going on a pay-as-you-go basis. The Department opposed it, but they have changed their minds and now come up with that recommendation.

If we start now on Social Security amendments, we will be here for a long, long time. It is only by virtue of the fact that we will have to adjourn sine die that we will have to stop without doing a better job than the Gurney amendment does. It does not do half enough for the old people. If we want to do something for them, we should not just give them a lot of sweet talk. I do not like the sweet talk. That is why my 49 amendments are at the desk.

I have said repeatedly on the floor of the Senate that I would not call up these amendments unless the door is opened by others. I am saying to the distinguished chairman of the committee and to the distinguished ranking minority member of the committee that I am still prepared to live by that statement. I know the distinguished Senator from Connecticut stated on the floor of the Senate that he will introduce his welfare reform proposal, and if he does not do so I will. That is not all. We will probably have other proposals to add to the bill. The Senator from New Mexico is in the Chamber. One of the greatest reforms and opportunities given to elderly people was the King-Anderson bill. That was medicare.

Mr. President, we can get the job done but not if the Senate is going to combine all this important social legislation with the revenue bill.

Mr. BYRD of West Virginia. Mr. President, I will vote to table the Gurney amendment to H.R. 10947. My decision to support the tabling motion is based on my belief that H.R. 10947 is not the proper bill to which this amendment should be offered.

H.R. 10947 is a tax bill which is designed to stimulate and improve this country's current economic situation. It is essential to the economic stability of this country that this measure be enacted as soon as possible. I think all of us are aware of the position which has been consistently taken by the House conferees, and we all know that they would not accept the pending amendment, even if it were adopted to the Senate version of H.R. 10947. Therefore, to attach this amendment to H.R. 10947 would be a futile gesture which would accomplish nothing except to unnecessarily raise the hopes of our 26 million citizens currently receiving social security benefits.

Since my election to Congress, I have sponsored and supported legislation to provide realistic social security benefits, and to strengthen the structure and administration of the social security system. On February 18, 1971, when I introduced S. 865, to amend the Social Security Act to provide actuarially reduced social security benefits at age 60 and full benefits at age 62, I stated on the Senate floor at that time that I also favored a 10-percent across-the-board increase in social security benefits.

The Senate Finance Committee is currently considering a new social security bill and I am informed that the bill will be reported early next year. When that bill is before the Senate, I shall support across-the-board increases and other needed improvements in the social security system. In addition, I will offer S. 865 as an amendment to the committee bill if the provisions of S. 865 are not included in the bill as reported by the Senate Finance Committee.

Mr. President, one Member has already informed me that he has 50 amendments dealing with social security which he will offer if this bill is "opened up" to this area of legislation. Therefore, even though I support the objectives of the Gurney amendment, and applaud Senator GURNEY for his efforts and his objective, I am voting to table it because I fear that if the bill is opened to such amendments, this bill—encompassing phase I of the President's economic proposals—will not see final action in the Senate for a long time to come.

Mr. GRIFFIN. Mr. President, I have already indicated to the Senator from Florida what I think is the practical and realistic thing to do. But I imagine he must have tears running down his cheeks as he has listened to the explanations as to why it is impossible to find money in the Treasury to help 21 million older

folks while at the same time we are to be confronted with an amendment that will dip deeply into the Treasury to finance the campaigns of politicians. As I understand it, the amendment will provide for a checkoff on the income tax form, which will assure a $6 million campaign kitty for George Wallace, for example. That should just about guarantee that he would be a candidate again.

If the campaign checkoff amendment is agreed to, it would require the reprinting of income tax forms for 1972 which have already been printed by the Treasury Department. Nobody knows exactly what adoption of the amendment would cost. But I understand that the provisions would cost approximately $100 million. That is the money of taxpayers.

There have been no hearings, and if the amendment were agreed to in the Senate, apparently the Senate would expect the House to agree to it without debate. It seems to me the taxpayers should know something about this amendment—a lot more than they know now. It seems incredible to me that the argument made against the social security amendment of the Senator from Florida could be made and the Senate will still be confronted with other amendments, like the campaign financing amendment, which should not be considered as part of this tax package but as separate legislation.

Mr. GURNEY. Mr. President, I certainly would like to commend the distinguished Senator from Michigan, the Republican whip, for the remarks he made on the campaign proposal.

As far as the social security amendments are concerned, there have been two hearings in the House, one hearing in the Senate and the amendments have been around here for 2 years.

For the life of me I cannot see how this body would table these amendments and then go ahead with the campaign proposal that has not had hearings and which deals with an unrelated subject, and pass it.

In that connection, I wish to say that I think it is the obligation of every politician, if he wants to serve in public office, to raise his own money and get himself elected. When he starts depending on the taxpayers to have some sort of checkoff dues system at tax time to raise money for us to run for the Senate, the House, or the Presidency, we have reached a sad state of affairs in the political life of America. I hope whatever happens to my amendment, the campaign amendment is killed. If my amendment is tabled, then the other one also has to be tabled.

The PRESIDING OFFICER. Who yields time?

The question is on agreeing to the amendment of the Senator from Indiana.

Mr. BENNETT. Mr. President, in view of all the discussion, I move that the amendment of the Senator from Florida be tabled.

Mr. GURNEY. 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. The question is on agreeing to the motion of the Senator from Utah (Mr. BENNETT) to table the amendment of the Senator from Florida (Mr. GURNEY). 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 Indiana (Mr. BAYH), the Senator from North Carolina (Mr. ERVIN), and the Senator from New Hampshire (Mr. MCINTYRE) are necessarily absent.

I further announce that, if present and voting, the Senator from North Carolina (Mr. ERVIN) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT) is necessarily absent.

The Senator from Ohio (Mr. SAXBE) is absent on official business.

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

The Senator from Kansas (Mr. DOLE) and the Senator from Maryland (Mr. MATHIAS) are detained on official business.

The result was announced—yeas 81, nays 11, as follows:

[No. 352 Leg.]

YEAS—81

Aiken	Fannin	Mondale
Allen	Fong	Montoya
Anderson	Fulbright	Moss
Baker	Gambrell	Muskie
Beall	Goldwater	Nelson
Bellmon	Gravel	Pell
Bennett	Griffin	Proxmire
Bentsen	Hansen	Randolph
Bible	Harris	Ribicoff
Boggs	Hart	Roth
Brock	Hartke	Schweiker
Brooke	Hatfield	Scott
Buckley	Hollings	Smith
Burdick	Hruska	Sparkman
Byrd, Va.	Hughes	Spong
Byrd, W. Va.	Humphrey	Stafford
Cannon	Inouye	Stennis
Case	Jackson	Stevens
Church	Javits	Stevenson
Cook	Jordan, N.C.	Symington
Cooper	Jordan, Idaho	Taft
Cotton	Kennedy	Talmadge
Cranston	Long	Tower
Curtis	Magnuson	Tunney
Eagleton	Mansfield	Weicker
Eastland	McGee	Williams
Ellender	McGovern	Young

NAYS—11

Chiles	Metcalf	Pearson
Dominick	Miller	Percy
Gurney	Packwood	Thurmond
McClellan	Pastore	

NOT VOTING—8

Allott	Ervin	Mundt
Bayh	Mathias	Saxbe
Dole	McIntyre	

So Mr. BENNETT's motion to lay Mr. GURNEY's amendment on the table was agreed to.

AMENDMENT NO. 679

The PRESIDING OFFICER. In accordance with the previous order, the Chair lays before the Senate the amendment No. 679 of the Senator from Illinois (Mr. PERCY), which the clerk will state.

The assistant legislative clerk read as follows:

At the end of the bill, add the following new title:

TITLE VIII—FISCAL RELIEF FOR STATES WITH RESPECT TO STATE PUBLIC ASSISTANCE PROGRAMS

FISCAL RELIEF FOR STATES

SEC. 801. Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"FISCAL RELIEF FOR STATES

"SEC. 1122. (a) The Secretary shall, subject to subsection (c), pay to any State (other than the Commonwealth of Puerto Rico, Guam, or the Virgin Islands) which has a State plan approved under title I, X, XIV, or XVI, or part A of title IV, of this Act, for each quarter beginning after June 30, 1971, in addition to the amounts (if any) otherwise payable to such State under such title on account of expenditures as cash assistance, an amount equal to the excess (if any) of—

"(1) an amount equal to the lesser of—

"(A) the amount of the non-Federal share of the expenditures, under the State plan approved under such title or such part A (as the case may be), as cash assistance for such quarter (not counting any part of such expenditures which is in excess of the amount of the expenditures which would have been made as cash assistance under such plan if such plan had remained as it was in effect on June 30, 1971), or

"(B) an amount equal to 125 per centum of the amount referred to in clause (2), over

"(2) an amount equal to 100 per centum of the non-Federal share of the total average quarterly expenditures, under such plan, as cash assistance during the four-quarter period ending June 30, 1971.

"(b) For purposes of subsection (a), the non-Federal share of expenditures for any quarter under a State plan approved under title I, X, XIV, or XVI, or part A of title IV, of this Act as cash assistance referred to in subsection (a)(1), means the excess of—

"(1) the total expenditures for such quarter under such plan as, respectively, (A) old-age assistance, (B) aid to the blind, (C) aid to the disabled, (D) aid to the aged, blind or disabled, and (E) aid to families with dependent children, over

"(2) the amounts determined for such quarter for such State with respect to such expenditures under, respectively, sections 3, 403, 1003, 1403, and 1603 of this Act and (in the case of a plan approved under title I or X) under section 9 of the Act of April 19, 1950.

"(c) No payment under this section shall be made for any quarter to any State on account of expenditures, as cash assistance under a State plan of such State if—

"(1) the standards, under the plan, for determining eligibility for, or the amount of, cash assistance to individuals under such plan have been so changed as to be less favorable, to all (or any substantial class or category) of the applicants for or recipients of such assistance under the plan, than the standards provided for such purpose under such plan as in effect on June 30, 1971, and

"(2) the amount of the non-Federal share of the expenditures, under such plan, as cash assistance for such quarter is less than 150 per centum of the non-Federal share of the expenditures, under the State plan, as cash assistance for the quarter ending June 30, 1971."

Mr. JAVITS. Mr. President, by request of the Senator from Illinois, I yield myself 5 minutes at this time.

The PRESIDING OFFICER. The Chair informs the Senator from New York there is no time limitation on this amendment.

Mr. JAVITS. Mr. President, I ask unanimous consent that amendment No. 679 be modified by changing the essen-

tial operative dates in one case from June 1, 1972, to June 30, 1971, which would limit the operation of this amendment to 1 year, and in another case a limitation date on the time for determining total expenditures which is recorded in the amendment.

The PRESIDING OFFICER. Will the Senator suspend until order is restored? The Senate will be in order.

The Senator from New York may proceed

Mr. JAVITS. Mr. President, I will start over again.

I ask unanimous consent that a number of changes be made in the amendment.

First, Mr. President, a parliamentary inquiry. Is unanimous consent necessary, in view of the fact that there is no unanimous-consent agreement on time on this amendment?

The PRESIDING OFFICER. The Senator is correct.

Mr. JAVITS. So unanimous consent is not necessary?

The PRESIDING OFFICER. The Senator is correct.

Mr. JAVITS. I send to the desk a series of modifications in the amendment, and ask that they be stated for the information of Senators.

The PRESIDING OFFICER. The amendments will be stated.

The assistant legislative clerk read as follows:

On page 2, line 5, insert after 1971, "and prior to July 1, 1972."

On page 2, line 17, strike out "June 30, 1971" and insert in lieu thereof, "December 31, 1970."

On page 2, line 24, strike out "June 30, 1971" and insert in lieu thereof, "December 31, 1970."

On page 4, line 5, strike out "June 30, 1971" and insert in lieu thereof, "December 31, 1970."

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. I understand the Chair to rule no unanimous consent is required in this situation.

The PRESIDING OFFICER. If the Senator from Illinois were offering the amendments, it would not require unanimous consent. Because the Senator from New York is acting on behalf of the Senator from Illinois, it would require unanimous consent.

Mr. JAVITS. I would then ask, as a matter of accommodation to the Senator from Illinois, that there be no objection to this proceeding.

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

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

Mr. JAVITS. I yield.

Mr. INOUYE. Will the Senator accept further modifications to include in the amendment the people of Guam, Puerto Rico, and the Virgin Islands?

Mr. JAVITS. Will the Senator be good enough to wait until Senator PERCY gets back? I would be unable to do so on his behalf.

The Senator from Illinois wishes me to explain to the Senate that the reasons for the amendments to his amendment are the following:

First, the cutback of the date to July 1, 1972 results in making it a 1-year instead of a 2-year operative period for this amendment to take effect. The result of cutting back the date when the amendment freezes benefit levels which various States share from June 30, 1971 to December 31, 1970 is to deal with the problem of eight States where welfare cutbacks were made prior to June 30, 1971. Hence, if the amendment took effect with the benefit levels frozen at June 30, 1971, certain of the recipients, who had already had cutbacks, would have further cutbacks, and therefore the date of December 31, 1970, avoids that situation and retains the status quo among the States, as these cutbacks were dictated by the relationship between the States and the Federal Government.

The eight States which are benefited under Senator PERCY's amendment by that particular change are Alabama, Delaware, Georgia, Louisiana, New Mexico, New York, South Dakota, and Washington. May I say at once that as far as my State of New York is concerned, though I shall vote with Senator PERCY, it does not represent, according to the facts and figures as analyzed for me by our State authorities, any appreciable matter for the State of New York, so I do not speak personally. It is just my conviction that this is a very desirable amendment in terms of the totality of the country, rather than its having any particular benefit for New York. For New York, it makes a modest difference, but it does not mean enough for us to have offered such an amendment, or for me necessarily to join in it, except as a matter of conviction as a Senator.

Mr. President, the welfare problem is probably the most difficult for all of the States, for my State as well as most other States; and for the great cities, of course, it is simply unbelievable. The increases in the welfare rolls, in the course of the last years, have run to 200 and 300 percent in the larger cities, and the city of New York, being the largest, gets the worst rap in that regard.

What has happened is literally a massive demographic shift of the population of the country, and the artificial—because today, in economic and social terms, they are artifiicial—barriers drawn around cities by prerevolutionary political lines have literally stranded them, without any real economic or social base.

One can move, I suppose, from any major city into its suburbs, and they are absolutely indistinguishable. That is certainly true of the city of New York. Moving between New York City and any one of our major boroughs, you would not know it unless you saw a sign. That is true in social and economic terms.

This has happened because of the diminution in the farm population; with the heavy emphasis upon farm population in the South, there have been most drastic shifts of population in our country, substituting for the normal tax-paying or rate-paying middle class of the cities an enormous population of very low income, and, in addition to having a very low income, having grave shortages in skills and tremendous social problems attributable to racial and economic background, as in the city of New York, where today probably somewhere between one-quarter and 30 percent of the city is composed of blacks and Puerto Ricans.

In due course, they will be splendid citizens, and we will be happy that they came. But right now it is very tough, because this is the period of change and gestation.

I saw figures this morning on one city which were really unbelievable. The city of Boston, where the shift has had less of an impact, perhaps, than on Detroit, Chicago, or any of a number of other great cities, in the committee presided over by the Senator from Connecticut (Mr. RIBICOFF) we saw in 10 years, a 14 percent—which is unbelievable in terms of magnitude—population shift from the central city of Boston to its suburbs and the shift that went with that of the so-called minority population—that is, the new population who were welfare clients, and so forth—was infinitesimal. The shift was definitely the white middle-class population. Of course, this erodes the tax base, which creates new welfare and a mass of other problems, and it lessens the effectiveness of schooling and creates segregation problems, de facto segregation problems in schools, and so forth.

This enormous welfare crisis has literally broken the backs of the States and the cities. Even my own State of New York, which Governor Rockefeller has run so magnificently in terms of finance for many years, now just cannot do anything except cut back. It cannot borrow; it cannot tax. It simply must cut back. At this point, the cutback is to the bone; because people really are being reduced and being placed in conditions of very serious want by the nature of the cutbacks which must, because of the terrible situation we face, be indiscriminate.

Because the President put over the family assistance plan for a year, and the crisis is now rather than a year from now, this amendment proposes that with respect to up to 25 percent of previous welfare payments, the United States shall, for 1 year, take up the slack of the excess of payments in this fiscal year on welfare against the previous fiscal year.

Mr. President, Senator STEVENSON, Senator PERCY's colleague from Illinois, is very informed on this subject. He has indicated to me his desire to explain it in detail, and I, therefore, yield the floor.

Mr. STEVENSON. Mr. President, first, I commend the senior Senator from New York for his characteristically lucid exposition on this critical subject.

I also commend the senior Senator from Illinois for the submission of this amendment for emergency welfare relief.

It does not take any elaboration to persuade Members of this body that we do face in the country a crisis, a welfare emergency. It is an emergency which exists in Illinois; it exists in most States of the Union. I am somewhat troubled by the circumstances which led to this emergency. There, it seems to me, is an ex-

ample of how unresponsive our political system can be. It has been clear for years that the Nation's approach to welfare has been on a collision course with disaster.

The President first proposed welfare reform early in 1969, but, although his proposal passed the House, the Senate was unable to act upon it before the 91st Congress ended. A revised version of welfare reform, H.R. 1, was introduced almost a year ago, and it still has not been acted upon and approved in any form by Congress.

Our legislative body at the national level, aware of a crisis which has been growing for many years, has failed—and has continued to this moment its failure—to act.

Now that we have ignored major welfare reform, it becomes necessary to consider emergency relief. It is unfortunate that we face this necessity. It would be far better, in my judgment, if we could face up to the need for permanent legislation for a major overhaul of our whole welfare system. I am concerned, too, that the circumstances which have helped create this emergency may now continue it.

The amendment offered by the senior Senator from Illinois is not, as the Senator from New York has explained, permanent legislation. It is 1-year legislation. It is simply intended to help the States, to tide them over a very difficult period, during which Congress will, hopefully, act upon permanent legislation.

I think many of us may have hoped, as I did, that the Emergency Employment Act would provide at least some major temporary relief.

I should like to share with the Senate some figures on what has become of the assistance to the State of Illinois under the Emergency Employment Act. It has not begun to solve or even help our problems in Cook County.

The State of Illinois received $47 million under the Emergency Employment Act. Of that sum, 37 percent was allocated to Cook County. Cook County has 52 percent of the unemployment in the State of Illinois. Cook County has 74 percent of the welfare recipients in the State of Illinois. But it receives 37 percent of the $47 million allocated to the State under the Emergency Employment Act.

I have tried to persuade the Department of Labor to correct this imbalance and to help out in Cook County, but the executive branch—the Secretary of Labor in this case—has not been any more responsive than has the Legislature. The Secretary has retained within his control $35 million in discretionary section 5 Emergency Employment Act funds. These are funds which could be made available throughout the country, including Cook County, for the purpose of hiring people in need of work, for public services, who otherwise end up on the welfare roll.

With no response from the executive branch, there is little left, it seems to me, except for Congress at this point to adopt emergency legislation which would tide us over until such time as we can act on permanent legislation; and in the meantime save a great deal of financial difficulty for States and, more important, a great deal of personal distress for suffering people.

I hope very much that the Senate will act favorably on the amendment which has been offered by my colleague from the State of Illinois.

I yield the floor.

Mr. PERCY. Mr. President, I deeply appreciate Senator JAVITS bringing up this amendment for me in my absence. I appreciate the support that has been offered by my colleague, Senator STEVENSON, a cosponsor of the amendment, who, as a former treasurer of the State of Illinois, is intimately acquainted with our financial problems, shared by Illinois and all States today.

Therefore, on behalf of Senators STEVENSON, BROCK, BROOKE, MCGOVERN, HARRIS, TUNNEY, CHURCH, BAYH and myself, I called up amendment No. 679. This amendment would offer emergency financial relief to the States of this country to help them solve the welfare crises which many of them are facing.

I also offer the amendment on behalf of 21 Governors, who have stated to me their support for it and their desperate need for the funds it will provide. The 21 State chief executives who are behind this amendment are Governors Ogilvie of Illinois, Carter of Georgia, Anderson of Montana, Egan of Alaska, Askew of Florida, Smith of Texas, Peterson of Delaware, Kneip of South Dakota, Dunn of Tennessee, O'Callaghan of Nevada, Holton of Virginia, Andrus of Idaho, Licht of Rhode Island, Shapp of Pennsylvania, Scott of North Carolina, Docking of Kansas, McKeithen of Louisiana, Meskill of Connecticut, Whitcomb of Indiana, Ray of Iowa, and Love of Colorado.

Mr. President, I offer this amendment reluctantly. I had originally hoped that it would not be necessary to bring up the subject of welfare during consideration of the tax bill. But we cannot ignore those millions of Americans who have inadequate food, clothing or shelter, and who have been lopped off State relief rolls in the past weeks, days or months because of a lack of available State funds. We are all aware of the fact that the Governors and States of this country are staggering under crushing deficits and cannot find the money to pay for both welfare costs and other urgent State needs as well. Governors of many States are being forced to make cruel choices—between funds for welfare recipients and funds for education, for mental health, for environmental protection, and for a variety of other pressing needs. Mr. President, it should not be necessary for the Governors to have to make choices such as this.

Mr. President, the bill as reported from the Senate Finance Committee does nothing for the poor of this land. Even as amended on the floor of this Senate, it does nothing for the very poor. You get tax relief from this bill if you have the money to buy a car, if you are an exporter, if you are a highway contractor, if you are a corporation, if you earn enough money to pay taxes. But you get nothing if you are poor and cannot earn an income. The attitude of this bill seems to be "Let them eat ADR's."

As reported from the committee, the bill will put money in your pocket:

If you are buying capital equipment.

If you own a livestock herd.

If you are a big utility.

If you are a corporation with depreciable property.

If you have children in day-care centers and are a taxpayer.

If you are buying a new car.

If you are buying a new truck.

If you are an exporter.

As amended on the floor, the bill will help you:

If you are buying a new bus.

If you are buying farm equipment.

If you are buying garbage trucks.

But there is nothing in this bill for the very poor—those who lack food, shelter, and clothing.

Mr. President, the bill also does nothing to help alleviate the budget problems of the States. The States are staggering under the welfare burden. This amendment is offered, quite simply, to prevent the States from going bankrupt.

The debate a year ago centered on the most appropriate form to get aid to the States. We discussed whether the aid should take the form of federalization of the welfare system or revenue sharing. The debate was on how best to get money to the States, not whether there should be aid.

We now are even more acutely aware of the extent of the States' fiscal crisis. We now know where the money should go—to help the aged, the blind, the disabled. The question is whether it is going to get there in time to have any effect. Mr. President, the States are not cutting back on benefits to the blind, the disabled, and the aged because they are heartless. They have been forced to because they are running out of money.

Mr. President, there have been fears expressed both in this body and outside that my amendment would delay and slow down the impetus for H.R. 1, the welfare reform bill. I do not think this is true.

Mr. President, to allay some of these fears, Senator JAVITS has, on my behalf, asked for modification of my amendment to limit its provisions strictly to fiscal 1972. That way no one can argue that this amendment will delay the enactment of H.R. 1, because, even in its original version, welfare reform would not have gone into effect by July 1, 1972. In view of the additional postponement requested by the President under his new economic policy, there is no way that adoption of this amendment can delay enactment of H.R. 1.

And, Mr. President, the argument that this amendment would delay the enactment of H.R. 1, assumes that H.R. 1 will be enacted, a debatable assumption at best. Although I support it, I am not confident that H.R. 1 will be enacted. The Congress has debated welfare reform since the President requested it in August of 1969. And we have had nothing to vote on in this body to date. Nothing. And even if we enacted welfare reform today, it would not help poor people or the States before July 1973.

Mr. President, why should the poor of this country pay the price for congres-

sional delay? Why should the taxpayers of all States pay the price of congressional delay?

Mr. President, the Governor of my State, Richard Ogilvie, did not ask me to offer this amendment in an effort to delay welfare reform. He was the first Governor to publicly support the President's family assistance plan in 1970. He has not wavered in his support of welfare reform. But what are he and the other Governors to do about their fiscal crises as Congress procrastinates on H.R. 1?

Mr. President, the amendment I am offering today, the emergency welfare relief amendment to H.R. 10947, is to try to help resolve the fiscal plight of our States due to the welfare crisis.

A decade of liberalization and expansion of the Nation's welfare programs has finally come to a halt. State after State is cutting back on public assistance programs. A July HEW announcement showed 22 States making sharp reductions in welfare benefits and almost all other States considering or making changes in their welfare programs:

New York and New Jersey have cut payments back by 10 percent.

Kansas has reduced its ADC payments.

Maine and New Jersey have dropped their aid program for dependent children with an unemployed father in the house.

North Dakota, South Carolina, Utah, Alaska and New Jersey have reduced benefits for the elderly.

Illinois has made cutbacks in its general assistance program.

Although residency requirements have been declared unconstitutional by the Supreme Court, several States, including Illinois, have tried to put them into effect to forbid aid to those coming from outside the State.

In Texas this year, voters in a statewide referendum voted no when their State legislature proposed liberalizing a stringent maximum for welfare costs established by the State constitution.

Reports from State capitals illustrate the crisis nature of the situation. Welfare departments in at least 20 States entered the calendar year 1971 with a deficit that required additional appropriations from their legislatures. Illinois, for example, faces a $180 million welfare deficit in this current fiscal year.

Four sets of figures further indicate what has happened to welfare costs across the country over a span of 35 years: According to the Social and Rehabilitation Service, in 1936, total welfare expenditures—Federal, State and local—were $350 million. By 1950, costs had risen to $2.489 billion; in 1960, to $4.039 billion; and in 1970, to $14.347 billion. In three and a half decades welfare costs have increased 4,099 percent, with no end in sight.

The States' reaction to skyrocketing welfare costs only dramatizes what has been clear for some time: State taxpayers are fed up with the welfare morass. They have borne an increasing burden over the years to perpetuate an unworkable system deplored by everyone, and they, finally, have said, "enough." The States, therefore, have no resources left for additional welfare help. Federal Government action is essential. Yet, the welfare reform legislation remains in committee in the Senate without any hope of action this year.

I see no alternative at this point but to propose an emergency welfare relief measure that would bring the States additional financial help, for the human costs of what some have termed "meat ax cuts" is very real, and to many, agonizing. In legislative bodies we tend to slip into impersonal jargons. When we speak of welfare, we discuss benefit levels, eligibility rules or work requirements. We forget, sometimes, that behind these words are real people, mostly children, and old, blind and disabled people. Welfare cutbacks mean that these people who are already living in want, deprivation and desperation will have even less food on their plates, even less access to proper medical care, and even less hope.

Today, I ask my colleagues to support me in this stopgap measure to help mitigate the human damage of welfare cutbacks and bring States short term fiscal relief until welfare reform takes place. My emergency welfare relief amendment would protect States from a 25-percent increase in welfare costs over their June 30, 1971 expenditures. Federal spending has been made close ended in this legislation to insure welfare cost control.

Mr. President, this bill embodies the thoughts of Governor Ogilvie of Illinois and other Governors with whom he has worked in trying to find a solution for the States to the welfare crisis that has them staggering.

This bill would cost about $1 billion. This compares to the additional $5.5 billion that implementation of welfare reform would cost or the $5 billion cost of general revenue sharing per year.

Mr. President, this money is to help solve an immediate crisis our States are facing with welfare. It is for a specified purpose for a specified period of time. Hopefully, reform of the welfare system can be accomplished by Congress within the next year to be implemented within the next couple of years. But in the meantime, our States need emergency financial assistance for their welfare costs and that is what this amendment today is designed to do.

I would like to state that my reluctance to attach my amendment to this bill was somewhat overcome when I realized the dire necessity of many of the people that welfare is aimed at helping. After all of this information, including our own, about what the States have done to cut down on the abuses in the welfare system, it is, after all, their responsibility to do this. I fully support work requirements and have always supported work requirements for welfare recipients. I fully support every option to be taken by the State to cut out welfare paid to people who do not need it. I fully support every effort to try to find ways so that college students cannot get together in a commune and say that they are a family and then get welfare and food stamps or commodity food distribution, whatever it may be, when their parents are taking them as tax deductions, and they are away at school and could work. There are many abuses of the welfare system, including some people on welfare that simply are there because they would rather not work. But I would say that the incidence of the latter category is small.

My own experience in trying to find ways to help reduce the cost of welfare has been that these people are on welfare—95 percent of them—essentially because they simply cannot find employment. They have, either because of their physical disability or physical condition, been unable to be available for employment. Or they either have a deficient education or skill which disqualifies them for the kind of employment that is available. So, we are not talking about knocking off the welfare rolls people that should not be there.

I am assuming that if we believe in the federal system, and if we believe in government being close to the people that, for the most part, the counties, townships, and States are doing a reasonably good job of trying constantly to screen their welfare rolls to take off the deadbeats and those that do not belong there in the first place.

I have confidence that the list of the Governors whose names I read, many of them coming from conservative States and conservative parts of the country, are not the kind of Governors looking for a Federal handout or looking only for the Federal Government to pick up their problems. They have a real problem, a problem accentuated by many factors, not the least of which is the presence of an economic slow down which has created more unemployment in many parts of the country, going up as high as 17 percent in some areas.

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

Mr. PERCY. I am glad to yield to the Senator from Louisiana for a question.

Mr. LONG. I gain the impression that this amendment is more or less tailored to the Illinois situation.

Could the Senator explain to me what the Illinois situation is and how it developed?

My understanding is that this problem which is so acute in Illinois developed in considerable measure because of a situation there, where the State reduced its contributions to general assistance recipients in Cook County. I would appreciate it and it would help my understanding of it, if the Senator could tell me how this situation developed, how this crisis arose in Cook County which makes this such a pressing issue in the Senator's State.

Mr. PERCY. May I first state to my distinguished colleague that I would not offer an amendment that would cost a great deal of money if it were simply to solve an Illinois problem. It is for this reason that, before I would offer the amendment, I suggested to my Governor that he take this up at the Governors' Conference and see if it was a universal problem. It was the distinguished Gov-

ernor of West Virginia who said that there was a universal problem. He felt that we should discuss it with all the Governors to see what kind of solution this amendment would present to the problems they are facing with welfare. It is for this reason that 20-some Governors, including the Governor of Louisiana, who cabled me—

I strongly support immediate emergency legislation to provide fiscal relief from rising welfare costs.

I will put the entire telegram in the RECORD at the appropriate time.

Mr. LONG. I am aware of the fact the Governor sent the Senator that telegram. I am aware of the Louisiana problem. I have discussed it with the welfare administrator in Louisiana as well as with the Governor. I think I understand what the Louisiana problem is, but I am not sure that I understand the problem in the State of Illinois and how it came to be so pressing.

I would say to the Senator that some of the Representatives from that State did meet with me about it and explained to me that there was a need for additional fiscal help in Illinois. I would be willing to help the Senator, provided we could do something that would be on a formula basis that would treat all the States fairly.

Mr. PERCY. Right.

Mr. LONG. Provided it not jeopardize the tax bill we are trying to pass now. But I do not understand, even though I have had some information made available to me, how this situation developed in Illinois that is so pressing, more so than in other States.

Mr. PERCY. Let me repeat, I will be happy to explain the Illinois situation, but I do so only on the basis that, whatever our situation is, the same conditions exist in other States, but possibly for different reasons.

In Illinois, we face this kind of problem: We have first, a constitutional requirement that does not permit us to incur any indebtedness for operating expenses, so that the Governor cannot spend any more money than he has the revenue for. The State legislature, imposed against great resistance 2 years ago, for the first time in its history, an income tax on the people of the State of Illinois, an absolutely crucial and necessary measure. But welfare costs in Illinois has increased more than 285 percent since 1966 to an unprecedented $1.053 billion, which State officials anticipate spending for fiscal 1972.

What has caused such an increase in a State where there is not so much unemployment as in other States may be the fact that more people are aware of certain rights that they had before but never knew about. It may also be the fact that we do have, of course, more children and a certain amount of migration. Nevertheless, the pattern of the escalating costs has been going on for a number of years.

The tremendous increases in the State's welfare caseload—up 130 percent from 1966—has left Illinois with a $180 million welfare deficit. Governor Ogilvie decided immediately to put a freeze on all State hiring, on all budgets, and, finally, he decided that he would have to cut back on welfare to avoid across-the-board cutbacks in all the welfare programs that would, mainly, affect children, the aged, blind, and disabled—he decided to cut back on general assistance—a State program involving mainly single people and childless couples.

Cutbacks in the general assistance program mainly affected Cook County, therefore, the county decided to file suit against the State, challenging the Governor's authority to make cutbacks. The court decided in favor of the county, and enjoined the Governor from making any welfare cutbacks.

Many extremely harsh things were said about the necessity for the cutbacks. Many argued that Illinois could cut back, especially on road construction, and a lot of other things before cutting back on welfare. The fish and wildlife program was mentioned as an example. But the State's total fish and wildlife budget is $7.4 million, only 4.1 percent of the $180 million welfare deficit.

Governor Ogilvie, facing a court injunction against welfare cutbacks and a State constitution prohibiting deficits, has no recourse but to raise taxes. However, the thought of imposing more taxes just could not be justified in view of the fact that an income tax had been imposed only 2 years ago.

Moreover, I do not think the Governor could raise the taxes. Many Governors are faced with such situations. Where can they get the money from? From funds for mental institutions? From primary and secondary education funds? That is not the way to solve this problem.

We certainly would not want our Governors run out of their States on a rail or be tarred and feathered. Governor Ogilvie, in desperation, has turned to the Federal Government. He has said:

There is no other source for help. We have been promised welfare reform. We have been promised revenue sharing. We have been counting on those sources for new revenue.

Governor Ogilvie was the first Governor to support welfare reform, and he has supported it fully. He is also supporting revenue sharing. But nothing has come from these fiscal programs for 1972, and none is in sight for 1973.

Because this situation affects not only Illinois but many other States, the chairman of the Governors' Conference telegraphed all the Governors to support my amendment to provide emergency fiscal relief to the States.

The welfare problem is not an exclusively Illinois problem. It is a problem of all the States. The State allotment formula developed was the simplest and fairest we could possibly devise. And we added a ceiling to the hold-harmless provision to insure welfare cost control.

Mr. LONG. Mr. President, my reaction to the problem is that I would be willing, if we could agree on a formula, to vote for a measure that would provide fiscal relief to every State.

I do not agree with the formula that the Senator has. But the billion-dollar figure does not stop me. My thought was that if we could agree upon what we thought was an appropriate formula, I would be willing to vote to provide a billion dollars to the States of the Union and then let them spend it in the way in which they wanted to spend it.

Some States really should make some economies in their welfare program. For example, some States are now beginning to experiment on the idea of finding jobs for welfare recipients.

In some States there should be economies. For example, it has been reported to me that a random study in Cook County of their general public assistance program indicated that 33 percent of the 1,200 cases studied at random were ineligible for any type of welfare payment and that 15 percent were eligible for transfer over to the Federal category under which Illinois would then have Federal matching and, of course, save at least half of the cost of the welfare payment.

It is my understanding that it was in this general assistance program that the State cut back on its sharing in Cook County. Just the proper administration of the program would appear to offer a saving of 40 percent. The State ought to save that before we have to make it up for them.

In New York City, under their general assistance program, the State undertook to require that employable persons pick up their welfare checks at the State employment office, with the State employment office attempting to refer people to jobs or to get them to do some work for the welfare money they were drawing. The State found that 18 percent did not even show up to pick up their checks. Before New York comes to us and asks the Federal Government to pick up the tab for New York for their general assistance program, the least they can do is to take off the rolls the 18 percent that did not bother to pick up their checks.

It would appear that if the State of New York is not sufficiently anxious to get the money to the recipients in New York City, to mail the checks to them or deliver them to the homes, some of the recipients are not sufficiently interested to pick them up because somebody might ask them to do a lick of work. That is part of the problem, I guess.

The Governor of Maryland is looking into the welfare program in his State. And the last estimates I saw were to the effect that they will save $18 million if they take the cheaters off the welfare rolls. If I remember correctly, they found one person in Maryland who was getting $11,000 a year in welfare payments under various names.

In this sample of general assistance recipients in Chicago, one-third of the recipients were totally ineligible for welfare and 15 percent were eligible for transfer to the Federal category. Certainly the one-third who were ineligible ought to be taken off the relief rolls, and the 15 percent who are eligible for transfer over to the Federal categories where the Federal matching is 50 percent should be transferred so that the State can save that 50 percent.

Illinois and New York are not the only States with a problem of having ineligible

persons on welfare. We have had people in Louisiana who were drawing as many as five checks, the same person going down and qualifying for several checks.

Some of those things are things that the States ought to be doing to put their house in order before they ask the Federal Government to bail them out by paying for ineligible recipients with 100 percent Federal funds.

Goodness knows, I would like to see the Federal Government do some things to straighten out this welfare mess. For instance, the Department of HEW recently came through with regulations to the effect that even if a person on the rolls is totally ineligible, he cannot be taken off the rolls without a hearing. That seems fair enough, to give him a hearing first. But after the welfare agency holds the hearing, let us assume that he is found to be totally ineligible. Even though the welfare agency determines that he should come off the welfare rolls, the Department of HEW requires that they must keep him on those rolls if he wants to appeal the case. HEW originally even wanted to require that the agency supply a lawyer for the appeal, even though there is no mistake whatsoever in the finding that was made in the very beginning.

There is every incentive for a lawyer to draw the case out forever because the man is drawing welfare checks while the proceedings are going on. When the matter is finally decided 1 year later, and it is found that he was not entitled to one nickel, the welfare agency cannot get the money back. So here is a person who received payments for a year though he was not entitled to a nickel, and then we are forced to keep paying during the appeal when there was no basis at all for the appeal, and having done that, payments cannot be withheld until all appeals and all delays have been exhausted and every reason is given why the lawyer needs the delays and gets the delays. All this time the man is getting the check. Mr. President, all this happens under regulations of HEW.

By being required to put on the rolls all of these people who do not belong on the rolls and being required to keep them there, the State is having to cut back on what they pay deserving cases where the people should be getting the money.

In the State of Louisiana the crisis was caused when the court struck down the man-in-the-house rule. The court said that the State could not consider as available any income of a man who was there with a woman whose children look like him. The Senator is familiar with that issue, of course.

Mr. PERCY. I would like to finish my statement but first I will inject these remarks.

The first question raised by the chairman of the committee is whether the formula developed by this amendment is aimed just at the State of Illinois or whether it has universal application. I said I would not take the time of the Senate, for a matter concerning only the State of Illinois, important as that is. That is why we have now heard from 21 Governors.

The formula developed can be quickly computed from the HEW table which lists the actual amounts paid by the States in the fiscal year ended June 30, 1970.

For instance, in Louisiana the actual cost was $50,995,000. My amendment would provide to the State of Louisiana a maximum of $12,739,000. This, according to the formula in my amendment, is 25 percent more than fiscal year 1970 expenses.

For every State the formula applies in the same way. There is not a State in the Union which would not be eligible for some funds, but it is assumed the amount they are paid will have a reasonable relationship to welfare needs and problems in that State.

I admit that in a State such as the State of Washington events have occurred in the past year to increase employment and welfare costs very substantially. But I would hope that even the $25,534,000 provided by this amendment, while not adequate, would be of some assistance to the State of Washington.

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

Mr. PERCY. I yield for a question.

Mr. LONG. Yes, I wish to pose a question to the Senator. Would it not be more fair, if you are going to provide $1 billion to the States, to provide every State with $75 per recipient on their welfare rolls, say in June 1971, on an across-the-board basis? If that were done, instead of getting $13 million, Louisiana would get $28 million; Alabama, instead of $9 million would get $21 million. It would not be quite as advantageous for Illinois, but they would do well. Instead of getting $66 million they would get $52 million. If we are going to pay money to the States, that kind of formula would have more appeal to me. Frankly, it occurs to me that this is how it logically should be done, if it is to be done: to say to all the States, we will give you $75 per welfare recipient. In terms of dollars, this will do about the same thing nationally.

Some States have been progressively cutting back to meet their problems, as Louisiana has been forced to do, and other States find an immediate crash situation so they would receive more under the Senator's suggestion.

Mr. PERCY. Mr. President, in reply, I am not wedded to this particular formula at all. But I could not agree to any other formula until I have had sufficient time to study its impact and particularly its cost, because I started out with several premises. First, there must be some relationship between what has been paid in the past and what we would pay in the future. Second, there should be some relationship between the State effort and the Federal effort, so that the Federal Government is not assuming an obligation the States should have borne before, but did not.

Third, I provide a ceiling limit of about a billion dollars. I felt we could not ask the administration, in equity, to add to its budget more than a billion dollars, but that is about 10 percent of what would have been paid under revenue sharing and welfare reform in any one year anyway.

I tried to conscientiously get that billion dollars back by voting against amendments, even amendments such as the one my colleague from Illinois put forward, which was a modest increase in the personal exemption from $675 to $700. That proposal was defeated by just a few votes. I did not like to go against my colleague but I kept thinking of our poor Americans who have no income. What does it mean to a man to get another $25 exemption from Federal tax if he has never seen a form 1040? That is why I fought so vigorously against taking $350 million of alcohol tax receipts from the general revenue, and divesting them to the highway trust fund, away from what I considered to be social and other programs that people desperately need.

I have tried on the floor of the Senate to find a billion dollars and not just irresponsibly to say, "Let us add $1 billion. What is the difference? We will have a $34 billion Federal funds deficit, so why not make it $35 billion."

I think it is irresponsible to have a deficit of $34 billion, let alone $35 billion. But I cannot find Americans in more desperate need than those to be helped by this formula.

On the point of welfare "cheats" and the lack of followthrough by the States: If people are told they have to come to a Government office to pick up their welfare checks, a lot of people will not come and get their checks. I do not know whether those people at home are able bodied or not, or whether they just do not want to show that they are able bodied. I say let us crack down on that.

Many years ago my family was on welfare, and I remember our shame and mortification. I can recall how ashamed we would have been to have seen a welfare truck roll up to give us food. So we worked, and we worked. It is humiliating and it is degrading to have people on the backs of society who should be on their own feet. I do not want to help anybody who is able bodied and employable get on the welfare rolls. On the other hand, there was a time in my life when we needed help, and if we did not have it I do not know what we would have done. There are many myths about people on welfare. The Senator from Connecticut put in the RECORD studies, made by HEW at his request, which dispel many of those myths.

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

Mr. PERCY. I yield.

Mr. LONG. With reference to the illustration I gave of 18 percent in New York, that was 18 percent of general assistance welfare recipients not receiving Federally shared aid, but under the State program, where everyone of them was classified as capable of working. Eighteen percent of this group that was supposed to be available to work did not even show up to accept their check. I read an interview in which even the Governor of New York said that it would look to him as though 18 percent did not belong on the rolls. When these able-bodied people, presumably able to work, did not even show up to pick up their welfare check, one is led to believe that either they have

jobs or that they must not be persons who should legitimately be drawing welfare money.

Mr. PERCY. I am not in disagreement one bit with the premise that has been enunciated. I feel very strongly that States in the past have been lax in this matter, and the fact that they have been lax is evidenced by another insertion in the CONGRESSIONAL RECORD of October 20, 1971, by the Senator from Connecticut, which showed cutbacks that have been made by some 20 States. They found ways to reduce welfare costs by tightening up administration, changing some of the rules and regulations, getting rid of some abuses. I wish every State in the Union had done that. I favor all those measures, and favor them strongly, and there are many more things that can be done to make welfare delivery systems more effective, more efficient, and less costly.

May I point to the fact that I have gone from one end of my State to the other and I have tried, as the ranking Republican member of the Appropriations Subcommittee on the District of Columbia, to become familiar with problems both in Illinois and right here in Washington, D.C. I would take the distinguished Senator—and he himself could take me, because he knows the city well—and we could find some "deadbeats." But I am also sure that for every "deadbeat" we could find 19 others who fully needed and deserved their welfare payments.

Recently I went with Arthur Flemming to visit luncheon feeding programs for the elderly carried on in Washington. He is chairman of the White House Conference on the Aging, and a former Secretary of HEW. We have talked about the problem. We went at random, and talked with people at random as to why they were there and what they would be eating if they did not have that meal right there.

The answers left us absolutely convinced that, although we might find one or two who had come in to take that meal—and they have to pay 25 cents or contribute by working—most of them did not come in there because they had the money to go to restaurants and eat, but they came to that common eating place because they had no place else to go and that was probably the only hot meal they could have all day long. This is a situation we see almost everywhere in this country.

On pages 41224 and 41225 the distinguished Senator from Connecticut placed in the November 15, 1971, CONGRESSIONAL RECORD an exceptionally interesting study by the U.S. Department of Health, Education, and Welfare, which made a thorough analysis of welfare payments. They studied the facts and the myth.

It has been asserted that most of the people on welfare are lifetime recipients. The fact is that, on the average, the person on welfare across the country has been on welfare 23 months. That does not mean that there are no first, second, third, fourth, or fifth generation people on welfare. There are some, but in most cases they are for the most part on and off, as their circumstances permit.

I do not want to reiterate this material, because it is already in the RECORD, but I would like to review these various factors to point out that there is a great deal of truth in what has been said. The administration is not in favor of throwing any of this money down the rathole. The great majority of these people need help. I know the Senator from Louisiana, who is most compassionate about people's problems, knows we cannot do away with welfare without doing away with the moral commitment of the United States—qualities of mercy and compassion that we stand for as a nation.

Mr. LONG. May I say that the problem is not in the aged category or in the disabled category, to which the Senator makes reference. The States are handling those people very well. We have already passed a bill, and we will pass it again, which will provide additional money so disabled and elderly people can live better.

Our big problem, as the Senator knows, is in the aid to family with dependent children category. It is in that category that everyone agrees something ought to be done.

For example, little or nothing effectively is being done in most cases to make the fathers of those children contribute something to the support of their children. The welfare payment can amount to virtually a payment not to marry the mother. If the father marries the mother, then his income is legally available to the family and they lose their welfare benefits.

The President made reference to the fact that some husbands leave their families so the families can go on welfare. The answer to that ought to be not to put the family on welfare, but to pursue that fellow and make him support his family. We ought to have a Federal child-support law. The States have procedures, but they do not work efficiently when the father crosses State lines. That father should be made to contribute to the support of the family, and if he refuses to contribute to their support he should be put in jail. That is the way it was before we had any welfare program, and it has a salutory effect on paternal responsibility. In many instances today the father is living right there with the mother, but the father does not admit that those are his children and the mother does not say they are his children, because if they did that, they would not be drawing the welfare money.

Frankly, that is the kind of situation that caused Louisiana to say that if she was going to be made to put those types of people on welfare, it would break down our system. That was done, and it resulted in big cutbacks.

The Federal Government would do a better job for itself and others if it had a sensible program where welfare would be reduced if aided in seeking a contribution from the father, or provide more benefits where a mother was actually a widow, where the husband had died, or even where the husband had gone to a penitentiary and was not available for support, rather than have a situation where the father is right there but by virtue of the fact that they do not marry, she draws the full amount with no reduction just because they did not marry and the mother and the father did not admit the paternity of the child or the husband was not identified.

Those matters ought to be corrected in the old-fashioned way, by requiring a determination of who the father is and to pursue him if he leaves the State, and garnishee his check if need be.

Unfortunately, welfare has been permitted to become an excuse or substitute for the old-fashioned remedy, which was better—where the father was working, he ought to be made to support his children, whether he married the mother or not. I think the Senator will agree with that.

Mr. PERCY. I absolutely agree, and certainly, if Louisiana is pursuing this question vigorously and has any ideas that would be available to other States, I think the other Governors would be receptive to them.

Louisiana is spending $51 million despite these tactics that have been used, which are certainly justifiable. If a man fathers children, I think he has a great responsibility, and I think the law has a responsibility to pursue him and cause him to fulfill his financial and moral obligations, so that he, and he alone, bears the responsibility for his action, rather than the general public. To let him just walk away with no responsibility and with no attempt to pursue him, I think, is wrong.

The question gets down to "how do you find them?" How do you identify them? What is the cost to society of pursuing him, beyond a reasonable attempt?

But I do feel that the Senator has made a very good point. Time after time, the distinguished Senator from Connecticut has pointed to instances which definitely prove the present welfare system is not working and we have to reform it. We have to junk the whole system and start over, and the tremendous responsibility for that rests right on the shoulders of the Finance Committee, at this particular time.

Mr. RIBICOFF. Mr. President, will the Senator yield at that point?

Mr. PERCY. I am happy to yield for a question.

Mr. RIBICOFF. I think the statement the Senator has made is the reason, frankly, that I am against his proposal. His amendment is meaningful and his proposal is worthy, but the time has really come to reform the entire welfare system. The Senator's amendment will put off welfare reform by a stopgap measure, taking care of the problems of the States financially without taking care of the problems of the people at the same time.

What also bothers we about the Senator's proposal is that it merely takes care of the problems of the current fiscal year 1972. May I say to the Senator from Illinois that a proposal which I have submitted, which is controversial, will be in the Finance Committee for markup. I do not expect to have a majority of the Finance Committee with me. I do

expect to have a majority of the Senate with me. My feeling is that the Senator from Illinois will be with me when the time comes.

My proposal goes along with the plan of the Senator from Illinois, but it does not presently take care of the current year the way his proposal does. I assure the Senator from Illinois that I will amend my proposal to cover fiscal year 1972, to make sure that once the States' expenditures during 1972 exceed a given amount, the Federal Government will pick up the excess.

The reason I am so concerned about what the Senator is trying to do is that he is talking about only 1 year. My proposal, beginning July 1, 1972, takes the calendar year 1971 as a base and insures over a 5-year period that no State will pay more than 90 percent, 75 percent, 50 percent, 25 percent, and then zero percent of its calendar 1971 public assistance costs. By fiscal 1976, the States, the cities, and the counties will be completely out of the welfare business, and it will be federalized and nationalized.

I have felt for a long time that welfare is a national problem and the States should get out from under it. I am in agreement with what the Senator has proposed today but my concern is that at this time it will help torpedo real welfare reform. If it can be said that the States can come in and have fiscal relief year by year, there will be no impetus for welfare reform to work out many of the changes we need in the program, and to implement the President's family assistance program, with which I am in basic agreement.

Consequently, we have been most anxious, both the distinguished chairman and myself, even though we start from different ends of the spectrum, and even though the distinguished chairman does not approve of many of the welfare proposals of President Nixon, to proceed with welfare reform.

The majority leader met with the distinguished chairman of the Finance Committee and me concerning H.R. 1. It had been my original intention to put H.R. 1 on the tax bill that is now before us. I have watched the Senator's votes, and I do believe that the Senator agrees with the President that the bill now before us is important.

The agreement entered into between the majority leader, the chairman of the Finance Committee and myself was that, in order to move the President's tax program, we would oppose non-tax matters. Social security matters and welfare matters would all be brought up under H.R. 1.

The distinguished chairman of the Finance Committee promised the majority leader and the President of the United States that H.R. 1 would receive priority in the Finance Committee. Depending upon when we adjourn and when we resume in January, the chairman of the Finance Committee has promised that he will start and finish the hearings, which he estimates will take about 2 or 3 weeks. Then the Finance Committee will mark up H.R. 1. Immediately thereafter, the majority leader will give it the No. 1 priority on the Senate floor. Therefore, well before fiscal 1972 is over, the proposal of the Senator from Illinois will be before the Senate, and the State of Illinois will be in a position to receive the funds the Senator would like to have attached to this bill.

But the Senator from Illinois puts me in this embarrassing position, as well as the Senator from Louisiana: We have given our word to the administration, of whose party the distinguished Senator is a member, and the majorty leader that we would not go ahead now with either social security or welfare amendments. We agreed that we would fight for the President's basic tax measure, but that if other Senators succeeded in adding either social security or welfare amendments, then all bets were off. The Senator from Louisiana would then be free to offer many of the social security amendments which we all believe in, and I would be free to put in my welfare bill.

My welfare reform bill is 133 pages long. It is very controversial. There are many facets of the welfare bill that many Members of this body disagree with, and disagree with violently. It is so complex and so far-reaching that the Senate is entitled to thorough debate.

I would say, from my experience in the Finance Committee, that I have never known a chairman of that committee, including the distinguished present chairman, who has ever failed to move a bill to the floor just because he disagreed with the purport of the bill. That situation prevailed with the father of the distinguished present Senator from Virginia (Mr. BYRD). I remember that when he was chairman of the Finance Committee, there were many measures with which he disagreed. But he knew that he had the responsibility, as chairman, to move the bills to the floor, to give the Senate an opportunity to work its will.

The distinguished present chairman, the Senator from Louisiana, takes exactly the same position. What this means, if the Senator's amendment were adopted, is that I would then bring forth my entire welfare proposal. Then the distinguished Senator from Indiana (Mr. HARTKE) would bring up his 50 social security amendments. At that stage, we would not have a tax bill, we would not have a welfare bill, and we would not have a social security bill. We would be here Thanksgiving Day, Christmas Day, and New Year's day, and probably adjourn sine die on January 2 and resume on January 3. Consequently, the distinguished Senator from Illinois would not be accomplishing anything for his own State or for the other States so hard-pressed by rising welfare costs.

I assure the Senator from Illinois that his proposal is a good one. It will have my support in H.R. 1 in my amendments to H.R. 1. In addition to saving the States harmless for fiscal 1972, as the Senator desires to do—I commend him for this and I will support him on it in committee—my proposals will also take his State, my State, and the other States out of the welfare business by fiscal 1976. This is one of the greatest boons we can give to every State, county, and city in our Nation.

Mr. PERCY. Mr. President, I appreciate the exchange on this point and the clarification of the position of the distinguished Senator from Connecticut. As he knows, I originally wanted this amendment to be in H.R. 1. I would be the last one to want to slow down H.R. 1. But I began to get nervous about it. I began to feel that this might take a great deal longer, that January would somehow go into February and into March and into April.

It is very difficult to tell a person who has been evicted from his apartment, and it is very hard to tell a mother with children who has had her budget cut 60 percent: "You wait and tell those children to wait, because we are going someday to get around to finding a formula to help you out."

But the Senate has had no problem of taking care of other people in this bill. As I went through this bill, I began to see who was getting all the benefits. I have only been in the Senate for 5 years, and we have reduced taxes four times, while at the same time the States and communities—the mayors and the Governors—have had to increase their taxes and face sharp political reactions.

The reason why I finally decided that we simply had to try to amend this bill is that, first, I cannot in my own limited judgment, see fast enough action on a reform bill, whether it is the bill of the distinguished Senator from Connecticut or H.R. 1.

The Finance Committee has produced a remarkable bill to correct certain inequities and to aid certain groups, but there is nothing in this bill for the very poor.

You get tax relief from this bill if you have the money to buy a car. That must make the poor people of this country laugh, to know that we are going to stimulate the economy by building more automobiles and by giving an excise tax reduction for those people who have the money to buy new automobiles. They wait around now—it has been since August 15—and auto production has not gone up, and unemployment and new hikes are not increasing. Inventories have been reduced, but the reduction of the excise tax has not yet helped the 6 to 7 percent of the people in the Detroit region who are out of jobs. But this bill does not help the poor people who never dreamed of having enough money to buy a new or even a used car.

You get tax relief if you are an exporter, or a highway contractor, or if you are a corporation. If you earn enough money to pay taxes, you benefit from this bill, but you get nothing if you cannot earn an income, or if you do not file a return. I suppose the attitude of the bill, as someone has said, ought to be, "Let them eat ADR's."

As reported by the committee, the bill would put money in the pockets of people who are buying capital equipment, and I support that element. I hope it will stimulate the economy and make us more efficient. But that does not address the problems of those who need the help most.

If you own a livestock herd, you are helped by this bill. If you are a utility, you are helped by this bill. If you are a corporation with depreciable property, you are helped by this bill's accelerated

depreciation proposals. I support those provisions, because the United States has been grossly inequitable in its treatment of capital resources as against other industrialized countries. If you have children in a day care center and are a taxpayer, you are helped by this bill. And I support that. But it does not help people at the lowest end.

If you are buying a new truck, you are helped by this bill. If you are buying a new bus, you are helped by this bill. If you are buying farm equipment, you are helped by this bill. If you are buying a garbage truck, you are helped by this bill. But there is nothing in the bill for the very poor.

That is why I appreciated the immediate sympathetic response of the Senator from Connecticut, who realized that something must be done, and done as early as possible. But when I could get no agreement from either the administration, or powerful members of the Senate Finance Committee, or the committee itself that they would support this amendment as an amendment to H.R. 1, or as an amendment to the bill offered by the distinguished Senator from Connecticut, I was left with the only recourse of amending the bill that is immediately available.

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

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

Mr. BYRD of Virginia. Mr. President, I have prepared a table entitled "Deficits in Federal Funds and Interest on the National Debt, 1963–1972 Inclusive." I ask unanimous consent that the table be printed at this point in the RECORD.

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

DEFICITS IN FEDERAL FUNDS AND INTEREST ON THE NATIONAL DEBT, 1963–72 INCLUSIVE

[In billions of dollars]

	Receipts	Outlays	Deficit	Debt interest
1963	83.6	90.1	6.5	10.0
1964	87.2	95.8	8.6	10.7
1965	90.9	94.8	3.9	11.4
1966	101.4	106.5	5.1	12.1
1967	111.8	126.8	15.0	13.5
1968	114.7	143.1	28.4	14.6
1969	143.3	148.8	5.5	16.6
1970	143.2	156.3	13.1	19.3
1971	133.6	163.8	30.2	20.8
1972[1]	143.0	178.0	35.0	21.2
10-year total	1,152.7	1,304.0	151.3	150.2

[1] Estimated figures.

Source: Office of Management and Budget, except 1972 estimates.

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

The PRESIDING OFFICER. The clerk will call the roll.

The second 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, the Senator from Illinois has asked that we not act on his measure until he returns from the cloakroom. I have a statement on campaign financing that I should like to make, awaiting his return to the floor.

Mr. President, we will be debating today a proposal on campaign-financing reform offered by my distinguished colleague, the senior Senator from Rhode Island, and many others from this side of the aisle.

One of the outstanding features of their amendment is the $1 tax checkoff to help finance Presidential elections—an idea I fought for vigorously on this floor in 1966 and then unsuccessfully sought to retain during 5 weeks of sometimes heated debate in 1967.

I rise to reiterate my support for such a one-man, one-vote, one-dollar tax checkoff, which I believe takes a huge stride down the road toward good government.

While I feel constrained not to sponsor the amendment we will be debating today—for various reasons—I can support it if this one-man, one-vote, one-dollar feature of public financing for presidential campaigns is included. But, I must stress that I have little enthusiasm for another feature of this amendment: the $100 tax deductions and the $25 tax credits for contributors.

While many large campaign contributions are made in good faith, others are designed to promote special interests. In my opinion, this sometimes borders on corruption, one of the evils that can be eliminated from presidential elections if my proposal for a $1 tax credit for every American is adopted.

Mr. President, there has been discussion all year about reviving the campaign-financing feature I struggled for in 1966 and, again, in 1967—one man, one vote, one dollar.

My distinguished colleague from Rhode Island, Senator PASTORE, has been providing leadership in this area and his bill, which we passed last summer, had some financing features in it.

However, it was agreed that these provisions should be stricken from my colleague's bill because it was felt we were taking too big a bite at that time and that financing ought to be handled separately.

Mr. President, I have recognized fully since then that such financing features—including my proposal of one man, one vote, one dollar—might be offered on the tax bill we are now considering. If we are to have any kind of campaign financing reform in time for next year's presidential electon, this bill would be a proper vehicle because, otherwise, it would be too late for the 1972 campaign.

However, if I were to sponsor such a proposal as chairman of the Committee on Finance, I should have given earlier notice to my colleagues on the committee that I intended to do so.

To do otherwise might well have been deemed deceitful conduct for the chairman of the Committee on Finance, and the floor manager of the President's tax package.

I informed my counterpart on the committee and the majority leader that I would not introduce such an amendment.

Since that time there has been a big upsurge of sentiment for this proposal. My decision not to introduce the amendment certainly does not indicate any lack of enthusiasm for my one-man, one-vote, one-dollar tax checkoff. I shall vote for it, and support it in the debate.

It now appears, after 5 long years, that the time has come for my proposal for a one-man, one-vote, one-dollar tax checkoff to elevate the highest elective office in America above the demeaning, compromising hat-in-hand quest for private donations—if you can truly call them that.

The basic issue should rise above partisanship today on this floor. I can support it—if it includes my one-man, one-vote, one-dollar proposal for nonpartisan, public financing of presidential elections by all Amercan taxpayers.

Mr. President, I ask unanimous consent to have printed in the RECORD a forceful editorial which was published in the Washington Post this morning, entitled "Money and Politics: On With Reform"; as well as sundry other material which appeared in various publications analyzing the various procedures, debates, and positions taken by Senators on this and related issues through the years.

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

MONEY AND POLITICS: ON WITH REFORM

The Senate will get a chance this afternoon to finish its part of a job it began earlier this year—rationalizing and purifying the business of financing election campaigns. This will come when the Democratic leaders in that body try to add on to the tax reform bill provisions to make possible the public financing of presidential campaigns and to encourage individuals to contribute small sums to the candidates of their choice in other elections. It is an opportunity the Senate ought to seize. The time is ripe. The need is urgent to take this second step—the campaign spending bill which goes to the House floor today is the first—in breaking the link between the big money and big politics.

There will be, no doubt, partisan political overtones in any discussion of these proposals. That comes about because the Republicans are rolling in money these days and see no need for such changes while the Democrats are in a state of bankruptcy and are eagerly searching for any mechanism which will get them back on the road to fiscal stability. But the basic issue transcends partisan politics. Presidents ought not to have to spend their time participating in the kind of closed-circuit spectacular that Mr. Nixon was involved in last week in order to bankroll their parties. Other office-holders and would-be office holders ought not to have to beg for funds in order to conduct election campaigns. The proposals before the Senate provide a way out of that vicious circle in which big money—whether it comes from rich individuals, labor unions or other organizations—can buy a candidate's sympathetic ear and sometimes his votes once he is elected. It is worth remembering that although it is the Democrats who are poor today and the Republicans who are rich, it has not always been that way and there is no guarantee it will remain that way in the future.

The tax credit or deduction plan, which

would permit an individual to write off small political contributions, has been proposed and supported time and again by various Presidents and other public officials. We have backed it for almost 20 years and we still regard it as the simplest and least troublesome method by which parties can raise more funds and more individuals can be encouraged to participate financially in the political system. The public financing plan, while a good one in principle, is far more complicated. There are, for example, questions about how it would effect a third or fourth party candidate. Those, we trust, will be clarified by the debate in the Senate this afternoon so that it can send along to the House its second major contribution this year towards freeing politics from the corrupting influence of money.

VOTING ON CAMPAIGN FUND ISSUE

The Senate between 1966 and during 1967 changed its position several times during the course of six roll-call votes on the campaign fund issue. This was due entirely to vote switches by Democratic Senators in combination with absentees on one side or the other. Republicans in 1967, as on the original 1966 vote, almost solidly opposed the campaign financing law. The one GOP exception was Thruston B. Morton (Ky.), former Republican National Committee chairman, who voted both for and against retaining the law. In addition, Clifford P. Case (R. N.J.) announced in 1966 that he favored the Act (although he did not vote, but voted consistently against it in 1967.

A total of 15 Democratic and two Republican Senators changed their positions on one or more of the roll calls on the issue. Of these, eight were consistent in their changed views between 1966 and 1967. The following Senators switched from support of the Act in 1966 to consistent opposition in 1967: Democrats J. W. Fulbright (Ark.), Wayne Morse (Ore.), Joseph S. Clark (Pa.) and Harry F. Byrd Jr. (Va.) and Republican Case. The following Senators switched from opposition to the Act in 1966 to consistent support in 1967: Democrats E. L. Bartlett (Alaska), Birch Bayh (Ind.) and Fred R. Harris (Okla.).

The other nine Senators who switched on the issue in 1967 were: Democrats Lister Hill (Ala.), John J. Sparkman (Ala.), Edward M. Kennedy (Mass.), Stuart Symington (Mo.), B. Everett Jordan (N.C.), A. S. Mike Monroney (Okla.), Claiborne Pell (R.I.) and James O. Eastland (Miss.), and Republican Morton. In most cases, however, Senators switched on only one vote.

CAMPAIGN FUND ISSUE

Because the Constitution forbids the Senate from initiating legislation involving taxes, Senators must add riders to House-passed bills if they wish to authorize new programs related to the tax system. Thus the Senate in 1966 amended H.R. 13103, a House bill dealing with foreign investments in the United States, to contain the Presidential Election Campaign Fund Act, and in 1967 Senators sought to repeal that Act by adding such a rider to the Administration's investment tax credit bill.

The 1966 Presidential Election Campaign Fund Act was the most important legislation approved by Congress relating to campaign financing since the 1925 Corrupt Practices Act and 1940 Hatch Act. The 1966 Act permitted taxpayers to check a box on their tax forms if they wished to allot $1 of taxes to Presidential campaigns. The money from the resulting fund was to be divided evenly between the Democrats and Republicans by a formula determined from the number of votes cast in the preceding election. (Based on 1964 returns, each party would receive approximately $30 million.) If a minor party won more than 5 million votes—something no minor party had ever done—it would receive $1 for each vote over 5 million for the next election. The Act was the first plan for federal financing of U.S. election campaigns ever enacted.

In 1966, the Senate passed H.R. 13103, authorizing the fund, nine days before final adjournment. Before passing the bill, it approved the fund by a 33–39 rollcall vote. House conferees accepted the fund with an amendment raising from 1.5 to 5 million the minimum number of votes a minor party had to receive to qualify for funds under the Act. On the last day of the session Albert Gore (D. Tenn.) led an attack on the campaign fund and called for defeat of the entire bill, which contained numerous special interest riders. Gore's motion to kill the conference report was defeated by a 15–37 rollcall.

In 1967 Gore continued his fight, and on the opening day of Senate debate on the investment tax credit he offered, in conjunction with John J. Williams (R. Del.), a motion to repeal the fund. The move was sturdily opposed by the author of the 1966 Act, Senate Majority Whip Russell B. Long (D. La.). The Senate was unusually evenly divided on the issue and neither Gore nor Long was willing to accept defeat. The result was five weeks of repetitive and at times unusually vitriolic debate during which the Senate in effect voted three times to repeal the 1966 Act and three times to retain it in some form. Republicans were almost unanimous for repeal. The GOP traditionally had much larger available sources of private contributions than did the Democrats, and so many GOP Senators were not sympathetic to the concept of federal campaign financing. Most Senate Democrats fell into two categories—those who wanted to repeal the fund and write a new law, and those who wanted to keep the 1966 Act with amendments. The Administration was in the latter category and lobbied vigorously during the weeks of voting. Vice President Hubert H. Humphrey several times used his position as President of the Senate to aid Long.

The final compromise solution, suspending the tax check-off system until Congress adopted guidelines governing distribution of the money from the fund, was put forward by Senate Majority Leader Mike Mansfield (D Mont.). In the end, the chief actors disagreed on the effect of the provision. Williams claimed that it "got rid of the Act immediately" and Long predicted that the Act would be in operation by the 1968 elections. (Long's prediction was not fulfilled.)

ARGUMENTS FOR THE FUND

The chief argument for retention of the 1966 Act was that it would free Presidential candidates from the necessity of having to accept private contributions which might prejudice their decisions. Another argument, often stated by Long, was that existence of a large public campaign fund would put a poor man on an equal level with a rich man in a Presidential race.

Supporters of the Act also contended that, although candidates for other offices would not qualify for funds under the Act and third party Presidential candidates probably would not qualify, existence of the campaign fund would have the effect of making more private money available to them.

Long and the other Senators who spoke in favor of retention agreed that the 1966 Act had serious flaws, and Long made a number of tentative proposals for alterations. However, they argued that to repeal rather than amend the Act—the first campaign spending legislation since 1940—would end chances for any campaign spending reform.

ARGUMENTS AGAINST THE FUND

Those Members who spoke for repeal were agreed on the need for reform of the existing situation. However, they argued that the Long Act was so weak that it could make the existing situation worse. They also held that if reforms of campaign spending practices—such as reporting—were not tied to provisions for federal participation in campaign financing, reforms would never be made. Gore referred to that as the "carrot-and-the-stick approach." He said the 1966 Act "gave up the carrot without any reform at all. Without this carrot, reform will continue to elude us."

Among specific criticisms of the 1966 Act were the following: there were no safeguards against corrupt practices; there were no guidelines as to how the money should be spent; there was no limit on private contributions and these would be commingled with public money; the practical effect of the bill was to deny money to third parties; reform should include Congressional as well as Presidential campaigns; the Act was unclear as to who in a national party would receive and disburse money; the national parties would be made much freer from local controls, and would have great power to punish local candidates who strayed from the party line by setting up independent local organizations and by deciding how much money to spend in each state. In addition, Gore questioned the $1 tax checkoff system itself. He said it began an unwise new system of earmarking tax revenue which, in its logical extension, would see taxpayers deciding whether they wished to support the Vietnam war or the "war on poverty."

SENATE-HOUSE PROCEDURES

The performance of the Senate during April was an interesting illustration of the manner in which that chamber sometimes legislates. It also provided a striking contrast between the operations of the two houses of Congress—the House of Representatives with its usually tidy and efficient floor procedures and the Senate with its virtually unlimited debate, its boundless Senatorial courtesy, and its indulgence of Senators with favorite projects.

Majority Leader Mike Mansfield (D Mont.) said that "misunderstandings" produced the confusion and delays. There were other reasons, also. Delays were caused in part by the absence of Senators, who were out of town even though 1967 was not an election year. Undoubtedly most important, however, was the reluctance of Majority Whip Russell B. Long (D La.) to admit defeat on the principal issue at stake—repeal of the Presidential Election Campaign Fund Act—and the failure of Mansfield to even attempt to take control of the situation until after three weeks of confused voting.

In the House, by contrast, a bill is considered under tight restrictions which only rarely allow action to continue for more than two days and which prohibit any amendments not strictly germane to the legislation. Debate seldom is allowed for more than a few hours. Few roll-call votes occur because of the parliamentary procedures that are used.

The House procedures are even tighter for tax bills (including the one that tied up the Senate in April) and for Social Security tariff and similar legislation. These types of bills almost always are considered under closed rules which prohibit any amendments from the floor; all that is allowed is one motion to recommit the bill to committee, either with or without instrucion for changes. The purpose of this restriction, supporters say, is to prevent logrolling.

The Senate has no such qualms. Tax bills and other pieces of legislation sometimes are used as vehicles for a variety of related or unrelated amendments which a Senator considers important or useful and which, not infrequently, have not had a favorable reception in committee. In the case of tax legislation there is another reason that the Senate resorts to riders: the Constitution requires that revenue measures originate in the House, which means the Ways and Means Committee. The Senate Finance Committee

is restricted to amending House tax bills. The Senate does not often load a bill with unrelated amendments. But when it does the event can be spectacular. An example was the 1966 Foreign Investors Tax Act which became known as the Christmas Tree Bill because of the multitude of unrelated amendments that were added in committee and on the floor—among them, the amendment authorizing the Presidential Election Campaign Fund Act.

Senate riders sometimes are the result of logrolling, sometimes are accepted simply out of courtesy to the sponsoring Senator who has a strong interest in the proposal, and sometimes are approved simply because they are popular but with the knowledge that they will be quietly dropped in conference later.

CHRONOLOGY OF SENATE FLOOR ACTION

The Senate spent more than five weeks debating HR 6950 and the campaign fund issue. Following are the highlights of the action:

April 3—Senate begins debate. Albert Gore (D Tenn.) proposes an amendment to repeal the Presidential Election Campaign Fund Act of 1966. Debate on the issue continues until April 12.

April 12–13—Senate accepts various amendments to tighten operation of 1966 law.

April 13—Senate by 48–42 roll call accepts Gore-John J. Williams (R Del.) amendment to repeal the act July 1. Gore's April 3 amendment for immediate repeal, is withdrawn.

April 14–19—Senate votes on numerous unrelated amendments, including Social Security payments, education tax credits and excise taxes, accepting many of them.

April 20—Senate by 46–42 roll call accepts amendment by Russell B. Long (D La.), called the Honest Elections Act of 1967, which provided a Presidential election financing scheme similar to that under the 1966 Act.

April 25—Senate by 64–22 roll call adopts recommittal motion by Majority Leader Mike Mansfield (D Mont.) with instructions to drop all previously adopted floor amendments, to add wording repealing the 1966 Act on July 31, and to require the Finance Committee to report amendments to the 1966 law within six weeks. HR 6950 was immediately re-reported with the changes specified in the instructions.

April 25—Long offers amendment to delete July 31 repeal date added by Mansfield recommittal instructions. Senate rejects Williams motion to table Long amendment by 41–43 roll call.

May 2—Senate by 46–52 roll call rejects Long amendment to delete July 31 repeal date. Long continues fight.

May 9—Senate by 48–48 roll call rejects Gore-Williams amendment to make the Act inoperative after Sept. 15 unless Congress provides otherwise. Vice President Humphrey votes "nay" to break the tie although his vote was not necessary.

May 9—Senate by 93–4 roll call accepts Mansfield amendment to prohibit appropriations and disbursement of funds under the 1966 Act and to prohibit the $1 income tax checkoff system from going into operation until Congress adopted "guidelines" governing the distribution of funds.

May 9—Senate by 93–1 roll call passes HR 6950, as amended by Mansfield language (*above*), and sends it to conference with the House.

CAMPAIGN EXPENDITURES

As political campaigns increased in complexity and costliness, the almost endless variety of expenditures approached the point where they defied a complete categorization. Alexander Heard, in *The Costs of Democracy*,* published in 1960, noted just a few:

"Radio and television broadcasting eat up millions. Thousands go to pay for rent, electricity, telephone, telegraph, auto hire, airplanes, airplane tickets, registration drives, hillbilly bands, public relations counsel, the Social Security tax on payrolls. Money pays for writers and for printing what they write, for advertising in many blatant forms, and for the boodle in many subtle guises. All these expenditures are interlarded with outlays for the hire of donkeys and elephants, for comic books, poll taxes and sample ballots, for gifts to the United Negro College Fund and the Police Relief Association, for a $5.25 traffic ticket in Maryland and $66.30 worth of convention liquor in St. Louis. . . ."

Electronic campaigning—radio and television—came to occupy a greater and greater portion of campaign budgets. In 1956, total expenditures for political radio and TV broadcasting at all levels during the general elections was about $9.8 million. The figure was more than $14 million in 1960 and about $24.6 million in 1964. The three major television networks in 1968 reported political broadcasting charges of $8.9 million for the Presidential primary and general election campaigns that year. The amount was more than double of the 1964 total of $4.1 million. (For additional figures, see p. 118).

Other major expenditures during election campaigns included newspaper advertising, which for a moderate statewide campaign was likely to consume 10 to 15 percent of the total budget; public relations firms, which took 40 and 23 percent, respectively, of direct expenditures by the Democratic and Republican national committees in 1960; and public opinion polls. In addition, large sums were needed for campaign materials (buttons, bumper stickers, brochures, etc.); headquarters and staff, which were likely to take between 20 and 30 percent of most campaign budgets; billboards; and expenses of actually getting the voters to the polls on election day, which have been estimated to account for one-eighth of all campaign expenditures.

PROPOSED REFORMS

Congress in the postwar years considered a number of proposals aimed at tightening regulations over election spending and freeing candidates from over-dependence upon large contributors and special interest groups. Little actual action resulted. Following is a year-by-yar review of Congressional action.

1948—In its final report on a study of the 1948 Congressional elections, the House Campaign Expenditures Committee recommended a "substantial raise" in existing limits on campaign expenditures, pointing to the increased costs of goods and services, as well as the large population increase since passage of the Corrupt Practices Act of 1925.

1951—The House Special Committee to Investigate Campaign Expenditures, in a report on the 1950 House elections, Jan. 3 said it favored repeal of a number of provisions of the Federal Corrupt Practices Act of 1925 and the Hatch Act (1939). The Committee said it was "patently impossible for a candidate to conduct a Congressional or Senatorial campaign" within the existing limitations of expenditures, and that the "unrealistic" $3 million annual limitation on the national political committees was "an invitation to criminal violation." The Committee also recommended that primaries be included under political financing regulations, political committees be precluded from receiving and spending funds on behalf of a candidate without his written authorization and that the prohibition against participation in elections by federal employees be eliminated or liberalized.

1953—In a Jan. 24 report, the 82nd Congress Elections Subcommittee of the Senate Rules Committee proposed that the limit on spending for national political campaign committees be increased from $3 million to $10 million a year. The Subcommittee also recommended that the limit for spending by Senatorial candidates be increased from $25,000 to $50,000 or an absolute limit of $250,000, based upon a sliding scale of up to 10 cents for each vote cast in the last primary or general election for the office in the candidate's state. On June 1, Sens. Carl Hayden (D Ariz.), Thomas C. Hennings Jr. (D Mo.) and Robert C. Hendrickson (R N.J.) introduced a bill (S 2081) containing these provisions, plus a ceiling of $25,000 (instead of the existing $5,000) on spending by candidates for the House. No action was taken on the bill.

1955—The Senate Rules and Administration Committee June 22 reported a bill (S 636), which had been introduced by Hennings (D Mo.), to include campaign costs in primary elections under the federal regulation limiting expenditures; require all committees active in campaigns for federal office to file financial reports (instead of only those active in more than one state); and increase the spending limit for Senatorial candidates in both primary and general elections to $50,000 and for House candidates to $12,500. The bill also would have raised the existing $3 million limit on spending by national committees, according to a formula based on the number of votes in recent elections, to approximately $12 million. The bill received no floor action in the Senate.

1956—A Select Senate Committee, in an April 7 report, recommended that Congress re-evaluate the Federal Corrupt Practices Act. Specifically, the report suggested that Congress consider the advisability of amending the election laws to require that every candidate for federal office designate a fiscal agent officially authorized to solicit and accept campaign contributions and required to make this information a matter of public record. The Committee also recommended that every person, political committee organization making more than $5,000 in campaign contributions in any one year be required to file a detailed accounting with the Secretary of State of each state.

1957—A bill (S 2150) increasing the maximum spending limits for political campaigns was reported Aug. 2 by the Senate Rules and Administration Committee but received no further action. As reported, S 2150 would have increased the limit for national committees to a figure equal to 20 cents for each person who voted in the last Presidential election; for Senate and Representative-at-Large candidates to $50,000 or more, depending upon the number of voters in the preceding general election; and for other House candidates to $12,500 or more based on the number of voters.

1960—A bill (S 2436) increasing the limits on campaign spending but tightening provisions for disclosure was passed by the Senate but not acted on by the House. S. 2436 was reported July 23, 1959, by the Senate Rules and Administration Committee and passed Jan. 25, 1960, by a 59–22 (D 38–15; R 21–7) roll-call vote. As passed by the Senate, the bill increased the spending limit for Senate and Representative-at-Large candidates to $50,000 or a level established by the number of voters in the previous election; for other House candidates to $12,500, or a sliding maximum based upon the number of voters in the preceding election; and for nominees for President and Vice President at an amount equal to 20 cents times the number of votes cast in any of the three preceding elections, which would have set the ceiling at approximately $12 million and $6 million, respectively, in 1960. The House took no action.

1961—A truncated version of the "clean elections" bill passed by the Senate in 1960 was approved by the Senate Sept. 15, 1961, by voice vote but was not acted upon by the House. As passed, the bill (S 2426) raised the annual limit on campaign spending by

* Alexander Heard, The Costs of Democracy, University of North Carolina, 1960.

political committees to an estimated $14 million, under a sliding scale formula; increased the spending limits for Senate and Representative-at-Large candidates to $50,000, and for other House candidates to $12,500.

Also in 1961, Sen. Maurine B. Neuberger (D Ore.) and four co-sponsors introduced a bill (S 1555) to establish a federal election finance fund which would share up to half of a candidate's radio-television expenses. No action was taken on the measure.

1962—The President's Commission on Campaign Costs April 18 issued a report recommending a series of proposals to encourage greater citizen participation in financing Presidential campaigns. The Commission had been named Oct. 4, 1961, by President Kennedy. Chairman was Alexander Heard, dean of the University of North Carolina Graduate School. Among the Commission's recommendations were that:

Individuals be given a credit against their federal income tax of 50 percent of political contributions, up to a maximum of $10 per year or, as an alternative, a deduction from taxable income for contributions up to $1,000 a year.

The current $3 million annual limit on expenditures of interstate political committees and the $5,000 limit on contributions by individuals to those committees be repealed, leaving no limit.

All candidates for President and Vice President and committees spending at least $2,500 a year be required to report expenditures made in both primary and general election campaigns.

A Registry of Election Finance be established to help enforce political financing regulations.

The Government pay the "reasonable and necessary costs" of a President-elect's facilities and staff during the "transition" period between election and inauguration.

President Kennedy May 29 submitted five draft bills to Congress encompassing proposals identical or similar to those made by the Commission. The only bill reported (HR 12479) was one to finance transition costs. This bill was reported by the House Government Operations Committee Sept. 19, but the measure died when Rep. Gerald R. Ford (R Mich.) Oct. 1 objected to consideration of the measure under the Consent Calendar, stating that the $750,000 authorization figure for each fiscal year concerned was too high.

1963—President Kennedy April 30 sent to Congress two draft bills to stiffen reporting requirements for campaign finances and to give tax benefits to campaign contributors in order to encourage support of political candidates and committees. Both proposals had been recommended by the President's Commission on Campaign Costs in 1962, but neither was acted upon.

1964—A provision to allow taxpayers to claim a deduction for campaign contributions of up to $50 for individuals and $100 for married couples was added to the Administration's omnibus tax bill (HR 8363—PL 88-272) by the Senate Finance Committee but was dropped in the Senate-House conference.

1966—Reform of U.S. political campaign finances advanced on a number of fronts in 1966. For the first time in U.S. history, Congress approved a form of federal subsidy for the costs of Presidential campaigning. President Johnson sent Congress a comprehensive campaign finance reform law that covered all Presidential and Congressional campaigns, both in the primary and general election stage. Congress also clamped down on corporate tax deductions for advertisements in political journals.

Significant developments of 1966:

President Johnson, in his Jan. 12 State of the Union address, called for tax incentives to stimulate small contributions to political parties and "make it possible for those without personal wealth to enter public life without being obligated to a few large contributors." He also urged revision of "present unrealistic restrictions on (campaign) contributions—to prohibit endless proliferation of committees, bringing local and state committees under the Act—to attach strong teeth and severe penalties to the requirement for full disclosure of contributions."

President Johnson's draft of a campaign spending reform bill, forwarded to Congress May 26, envisaged sweeping reforms in the field. Not only were primary campaigns, both for President and for Congress, brought under the reporting requirements, but also a provision was added requiring all Members of Congress to report annually all gifts and income from personal services of more than $100 which they received from sources other than Government salary and securities income. Taxpayers were to be allowed to deduct from taxable income up to $100 for contributions to any candidate or political committee—local, state or federal—in each calendar year.

The Senate Rules and Administration Committee refused to hold hearings on the Presidential recommendations, reporting out instead a much weaker reform bill sponsored by Sen. Howard W. Cannon (D. Nev.). But in the House Administration Committee, several days of hearings were held and a subcommittee drafted a bill closing loopholes in the Presidential measure and strengthening it in several respects. No House action was taken.

At the urging of Senate Finance Committee Chairman Russell B. Long (D La.), the Senate added to the Foreign Investors Tax Act, and both houses of Congress approved, a measure establishing a Presidential Election Campaign Fund, to be financed by voluntary $1 tax form checkoffs by the country's taxpayers. The measure was expected to channel $30 million or more into the Presidential campaign chests of each major party in Presidential election years. Though the legislation was criticized on a number of counts, President Johnson signed it into law and it was expected to act as a catalyst for further Congressional action in financing federal campaigns.

In the wake of widespread adverse publicity about political journals published by the major political parties with tax-deductible corporate ads at rates of up to $15,000 a page, Sen. John J. Williams (R Del.) persuaded the Senate Finance Committee to attach an amendment to the Administration's excise tax bill totally prohibiting tax deductions for the cost of advertisements in political advertising journals. No move was made to strike the amendment as it went through the House and Senate, and it became law with the President's signature March 15. The amendment deprived national political committees of a growing source of indirect income and cut off a traditional source of funds for state and local political committees, thus adding to pressures for other laws to help the parties with their financing problems.

1967—Congress made inoperative Sen. Long's 1966 measure establishing a Presidential Election Campaign Fund, but the fight over the action (HR 6950) tied up the Senate for more than five weeks.

The Senate passed a bill (S. 1880) that extended the reporting requirements of the Corrupt Practices Act to spending in all primaries and conventions for President, Senator or Representative. The bill, the broadest campaign finance reform measure ever to clear a chamber of Congress, also required reports from intrastate political committees, which were exempted by existing law, and removed the existing ceilings on spending by political committees and Congressional candidates.

A subcommittee of the House Administration Committee reported an even more comprehensive bill (HR 11233), sponsored by Reps. Robert T. Ashmore (D S.C.) and Charles E. Goodell (R N.Y.), but the bill remained stalled in the full committee. A coalition of Northern Democrats, who feared restrictions on spending by organized labor, and of Southern Democrats, who opposed the bill's reporting requirements for primaries, blocked full committee approval.

Sen. Long's Finance Committee in November reported a bill (HR 4890) which embodied S 1880 plus a comprehensive plan for federal subsidies to Presidential and Senate campaigns. However, no further action was taken on the measure.

1968—Congress again failed to act on campaign financing and reporting reform. Congress, however, did pass a bill (HR 17325) to permit tax deductions for corporate advertising in Presidential nominating convention programs.

1969—Outgoing Attorney General Ramsey Clark Jan. 17 submited to Congress proposed legislation that required all committees spending $1,000 or more in support of a candidate for federal office to file reports whether they operated in more than one state or not; placed a $5,000 limitation gift by one individual to a candidate or committees supporting that candidate; repealed the $3-million limitation on spending by a political committee but required more complete reports; required financial reports from persons contributing more than $10 to support a candidate; required reports of committees or groups supporting a national convention campaign; and created a bipartisan commission, appointed by the President, to administer the law.

REPORTED NATIONAL-LEVEL POLITICAL SPENDING

Year, man elected	Expenditures	Percent	Total vote	Cost per vote[1] (cents)
1912—Wilson (D):				
Total	$2,876,816		15,034,000	19
Republican	1,076,548	37.4		
Democrat	1,134,848	39.4		
Progressive	665,420	23.1		
1916—Wilson (D):				
Total	4,726,155		18,528,000	26
Republican	2,441,565	51.7		
Democrat	2,284,590	48.3		
1920—Harding (R):				
Total	6,887,872		26,769,000	26
Republican	5,417,501	78.7		
Democrat	1,470,371	21.3		
1924—Coolidge (R):				
Total	$5,366,277		29,095,000	18
Republican	4,020,478	74.9		
Democrat	1,108,836	20.7		
Progressive	236,963	4.4		
1928—Hoover (R):				32
Total	11,598,461		36,806,000	
Republican	6,256,111	53.9		
Democrat	5,342,350	46.1		
1932—Roosevelt (D):				
Total	5,146,027		39,759,000	13
Republican	2,900,052	56.4		
Democrat	2,245,975	43.6		

Footnotes at end of table.

Year, man elected	Expenditures	Percent	Total vote	Cost per vote[1] (cents)
1936—Roosevelt (D):				
Total	$14,116,343		45,655,000	31
Republican	8,951,602	63.4		
Democrat	5,164,741	36.6		
1940—Roosevelt (D):				
Total	26,917,051		49,900,000	54
Republican	18,864,117	70.1		
Democrat	8,052,898	29.9		
1944—Roosevelt (D):				
Total	26,193,311		47,977,000	55
Republican	16,195,376	61.8		
Democrat	9,997,935	38.2		
1948—Truman (D):				
Total	8,771,819		48,794,000	18
Republican	3,686,775	42.0		
Democrat	2,266,231	25.8		
Labor	1,291,343	14.7		
Progressive	1,365,389	15.6		
States Rights Party	162,081	1.8		
1952—Eisenhower (R):				
Total	19,421,287		61,551,000	32
Republican	12,229,239	63.0		
Democrat	5,121,698	26.3		
Labor	2,070,350	10.7		
1956—Eisenhower (R):				
Total	$21,518,260		62,027,000	35
Republican	13,220,144	61.4		
Democrat	6,492,634	30.2		
Labor	1,805,482	8.4		
1960—Kennedy (D):				
Total	27,202,155		68,838,000	40
Republican	12,950,232	47.6		
Democrat	11,800,979	43.4		
Labor	2,450,944	9.0		
1964—Johnson (D):				
Total	38,079,829		70,645,000	54
Republican	19,314,796	50.7		
Democrat	14,948,791	39.3		
Labor	3,816,242	10.0		
1968—Nixon (R):				
Total	56,397,261		73,212,000	77
Republican	29,592,832	52.5		
Democrat	12,577,715	22.3		
Labor	7,241,259	12.8		
George C. Wallace's American Independent Party	6,985,455	12.4		

[1] Figures represent total spending divided by the number of votes cast. The actual cost-per-vote figures are higher since the spending figures are not complete.

Note: The above figures are the best available summaries of general election campaign spending reported by national-level committees of the Republican, Democratic and major third party groups since 1912, plus labor organization spending since 1948. It should be noted that the figures provide only the roughest guide of spending. Accounting methods of political committees have varied drastically over the years. In some cases, fund transfers from committee to committee have been counted; and in others, they have not. And some figures include totals of local political groups. In all cases, funds listed here represent only a fraction of total spending. For example, the figures do not include reports of all national-level committees, of congressional candidates or on primary and State level campaigns.

Source: Citizens' Research Foundation, Governmental Affairs Institute, the Two Party System in the U.S. by William Goodman.

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

The PRESIDING OFFICER (Mr. BUCKLEY). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. CURTIS. Mr. President, I rise in opposition to the amendment. As I understand the amendment, it would require the Federal Government to pay 100 percent of the increased costs of welfare over what was spent last year.

It is true that the proponents of the amendment have now reduced that to a 1-year proposal. Nevertheless, the original intention was to make it permanent law.

I am inclined to believe that, if we do it for 1 year, it will become permanent law. It carries a very bad principle. Whenever we have a situation where one unit of government provides the money and another unit does the administering, the taxpayers are denied the ordinary checks and balances and the safeguards that bring about the best possible administration.

If this amendment were to become law, it would mean that for this year, the State of Illinois, or the State of New York, or the State of California, or any other State in the Union, could not only expand its welfare rolls as to the number of people on welfare, but could also raise their payments and could do so without spending one dime, because this amendment guarantees to the States that whatever increase there is will be borne by the Federal Government.

Mr. President, the amendment would cost $1,088 million. It will be grossly unfair to a State such as I have the honor to represent in part, the State of Nebraska. It is not in keeping with sound principles of administration and, furthermore, it is not fair to the Federal taxpayers living in the various States. We already have a huge deficit. To take on this burden of another $1 billion is not fair to Federal taxpayers residing in Nebraska, in Illinois, New York, California, or elsewhere.

A vote for this amendment will be a vote for further Federal deficits with all the evils that it carries.

There are many other reasons why it should not be favorably considered at this time, including the fact that it will open up the door to all manner of welfare reform proposals, which means that the tax bill will not be enacted this year.

In closing, I invite attention to the fact that the greatest force for welfare and reform in America is a strong and vigorous economy. When the economy is strong, jobs are plentiful and individuals with a small amount of training who have been denied certain advantages can then get jobs.

Whenever the economy is on the decline, those people find it most difficult to get employment. The greatest welfare reform anyone can promote is to support those things which will give us a strong and vigorous economy, a growing and expanding economy, where jobs are plentiful.

That does not come about by increasing the Federal deficit. It will not come about by jeopardizing passage of the President's tax package.

QUORUM CALL

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. PERCY. Mr. President, I ask unanimous consent that exhibits showing and demonstrating to the Senate the actual need for the type of funds I provide for in this amendment and exhibits to support those conclusions be printed in the RECORD.

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

Tentative estimates of State allotments under emergency welfare relief amendment—Con.

[Amounts in thousands]

Alabama	$9,400
Alaska	1,059
Arizona	2,266
Arkansas	4,876
California	292,330
Colorado	10,191
Connecticut	21,833
Delaware	1,664
District of Columbia	6,991
Florida	10,378
Georgia	12,268
Hawaii	5,043
Idaho	1,816
Illinois	65,744
Indiana	8,598
Iowa	8,777
Kansas	6,036
Kentucky	9,392
Louisiana	12,739
Maine	3,185
Maryland	21.210
Massachusetts	69,532
Michigan	56,722
Minnesota	11,187
Mississippi	3,644
Missouri	18,695
Montana	1,194
Nebraska	3,680
Nevada	1,033
New Hampshire	1,310
New Jersey	36,514
New Mexico	3,096
New York	169,742
North Carolina	5,167
North Dakota	1,513
Ohio	31,855
Oklahoma	16,144
Oregon	9,032
Pennsylvania	77,732
Rhode Island	7,946
South Carolina	3,294
South Dakota	1,931
Tennessee	6,240

Tentative estimate of State allotments under emergency welfare relief amendment—Con.

Texas	$34,462
Utah	3,343
Vermont	2,533
Virginia	5,997
Washington	25,534
West Virginia	4,132
Wisconsin	13,334
Wyoming	390
U.S. total	1,088,117

EXPLANATION OF EMERGENCY WELFARE RELIEF AMENDMENT INTRODUCED BY SENATOR CHARLES H. PERCY TO H.R. 10947

General: The purpose of this amendment is to provide *limited fiscal relief* to States prior to the effective date of the State Savings provision (Section 503) of H.R. 1, and at the same time to protect welfare recipients from reductions in the support levels paid by States in the programs for the Aged, Blind, Disabled, and Families with Dependent Children. The amendment recognizes that the large increase in costs to States results from ever increasing caseloads, and protects States from a portion of the added cost.

Sub-section 1126(a) provides that there will be quarterly payments, *in addition* to the regular Federal matching sums provided for support payments in the Old Age, Blind, Disabled, and Family with Dependent Children aid programs. The payment will be equal to the increase in State expenditures above the average quarterly expenditures by that State in Fiscal Year 1971 but not to exceed 25 per cent of such average quarterly expenditures.

Sub-section 1126(b) defines the State expenditure levels. Such expenditures are limited to cash assistance payments for the Adult and Family welfare programs.

Subsection 1126(c) provides an additional limitation and a condition to the receipt of the *additional* payment. Clause (1) limits the increased costs to those expenditures resulting from payment levels in effect on June 30, 1971. Clause (2) conditions the additional payment provided by this amendment on maintenance of support payments at levels at least as high as those paid on June 30, 1971, except where the increase in quarterly cost is so great as to exceed 150 per cent of the average quarterly expenditure for Fiscal Year 1971. Where State cost increases are greater than 150 per cent of Fiscal Year 1971, a State may reduce payment levels so that costs do not exceed 150 per cent.

Failure of compliance does not affect the usual matching provision but *only* the additional payment established by this provision.

WELFARE CUTBACKS

Mr. RIBICOFF. Mr. President, today I am making public the results of a study prepared for me by the Department of Health, Education, and Welfare regarding the cutbacks being made all across the country in payments to recipients to aid to families with dependent children.

The study's data indicates that the time is long past due for welfare reform to be enacted. Such reform will enable the Nation to provide adequate benefits to alleviate human suffering and will relieve the intolerable fiscal burden on many of the States of the Nation—from Georgia to Wyoming, from Connecticut and New York to California.

From July 1970 to September 1971, 20 States from every region in the country have decreased some or all of their AFDC payments.

The study provides a State-by-State analysis of actions involving welfare payments.

Most of these States want to make a wholehearted effort to help the needy. But the prospects of fiscal ruination have forced them to make their already inadequate benefits even less adequate. The fiscal relief crisis is a crisis, then, not only for the States, but for each and every welfare recipient, 7½ million of whom are children.

In Connecticut, for example, benefit levels have been averaged out into a flat "equal monthly allowance" grant, resulting in benefit cutbacks for 30 percent of Connecticut's AFDC caseload, which amounted to 105,000 recipients—78,600 of whom were children—in May 1971, the latest month for which precise data is available.

The implementation of a flat "equal monthly allowance" grant would save the State of Connecticut more than $2 million a year, including administrative cost reductions of $150,000 per year.

But while the Connecticut reductions in income assistance, rental payments and medical aid to hold the line on welfare costs which have increased five times in the last decade in Connecticut, the costs in terms of human misery will inevitably increase.

No State should be faced with having to protect its fiscal integrity at the expense of its neediest citizens.

It is abundantly clear that the time for welfare reform is now. The alternative is continuing human misery and State bankruptcy.

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

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

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
Washington, D.C., October 13, 1971.

Hon. ABRAHAM RIBICOFF,
U.S. Senate,
Washington, D.C.

Attention: Jeff Peterson.

DEAR SENATOR RIBICOFF: As indicated in a call today to Mr. Peterson's secretary, we apologize for the delay in responding to your letter of September 15, concerning the trends in AFDC benefit levels. The attached information was provided to us by John L. Costa, Commissioner of the Assistance Payments Administration. It includes a summary of state actions regarding the AFDC benefits and the effect on a family of four with an assumed income as well as on a family of four with no other source of income.

The detailed tables were developed to further illustrate for you the effects of state agency charges on determining eligibility and the amount of the assistance payment. In some situations the change in policy did not decisively result in either an increase or decrease for all recipients.

In thirty-one states there was some change, either an increase or decrease in AFDC policy for determining need and the amount of the assistance payment since July 1970.

Sincerely,

[Mrs.] PATRICIA REILLY HITT,
Assistant Secretary for Community and Field Services.

A. GENERALIZED SUMMARY OF EFFECT OF STATE AGENCY CHANGES IN AFDC POLICY SINCE JULY 1970

States which have decreased some or all payments in AFDC:

1. Alabama, June 1971.
2. California, June 1971. (?)
3. Connecticut, September 1, 1971.
4. Delaware, June 1971.
5. District of Columbia, August 1970.
6. Georgia, June 1971.
7. Kansas, September 1, 1971.
8. Kentucky, September 1970.
9. Louisiana, January 1971.
10. Maine, July 1970.
11. Nebraska, September 1971.
12. New Jersey, July 1971.
13. New Mexico, April 1971.
14. New York, May 1971.
15. Nevada, July 1971.
16. South Dakota, April 1971.
17. Utah, October 1970.
18. Vermont, September 1971.
19. Washington, April 1971.
20. Wyoming, July 1970.

States which have increased payments for all AFDC recipients:

1. Arkansas, May 1971.
2. Colorado, July 1, 1970.
3. Hawaii, July 1971.
4. Illinois, July 1970.
5. Maryland, July 1971.
6. Wisconsin, March 1971.

B. DEFINITE EXPLANATION OF EFFECT OF CHANGES IN STATE POLICY IN NEED DETERMINATION IN AFDC SINCE JULY 1970

Summary tables—not mutually exclusive

I. States which have decreased payments for all AFDC recipients. Reduced number of persons eligible for a payment:

1. District of Columbia, August 1, 1970.
2. Kansas, September 1, 1971.
3. New Mexico, April 1971.
4. New York—The change in New York State actually resulted in increases for most AFDC recipients in all the counties excepting New York City and the seven surrounding metropolitan counties. Most AFDC payments for families in New York City and the surrounding counties were decreased. (Mostly New York City and 7 metropolitan counties), May 1971.
5. Utah, October 1970.
6. Washington, April 1971.

II. States which have decreased payments only for AFDC recipients with income and reduced number of persons with income eligible for AFDC.

1. Alabama, June 1971.
2. California (If New Welfare Reform Act of August 13, 1971 is implemented).
3. Delaware, June 1971.
4. Georgia, June 1971.
5. Kentucky, September 1970.
6. Louisiana, January 1971.
7. Nebraska, September 1971.
8. Nevada, July 1971.
9. Wyoming, July 1970.

III. States which have consolidated payments into a partial or total "flat" grant. May have increased or decreased payments:

1. Connecticut, September 16, 1971 (Not fully analyzed).
2. Massachusetts, August 1970 (Probably more increased).
3. New Jersey, July 1971 (Probably more decreased).
4. North Dakota, July 1971 (Probably more increased).
5. South Dakota, July 1970 (Probably more increased).
6. Vermont, September 1, 1971 (Probably more increased).

IV. States which have reduced other aspects of AFDC program:

1. New Jersey—Dropped AFDC–UF July 1971.
2. Maine—Dropped AFDC–UF, July 1971.

V. States which have increased payments primarily for families without income and decreased payments for families with income:

1. California (If Welfare Reform Act of August 1971 is implemented).
2. Nevada, July 1971.
3. Delaware, June 1971.
4. Georgia, June 1971.
5. Kentucky, September 1970.
6. Wyoming, September 1970.

VI. States which have increased payments to families with income. Families without income, no change.

1. Mississippi, June 1971.
2. Missouri, December 1970.

C. MOST RECENT CHANGES IN AFDC STANDARDS AND PAYMENTS METHODS FROM[1] JULY 1970 THROUGH SEPTEMBER 1971

1. *Alabama*—As of June 1971, Alabama

[1] All calculations based on AFDC Family of Four (1 Adult + 3 Children).

changed method for determining the amount of the assistance payment.

Prior to June 1971 and After June 1971

State Standard, $230—No Change.

Maximum=$50 1st eligible child; $30 each additional eligible child to a maximum of $170; $110 maximum for a family of four—No Change.

Agency payment was 35% of the budget Agency applied 35% reduction to the deficit [2] standard.

Example:

(a) Assume no income:

Standard	$230
Countable income	0
Budget deficit	230
35%	81
Payment	81

(b) Assume $100 countable income:

Standard	230
Countable income	100
Budget deficit	130
35%	46
Payment	46

Example:

(a) Assume no income:

Standard	230
Reduced standard	81
Countable income	0
Budget deficit	81
Payment	81

(b) Assume $100 countable income:

Standard	230
Reduced standard	81
Countable income	100
Budget deficit	0
Payment	0

Result: Most families with income either received decreases in payments or were ineligible. Families without income were unaffected. Reduced the number of families eligible for AFDC.

2. *Alaska*—Effective September 1, 1970, agency revised and increased maximums on payments. Most families probably received increases in payments.

3. *Arkansas*—As of May 5, 1971, State agency increased standard of need and State agency maximums on requirements.

Result: All families (with or without income) received increases of about $2 per person.

4. *California*—As of June 1971, in accordance with Section 402(a)(23) of the Social Security Act, California increased maximums on payments. For a family of four the maximum payment increased from $221 to $261, California Welfare Reform Act of 1971, Chapter 567 of Senate Bill 796, approved by the Governor August 13, 1971, includes new maximums and revised Statewide standards of assistance. Revised standard for a family of four is $314; the revised maximum is $280. The Act provides for income to be applied to the maximum.

Prior to 1971 Act

(a) Assume no income:

Standard for LA	$328
Income	0
Deficit	328
Maximum Payment	261

(b) Assume $100 countable income:

Standard for LA	$328
Countable income	100
Deficit	228
Payment	228

[2] Budget deficit refers to the difference between income and full standard or income and maximum or reduced standard as identified.

If Reform Act of 1971 is implemented

(a) Assume no income:

State-wide maximum	$280
Income	0
Deficit	280
Maximum payment	280

(b) Assume $100 countable income:

State-wide maximum	$280
Countable income	100
Deficit	180
Payment	180

Result: If California Welfare Act is implemented: Most families with income will receive decreased payments. All families without income will receive increases in payments. The number of families eligible for AFDC will be reduced.

5. *Colorado*—Effective 7/1/70, agency increased payments to 100% of standard; removing a 75.52% reduction.

Prior to July 1, 1970

(a) Assume no income:

State standard	$235
Reduced to	198
Income	0
Deficit	198
Payment	198

(b) Assume $100 countable income:

State standard	$235
Reduced to	198
Income	100
Deficit	98
Payment	98

After July 1, 1970

(a) Assume no income:

State standard	$235
Income	0
Deficit	235
Payment	235

(b) Assume $100 countable income:

State standard	$235
Income	100
Deficit	125
Payment	135

Result: All families received an increased payment. More families eligible for AFDC.

6. *Connecticut*—Effective 9/2/71, implemented partial flat grant, averaging some special needs into the basic standard.

7. *Delaware*—Effective June 1971, agency removed maximums on payments and ratable to standard, and implemented a 60% ratable to the budget deficit.

Prior to June 1971

(a) Assume no income:

State standard	$287
Reduced standard	237
Income	0
Deficit	237
Maximum	149

(b) Assume $100 countable income:

State standard	$287
Reduced standard	237
Income	100
Deficit	137
Payment	137

After June 1971

(a) Assume no income:

State standard	$287
Income	0
Deficit	287
60%	172
Payment	172

(b) Assume $100 countable income:

State standard	$287
Income	100
Deficit	187
60%	112
Payment	112

Result: Families without income received increased payments. Families with income could receive decreases in payments. Probably increased number of persons eligible for AFDC.

8. *District of Columbia*—Effective August 1, 1970, agency changed percentage reduction from 85% to 75%. Most families received decreases. Probably decreased eligibility.

9. *Georgia*—Effective June 1, 1971, agency changed payment method. Increased standards and maximums and applied a percentage reduction to the standard.

Prior to June 1, 1971

(a) Assume no income:

State standard	$208
Income	0
Deficit	208
Maximum	133
Payment	133

(b) Assume $100 countable income:

State standard	$208
Income	100
Deficit	108
Payment	108

After June 1, 1197

(a) Assume no income:

State standard	$226
Reduced standard	164
Income	0
Deficit	164
Maximum	149
Payment	149

(b) Assume $100 countable income:

State standard	$226
Reduced standard	164
Income	100
Deficit	64
Payment	64

Result: Families without income received increased payments; families with income received a decreased payment. Increased eligibility for families without income; decreased eligibility for families with income.

10. *Hawaii*—Effective July 1971, agency increased standards. Families with and without income received increased payments; probably increased number of persons eligible for AFDC.

11. *Indiana*—Effective April 1971, agency imposed maximums were increased.

Prior to April 1, 1971

(a) Assume no income:

Standard	$355
Income	0
Deficit	355
Payment (maximum)	150

(b) Assume $100 countable income:

Standard	$355
Income	100
Deficit	255
Payment (maximum)	150

After April 1, 1971

(a) Assume no income:

Standard	$355
Income	0
Deficit	355
Payment (maximum)	175

(b) Assume $100 countable income:

Standard	$355
Income	100
Deficit	255
Payment (maximum)	175

Result: All families without income and some families with income received increased payments: probably increased number of persons eligible for AFDC.

12. *Illinois*—Effective August 1970, agency increased standards and maximum for shelter. Most families received some increase in payments. Probably increased number of persons eligible for AFDC.

13. *Kansas*—Effective September 1, 1971, the State agency applied a further reduction to the standard, from 94% to 70%.

Prior to Sept. 1, 1971

(a) Assume no income:	
Standard	$282
Reduced standard	268
Income	0
Deficit	268
Payment	268
(b) Assume $100 countable income:	
Standard	$282
Reduced standard	268
Income	100
Deficit	168
Payment	168

As of Sept. 1, 1971

(a) Assume no income:	
Standard	$290
Reduced standard	216
Income	0
Deficit	216
Payment	216
(b) Assume $100 countable income:	
Standard	$290
Reduced standard	216
Income	100
Deficit	116
Payment	116

Result: All families, with and without income, received decreased payments. Reduced the number of families eligible for assistance.

14. *Kentucky*—Effective September 1970, the State agency revised method for determining need. Instead of applying two ratables, one to the standard and one to the deficit, agency applied one ratable of 73.1% to the standard. Urban and rural maximums removed in effect.

Prior to September 1970

(a) Assume no income:	
Full standard	$264
Reduced standard	216
Income	0
Deficit	216
86.5%	187
Payment	187
(b) Assume $100 countable income:	
Full standard	$264
Reduced standard	216
Income	100
Deficit	116
86.5%	100
Payment	100

After September 1970

(a) Assume no income:	
Full standard	$264
Reduced standard	193
Income	0
Deficit	193
Payment	193
(b) Assume $100 countable income:	
Full standard	$264
Reduced standard	193
Income	100
Deficit	93
Payment	93

Result: Families without income received increased payments. Families with income received decreased payments. Probably little effect on eligibility for AFDC.

15. *Louisiana*—Effective January 1, 1971, agency changed budgeting methods; agency applied a 51% ratable reduction to the standard instead of a 51% ratable to the budget deficit.

Prior to Jan. 1, 1971

(a) Assume no income:	
State standard	$204
Income	0
Deficit	204
Fifty-one percent	104
Payment	104
(b) Assume $100 countable income:	
State standard	$204
Income	100
Deficit	104
Fifty-one percent	53
Payment	53

After Jan. 1, 1971

(a) Assume no income:	
State standard	$204
Reduced standard	104
Income	0
Deficit	104
Payment	104
(b) Assume $100 countable income:	
State standard	$204
Reduced standard	104
Income	100
Deficit	4
Payment	4

Result: There was no change in payments for families without income; families with income received decreases in payments; reduced number of families eligible for AFDC.

16. *Maine*—Dropped AFDC UF as of July 1, 1970.

17. *Maryland*—Effective July 1971, agency changed ratable from 59.5% to 60%. All families received an increase of $1 per person.

18. *Mississippi*

Effective June 1971, agency increased percent of deficit met from 30% to 40%. Maximums not changed.

Prior to June 1971

(a) Assume no income:	
Standard	$232
Income	0
Deficit	232
30%	70
Maximum	60
Payment	60
(b) Assume $100 countable income:	
Standard	$232
Income	100
Deficit	132
30%	40
Payment	40

After June 1971

(a) Assume no income:	
Standard	$232
Income	0
Deficit	232
40%	92
Maximum	60
Payment	60
(b) Assume $100 countable income:	
Standard	$232
Income	100
Deficit	132
40%	53
Payment	53

Result: Families with income received increases in payments. There was no change in payments for families without income. May have increased eligibility for some families with income.

19. *Missouri*

Effective December 1970, agency increased standard.

Prior to December 1970

(a) Assume no income:	
Standard	$325
Income	0
Deficit	325
Maximum	130
Payment	130
(b) Assume $100 countable income:	
Standard	$325
Income	100
Deficit	225
Maximum	130
Payment	130

After December 1970

(a) Assume no income:	
Standard	$338
Income	0
Deficit	338
Maximum	130
Payment	130
(b) Assume $100 countable income:	
Standard	$388
Income	100
Deficit	238
Maximum	130
Payment	130

Result: Some families with income received increases in payment. There was no change in payments for families without income. May have increased eligibility for some families with income.

20. *Nebraska*—Effective April 1971, in accordance with Section 402(a)(23) of the Act, maximum increased by $26. Effective September 1971, agency applied a 94% ratable to the standard.

Prior to September 1971

(a) Assume no income:	
Standard	$347
Income	0
Deficit	347
Maximum	226
Prior to April 1971	200
Payment	226
(b) Assume $100 countable income:	
Standard	$347
Income	100
Deficit	247
Maximum	226
Prior to April 1971	200
Payment	226

After September 1971

(a) Assume no income:	
Standard	$347
Reduced standard	326
Income	0
Deficit	326
Maximum	226
Payment	226
(b) Assume $100 countable income:	
Standard	$347
Reduced standard	326
Income	100
Deficit	226
Maximum	226
Payment	226

Result: As of April 1971, all families without income received increased payments and some families with income received increased payments. As of September 1971, some families with income received decreases in payment. There was no change in payments for families without income. Probably reduced the number of families eligible for AFDC.

21. *Nevada*—Effective July 1971, State agency increased standard and changed method for determining need.

Prior to July 1971

(a) Assume no income—detail of method not elaborated because of its complexity:	
State standard	$317
Income	0
Payment	143
(b) Assume $100 countable income:	
Payment	$128

After July 1971

(a) Assume no income:	
State standard	$320
55% Reduced standard	176
Income	0
Deficit	176
Payment	176
(b) Assume $100 countable income:	
State standard	$320
Reduced standard	176
Income	100
Deficit	76
Payment	76

Result: Families without income received increased payments. Families with income received decreased payments. Probably increased eligibility for families without income.

22. *New Jersey*—Effective July 1971, agency consolidated standard into flat grant. "Averaged" flat grant could either mean a decrease in payment for some families or an increase in payment for some families. Probably reduced number of families eligible for AFDC. Agency dropped AFDC UF program as of July 1971.

For State AFWP program, agency eliminated the disregard of earned income of the

first $30 and ⅓ of the remainder and applied a lower standard than is used in the AFDC program. Prior to this change, the disregard of $30 and ⅓ was applied in the State provided assistance program for all underemployed and unemployed families with children.

23. *New Mexico*—Effective April 1971, agency reduced percentage on budget deficit from 90% to 88%.

Prior to April 1971

(a) Assume no income:	
Standard	$203
Income	0
Deficit	203
90 percent	183
Payment	183
(b) Assume $100 countable income:	
Standard	$203
Income	100
Deficit	103
90 percent	93
Payment	93

After April 1971

(a) Assume no income:	
Standard	$203
Income	0
Deficit	203
88 percent	179
Payment	179
(b) Assume $100 countable income:	
Standard	$203
Income	100
Deficit	103
88 percent	91
Payment	91

Result: All families with and without income (excepting those who were receiving the maximum) received decreased payments. Probably reduced the number of persons eligible for AFDC.

24. *New York*—Effective May 15, 1971, agency applied a 10% ratable to the basic standard excluding shelter and fuel for heating.

Prior to May 15, 1971

(a) Assume no income:	
Full standard	$336
Income	0
Deficit	336
Payment	336
(b) Assume $100 countable income:	
Full standard	$336
Income	100
Deficit	236
Payment	236

After May 15, 1971

(a) Assume no income:	
Full standard	$336
Reduced standard	313
Income	0
Deficit	313
Payment	313
(b) Assume $100 countable income:	
Full standard	$336
Reduced standard	313
Income	100
Deficit	213
Payment	213

Result: All AFDC recipients in New York City and metropolitan counties received decreased payments. AFDC recipients in upstate counties may have had an increase. May have reduced the number of families eligible for AFDC.

25. *North Dakota*—Effective August 1970, agency removed an 11% ratable reduction to the standard. Effective July 1971, agency implemented a "flat grant."

Prior to August 1970

(a) Assume no income	
Full standard	$282
Reduced standard	261
Income	0
Deficit	261
Payment	261
(b) Assume $100 countable income:	
Full standard	$282
Reduced standard	261
Income	100
Deficit	161
Payment	161

After July 1971

(a) Assume no income:	
Standard	$300
Income	0
Deficit	300
Payment	300
(b) Assume $100 countable income:	
Standard	$300
Income	100
Deficit	200
Payment	200

Result: All families received increased payments. Eligibility for AFDC probably increased.

26. *South Dakota*—Effective July 1970, agency removed ratable reduction to standard and implemented flat grant. As of April 1971, agency applied an additional 10% reduction.

Prior to July 1970

(a) Assume no income:	
Standard	$310
Reduced standard	276
Income	0
Deficit	276
Payments	276
(b) Assume $100 countable income:	
Standard	$310
Reduced standard	276
Income	100
Deficit	176
Payment	176

As of July 1970

(a) Assume no income:	
Standard	$300
Income	0
Deficit	300
Payment	300
(b) Assume $100 countable income:	
Standard	$300
Income	100
Deficit	200
Payment	200

April 1971

(a) Assume no income:	
Full standard	$300
Reduced standard	270
Income	0
Deficit	270
Payment	270
(b) Assume $100 countable income:	
Full standard	$300
Reduced standard	270
Income	100
Deficit	270
Payment	170

Result: Most families, with or without income, received decreased payments. Number of persons eligible for AFDC probably reduced.

27. *Utah*—Effective October 1970, agency removed maximum and implemented a ratable reduction to the standard.

Prior to October 1970

(a) Assume no income:	
Standard	$239
Maximum	212
Income	0
Deficit	212
Payment	212
(b) Assume $100 countable income:	
Standard	$239
Maximum	212
Countable income	100
Deficit	112
Payment	112

After October 1970

(a) Assume no income:	
Standard	$271
Reduced standard	189
Income	0
Deficit	189
Payment	189
(b) Assume $100 countable income:	
Standard	271
Reduced standard	189
Countable income	100
Deficit	89
Payment	89

Effect: Decrease in payments to all families. Probably reduced eligibility for AFDC.

28. *Vermont*—Effective September 1, 1971, agency implimented flat grant, adding $2 per person to the State standard.

Result: Increased payments to most families. Effect on eligibility unknown.

29. *Washington*—Effective April 1971, agency redefined standard of need and implemented per person reductions varying by family size.

Prior to Apr. 1, 1971

(a) Assume no income:	
State standard	$321
Income	0
Deficit	321
Payment	321
(b) Assume $100 countable income:	
State standard	321
Income	100
Deficit	221
Payment	221

After Apr. 1, 1971

(a) Assume no income:	
State standard	$282
Income	0
State standard	282
Reduced payment	270
(b) Assume $100 countable income:	
State standard	282
Income	100
Deficit	182
Payment	182

Result: Decrease in payments for all families. Reduced eligibility for AFDC.

30. *Wisconsin*—Effective March 1, 1971, agency adjusted standard and changed ratables.

Prior to Mar. 1, 1971

(a) Assume no income:	
Standard	$248
Reduced standard	198
Income	0
Deficit	198
Payment	198
(b) Assume $100 countable income:	
Standard	248
Reduced standard	198
Income	100
Deficit	98
Payment	98

After Mar. 1, 1971

(a) Assume no income:	
Standard	255
Reduced standard	217
Income	0
Deficit	217
Payment	217
(b) Assume $100 countable income:	
Standard	255
Reduced standard	217
Income	100
Deficit	117
Payment	117

Result: Most families received an increase in payments. More families probably eligible for AFDC.

31. *Wyoming.*—Effective July 1970, agency adjusted standards, changed ratables and increased maxim

Prior to July 1970

(a) Assume no income:	
Standard	$312
Reduced standard	268
Income	0
Deficit	268
Maximum	200
Payment	200
(b) Assume $100 countable income:	
Standard	312
Reduced standard	268
Income	100
Deficit	168
Maximum	200
Payment	168

After July 1970

(a) Assume no income:	
Standard	283
Reduced standard	260
Income	0
Deficit	260
Maximum	227
Payment	227
(b) Assume $100 countable income:	
Standard	283
Reduced standard	260
Income	100
Deficit	160
Maximum	227
Payment	160

Result: There was an increase in payments for families without income. Some families with income will have received decreases in payments. Effect on number of families eligible for AFDC probably neglible.

Mr. PERCY. Mr. President, in talking about the concern that I had with H.R. 1, the major question that I had with H.R. 1, the major question that comes up in the minds of the Governors and all other people dealing with the critical financial situation of our States concerns how fast the Senate can really act. The House of Representatives has responded in magnificent fashion to a very complex fashion. And under the leadership of Representative MILLS and the able support he has received from his committee, each member of which recognized the urgency behind the House acting very promptly on the bill and sending it to us, they sent us the bill promptly.

We have heard, and I have heard, of the scheduling that has been done on the Senate side. I am fully cognizant of the very urgent matters that must be considered because of other crisis that are ahead of us such as the revenue bill itself and such as phase I, phase II, and perhaps phase III legislation which will be required at some time or other to vitalize the American economy. Certainly we have urgent need for time in which to pass the appropriation bills, foreign aid authorization and others. So that we have now a schedule for H.R. 1 to be considered by the Finance Committee early next year.

I am not exactly clear in my own mind how expeditiously the committee can handle this and when we can expect to have it on the floor and when possibly we could have it up for passage by the Senate.

The reason I offered the amendment to the pending bill was my concern for the fact that months would pass and that thereby there would be no relief and no explanation which could be given to the impoverished people who are now adversely affected in the various States across the country.

Mr. President, I ask unanimous consent that all the telegrams I have received from the Governors of 20 States and other concerned citizens, indicating the plight faced in their States from East to West and North to South, be printed at this point in the RECORD.

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

HELENA, MONT.

Hon. CHARLES PERCY,
U.S. Senate,
Washington, D.C:

I am in strong support and agreement with your efforts to sponsor an emergency welfare relief amendment providing a hold harmless freeze on State welfare costs for fiscal year 1971 levels. This will meet a current need in Montana. I sincerely hope your efforts will succeed. Copy of above wire sent Senator Mansfield, Senator Metcalf, Representative Melcher, and Hon. Charles Percey.

Sincerely,

FORREST H. ANDERSON,
Governor of Montana.

BATON ROUGE, LA.
November 15, 1971.

Hon. CHARLES PERCY,
U.S. Senator, Senate Office Building, Washington, D.C.:

I strongly support immediate emergency legislation to provide fiscal relief from rising welfare costs. Your proposal for an emergency welfare relief amendment providing a hold harmless freeze on State welfare costs at fiscal 1971 levels is highly desirable but Congress must go beyond hold harmless in order that we may continue meeting our welfare obligations to the needy of this State. My previously expressed position urged as a temporary relief an increase by twenty percent in the Federal formula for matching state funds in the assistance programs. This was considered a stop gap measure for immediate relief to the States pending final enactment of welfare reforms embodied in H.R. 1 which I urge your continued vigorous support.

JOHN J. McKEITHEN,
Governor of Louisiana.

CHICAGO, ILL.

SENATOR CHARLES H. PERCY,
Washington, D.C.:

The Welfare Council of metropolitan Chicago supports your amendment to the tax reform bill providing for a 1.1 billion emergency appropriation for welfare assistance to the States. The ultimate solution to the problem of financing public assistance rests with the Federal Government in such an emergency measure in light of the absence of action on H.R. 1 and revenue sharing is essential to prevent needless human suffering and further deterioration in an already chaotic situation.

JOSEPH M. WELLS,
President.
JOHN H. BALLARD,
Executive Director.

HARTFORD, CONN.,
November 16, 1971.

SENATOR PERCY,
Washington, D.C.:

I strongly support the emergency welfare relief amendment which is to be launched on the Senate floor today providing a whole harmless freeze on State welfare costs at fiscal 1971 levels. Urge your support for this amendment because of its fiscal relief from rising welfare cost.

GOV. THOMAS J. MESKILL.

NOVEMBER 15, 1971.

[Copy of telegram sent to Senators Mansfield, Scott, and Schweiker.]

Senator PERCY.
CHARLES BYRLEY,
Director, National Governors' Conference:

I urge your support of Senator Percy's amendment to the Revenue Act of 1971 to provide $1.5 billion in emergency welfare relief funds to states as interim measure pending Congressional action on permanent welfare reform proposals. Your support of the Percy amendment would save the Commonwealth over $78 million in this fiscal year.

MILTON J. SHAPP,
Governor.

PIERRE, S. DAK.

Hon. CHARLES H. PERCY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PERCY: May I add South Dakota's voice in support of your efforts to amend the pending tax bill which will provide immediate fiscal relief of State welfare costs. I endorse your proposal to hold the State harmless at the fiscal 1971 level, but would endorse any temporary legislation to increase Federal participation and current public assistance and medical care cost for the period beginning after July 1, 1971. I have expressed my support of the resolution submitted to Senator Long by the national council of State public welfare administrators of APWA. I would prefer the APWA resolution. Copy of this telegram being sent to Senator Mundt, Senator McGovern, and Senator Long.

RICHARD F. KNEIP,
Governor of South Dakota.

PIERRE, S. DAK.

Senator RUSSELL LONG,
Senate Office Building,
Washington, D.C.

Following telegram sent to Senator Percy, quote:

DEAR SENATOR PERCY: May I add South Dakota's voice in support of your efforts to amend the pending tax bill which will provide immediate fiscal relief of state welfare costs. I endorse your proposal to hold the State harmless at the fiscal 1971 level, but would endorse any temporary legislation to increase Federal participation and current public assistance and medical care cost for the period beginning after July 1, 1971. I have expressed my support of the resolution submitted to Senator Long by the national council of state public welfare administrators of APWA. I would prefer the APWA resolution. Unquote. Copy of this telegram sent to Senator Mundt, and Senator McGovern.

RICHARD F. KNEIP,
Governor of South Dakota.

NASHVILLE, TENN.

Senator CHARLES H. PERCY,
New Senate Office Building,
Washington, D.C.

I have asked Senators Howard Baker and Bill Brock to support your amendment to the pending revenue act of 1971 "to hold states harmless" at their FY 71's welfare cost. This fiscal release to States from spiraling welfare costs is urgently needed.

WINFIELD DUNN,
Governor.

DOVER, DEL.

Senator CHARLES PERCY,
New Senate Office Building,
Washington, D.C.:

This is to advise of my support for an emergency welfare relief amendment providing a hold harmless freeze on State welfare cost at fiscal 1971 levels. I have contacted Senator Boggs and Senator Ross of Delaware to advise them of my support and urge them

to give favorable consideration to the measure.

RUSSELL W. PETERSON,
Governor, State of Delaware.

AUSTIN, TEX.

Hon. CHARLES PERCY,
U.S. Senator,
Senate Office Building,
Washington, D.C.:

I fully support your emergency welfare relief amendment providing a hold harmless freeze on State welfare cost at fiscal 1971 level, and have urged the Texas Senators and my fellow Governors to support this amendment.

Until the time that comprehensive national welfare reform legislation can be enacted, the States must receive temporary fiscal relief from rising welfare costs.

PRESTON SMITH,
Governor of Texas.

JUNEAU, ALASKA.

Senator CHARLES PERCY,
Washington, D.C.:

Relating to immediate fiscal relief from rising welfare costs, Regarding your supporting an emergency relief movement I strongly recommend that the "hold harmless" be included in increased Federal matching so that no State shall receive less than 60 percent regardless of whether the State has title XIX. Alaska is the only State in the Nation getting less than 50 percent Federal matching. Fiscal year 1971 freezes Alaska into an unrealistic low percentage. Presently 30 percent.

WILLIAM A. EGAN,
Governor.

CARSON CITY, NEV.

Senator CHARLES PERCY,
Senate Office Building,
Washington, D.C.:

As Governor of Nevada, I fully support any plan that will decrease welfare costs to the State. If the proposed amendment to be introduced by you this week will hold all State costs to the fiscal 1971 level, and if any additional costs will be financed by the Federal Government, then I can support it. If it will not accomplish these goals, it cannot have my support.

Cordially,

MIKE O'CALLAGHAN,
Governor of Nevada.

BOISE, IDAHO.

Hon. CHARLES PERCY,
U.S. Senate,
Senate Office Building,
Washington, D.C.

DEAR SENATOR: I certainly concur in the need for immediate fiscal relief for States from rising welfare costs. While I support an action to bring about this relief, this, in no way, limits my concern about other aspects of welfare reform

CECIL D. ANDRUS,
Governor of Idaho.

TOPEKA, KANS.

Hon. CHARLES PERCY,
U.S. Senator from Illinois,
Senate Office Building,
Washington, D.C.:

The national Governor's conference has informed me of your plan to introduce legislation which would result in immediate welfare fiscal relief for States.

For months, I have urged congressional action to assume Federal responsibility for the welfare programs the Federal Government now largely dictates to the States. As I understand your proposed legislation, a hold harmless freeze would be placed on State welfare costs at fiscal 1971 levels—with the Federal Government assuming additional costs above that level. Such a proposal would be welcomed fiscal relief for the States and a step in the proper direction toward Federal assumption of the responsibility for the welfare situation it has helped to create.

I wholeheartedly support the concept of the legislation you are considering. The need for immediate fiscal welfare relief for the States is urgent. The Kansas legislature in 1971 rebelled against rising costs of welfare and as a result of legislative cuts the department of social welfare found it necessary to prorate welfare costs in the current year.

Prospects for the legislature funding increased costs of the present welfare program are not good. The continued discussion at the national level by both political parties of the failure of the present system of welfare and the need for reform makes it difficult to obtain additional State and local funds prior to reform of the system. Failure on the part of Congress to provide reform measures without additional costs of the welfare system resulting from which unemployment and rising costs could have tragic results.

With every good wish,

ROBERT DOCKING,
Governor of Kansas.

DES MOINES, IOWA.

Senator CHARLES PERCY,
Washington, D.C.:

Respectfully request your support of Senator Percy's emergency welfare relief amendment providing a hold harmless freeze on state welfare costs on fiscal 1971 levels.

Respectfully submitted.

ROBERT D. RAY,
Governor of Iowa.

RALEIGH, N.C.

Senator CHARLES PERCY,
Senate Office Building,
Washington, D.C.:

I urge your consideration and support of emergency welfare relief amendment sponsored by Senator Percy to give fiscal relief from rising welfare cost.

ROBERT W. SCOTT,
Governor of North Carolina.

TALLAHASSEE, FLA.

Hon. CHARLES H. PERCY,
Senator, State of Illinois,
Washington, D.C.:

Tentative information we have received indicates that the emergency welfare relief amendment offered to H.R. 10947 by Senator Percy would provide fiscal relief for the state in the general assistance program. It is my hope that you will support this type of relief for the States and, if possible, extend the proposed protection to increases in the cost of medicaid.

REUBIN O. D. ASKEW,
Governor, State of Florida.

Mr. PERCY. Mr. President, I therefore ask the distinguished chairman of the Finance Committee—who has dealt with some of the most complex problems that the Nation has faced and has proven time after time that when his powerful influence is put behind something it moves and it moves rapidly, and who has a very fine and able committee consisting of some of the most distinguished and knowledgeable Members of the Senate—what sort of time schedule might reasonably be expected. And I would like to enlighten the Senate as to the attitude of the administration. It has vigorously and forcefully opposed the amendment I have now offered simply because it feels that it should be dealt with on a social security bill rather than on a revenue bill.

I would like to clarify an understanding I have from the administration as to their attitude in this kind of emergency situation if it were offered as an amendment to H.R. 1.

Mr. LONG. Mr. President, I said to the majority leader earlier today and I said earlier in discussion with him and with other members of the committee prior to that time that it is my hope we can bring the bill out by March 1. It may be that we could have it out here by February 15. That may depend on what schedule the Senate pursues.

I have to make one reservation. If the President of the United States comes here with some request that he considers so urgent that everything else should stand aside, we will have to consider that request. Other measures would have to stand aside while we voted on such a measure. That is the way I feel even though I am a Democrat, and I believe that the Senator from Illinois would feel the same way about that matter.

H.R. 1 would be our pending business right now had it not been that we were asked to proceed with this measure that is pending before the Senate which does have emergency aspects to it.

I believe, assuming the Senate comes back early, that we ought to be on the floor with the bill about February 15. If the Senate does not come back early, depending on how long this session continues, we should have the bill out by March 1.

That is about the scheduling, and I believe this may be my best estimate. I should think that we ought to be voting on H.R. 1 either in the latter part of February or the early part of March. That is my guess.

Mr. PERCY. Mr. President, I think this schedule, when known to the Governors, would relieve them of some of the deep concerns I have had expressed to me over the last few days by some of the Governors that have telephoned me. They looked for much longer deliberations and possibly a filibuster.

They were losing faith that the bill would really see the light of day or that the Senate would act as promptly as the House has. There has been a question as to the support of the administration for H.R. 1. I would not want to ask the distinguished Senator for information that would be privileged. However, to the extent that he can reveal conversations that he has had with either the President or top officials in the administration, does the Senator share the view I share, that the administration has placed a very high priority on the passage of this legislation and feels that welfare reform is an exceptionally important part of their overall program and that from the administration's standpoint, it represents a top priority, and when they assign a top priority to it, it can help very much with the work of the chairman of the committee who always wants to work with the administration, whether it be Democratic or Republican?

Mr. LONG. My understanding is that the administration does place a very high priority on the revenue measure we have in the Senate. That is the basis on which we were proceeding at the time the President proposed this economic package

before us now. When this is behind us, we will treat it in that way. It is a priority item on which we are moving. The Senator understand we are going to have some differences on the welfare parts of this bill and in due course, I hope we can work out something to help on the problems the Senator suggested.

Mr. PERCY. I have discussed this problem, as I have discussed many problems, with the distinguished senior Senator from Connecticut. In this field I consider him one of the most knowledgeable men in the Senate if not in the United States. I received indications of support from other cosponsors. I deeply appreciate the efforts of the Senator from New York (Mr. JAVITS) in connection with this legislation even though he is not a cosponsor; he indicated he is for it and spoke on it. But I was deeply disappointed that the Senator from Connecticut could not see fit to support it. I am fully cognizant of the reasons. I fully understand and realize the risk involved if the floodgates were opened up for months if welfare were mentioned. I was deeply appreciative of his indication that although he could not support this amendment on the bill he would support it if it were offered as an amendment to H.R. 1.

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

Mr. PERCY. I yield.

Mr. RIBICOFF. Mr. President, the Senator has my assurance that when I present what I consider to be a substitute for H.R. 1, with his permission the proposal of the Senator from Illinois will be incorporated. In addition I will acknowledge that this addition is the proposal of the Senator from Illinois.

Mr. PERCY. There will be no pride of authorship, but I am deeply appreciative of that assurance.

I wish to address a comment and inform the chairman of the Committee on Finance of a conversation I had which culminates a series of conversations I had with the administration. The executive director of the domestic council in the White House is John Ehrlichman. When he speaks, he speaks for the administration and the President. I had a number of conversations with Mr. Ehrlichman, who, together with Mr. Shultz and Secretary Richardson, and others, has been very cognizant of the problems faced by many States and the peculiar problems faced by the State of Illinois, and there are problems peculiar only to Illinois in this case.

I have not addressed myself only to those problems but there are problems and the administration has tried to be helpful, as it always tries to be helpful. In this case there is no real solution to those problems. There may be interim steps that could be taken as temporary expedients to help, but there is no real solution.

Mr. Ehrlichman is cognizant that this is the only route that would provide help for all the States and he is cognizant of the fact that the decision had been made to set back the schedule on revenue sharing, which we all want to see done and I want to see done very badly. He is cognizant that H.R. 1 had been set back 1 year and that this presents an unusual problems to the States.

Therefore, Mr. Ehrlichman has agreed—and committed the administration to support legislation—that the President will support not 125 percent but 120 percent of the levels enunciated in my amendment; that it will support an amendment as an amendment to H.R. 1 retroactive to July 1, 1971. So the States could at least count on this. If they count on the passage of a welfare reform bill they can count on that, with interim steps for the whole period of time retroactive to July 1, 1971, and until welfare reform goes into effect.

In other words, if the amendment of the Senator from Connecticut takes effect July 1, 1972, as the effective date, it would support an amendment for 1 full year. If the effective date of H.R. 1 is July 1, 1974, it would support an interim amendment effective for 2 years.

I think this support on their part, pledging support of the Office of Management and Budget is a recognition that we must assure the Governors of the States that we recognize their problem; that we have delayed the full solution and cure and that an interim step and relief will be provided on this emergency basis; and although I feel this measure can be supported in one fashion or another by the chairman of the Committee on Finance, my final question before I decide what to do on this present amendment would depend upon his feelings which I feel rather confident will be a full understanding of the problems of the States and the people affected. I am pleased we have been able to work out a promise and a hope for the solution of this immediate problem as well as the long-range problem.

Mr. LONG. H.R. 1 has language which does meet this problem. We have not passed judgment on that, but this Senator personally expects to vote for something to help the States during the interim period.

I have indicated to the Senator I personally think there might be a better way to do it on a different formula and that the cost of the interim aid is not what bothers this Senator. It is more a matter of working out a formula that would be equitable to all the States. I do not think that the Senator's amendment, in terms of total dollars, would be vastly different under the approach I would take, and the approach the administration would take. In either event, the State would receive substantial help, allowing for some difference in how one might approach it from one point of view and how it might be approached from another point of view. The problem is similar. I would approach it from a different point of view, as I indicated, but I would be willing to vote to do something about this matter.

I believe the Senator can count on some help for the problem he has in mind, in view of the fact that H.R. 1 has language of that sort which already has been passed by the House.

The Senator from Connecticut is a very able advocate. He had much support for his position and he committed himself to the Senator's position. I would be willing to provide help for what occurs between now and when we get to that bill. I regret we cannot do it now but we are in a situation which is not entirely the fault of anybody. It is really the fact that those strongly for H.R. 1 have been unwilling to permit us to pass upon items involved in that bill piecemeal. I understand their position. Those who are against the family assistance plan but who are for other things in the bill recognize we will have to get to this big issue and arrive at a conclusion. But what the Senator has is something I regret to say is something that will have to await settlement of the bigger issue. When we do I hope we can provide help for the type situation the Senator has been describing.

Mr. PERCY. Can we talk about figures for a moment because the dollar is a concrete way of gaging how much effort we are willing to put behind this. My amendment would be $1.88 billion. The administration has indicated its willingness toward something less than that, although I assume what they are talking about is in excess of three-quarters of a billion dollars, if it is 80 percent of the information that I had.

In private conversations, we did mention figures. Would the Senator care to indicate whether the figures I am talking about are in the ballpark as far as the amount he would be willing to support is concerned?

Mr. LONG. As far as I am concerned, that is the case. I cannot speak for the other 15 members of the committee; I am speaking for myself.

Mr. PERCY. About $1 billion is not unreasonable, or between three-quarters of a billion dollars and one billion per annum?

Mr. LONG. Senator, a figure of $1 billion in this area does not shock me at all.

Mr. PERCY. May I ask this one last question: Recognizing that there are different formulations that could be taken, I could not support a formulation that would suddenly be a whole new approach, which would offer a windfall gain to some States that did not use their money for welfare. This would have some relationship to the efforts made by States in the past? Would those general criteria be taken into account in developing a formula?

Mr. LONG. Senator, if we were voting on your proposal today, I would offer a substitute for it that would provide $75 per recipient on welfare as of June 1971, and that would provide $52 million for Illinois. To me, that would be the logical way to distribute the $1 billion. But I am no dictator in the Finance Committee. I do not claim to be the man who runs the committee, or anything of that sort. This Senator just suggests what he thinks. I do not think the total dollar figure the Senator is talking about is out of line.

Mr. PERCY. And the criteria of some relationship to past efforts, without windfall gains to States or giving money to States that cannot demonstrate a

need for it, would be taken into account in whatever formulation was developed?

Mr. LONG. Senator, if one looks upon this as a revenue-sharing type thing to help States in this problem, a person could arrive at one conclusion. Some States might not want to spend the money on welfare, and if they did not want to spend it for that purpose, perhaps they should not be required to; but as for those that did have the problem that we are discussing and that wanted the money for that purpose, as far as this Senator is concerned, I have suggested how I think the formula might be fairly devised. It is not drastically different from the formula that the Senator from Illinois has devised, as far as Illinois is concerned.

It may very well be that the committee would prefer to accept the formula the Senator has suggested here. It is not going to upset me if the committee does, as a part of H.R. 1.

I would have been offering something to provide a stopgap in this measure, myself, if it had not been that I was personally convinced that it was not going to prevail and that it was going to either stop or impede a very essential measure that must become law. I sympathize with the Senator, and I will try to cooperate with him in working this matter out.

Mr. PERCY. I appreciate very much what the distinguished Senator has said. I am still somewhat concerned and very reluctant about the possibilty of going into some formulation that would provide money for highways for some States and would provide money for other types of expenditures that had no real relationship to the need. This is an emergency measure. It is to deal with poor people.

Mr. LONG. Some States have had to cut back in education, health, and highway construction in order to provide money for welfare. If they have done that, it would not be quite fair to them to require them to put all this money into welfare when they have already taken money out of other programs to put into welfare.

Mr. PERCY. Then, the formulation I have enumerated would be perfectly adaptable for those States, because that money is in welfare, and if this money goes back into Louisiana, for example, when the State of Louisiana gets $12,739,000, that then means that that $12,739,000 can go right straight into education or other matters the money for which is now being absorbed by welfare.

I am not saying that it is perfect, but the formulation has to have some relationship to the costs of welfare and to the case needs in that particular State. Every State needs money and would like to have money, but what we are really trying to do in a social security bill and a welfare bill is take care of welfare problems, and not have a revenue bill.

I think we are close enough in our thinking and philosophy and approach that I would trust we would not have any problem with this matter. Certainly, I would not want to encumber this bill with something that would open up a lot of other matters that do not deal directly with revenue and so delay the proceedings of the Senate. We have this very clear understanding and we have the commitment of the administration, for which I am very grateful indeed, and I know every Governor in the United States will be grateful for this kind of help, and I know there will be tremendous pressure from the Governors to back H.R. 1, because this is the answer they have been looking for to shake up this system, with all the ills of which the Senator has so eloquently spoken, and start over again and see if we cannot do a much better job next time.

With that assurance and commitment, I feel comfortable in withdrawing the amendment, and I thank my distinguished colleague.

I ask that the amendment be withdrawn.

The PRESIDING OFFICER. The amendment is withdrawn.

EXPLANATION OF A VOTE

Mr. ROTH. Mr. President, on Monday, November 15, 1971, I was recorded as voting "yea" on legislative rollcall 334, appearing on page 41280, of the CONGRESSIONAL RECORD when actually my position was in opposition to the amendment then being voted on.

The vote was on amendment No. 655 to H.R. 10947, introduced by the Senator from Alabama (Mr. SPARKMAN) to make municipal bonds taxable when used for construction of water facilities unless such water is made available to the general public, and increasing tax exempt status on such bonds from $1 million to up to $5 million.

Since the amendment carried 55 to 23, my vote would not have changed the results. I am not certain whether the error is mine or occurred in the recording, but in any event I would like to be recorded at this point in the RECORD as being opposed to the amendment.

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that today, November 17, 1971, he presented to the President of the United States the following enrolled bills and joint resolution:

S. 306. An act for the relief of Eddie Troy Jaynes, Jr., and Rosa Elena Jaynes;

S. 389. An act for the relief of Stephen Lance Pender, Patricia Jenifer Pender, and Denese Gene Pender;

S. 629. An act for the relief of Chen-Pai Miao;

S. 708. An act for the relief of the village of Orleans, Vt.; and

S.J. Res. 132. A joint resolution extending the duration of copyright protection in certain cases.

ORDER FOR ADJOURNMENT FROM FRIDAY UNTIL 9 A.M. SATURDAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business on Friday night, it stand in adjournment until 9 o'clock on Saturday morning.

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

ORDER FOR RECOGNITION OF SENATOR GOLDWATER TOMORROW

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that on tomorrow, at the conclusion of the remarks of the distinguished Senator from Florida (Mr. CHILES), the distinguished Senator from Arizona (Mr. GOLDWATER) be recognized for not to exceed 15 minutes.

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

THE MANSFIELD AMENDMENT

Mr. CHURCH. Mr. President, I am very much disturbed to read on the news ticker that the President has indicated today that he regards the Mansfield amendment, written into law by both Houses of Congress, to be without force or effect.

The Mansfield amendment is now part of the law of the land and, as such, it is not subject to dismissal by the President. The U.S. Constitution does not provide for items vetoed by the President.

Congress has declared it a national policy that all American troops be withdrawn from Indochina by a date certain, once the release of American prisoners of war is assured.

President Nixon has chosen to disregard the Mansfield amendment, saying it is without binding force and effect. What is he going to do next? Is he going to dispatch Henry Kissinger, his foreign policy adviser, to Capitol Hill to disband Congress? It is the height of fashion these days in Southeast Asia to establish one-man rule, one-man elections, and to disband parliaments. It happened in South Vietnam recently, it happened in Cambodia, and today it happened in Thailand. But in this country we have a government of law, not a presidential dictatorship.

If it is the President's intention to set aside, in this offhand way, the Mansfield amendment, passed by both Houses of Congress, the Congress should now enact enforcement legislation, utilizing the power of the purse, a power which belongs exclusively to Congress; and it should enact it in such form as to enforce the provisions of the Mansfield amendment.

I favor such legislation; I shall sponsor such legislation; and I hope Congress will pass such legislation.

ORDER FOR ADJOURNMENT UNTIL 8:30 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business tonight, it stand in adjournment until 8:30 tomorrow morning.

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

ORDER FOR RECOGNITION OF SENATORS CHILES AND GOLDWATER TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that on tomorrow, the distinguished Senator from Florida (Mr. CHILES) be recognized immediately

after the recognition of the joint leaders, for not to exceed 15 minutes, and that the equally distinguished Senator from Arizona be recognized for not to exceed 15 minutes.

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

ORDER FOR NO MORNING BUSINESS TOMORROW AND FOR RECOGNITION OF SENATOR MATHIAS TOMORROW

Mr. MANSFIELD. I ask unanimous consent that there be no period for the conduct of morning business tomorrow, and that as soon as the distinguished Senator from Arizona (Mr. GOLDWATER) completes his remarks, the equally distinguished Senator from Maryland (Mr. MATHIAS) be recognized for the purpose of offering an amendment to be voted on at 10 a.m.

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.

AMENDMENT NO. 692

The PRESIDING OFFICER. Under the previous order, the amendment of the Senator from Rhode Island is before the Senate.

The Senator from Rhode Island is recognized.

The clerk will read the amendment.

The assistant legislative clerk proceeded to read the amendment.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD.

At the end of the bill, insert the following:

TITLE IX—TAX INCENTIVES FOR CONTRIBUTIONS TO CANDIDATES FOR PUBLIC OFFICE

SEC. 901. ALLOWANCE OF CREDIT

(a) Subpart A of part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by adding at the end thereof the following new section:

"SEC. 42. CONTRIBUTIONS TO CANDIDATES FOR PUBLIC OFFICE

"(a) GENERAL RULE.—In the case of an individual, there shall be allowed, as a credit against the tax imposed by this chapter for the taxable year, an amount equal to one-half of so much of the political contributions as does not exceed $50, payment of which is made by the taxpayer within the taxable year.

"(b) LIMITATIONS.—

"(1) MARRIED INDIVIDUALS.—In the case of a joint return of a husband and wife under section 6013, the credit allowed by subsection (a) shall not exceed $25. In the case of a separate return of a married individual, the credit allowed by subsection (a) shall not exceed $12.50.

"(2) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowable under section 33 (relating to foreign tax credit), section 35 (relating to partially tax-exempt interest), section 37 (relating to retirement income), and section 38 (relating to investment in certain depreciable property).

"(3) VERIFICATION.—The credit allowed by subsection (a) shall be allowed, with respect to any political contribution, only if such political contribution is verified in such manner as the Secretary or his delegate shall prescribe by regulations.

"(c) DEFINITIONS.—For purposes of this section—

"(1) POLITICAL CONTRIBUTION.—The term 'political contribution' means a contribution or gift of money to—

"(A) an individual who is a candidate for nomination or election to any Federal, State, or local elective public office in any primary, general, or special election, or in any National, State, or local convention or caucus of a political party, for use by such individual to further his candidacy for nomination or election to such office;

"(B) any committee, association, or organization (whether or not incorporated) organized and operated exclusively for the purpose of influencing, or attempting to influence, the nomination or election of one or more individuals who are candidates for nomination or election to any Federal, State, or local elective public office, for use by such committee, association, or organization to further the candidacy of such individual or individuals for nomination or election to such office;

"(C) the national committee of a national political party;

"(D) the State committee of a national political party as designated by the national committee of such party; or

"(E) a local committee of a national political party as designated by the State committee of such party designated under subparagraph (D).

"(2) CANDIDATE.—The term 'candidate' means, with respect to any Federal, State, or local elective public office, an individual who—

"(A) has publicly announced that he is a candidate for nomination or election to such office; and

"(B) meets the qualifications prescribed by law to hold such office.

"(3) NATIONAL POLITICAL PARTY.—The term 'national political party' means—

"(A) in the case of contributions made during a taxable year of the taxpayer in which the electors of President and Vice President are chosen, a political party presenting candidates or electors for such offices on the official election ballot of ten or more States, or

"(B) in the case of contributions made during any other taxable year of the taxpayer, a political party which met the qualifications described in subparagraph (A) in the last preceding election of a President and Vice President.

"(4) STATE AND LOCAL.—The term 'State' means the various States and the District of Columbia; and the term 'local' means a political subdivision or part thereof, or two or more political subdivisions or parts thereof, of a State.

CROSS REFERENCES.—

"For disallowance of credits to estates and trusts, see section 642(a)(3)."

(b) Section 642(a) (relating to credits against tax for estates and trusts) is amended by adding at the end thereof the following new paragraph:

"(3) POLITICAL CONTRIBUTIONS.—An estate or trust shall not be allowed the credit against tax for political contributions provided by section 42."

SEC. 902. DEDUCTION IN LIEU OF CREDIT.

(a) Part VII of subchapter B of chapter 1 (relating to additional itemized deductions for individuals) is amended by redesignating section 218 as 219, and by inserting after section 217 the following new section:

"SEC. 218. CONTRIBUTIONS TO CANDIDATES FOR PUBLIC OFFICE.

"(a) ALLOWANCE OF DEDUCTION.—In the case of an individual, there shall be allowed as a deduction any political contribution (as defined in section 42(c)(1)) payment of which is made by such individual within the taxable year.

"(b) LIMITATIONS.—

"(1) AMOUNT.—The deduction under subsection (a) shall not exceed $100 for any taxable year. In the case of a separate return of a married individual, the deduction for any taxable year shall not exceed $50.

"(2) VERIFICATION.—The deduction under subsection (a) shall be allowed, with respect to any political contribution, only if such political contribution is verified in such manner as the Secretary or his delegate shall prescribe by regulations.

"(c) ELECTION TO TAKE CREDIT IN LIEU OF DEDUCTION.—This section shall not apply in the case of any taxpayer who, for the taxable year, elects to take the credit against tax provided by section 42 (relating to credit against tax for contributions to candidates for public office). Such election shall be made in such manner and at such time as the Secretary or his delegate shall prescribe by regulations.

"(d) CROSS REFERENCE.—

"For disallowance of deduction to estates and trusts, see section 642(i)."

(b) Section 642 (relating to special rules for credits and deductions for estates and trusts) is amended by redesignating subsection (i) as subsection (j), and by inserting after subsection (h) a new subsection as follows:

"(i) POLITICAL CONTRIBUTIONS.—An estate or trust shall not be allowed the deduction for contributions to candidates for public office provided by section 218."

SEC. 903. EFFECTIVE DATE.

The amendments made by this title shall apply to taxable years ending after December 31, 1971, but only with respect to political contributions, payment of which is made after such date.

TITLE X—FINANCING OF PRESIDENTIAL ELECTION CAMPAIGNS

Subtitle A—Presidential Election Campaigns

SHORT TITLE

SEC. 1001. This subtitle may be cited as the "Presidential Election Campaign Fund Act of 1971".

DEFINITIONS

SEC. 1002. For purposes of this subtitle—

(1) The term "authorized committee" means, with respect to the candidates of a political party for President and Vice President of the United States, any political committee which is authorized in writing by such candidates to incur expenses to further the election of such candidates. Such authorization shall be addressed to the chairman of such political committee, and a copy of such authorization shall be filed by such candidates with the Comptroller General. Any withdrawal of any authorization shall also be in writing and shall be addressed and filed in the same manner as the authorization.

(2) The term "candidate" means, with respect to any presidential election, an individual who (A) has been nominated for election to the office of President of the United States or the office of Vice President of the United States by a major party, or (B) has qualified to have his name on the election ballot (or to have the names of electors pledged to him on the election ballot) as the candidate of a political party for election to either such office in 10 or more States. For purposes of paragraphs (6) and (7) of this section and purposes of sections 1004 (a) (1) and (2), the term "candidate"

means, with respect to any preceding presidential election, an individual who received popular votes for the office of President in such election.

(3) The term "Comptroller General" means the Comptroller General of the United States.

(4) The term "eligible candidates" means the candidates of a political party for President and Vice President of the United States who have met all applicable conditions for eligibility to receive payments under this subtitle set forth in section 1003.

(5) The term "fund" means the Presidential Election Campaign Fund established by section 1006(a).

(6) The term "major party" means, with respect to any presidential election, a political party whose candidate for the office of President in the preceding presidential election received, as the candidate of such party, 25 percent or more of the total number of popular votes received by all candidates for such office.

(7) The term "minor party" means, with respect to any presidential election, a political party whose candidate for the office of President in the preceding presidential election received, as the candidate of such party, 5 per cent or more but less than 25 percent of the total number of popular votes received by all candidates for such office.

(8) The term "political committee" means any committee, association, or organization (whether or not incorporated) which accepts contributions or makes expenditures for the purpose of influencing, or attempting to influence, the nomination or election of one or more individuals to Federal, State, or local elective public office.

(9) The term "presidential election" means the election of presidential and vice-presidential electors.

(10) The term "qualified campaign expense" means an expense—

(A) incurred (i) by the candidate of a political party for the office of President to further his election to such office or to further the election of the candidate of such political party for the office of Vice President, or both, (ii) by the candidate of a political party for the office of Vice President to further his election to such office or to further the election of the candidate of such political party for the office of President, or both, or (iii) by an authorized committee of the candidates of a political party for the offices of President and Vice President to further the election of either or both of such candidates to such offices,

(B) incurred within the expenditure report period (as defined in paragraph (11)), or incurred before the beginning of such period to the extent such expense is for property, services, or facilities used during such period, and

(C) neither the incurring nor payment of which constitutes a violation of any law of the United States or of the State in which such expense is incurred or paid.

An expense shall be considered as incurred by a candidate or an authorized committee if it is incurred by a person authorized by such candidate or such committee, as the case may be, to incur such expense on behalf of such candidate or such committee. If an authorized committee of the candidates of a political party for President and Vice President of the United States also incurs expenses to further the election of one or more other individuals to Federal, State, or local elective public office, expenses incurred by such committee which are not specifically to further the election of such other individual or individuals shall be considered as incurred to further the election of such candidates for President and Vice President in such proportion as the Comptroller General prescribes by rules or regulations.

(11) The term "expenditure report period" with respect to any presidential election means the period beginning with the first day of September before the election or, if earlier, with the first day in the year on which a major party at its national convention nominated its candidate for election to office of President of the United States, and ending 30 days after the day of the presidential election.

(12) The term "Secretary" means the Secretary of the Treasury.

CONDITION FOR ELIGIBILITY FOR PAYMENTS

SEC. 1003. (a) In order to be eligible to receive any payments under section 1006, the candidates of a political party in a presidential election shall, in writing—

(1) agree to obtain and furnish to the Comptroller General such evidence as he may request of the qualified campaign expenses with respect to which payment is sought,

(2) agree to keep and furnish to the Comptroller General such records, books, and other information as he may request,

(3) agree to an audit and examination by the Comptroller General under section 1007 and to pay any amounts required to be paid under such section, and

(4) agree to furnish statements of qualified campaign expenses and proposed qualified campaign expenses required under section 1008.

(b) In order to be eligible to receive any payments under section 1006, the candidates of a major party in a presidential election shall certify to the Comptroller General, under penalty of perjury, that—

(1) such candidates and their authorized committees will not incur qualified campaign expenses in excess of the aggregate payments to which they will be entitled under section 1004, and

(2) no contributions to defray qualified campaign expenses (or expenses which would be qualified campaign expenses) but for subparagraph (C) of section 1002(10) have been or will be accepted by such candidates or any of their authorized committees, except to the extent necessary to make up any deficiency in payments received out of the fund on account of the application of section 1006 (b)(2).

Such certification shall be made within such time prior to the day of the presidential election as the Comptroller General shall prescribe by rules or regulations.

(c) In order to be eligible to receive any payments under section 1006, the candidates of a political party (other than a major party) in a presidential election shall certify to the Comptroller General, under penalty of perjury, that—

(1) such candidates and their authorized committees will not incur qualified campaign expenses in excess of the aggregate payments to which the eligible candidates of a major party are entitled under section 1004, and

(2) such candidates and their authorized committees will accept and expand or retain contributions to defray qualified campaign expenses only to the extent that the qualified campaign expenses incurred by such candidates and their authorized committees certified to under paragraph (1) exceed the aggregate payments received by such candidates out of the fund pursuant to section 1006.

Such certification shall be made within such time prior to the day of the presidential election as the Comptroller General shall prescribe by rules or regulations.

ENTITLEMENT OF ELIGIBLE CANDIDATES TO PAYMENTS

SEC. 1004. (a) Subject to the provisions of this subtitle—

(1) The eligible candidates of a major party in a presidential election shall be entitled to payments under section 1006 equal in the aggregate to 15 cents multiplied by the total number of residents within the United States who have attained the age of 18, as determined by the Bureau of Census in June of the year preceding the year of the presidential election.

(2) The eligible candidates of a minor party in a presidential election shall be entitled to payments under section 1006 equal in the aggregate to an amount which bears the same ratio to the amount computed under paragraph (1) for a major party as the number of popular votes received by the candidate for President of the minor party, as such candidate, in the preceding presidential election bears to the average number of popular votes received by the candidates for President of the major parties in the preceding presidential election.

(3) The eligible candidates of a political party (other than a major party) in a presidential election whose candidate for President in such election receives, as such candidate, 5 percent or more of the total number of popular votes cast for the office of President in such election shall be entitled to payments under section 1006 equal in the aggregate to an amount which bears the same ratio to the amount computed under paragraph (1) for a major party as the number of popular votes received by such candidate in such election bears to the average number of popular votes received in such election by the candidates for President of the major parties. In the case of eligible candidates of a minor party entitled to payments under paragraph (2), the amount allowable under this paragraph shall be limited to the amount, if any, by which the entitlement under the preceding sentence exceeds the amount of the entitlement under paragraph (2).

(b) The aggregate payments to which the eligible candidates of a political party shall be entitled under subsections (a) (2) and (3) with respect to a presidential election shall not exceed an amount equal to the power of—

(1) the amount of qualified campaign expenses incurred by such eligible candidates and their authorized committees, reduced by the amount of contributions to defray qualified campaign expenses received and expended or retained by such eligible candidates and such committees, or

(2) the aggregate payments to which the eligible candidates of a major party are entitled under subsection (a)(1), reduced by the amount of contributions described in paragraph (1) of this subsection.

(c) The eligible candidates of a political party shall be entitled to payments under subsection (a) only—

(1) to defray qualified campaign expenses incurred by such eligible candidates or their authorized committees, or

(2) to repay loans the proceeds of which were used to defray such qualified campaign expenses, or otherwise to restore funds (other than contributions to defray qualified campaign expenses received and expended by such candidates or such committees) used to defray such qualified campaign expenses.

CERTIFICATION BY COMPTROLLER GENERAL

SEC. 1005. (a) On the basis of the evidence, books, records, and information furnished by the eligible candidates of a political party and prior to examination and audit under section 1007, the Comptroller General shall certify from time to time to the Secretary for payment to such candidates under section 1006 the payments to which such candidates are entitled under section 1004.

(b) Certifications by the Comptroller General under subsection (a), and all determinations made by him in making such certifications, shall, except as provided in section 1007, be final and conclusive, and shall not be subject to review in any court.

PAYMENT TO ELIGIBLE CANDIDATES

SEC. 1006. (a)(1) There is hereby established on the books of the Treasury of the United States a special fund to be known as the "Presidential Election Campaign Fund". There are hereby appropriated to the fund each fiscal year, out of any moneys in the Treasury not otherwise appropriated, an amount equal to the sum of the amounts designated during the fiscal year by individuals under section 6096 of the Internal Revenue Code of 1954 for payment into the fund.

(2) If, after a presidential election and after all eligible candidates have been paid the amounts to which they are entitled under section 1004, there are moneys remaining in the fund, the Secretary shall transfer the moneys so remaining to the general fund of the Treasury.

(b)(1) Upon receipt of a certification from the Comptroller General under section 1005 for payment to the eligible candidates of a political party, the Secretary shall, except as provided in paragraph (2), pay to such candidates out of the fund the amount certified by the Comptroller General.

(2) If, at the beginning of the expenditure report period (as defined in section 1002(11)) with respect to a presidential election, the moneys in the fund are less than the aggregate of the amounts which all eligible candidates would be entitled to receive under the provisions of paragraphs (1) and (2) of section 1004 (a), then each payment out of the fund pursuant to the provisions of such paragraphs (1) and (2) shall be reduced pro rata to take into account such deficiency in the fund, and payments pursuant to the provisions of paragraph (3) of section 1004 (a) shall be made only out, and to the extent, of moneys remaining in the fund after all such payments pursuant to such paragraphs (1) and (2) have been made for the presidential election.

EXAMINATIONS AND AUDITS; REPAYMENTS

SEC. 1007. (a) After each presidential election, the Comptroller General shall conduct a thorough examination and audit of the qualified campaign expenses of the candidates of each political party for President and Vice President.

(b)(1) If the Comptroller General determines that any portion of the payments made to the eligible candidates of a political party under section 1006 was in excess of the aggregate payments to which candidates were entitled under section 1004, he shall so notify such candidates, and such candidates shall pay to the Secretary an amount equal to such portion.

(2) If the Comptroller General determines that the eligible candidates of a political party and their authorized committees incurred qualified campaign expenses in excess of the aggregate payments to which the eligible candidates of a major party were entitled under section 1004, he shall notify such candidates of the amount of such excess and such candidates shall pay to the Secretary an amount equal to such amount.

(3) If the Comptroller General determines that the eligible candidates of a major party or any authorized committee of such candidates accepted contributions (other than contributions to make up deficiencies in payments out of the fund on account of the application of section 1006(b)(2)) to defray qualified campaign expenses (other than qualified campaign expenses with respect to which payment is required under paragraph (2)), he shall notify such candidates of the amount of the contributions so accepted, and such candidates shall pay to the Secretary an amount equal to such amount.

(4) If the Comptroller General determines that any amount of any payment made to the eligible candidates of a political party under section 1006 was used for any purpose other than—

(A) to defray the qualified campaign expenses with respect to which such payment was made, or

(B) to repay loans the proceeds of which were used, or otherwise to restore funds (other than contributions to defray qualified campaign expenses which were received and expended) which were used, to defray such qualified campaign expenses,

he shall notify such candidates of the amount so used, and such candidates shall pay to the Secretary an amount equal to such amount.

(5) No payment shall be required from the eligible candidates of a political party under this subsection to the extent that such payment, when added to other payments required from such candidates under this subsection, exceeds the amount of payments received by such candidates under section 1006.

(c) No notification shall be made by the Comptroller General under subsection (b) with respect to a presidential election more than 3 years after the day of such election.

(d) All payments received by the Secretary under subsection (b) shall be deposited by him in the Treasury to the credit of the fund.

INFORMATION ON PROPOSED EXPENSES

SEC. 1008. (a) The candidates of a political party for President and Vice President in a presidential election shall, from time to time as the Comptroller General may require, furnish to the Comptroller General a detailed statement, in such form as the Comptroller General may prescribe, of—

(1) the qualified campaign expenses incurred by them and their authorized committees prior to the date of such statement (whether or not evidence of such expenses has been furnished for purposes of section 1005), and

(2) the qualified campaign expenses which they and their authorized committees propose to incur on or after the date of such statement.

The Comptroller General shall require a statement under this subsection from such candidates of each political party at least once each week during the second, third, and fourth weeks preceding the day of the presidential election and at least twice during the week preceding such day.

(b) The Comptroller General shall, as soon as possible after he receives each statement under subsection (a), (1) prepare a summary of such statement and (2) publish such summary, together with any other data or information which he deems advisable, in the Federal Register.

REPORTS TO CONGRESS; REGULATIONS

SEC. 1009. (a) The Comptroller General shall, as soon as practicable after each presidential election, submit a full report to the Senate and House of Representatives setting forth—

(1) the qualified campaign expenses (shown in such detail as the Comptroller General determines necessary) incurred by the candidates of each political party and their authorized committees;

(2) the amounts certified by him under section 1005 for payment to the eligible candidates of each political party; and

(3) the amount of payments, if any, required from such candidates under section 1007, and the reasons for each payment required.

Each report submitted pursuant to this section shall be printed as a Senate document.

(b) The Comptroller General is authorized to prescribe such rules and regulations, to conduct such examinations and audits (in addition to the examinations and audits required by section 1007(a)), to conduct such investigations, and to require the keeping and submission of such books, records, and information, as he deems necesary to carry out the functions and duties imposed on him by this subtitle.

CRIMINAL PENALTIES

SEC. 1010. (a)(1) It shall be unlawful for the eligible candidates of a political party for President and Vice President in a presidential election and their authorized committees knowingly and willfully to incur qualified campaign expenses in excess of the aggregate payments to which the eligible candidates of a major party are entitled under section 1004 with respect to such election.

(2) Any person who violates paragraph (1) shall be fined not more than $5,000, or imprisoned not more than one year or both. In the case of a violation by an authorized committee, any officer or member of such committee who knowingly and willfully consents to such violation shall be fined not more than $5,000, or imprisoned not more than one year, or both.

(b)(1) It shall be unlawful for the eligible candidates of a major party in a presidential election or any of their authorized committees knowingly and willfully to accept any contribution (other than contributions to make up deficiencies in payments out of the fund on account of the application of section 1006(b)(2)) to defray qualified campaign expenses (or expenses which would be qualified campaign expenses but for subparagraph (C) of section 1002(10)) incurred with respect to such election by such eligible candidates and their authorized committees.

(2) It shall be unlawful for the eligible candidates of a political party (other than a major party) in a presidential election and their authorized committees knowingly and willfully to accept and expend or retain contributions to defray qualified campaign expenses in an amount which exceeds the qualified campaign expenses incurred with respect to such election by such eligible candidates and their authorized committees.

(3) Any person who violates paragraph (1) or (2) shall be fined not more than $5,000, or imprisoned not more than one year, or both. In the case of a violation by an authorized committee, any officer or member of such committee who knowingly and willfully consents to such violation shall be fined not more than $5,000, or imprisoned not more than one year, or both.

(c)(1) It shall be unlawful for any person who receives any payment under section 1006, or to whom any portion of any payment received under such section is transferred, knowingly or willfully to use, or authorize the use of, such payment or such portion for any purpose other than—

(A) to defray the qualified campaign expenses with respect to which such payment was made, or

(B) to repay loans the proceeds of which were used, or otherwise to restore funds (other than contributions to defray qualified campaign expenses which were received and expended) which were used, to defray such qualified campaign expenses.

(2) Any person who violates paragraph (1) shall be fined not more than $10,000, or imprisoned not more than five years, or both.

(d)(1) It shall be unlawful for any person knowingly and willfully—

(A) to furnish any false, fictitious, or fraudulent evidence, books, or information to the Comptroller General under this subtitle, or to include in any evidence, books, or information so furnished any misrepresentation of a material fact, or to falsify or conceal any evidence, books, or information relevant to a certification by the Comptroller General or an examination and audit by the Comptroller General under this subtitle; or

(B) to fail to furnish to the Comptroller General any records, books, or information requested by him for purposes of this subtitle.

(2) Any person who violates paragraph (1) shall be fined not more than $10,000, or imprisoned not more than five years, or both.

(e)(1) It shall be unlawful for any person

knowingly and willfully to give or accept any kickback or any illegal payment in connection with any qualified campaign expense of eligible candidates or their authorized committees.

(2) Any person who violates paragraph (1) shall be fined not more than $10,000, or imprisoned not more than five years, or both.

(3) In addition to the penalty provided by paragraph (2), any person who accepts any kickback or illegal payment in connection with any qualified campaign expense of eligible candidates or their authorized committees shall pay to the Secretary, for deposit in the general fund of the Treasury, an amount equal to 125 per centum of the kickback or payment received.

(f) (1) It shall be unlawful for any political committee which is not an authorized committee with respect to the eligible candidates of a political party for President and Vice President in a presidential election knowingly and willfully to incur expenditures to further the election of such candidates which would constitute qualified campaign expenses if incurred by an authorized committee of such candidates, or to make contributions to such candidates or any of their authorized committees to be used, directly or indirectly, to defray qualified campaign expenses, in an aggregate amount exceeding $1,000.

(2) Any political committee which violates paragraph (1) shall be fined not more than $5,000, and any officer or member of such committee who knowingly and willfully consents to such violation shall be fined not more than $5,000, or imprisoned not more than one year, or both.

EFFECTIVE DATE

SEC. 1011. The provisions of this subtitle shall take effect on January 1, 1972, except that section 1009(b), and so much of any other section as authorizes or directs the Comptroller General to prescribe rules and regulations, shall take effect on the date of the enactment of this section.

Subtitle B—Presidential Election Campaign Fund Advisory Board

ESTABLISHMENT OF ADVISORY BOARD

SEC. 1051. (a) There is hereby established an Advisory Board to be known as the Presidential Election Campaign Fund Advisory Board (hereinafter in this section referred to as the "Board"). It shall be the duty and function of the Board to counsel and assist the Comptroller General of the United States in the performance of the duties and functions imposed on him under the Presidential Election Campaign Fund Act of 1971.

(b) The Board shall be composed of the following members:

(1) the majority leader and minority leader of the Senate and the Speaker and minority leader of the House of Representatives, who shall serve ex officio;

(2) two members representing each political party which is a major party (as defined in section 1002(6) of the Presidential Election Campaign Fund Act of 1971), which members shall be appointed by the Comptroller General from recommendations submitted by such political party; and

(3) three members representing the general public, which members shall be selected by the members described in paragraphs (1) and (2).

The terms of the first members of the Board described in paragraphs (2) and (3) shall expire on the sixtieth day after the date of the first presidential election following the date of the enactment of this Act and the terms of subsequent members described in paragraphs (2) and (3) shall begin on the sixty-first day after the date of a presidential election and expire on the sixtieth day following the date of the subsequent presidential election. The Board shall elect a Chairman from its members.

(c) Members of the Board (other than members described in subsection (b) (1) shall receive compensation at the rate of $75 a day for each day they are engaged in performing duties and functions as such members, including traveltime, and, while away from their homes or regular places of business, shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons in the Government service employed intermittently.

(d) Service by an individual as a member of the Board shall not, for purposes of any other law of the United States be considered as service as an officer or employee of the United States.

Subtitle C—Miscellaneous Amendments

PRESIDENTIAL ELECTION CAMPAIGN FUND ACT OF 1966

SEC. 1061. (a) Sections 303, 304, and 305 of the Presidential Election Campaign Fund Act of 1966 (80 Stat. 1587) are repealed.

(b) Effective with respect to taxable years beginning after December 31, 1970, section 6096(a) of the Internal Revenue Code of 1954 (relating to designation of income tax payments to the Presidential Election Campaign Fund) is amended to read as follows:

"(a) IN GENERAL.—Every individual (other than a nonresident alien) whose income tax liability for any taxable year is $1 or more may designate that $1 shall be paid over to the Presidential Election Campaign Fund in accordance with the provisions of section 1006(a)(1) of the Presidential Election Campaign Fund Act of 1971. In the case of a joint return of husband and wife having an income tax liability of $2 or more, each spouse may designate that $1 shall be so paid into the fund."

(c) Section 5 (relating to the Presidential Election Campaign Fund Act of 1966) of the Act entitled "An Act to restore the investment credit and allowance of accelerated depreciation in the case of certain real property", approved June 13, 1967 (Public Law 90–26, 81 Stat. 58), is repealed.

Mr. PASTORE. Mr. President, I suggest the absence of a quorum, on condition that the time be charged to neither side.

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

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. PASTORE. May we have the amendment offered and discussed tonight and then give the Senator an hour to discuss it further tomorrow?

Mr. MATHIAS. I will offer it very shortly.

Mr. PASTORE. We could discuss the Senator's amendment tonight.

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

Mr. MANSFIELD. I yield.

Mr. RANDOLPH. Will there be rollcall votes this evening?

Mr. MANSFIELD. I do not think so but I cannot foreclose that possibility.

Mr. PASTORE. I would hope that Senators would remain here—we shall not stay too long—and listen to what is said.

Mr. MANSFIELD. The distinguished assistant majority leader has indicated that some Senators may bring up amendments tonight which may call for rollcall votes.

Mr. BYRD of West Virginia. If the Senator will yield, these amendments would not be in connection with the pending amendment.

Mr. MANSFIELD. That is correct.

The PRESIDING OFFICER. Does the Senator wish the time divided on the Mathias amendment tomorrow?

Mr. MANSFIELD. The other amendments would be separate and apart and not tied in with the Pastore-Talmadge-Cannon-Cranston amendment.

The PRESIDING OFFICER (Mr. BUCKLEY). The Chair would inquire of the Senator from Montana, whether time on the Mathias amendment is to be equally divided.

Mr. MANSFIELD. Yes, to be equally divided between the Senator from Rhode Island (Mr. PASTORE) and the Senator from Maryland (Mr. MATHIAS) tomorrow, the period, as close as possible, between 9 a.m., and 10 o'clock. There will be a vote on the Mathias amendment.

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

PRIVILEGE OF THE FLOOR

Mr. COOK. Mr. President, I ask unanimous consent that during the course of the discussion on this amendment, and any amendments thereto, that Mr. David Huber from my office be permitted the privilege of the floor.

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

Mr. PASTORE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Rhode Island will state it.

Mr. PASTORE. What is the pending business?

The PRESIDING OFFICER. The pending business is the amendment of the Senator from Rhode Island (Mr. PASTORE). Time is under control. Who yields time?

Mr. PASTORE. Mr. President, I yield myself whatever time is necessary to make my presentation.

Mr. President, I ask unanimous consent that the names of the Senator from Nevada (Mr. BIBLE), the Senator from Indiana (Mr. BAYH), and the Senator from Michigan (Mr. HART) be added as cosponsors of this amendment.

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

Mr. PASTORE. Mr. President, just a little more than 3 months ago in this Chamber, the Senate of the United States overwhelmingly voted to enact election campaign reform legislation.

In recognition of the scandalously high cost of campaigning for Federal elective office, and the outmoded reporting and disclosure laws regarding campaign expenditures and contributions, the Members of this body—Republicans and Democrats alike—worked closely together and passed a measure which many, including myself, believe to be one of the most significant pieces of legislation in this century. Hopefully the House will act on it soon and the country will be immeasurably better for our joint efforts.

Every Senator knows thoroughly the provisions of S. 382, and I will not presume upon the Senate's time to review them. It is a comprehensive bill that

places realistic and enforceable limits on campaign expenditures for Federal elective office in the broadcast and nonbroadcast communications media; it requires frequent reporting and disclose of contributions and expenditures by candidates and their committees so that the electorate may know the source of a candidate's campaign funds and their distribution.

Finally, it creates an independent, bipartisan Federal Elections Commission to assure that these requirements are enforced strictly, fairly, and impartially.

This legislation in and of itself will, if enacted, go a long way toward restoring the confidence of the American people in their democratic system. It will also go a long way toward assuming that the merit of the candidate and not the amount of his resources will be the sole criteria of his fitness for public office.

But, Mr. President, an opportunity is before us, because of circumstances unique to this time and place, whereby we may take the one added step necessary to perfect what is already a magnificent effort by the Members of this body—and that is the amendment I have introduced.

It is with this ideal in mind, and only for this reason, that I now offer an amendment to H.R. 10947 which would provide an incentive for the small contributor to aid the candidate of his choice in any Federal, State, or local election; and would also provide for Federal financing at the option of the candidate in all general elections for the Office of the Presidency.

I want to say, at this juncture, because I do not want it to be misunderstood, that there is nothing in the amendment that inhibits President Nixon in anyway, or that affects him in anyway unless he chooses to be so affected. This is a completely bipartisan effort. When the amendment was drawn, I did not have the Democratic Party in mind for 1972. I did not have the Republican Party in mind for 1972. As I develop the reasons and give the explanation, it will become clear to every Republican in this body that there is nothing in here to take advantage in anyway of the situation that now exists with reference to the treasury—either of the Republican Party or of the Democratic Party. It has nothing at all to do with that. I will develop that during progress of debate on the amendment.

Here truly, Mr. President, is an opportunity for the ordinary citizen to work his will in an area that all too often has been the special province of the large contributor or the vested interest. Amazingly simple in its operation and enforcement, completely impartial in its application, and certainly ample in its allowances, this amendment is that final step which, in my judgment, places the entire matter of electing representatives of the people where it belong—with the people.

Briefly the amendment contains the following features, and each one is distinct from the other. Each one is distinguishable from the other, but related in a way that makes a complete package.

They are:

First. An income tax credit of one-half of an individual's actual contributions. However, the credit may not exceed $25 in the case of an individual, or $12.50 in the case of married persons filing separately.

Second. On the alternative, an income tax deduction for an individual's actual contributions. The deduction not to exceed $100 in the case of an individual, and $50 in the case of married couples filing separately.

Third. The contributions entitling an individual to a tax credit or deduction may be contributions to a candidate for any elective public office—Federal, State, or local. They may be made for any election—general, special, or primary, or in obtaining a nomination through a primary or party convention.

That applies only to the credit and to the allowance and not to the checkoff of the $1. In other words, the checkoff of the $1 does not apply to a primary but goes into a fund for all eligible candidates in the general election for President.

Fourth. The contributions may be made directly to the candidate or to a committee for the nomination or election of one or more persons.

Fifth. The amendment also provides public financing as an alternative way of financing general election campaigns of presidential or vice presidential candidates. Candidates who elect public financing must forego private financing except to the extent provided under limited contingencies as set out below.

Taxpayers wanting to provide for public financing may do so by designating in their income tax returns that $1 of their taxes—per taxpayer—is to be used for the public financing of presidential campaigns. These funds are to be made available in the form of permanent appropriations for both major and minor party presidential candidates under a formula set out in detail in the summary I am submitting at the end of my statement.

Mr. President, I ask unanimous consent to have that summary printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. PASTORE. Mr. President, it should be pointed out that under this amendment a presidential candidate has the discretion of deciding whether he will accept public financing or finance his campaign privately. If he elects to accept public financing, he is limited in his expenditure to the extent provided in the amendment. If he elects to finance his campaign privately the limitations contained herein for publicly financed campaigns would not apply. However, the limitations contained in the legislation that passed the Senate on August 5—S. 382—the Federal Election Campaign Act of 1971 would apply.

EXHIBIT 1

SUMMARY OF CAMPAIGN FINANCING ACT OF 1971

Title IX.—*Tax Incentives for Contributions to Candidates for Public Office.*

Title IX allows taxpayers a credit against tax or a deduction against income for political campaign contributions. If a credit is taken (sec. 901), the credit is to be for one-half of the contribution but the credit is not to be in excess of $25 in any year. If a deduction is elected (sec. 902), the maximum deduction in any year may not exceed $100.

The credit or deduction is to be available for contributions to candidates for Federal, State or local public office for use by them in a primary, general or special election or in obtaining a nomination through a primary or party convention. The contribution may be made directly to a candidate of the taxpayer's choice or to a committee for the nomination or election of one or more of such persons.

This title is to be effective (sec. 903) with respect to taxable years ending after December 31, 1971.

Title X—*Public Financing for Presidential Campaigns.*

Title X provides public financing as an alternative way of financing general election campaigns of presidential and vice-presidential candidates. Candidates who elect public financing (sec. 1003) must forego private financing (except to the extent provided under limited circumstances as set forth below). Taxpayers (sec. 1061) who want to provide for public financing may do so by designating on their income tax returns that one dollar of their taxes (per taxpayer) is to be used for the public financing of presidential campaigns. These funds are to be available in the form of permanent appropriations for both major, and minor, party presidential candidates. The funds are distributed under a formula outlined below. The principal rules governing this public campaign financing provision are as follows:

(1) Each year taxpayers may designate on their income tax returns that they want $1.00 of their tax liability to be used for the public financing of presidential campaigns (sec. 1061(b)). In the case of joint returns the husband and wife can each separately designate—or check off—the use of one dollar for this purpose. If everyone were to designate one dollar this would, based on the present levels of filing, indicate a total of $113 million with respect to one year.

(2) Permanent appropriations are to be made to the "Presidential Election Campaign Fund" of the amounts designated by taxpayers under the "check-off" system (sec. 1061(b)). After the election any unneeded balances in the fund are to be transferred back to the general fund of the Treasury (sec. 1006(a)(2)). Payments are made to a candidate from this fund upon certification of the Comptroller General as to the appropriate amount of the payment (sec. 1005). If the total amount of the payments provided for under the formulas (set forth below) is greater than the amount available in the appropriate account in the fund (because taxpayers have not "checked off" enough on their tax returns) the actual payments made to the candidates (or their committees) involved are to be decreased on a pro rata basis (sec. 1006(b)(2)).

(3) Separate rules as to the distributions are to be made for major and minor party presidential candidates. A separate rule is also provided for parties which, before an election, do not qualify as either a major or minor party, but in that election obtain a significant vote. A major party is one which, in the last presidential election, obtained 25 percent or more of the votes cast (sec. 1002(6)). A minor party is one which in the last election obtained 5 percent, but less than 25 percent, of the votes cast (sec. 1002(7)).

(4) Funds to be distributed with respect to a major party candidate (sec. 1004(a)(1)) are to be 15 cents times the number of residents in the United States age 18 or over (as determined by the Bureau of the Census in the year before the presidential election). This would mean a distribution of

approximately $20.4 million to each of the two major parties for the 1972 election.

(5) Minor parties are to receive an amount which is the ratio of their vote in the last presidential election to the average of the amount received by the major parties in that election applied to the entitlement of a major party (sec. 1004(a)(2)). For example, it is understood that the average vote received by the two major parties' candidates in the last election was 31.25 million. The Wallace vote in that election was 9.8 million, or 31 percent of the average of the two major parties. If each of the two major parties is eligible to receive $20.4 million, the Wallace (if his party qualifies for election in 1972) would be eligible to receive $6.3 million.

(6) New Parties, and minor parties to the extent they do better in the current campaign than in the last, are to be funded after the presidential campaign (sec. 1004(a)(3)). A new party may obtain private contributions before the campaign on a "loan" basis—that is, they are to be refunded to the contributors after the campaign if the candidate receives a sufficient vote to be eligible for public funds (secs. 1003(c), 1007(b)(4) and 1010(c)(1)). Under this provision (sec. 1004(a)3)), a new party, or minor party's candidate is eligible for public financing in the ratio of the votes he receives in the current campaign to the average of the votes received by the major party candidates in the current campaign applied to the amount to which the major party candidates are entitled. Where a minor party candidate receives an entitlement before the election but is eligible for a larger entitlement under this provision, he can receive under this provision) the excess of this tentative entitlement over the amount received before the election.

(7) The amount received by a minor party, or by a new party (sec. 1004(b)), candidate cannot be greater than the amount received by a major party candidate, or (if smaller) the campaign expenses of the minor or new party candidate less contributions received (which are either retained or have been expended).

(8) Major party candidates (and their authorized committees) who have elected public financing generally cannot receive private contributions with respect to a presidential campaign except to the extent that they receive less than their entitlement (because the "check off" on tax returns was insufficient) (sec. 1010(b)(1)). Minor party candidates can receive contributions but they cannot spend more than is permitted of a major party candidate (sec. 1003(c)).

(9) Major party presidential candidates who elect public financing may not spend more than the amount which would be allocated to them if they received their full allotment (sec. 1010(a)). This limitation applies both to candidates and also to all committees which the candidates has authorized, in writing, to incur expenses for him. No other committee, with respect to any candidate, may spend more than $1,000 in any year (sec. 1010(f)(1)). The amount which may be spent with respect to any candidate applies only to the general election and not to primaries or party conventions. It applies to campaign expenses incurred in the period beginning with the day on which any major party nominates its candidates (or September 1 if earlier) and ending 30 days after the election (and includes property, services or facilities which was purchased earlier but used during this period) (sec. 1002(10)). Campaign expenses, as defined here, include all expenses incurred in the furtherance of a campaign which are spent for any legal purpose (sec. 1002(10)).

(10) The Comptroller General is to audit the qualified campaign expenses of the candidate for each political party for president and require payments to be made to the Treasury Department in the following cases (sec. 1007)). First, if he determines that any payments made to the candidate (or his committees) were in excess of the amount to which he was entitled, an amount equal to this excess amount must be paid to the Treasury Department. Second, if the Comptroller General determines that candidates of a major party received private contributions (except to the extent permitted where they did not receive the full allotment because of an insufficient "check off" on tax returns) an amount equal to these contributions must be paid to the Treasury Department. Third, if the Comptroller General finds that payments made to eligible candidates were used for purposes other than for qualified campaign expenses (or to repay loans obtained for such expenses), he is to require amounts equal to these amounts to be paid to the Treasury Department.

(11) Candidates of political parties for President are, on at least a weekly basis in the months before the election, to furnish the Comptroller General with a detailed statement of the campaign expenses incurred by them and their authorized committees to date, as well as the campaign expenses they propose to incur subsequently (sec. 1008). The Comptroller General is to prepare a summary of these statements and publish them.

(12) The Comptroller General is also to submit a full report to the Senate and House as to the qualified campaign expenses incurred, the amounts certified by him for payment and the amount of repayment required, if any (sec. 1009).

(13) The following criminal penalties are provided by title X (sec. 1010):

(a) A penalty of $5,000 and one year in jail, or both, where campaign expenditures are knowingly and willfully incurred in excess of the payments to which eligible major party candidates are entitled;

(b) A penalty of $5,000 and one year in jail, or both, where public financing has been elected and contributions are knowingly and willfully received by major party candidates or their committees (except where there is not the full allocation to them because of an insufficient "check off" on tax returns), or where contributions have been received by other party candidates in excess of expenditures a major party candidate could make;

(c) A penalty of $10,000 and 5 years in jail, or both) for persons who knowingly and willfully use payments received under this provision for purposes other than qualified campaign expenses (or to repay proceeds used to defray qualified campaign expenses);

(d) A penalty of $10,000 and 5 years in jail, or both, where persons knowingly and willfully furnish false, fictitious or fraudulent information to the Comptroller General with respect to the provisions of this title or exclude any such information, or who otherwise falsify or conceal evidence relevant to a certification or audit by the Comptroller General, or fail to furnish him with information when requested;

(e) A penalty of $10,000 and 5 years in jail, or both, for persons who give or accept kickbacks or illegal payments in connection with qualified campaign expenses of eligible candidates or their authorized committees. In this case, in addition, an amount equal to 125 percent of the kickback or payment received also must be paid into the Treasury Department.

(14) The title creates a Presidential Election Campaign Fund Advisory Board to counsel and assist the Comptroller General in performing his duties under this provision (sec. 1051). The Board consists of the Majority and Minority Leaders of the Senate and the Speaker and Minority Leader of the House, together with 2 members representing each major political party (the latter being appointed by the Comptroller General upon recommendations from the political parties) and 3 members representing the public (selected by the other members of the Board).

(15) Title X generally takes effect as of January 1, 1972 (sec. 1011).

This provision is similar, although not identical, to a provision favorably reported by the Senate Finance Committee in 1967.

Mr. PASTORE. Mr. President, this is the way it will work. I have already explained the credit. One-half of what one contributes to a candidate or to one of his qualified committees, the credit not to exceed $25, or an allowance to be deducted from the gross income actually made to a candidate or to a qualified committee, not to exceed $100 deduction.

And in the case of a President and Vice President, we have a checkoff of $1 that must be the choice of the taxpayer, and that money goes into fund that is later distributed to eligible candidates in the general election.

This is the way it works. The two major candidates of the major parties are entitled to 15 cents multiplied by the number of people in the United States 18 years of age and over, to be determined in June of the year preceeding the election year by the Bureau of Census.

According to the calculations we now have, that amount, insofar as the Republican candidate and the Democratic candidate is concerned would come to approximately $20 million for 1972.

Once a candidate is nominated and he chooses to become eligible under this section, he is confined to the spending of the $20 million—period. But in the case of President Nixon, if he feels that he has more than $20 million, and does not want to come under the section, he can spend all he wants to spend. Except, of course, if we do pass the law that is now pending in the House that places a ceiling on expenditures in the communications media.

What I am trying to make clear is that this is no attack upon President Nixon or the Republican Party. If President Nixon chooses to go his way, the $500 that individual spent last week would not be wasted.

The reason why I made this provision is because I do not want anyone on the other side of the aisle to go away with the impression that this is some kind of a scheme to get at the treasury of the Republican National Committee.

Now, someone might say to me, "All right, how about a candidate of a minority party?" Now, if he has received 5 percent of the vote in the last election, and he chooses to come under the provisions of this amendment, he can spend up to the amount that any candidate of a major party can spend. Provided, however, he would only be entitled to an amount of money that bears the same ratio to the amount of money to which candidates of major parties are entitled, as the number of popular votes his party received in the last presidential election bears to the average number of popular votes received by the candidates of the major parties. In other words, if the two principal parties each received 3 million votes—and I am giving this only as a simple example—the average would be 3 million votes. If the member of a minority party received 1 million votes, he would be entitled to one-third of the $20 million. But if he has spent more than the one-third and he expects to collect the money from the U.S. Treasury, he has to turn back to his contributors an amount equal to the amount he collects from the Federal Government.

Otherwise, he would be unjustly enriched. And the same applies to a candidate for the first time, a new party. In his case, 30 days after the election, its determined what his vote was on election day as against the average vote of the two major party candidates. He is entitled to a refund in that amount provided he has not collected more than that. And if he has, he has to turn the private contributions back to his contributors.

If any candidate does not use up all of the $20 million he may be entitled to, he not only has to make a complete accounting of where it went, but he also has to return it to the contributors. He cannot put it in his pocket.

That, simply and concisely, is the measure. It is not complicated. It is very simple. It is only a question of if we want to do something about giving a democratic chance to every man who seeks the office of President.

We know today that unless one has independent wealth or unless he becomes beholden in one way or another he cannot seek the office. And I am not being critical of this because that is the style and the fashion of doing it today, and we have all done it. We have all collected our money from holding a banquet or having a committee. There is nothing wrong. That is the American way.

However, the time has come when we have to recognize the fact that if we give the chance to seek the presidency to a poor man or a man of moderate means without becoming obligated to vested interests or to any group, whether business or labor or what have you, we have to do something about public financing. That is what this is all about.

There are three legs to this stool, and we feel that by the adoption of the third leg, the stool will stand erect. If one wants to sit on it, he had better vote for the third leg.

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

Mr. PASTORE. I yield.

Mr. COTTON. Mr. President, the particulars were not quite clear to me, are these all voluntary contributions?

Mr. PASTORE. These are all voluntary. That means the return is voluntary; the allowance is voluntary; and the check off is voluntary. It is a voluntary act on the part of the taxpayer. If the taxpayer owes the government $200 that he has to pay anyway, then he and his wife can designate one dollar apiece to be given to this fund to be used for this purpose. He does not designate a party. Otherwise, it would be lopsided.

Mr. COTTON. Mr. President, the calculation has been made that in all probability the bill would make available $20 million for each of the two major candidates.

Mr. PASTORE. That is correct; the President and Vice President.

Mr. COTTON. How can we depend on that? How do we know that enough citizens will respond enough to guarantee that?

Mr. PASTORE. Does the Senator mean in the event it does not happen that we establish a fund of that size? Then we will have to come and take a look at it. The hearings indicated pretty much that a lot of people would like to have the opportunity to participate in the election of a candidate to the Presidency. The checkoff is only with regard to the office of the Presidency. In addition there is a provision in the amendment that meets this point.

Mr. COTTON. Mr. President, that is up to the time of the election.

Mr. PASTORE. Each year.

Mr. COTTON. So that there is no period of time prior to the election when a national candidate can know in advance how much resources he will receive out of this public fund in order to plan his necessary advertising, his necessary action, and the various campaigns?

Mr. PASTORE. He would know. For instance, if we pass this law, when we file our tax returns in April 1972—an election year—they will know pretty much how much is in the fund.

Mr. COTTON. Mr. President, may I say to the distinguished Senator that frankly I am not sure how this works.

This is not a hostile question, but I think it is a very real question. The Senator said emphatically, for instance, that this amendment cannot affect the President of the United States. For example, President Nixon, unless he chooses to come under the law would be perfectly free to say, "I think I can get more money for my campaign from individuals supporting me if I do not take money from this special fund."

Mr. PASTORE. He already has it.

Mr. COTTON. Yes, but in spite of the excellent eloquence of the Senator from Rhode Island, if the President said he would not take limited taxpayer's money, I can hear those mighty voices of the cynics reverberating among the rafters, "Oh, he is going to the fat cats. He does not want to go to the people."

Therefore, I think the President would think long and hard before he said, "No, I do not want to run with this money; I want to get it somewhere else."

Perhaps that would be justifiable. I am not arguing the merits. But I am not sure it allows perfect freedom to reach all the people because it does seriously affect the President if he does not choose the limited taxpayer's fund.

Mr. PASTORE. I am hopeful this will be a supplement to the bill we passed which placed a ceiling on the amount that can be spent. I hope this will be a supplement to that as much as that is a supplement to this.

I did not want it to be argued on the floor that I was trying to do this to attack the President because the Republicans have already reached more money than the $20 million. I wanted to obviate that. I want my colleagues on this side of the aisle to know and to understand there is nothing Democratic or Republican about this amendment. Frankly, it does not make that much difference to me.

Mr. COTTON. I thank the Senator.

Mr. PASTORE. I think the time has come, and I think the Senator will agree, when something has to be done about the idea that a man who runs for the Presidency has to be either personally wealthy or has to become beholden to a lot of people with vested interests.

They said the same thing about John Kennedy, that he was a rich man and that somebody else was a poor man. They said it about Rockefeller and they said it about Roosevelt. They have said it about other Democrats and about Republicans. It has been said that a candidate was either rich in his own right or that he got his wealth from his family. But people do not take that too seriously.

The only reason I removed that ceiling as far as the Presidency is concerned is because we did not want to be accused of making this a punitive measure.

Mr. COTTON. I understand that perfectly. I am not suggesting the Senator is not perfectly sincere. It is true that whether the President is a Democrat or a Republican, nothing succeeds like success and it has been my observation that it is a lot easier for a man occupying the great office of the Presidency to go out and raise money than it is for a man who is a candidate for a nomination to oppose him, because people like to bet——

Mr. PASTORE. On the winner.

Mr. COTTON. On the odds. I certainly am in sympathy with the purpose of the Senator from Rhode Island; otherwise I would not have voted for his reasonable reform bill in committee. I get the Senator's point. As a matter of practical fact, it cannot be said that the problem is that of the President saying, "I will take the $20 million or such part of it as comes in from the people," because if he makes the other decision and says, "I am going to my friends to raise my own money," then immediately he is charged with depending on the fat cats and being owned by them.

Mr. PASTORE. There are only two alternatives here. We either make this apply against the President, even though he does raise his own money and cannot spend more than $20 million, which the other party can take from the treasury—it has arguments for and against, and one must accept the theory it is impossible to aid poor people to run for the Presidency and confine it as a matter for the rich.

Now, with television, radio, and what have you, when one considers that to become President of the United States a candidate has to raise and spend millions of dollars, could the Senator from New Hampshire afford it? I know I cannot afford it.

Mr. COTTON. I have not had to face up to that problem since I have yet to run for President.

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

Mr. PASTORE. I yield.

Mr. LONG. It seems to this Senator that we would be doing both parties a major favor in the long run. I do not think it helps the Republican Party to have it said that the Republican Party is the party of the rich and have someone say that all these people contributed this money and that this man was named ambassador and put up all this money, or that this fellow was named to this office, and this one to that. It is not good for the country to have people alleging

that these large contributions are involved in decisions in Government.

Furthermore, it is not right to have a situation where a fellow like Harry Truman who is doing his best—telling vested interests that he is not going to see it their way, regardless of what it costs him—goes into a town and has to get on the telephone for half the night to raise money to get his train out of town because he would not compromise his duty as President.

The last time I saw Harry Truman when he was President of the United States I told him I would like to call on him sometime when he was out of the Presidency, and I knew people calling on Thomas Jefferson made him a poor man when they came to call on him at his home in the country in Charlottesville. They caused Thomas Jefferson to die a poor man. Harry Truman said that was not why Thomas Jefferson died a poor man. He said Thomas Jefferson died a poor man because he would not compromise the Presidency. He said, "I have not compromised the Presidency."

That kind of President should have enough money to go out and explain why he did what he did as President, rather than not being able to pay his expenses because he did not have people to put up the money. The Presidency should be above those considerations.

Mr. PASTORE. The idea contained in this checkoff is the idea of the Senator from Louisiana. The only reason I adopted it is that I know for personal reasons, because he is manager of the bill before us, he could not undertake it on his own. He made that decision clear. But I do hope he supports the amendment when it comes up for vote. His amendment was passed by the Senate and it was passed by the House. This idea of the checkoff was his idea. Later it was nullified, but it is the Senator's idea and I think it is a brilliant idea, and I hope it becomes law and that the Senator will support it.

Mr. LONG. I will support it and I will vote for the package if this is a part of it. We should make some progress toward the proposition that a candidate for President of the United States should be completely free from any consideration as to where the money is going to come from to pay for campaign expenses.

Mr. PASTORE. That is the name of the game and it is what this is about.

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

Mr. PASTORE. I yield.

Mr. PELL. Mr. President, I like the bill very much. I congratulate my senior colleague on it. I intend to support it.

I have one question. I think it is a good idea that the expenses of campaigning for the presidency should come from public moneys during the course of the campaign. Why would it not be simpler to pay for it out of general revenue rather than having a checkoff which will have the expense of adding it up?

Mr. PASTORE. It adds up to the same thing. The money that is paid in will have to be paid in anyway and the taxpayer has the feeling he is doing something about financing the presidential campaign.

Mr. PELL. But somebody will have to add up all of these amounts.

Mr. PASTORE. No, the taxpayer would just put a checkmark, and the dollar goes there.

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

Mr. PASTORE. I yield.

Mr. TALMADGE. The difference is that the amendment offered by the distinguished Senator from Rhode Island makes it voluntary. The taxpayer does not have to check off the dollar unless he desires to do so, and if he fails to exercise his decision in the affirmative, it is not forced upon him, whereas if we appropriated money directly from the Federal Treasury, we would be spending money frequently against his will to support candidates he frequently is opposed to.

Mr. PELL. That is a good answer.

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

Mr. PASTORE. I yield.

Mr. CRANSTON. I have one question. If there is not enough money in the general pot from the checkoff for each of the candidates to get the money provided, then they are permitted to raise money separately?

Mr. PASTORE. Yes, but only up to the amount he would be entitled to under the provisions of my amendment.

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

Mr. PASTORE. I yield.

Mr. ALLEN. I am very much interested in the proposal of the distinguished senior Senator from Rhode Island, and I note in his analysis of the amendment, on page 3, paragraph 5, that if each of two major parties is eligible to receive $20.4 million, the Wallace campaign, or Wallace ticket, if his party qualifies for election in 1972, would be eligible to receive $6.3 million. That is based, I believe, on the assumption that all of the votes that were cast for Governor Wallace for President in 1968 were cast for him as the candidate of one party. Is that correct?

Mr. PASTORE. I do not know exactly what the Senator means by "for one party."

Mr. ALLEN. For his party.

Mr. PASTORE. His party. Yes.

Mr. ALLEN. The fact is that the Governor was running in the various States under eight different party tickets, and he did not run under one party throughout the country. Apparently, it is the intent of the distingushed Senator from Rhode Island to assure that this third-party effort of Governor Wallace under whatever ticket would share pro rata in the campaign fund. Is that not correct?

Mr. PASTORE. That is correct.

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

Mr. ALLEN. I yield.

Mr. COOK. I must say to the Senator from Alabama that that is not the way the bill reads.

Mr. ALLEN. That is the point the Senator from Alabama is making.

Mr. COOK. I would like to make very clear to the Senator from Alabama that when the synopsis reads that the Governor will receive $6.8 million, or whatever it is, that just is not true. The American Party will receive a sum of money, as the Democratic Party will receive a sum of money, as the Republican Party will receive a sum of money, as the other seven parties that Governor Wallace ran under will receive a sum of money, because there are two sections in the bill—one for those who will receive money from 0 percent to 5 percent, and they will have to pay their expenses and get that later, after the election, and those from 5 percent up to 25 percent, who will receive a percentage of the funds during the course of their running.

When anyone says, or when the newspapers say, as they said yesterday, that George Wallace would receive $6.8 million, let me point out that the American Party will receive a sum of money, or the other seven parties will receive a sum of money, if they qualify as coming between 5 to 25 percent of the vote.

Mr. ALLEN. Will the Senator show the junior Senator from Alabama where the amendment says any party is going to receive anything?

Mr. PASTORE. Wait a minute. The money goes to the candidate. The bill that we passed last time said the party. I purposely changed it to the candidate, or committee designated by him, or someone authorized by him. I will be very frank that one could strain the language, but I want it clear that section 5 is only an example of how it goes. I think, within the framework of the law, if Governor Wallace's name appeared on five tickets, they could be named altogether because it goes to the candidate rather than to a party.

Mr. COOK. May I again ask the Senator to turn to the language contained on page 8, under paragraph (2), lines 12 and 13? He has got to be the candidate of a political party for election to either such office, and he has got to be on the ballot in 10 or more States.

Mr. PASTORE. That is right.

Mr. ALLEN. Will the Senator show me where a party is getting anything, as the Senator stated he would do?

Mr. COOK. The point I am trying to make is that it is based on a percentage. First of all, it cannot be on a percentage. If it is based on a percentage Governor Wallace got, it could not be based on anything except the people who voted for the President and Vice President of their respective parties or their candidates. Otherwise, the 15-percent differential would not be in there.

Mr. ALLEN. I also would like the Senator to point out where the amendment says that those candidates who got less than 5 percent of the vote would get anything. He stated that such parties would get something if they got from 0 to 5 percent. I would like to see that pointed out.

Mr. PASTORE. Who said that? The Senator from Kentucky said that; I did not say that.

Mr. ALLEN. Yes.

Mr. PASTORE. Look at page 14 of the amendment, subparagraph (2):

> The eligible candidates of a minor party in a presidential election shall be entitled to payments under section 1006 equal in the aggregate to an amount which bears the same ratio to the amount computed—

And so forth.

Under that construction, I think we could very well add them up, if it was Wallace's name.

Mr. ALLEN. Yes.

Mr. PASTORE. Frankly, if the language should be polished, I would have no objection to it.

Mr. ALLEN. Would the Senator, then, be amenable to perfecting language?

Mr. PASTORE. I would, if the Senator has perfecting language. In other words, if he ran on five different tickets, he is still the candidate and they are counted all together, because next time he might run on one ticket, and if so many people voted for him, we should add up the votes. I do not care how many tickets he ran on.

What may have led to the ambiguity is that this language is copied pretty much from the language reported by the Finance Committee under the sponsorship of the Senator from Louisiana (Mr. LONG), and at that time the money was being paid to a party rather than a candidate.

Mr. ALLEN. That is exactly the point the Senator from Alabama made.

Mr. PASTORE. I changed it. So I think, within the meaning of my change, if we could get some perfecting language, I would be happy to accept it.

Mr. ALLEN. I will offer the language at the proper time.

Mr. PASTORE. Yes. Will the Senator show it to our staff?

Mr. ALLEN. Yes; right away.

Will the Senator from Rhode Island yield so that I may make a unanimous consent request?

Mr. PASTORE. I yield for that purpose.

Mr. ALLEN. Mr. President, I ask unanimous consent that there may be inserted in the RECORD at this point an excerpt from the 1969 Congressional Quarterly Almanac, "Final 1968 Presidential Election Results," giving the election results in all 50 States, and showing the party designation under which Governor Wallace ran in the respective States.

If the Senator has no objection, I would like to introduce this. Also a copy of the Senator's analysis of the amendment.

Mr. PASTORE. It has been put in the RECORD.

The PRESIDING OFFICER. Is there objection?

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

POLITICAL REPORT—FINAL 1968 PRESIDENTIAL ELECTION RESULTS

[Key to symbols: D—Democrat; I—Independent; AI—American Independent; AP—American Party; W—Wallace Electors; CPK—Conservative Party of Kansas; IA—Independent American; CP—Courage Party]

State	Total popular vote				Electoral vote			Plurality	Percentages		
	Nixon (R)	Humphrey (D)	Wallace (AIP)	All others	Nixon	Humphrey	Wallace		Nixon	Humphrey	Wallace
Alabama[1] (D)	146,923	196,579	691,425	14,982			10	(AIP) 494,846	14.0	18.7	65.9
Alaska (I)	37,600	35,411	10,024		3			(R) 2,189	45.3	42.6	12.1
Arizona (AI)	266,721	170,514	46,573	3,128	5			(R) 96,207	54.8	35.0	9.6
Arkansas[2] (AP)	190,759	188,228	240,982				6	(AIP) 50,223	30.8	30.4	38.9
California (AI)	3,467,664	3,244,318	487,270	52,335	40			(R) 223,346	47.8	44.7	6.7
Colorado (AI)	409,345	335,174	60,813	5,867	6			(R) 74,171	50.5	41.3	7.5
Connecticut (W)	556,721	621,561	76,650	1,300		8		(D) 64,840	44.3	49.5	6.1
Delaware (AP)	96,714	89,194	28,459		3			(R) 7,520	45.1	41.6	13.3
Florida (W)	886,804	676,794	624,207		14			(R) 210,010	40.5	30.9	28.5
Georgia (I)	380,111	334,439	535,550				12	(AIP) 155,439	30.4	26.8	42.8
Hawaii (AP)	91,425	141,324	3,469			4		(D) 49,899	38.7	59.8	1.5
Idaho (AI)	165,369	89,273	36,541		4			(R) 76,096	56.8	30.7	12.5
Illinois (W)	2,174,774	2,039,814	390,958	14,203	26			(R) 134,960	47.1	44.2	8.5
Indiana (W)	1,067,885	806,659	243,108	5,945	13			(R) 261,226	50.3	38.0	11.4
Iowa (AI)	619,106	476,699	66,422	5,454	9			(R) 142,407	53.0	40.8	5.7
Kansas (CPK)	478,674	302,996	88,921	2,192	7			(R) 175,678	54.8	34.7	10.2
Kentucky (AP)	462,411	397,541	193,098	2,843	9			(R) 64,870	43.8	37.6	18.3
Louisiana (AP)	257,535	309,615	530,300					(AIP) 220,685	23.5	28.2	48.3
Maine (W)	169,254	217,312	6,370			4		(D) 48,058	43.1	55.3	1.6
Maryland (W)	517,995	538,310	178,734			10		(D) 20,315	41.9	43.6	14.5
Massachusetts (I)	766,844	1,469,218	87,088	8,602		14		(D) 702,374	32.9	63.0	3.7
Michigan (AI)	1,370,665	1,593,082	331,968	10,535		21		(D) 222,417	41.5	48.2	10.0
Minnesota (AP)	658,643	857,738	68,931	3,198		10		(D) 199,095	41.5	54.0	4.3
Mississippi (I)	88,516	150,644	415,349				7	(AIP) 264,705	13.5	23.0	63.5
Missouri (AP)	811,932	791,444	206,126		12			(R) 20,488	44.9	43.7	11.4
Montana (AP)	138,835	114,117	20,015	1,437	4			(R) 24,718	50.6	41.6	7.3
Nebraska (AP)	321,163	170,784	44,904		5			(R) 150,379	59.8	31.8	8.4
Nevada (IA)	73,188	60,598	20,432		3			(R) 12,590	47.5	39.3	13.2
New Hampshire (W)	154,903	130,589	11,173	633	4			(R) 24,314	52.1	43.9	3.8
New Jersey (W)	1,325,467	1,264,206	262,187	23,535	17			(R) 61,261	46.1	44.0	9.1
New Mexico (AI)	169,692	130,081	25,737	1,828	4			(R) 39,611	51.8	39.7	7.9
New York[3] (CP)	3,007,932	3,378,470	358,864	46,421		43		(D) 370,538	44.3	49.7	5.3
North Carolina (AP)	627,192	464,113	496,188		12		[4]1	(R) 131,004	39.5	29.2	31.3
North Dakota (AP)	138,669	94,769	14,244	200	4			(R) 43,900	55.9	38.2	5.7
Ohio (AI)	1,791,014	1,700,586	467,495	603	26			(R) 90,428	45.2	42.9	11.8
Oklahoma (AP)	449,697	301,658	191,731		8			(R) 148,039	47.7	32.0	20.3
Oregon (I)	408,433	358,866	49,683	2,640	6			(R) 49,567	49.8	43.8	6.1
Pennsylvania (AI)	2,090,017	2,259,405	378,582	19,924		29		(D) 69,388	44.0	47.6	8.0
Rhode Island (W)	122,359	246,518	15,678	383		4		(D) 124,159	31.8	64.0	4.1
South Carolina (I)	254,062	197,486	215,430		8			(R) 38,632	38.1	29.6	32.3
South Dakota (I)	149,841	118,023	13,400		4			(R) 31,818	53.3	42.0	4.8
Tennessee (AP)	472,592	351,233	424,792		11			(R) 47,800	37.8	28.1	34.0
Texas (AP)	1,227,844	1,266,804	548,269	489		25		(D) 38,960	39.8	41.1	19.0
Utah (AI)	238,728	156,665	26,906	269	4			(R) 82,063	56.5	37.1	6.3
Vermont (W)	85,142	70,255	5,104	902	3			(R) 14,887	52.8	43.5	3.2
Virginia (AI)[5]	590,319	442,387	321,833	6,950	12			(R) 147,932	43.4	32.5	23.6
Washington (AP)	588,510	616,037	96,990	2,744		9		(D) 27,527	45.1	47.2	7.4
West Virginia (AP)	307,555	374,091	72,560			7		(D) 66,536	40.8	49.6	9.6
Wisconsin (I)	809,997	748,804	127,835	4,902	12			(R) 61,193	47.9	44.3	7.6
Wyoming (AI)	70,927	45,173	11,105		3			(R) 25,754	55.8	35.5	8.7
District of Columbia	31,012	139,566				3		(D) 108,554	18.2	81.8	
Total	31,785,480	31,275,165	9,906,473	244,444	301	191	46	[6](R) 510,315	43.4	42.7	13.5

[1] Alabama—Humphrey total is a combination of National Democratic (54,144) and Independent Democratic (142,435) votes; the AIP Wallace vote was cast as Democratic in this state.

[2] Arkansas—Nixon, Humphrey, and Wallace vote each increased by amendment to early canvass in Jefferson County.

[3] New York—Humphrey total includes 311,622 votes as Liberal candidate.

[4] 1 North Carolina Republican elector cast his vote for Wallace.

[5] Virginia—Wallace vote increased by 1,561 over State canvass for vote in Shenandoah County omitted in original report.

[6] Because of Humphrey's 3d-place finish in the South, plurality column does not add up to national total.

Source: Based on complete vote totals reported to Congressional Quarterly by the Governmental Affairs Institute.

Note: Total popular vote cast: 73,211,562.

Mr. CANNON. Mr. President, I am a cosponsor of this amendment to provide broad incentives to all citizens of the United States to make political contributions to the candidates and the political parties of their choice.

This amendment goes beyond any that has ever been offered before. It would permit a taxpayer to claim up to one-half of his contribution to a candidate for elective office as a tax credit, but not to exceed $25 for the taxable year. Alternatively, the amendment would permit the taxpayer to claim a tax deduction, but not to exceed $100 for the taxable year.

Furthermore, the amendment would permit the taxpayer to check off on his income tax return the sum of $1 for use in presidential elections.

These tax benefits should encourage citizens to participate more actively in the elective process by making some cash gift to or in behalf of chosen candidates while exercising the right or privilege to write off in some degree the cost of the contribution.

For many years the Senate has been attempting to achieve for the elective process the same kind of treatment as is given to other religious, charitable, civic functions; namely, a tax benefit for gifts. In various election reform bills, as amendments to tax reform acts, and in many other legislative proposals, efforts have been made to accomplish some relief for the tremendous burdens put upon candidates and political parties.

Studies conducted by committees of the Congress, newspaper articles, accounts filed by various political committees and others, all point out the astronomical rise in the cost of campaigning for election to political office.

Television and radio and newspaper programs and advertisements result in millions of dollars of expenditures by candidates seeking nomination or election to the Office of President, and candidates for election to the Senate or the House of Representatives are obligated to spend awesome amounts of money to gain public exposure.

In order to raise the money required, these candidates and their representatives are obliged to seek the support of very wealthy individuals or special interest groups for large contributions. It is logical to believe that those groups and those individuals expect to gain access to the successful candidates for some support of their own problems.

In order to alleviate this pressure, to relieve the candidates from moral obligation, there should be a tax benefit which would permit millions of dollars of contributions from the people of the United States to flow to the candidates and parties of their choice. In return, the people should be given some relief in the form of a tax credit or deduction. This would result in the popular belief that, as in the case of charity, or education, or religious causes, the United States was sharing with the people in the support of the democratic process.

Mr. President, I enthusiastically endorse the principle of tax benefits for political contributions, and I hope that the Senate will give its wholehearted support to a proposal to reduce the terrible financial burden that currently rests upon candidates and those who support them.

I ask for the adoption of this amendment, No. 692.

Mr. BENTSEN. Mr. President, the last presidential election, according to the figures, cost approximately $100 million. An objective study by a nonpartisan foundation tells us that over 90 percent of the contributions come from less than 1 percent of the people; and every survey you see these days shows lessening confidence of the people in the institution of Government and its leadership. It is no wonder, with this kind of lack of participation and contributions by the people of the United States. It is apparent that the time has come for substantial reform in the laws pertaining to campaign contributions.

This body earlier this year passed some very significant legislation that would put limitations on campaign spending and establish stronger reporting requirements as to where those funds were coming from. Related legislation is now before the House of Representatives. It is my hope that a strong and meaningful bill will emerge from this Congress in the way of election reform, to show that we, the people's elected representatives, are fully aware of the need for basic changes in both the form and substance of financing campaigns. We must broaden the opportunities for participation in financing campaigns and make funding less dependent on the wealthy.

The people of this Nation are demanding to know the sources of campaign financing, and they have a right to know from whence comes the "mother's milk of politics." More important, it seems to me, is the means by which people participate. The base of financing must be broadened so that more people can become involved in the basic exercise of providing the means for candidates to get their messages across to the public, to really be able to discuss the issues and inform the public of their views.

This would mean, of course, less dependence on big contributors. Thus, if we do our job, this Congress will provide positive legislation for controlling spending, revealing the sources of funds, and permitting a system of checkoffs of public financing of campaigns.

Let me emphasize, Mr. President, that as the recipient of campaign contributions, during a very recent campaign, I am not making a categorical condemnation of those who now contribute.

In my case, and I believe in most cases, those who support us financially do so not with the intent of demanding a quid pro quo, or a favor for a favor, but because they believe as we do or because they have a sense of public responsibility.

There are, of course, abuses, and it is these abuses which are publicized and which bring about the deterioration of confidence of the people in their public officials. This, Mr. President, is the biggest and most compelling reason that we should enact legislation which permits a form of public financing of campaign funding through a checkoff system on our income tax returns.

I know that it would be easy, as a Democrat, to base arguments on the inequities of contributions to the two major parties, but that, Mr. President, is not the basic issue.

The issue is nonpartisan, and it is that all citizens, rich and poor alike, must be given an opportunity to participate. The income tax checkoff principle is an attractive and sound way, I think, to deal with the problem.

There should be no injection of partisanship into this issue. Indeed, we have seen in the past strong bipartisanship support of the principle. President Nixon has expressed support of the principle of public financing, and it is expected that that support and opinion will carry some weight on the other side of the aisle. His predecessor before him expressed his support, and I would hope that that would carry some weight on this side of the aisle. Before him, we found President Truman and President Kennedy both expressing support of public financing and funding of presidential campaigns.

Any time that we find a campaign for the Presidency of the United States reaching the astronomical cost of $100 million, when we see the figure in the seventies double what it was in the sixties, and in the sixties double what it was in the fifties we can see where we are heading. When we can see 90 percent of the contributions coming from less than 1 percent of the people, we can understand the dissatisfaction of the people in nonparticipation and feeling cut out of the process. The Federal Communications Commission has the record of what was spent last time in the campaign on radio and television, and they tell us that after the convention, between the convention and the election, on radio and TV alone, approximately $15 million was spent during the presidential campaign; $15 million, an incredible sum. And when you add to that the costs of the primaries, the cost of direct mail, billboards, and advertising, you can see where we are headed in campaign financing in this country.

I contend, Mr. President, that such expenditures require the shedding of more light on the origin of the contributions, in addition to providing some means of offsetting the dependence on major contributors—and I include in my list of major contributors.

Congress and public officials must not be in a position of having had moneybags pay their way, be it big business, big labor, or any particular big interest to which they are obligated.

The arena of political funding must be extended beyond just the wealthy or the special interest groups. Politics in the United States must become less of a game of big contributions and more of an art of talent and ideas and dedication.

In truth, Mr. President, political campaign spending has become so outrageously expensive that, as a consequence, the potential for candidates to become dependent on the pursestrings of the monied continues to grow.

If we are concerned with the dangers threatening our democratic form of government, if we are concerned with the eroding confidence of the people in their

government, if we are concerned with the limited participation of the people in their government, then we must be concerned with the problem of campaign spending.

Sometimes I have the feeling that we feel that democracy is an immortal thing. But it is not; it is a fragile, living thing. It needs input; it needs the participation of people if it is to survive.

I fervently believe that limitations on spending for campaigns and the check-off system of contributions can return political campaigns to their proper orbit of creativity, objectivity and independence of the financal powers who would too readily open their pursestrings to influence the direction of legislation.

Wealth must not be allowed to become the yardstick for political talent. Political success must not be allowed to become equated with financial success. The people of this country must not be forced to choose among competing financial interests, but should be permitted a free choice of men and ideologies and ideas. They must be permitted to choose from independent candidates, minimally influenced by the great financial sources which have the wherewithal to share their wealth in campaigns.

The statistics of mounting spending for political campaigns are alarming.

I have cited the geometric increase in compaign spending over the last 30 years. It will continue apace if we do not do something about it. Continued ballooning of campaign costs will permit special interest groups to exercise increasingly perilous influence over the candidates.

This amendment by the distinguished Senator from Rhode Island to provide public financing of general election campaigns for presidential and vice-presidential candidates permits the candidates a choice: that is, candidates who elect public financing must forego private financing except in limited circumstances. The amendment allows taxpayers a credit against taxes or a deduction against income for political campaign contributions.

It is good legislation, it is popular legislation, and it is needed legislation. And virtue comes easy when it serves the best interests of democracy.

The PRESIDING OFFICER. Who yields time?

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

First let me say to the Senator from Alabama, if he will bear with me just a moment, I read from page 9, item 7:

> (7) The term "minor party" means, with respect to any presidential election, a political party whose candidate for the office of President in the preceding presidential election received, as the candidate of such party, 5 percent or more but less than 25 percent of the total number of popular votes received by all candidates for such office.

There is a distinction in finances between 0 and 5 and 5 and above 5.

Mr. ALLEN. A candidate getting less than 5 percent gets nothing, because the definition says at least 5 percent.

Mr. COOK. As the Senator from Rhode Island said earlier, about how expenditures can be made for candidates not for parties, I think one has to assume that has to be the case, and he would then have to foot the bill for his candidacy, because we provide for loans and then a means by which they receive these loans and pay them back. One would hope this would be an assumption.

I think title I represents a very important step forward, and I think the people of the United States should have a right to write out a check to the candidate of their choice, regardless of what level it is, and know that they are deducting that to the limits that are presented in this bill on their income tax return, and they know exactly for whom they have expended that money, whether it be $5 or $10 or whatever.

It is my objection that we are saying to the American people that we now need a welfare system and, contrary to what the Senator from Texas has said, that we are going to take it out of this arena, that we are going to take it out only as to two or three individuals—the candidates for the Presidency of the United States. Five hundred and thirty-five people are going to be elected, and they are not going to have any checkoff at all. And they are going out after their contributions—the Senator from Rhode Island is, the Senator from Alabama is, and the Senator from Texas is—and if he has a reporting law in the State of Texas, I assume he will show that somebody gave him $5,000 or $1,000, or whatever the case may be.

So this business that, somehow or other, this is going to make the entire political arena virtuous is falling on deaf ears so far as the Senator from Kentucky is concerned.

Article I, section 8 of the Constitution reads:

> The Congress shall have Power To lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defense and general Welfare of the United States. . . .

So I assume that what we have to argue to the American people is that to provide the funds for the presidential candidates, it has to be for their general welfare; and that we have to provide to each of the major party candidates $20 million because it is in the general welfare of the United States. It is not in the general welfare of 535 other people—well, one-third of the Senate at one time and 435 Members of the House.

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

Mr. COOK. I yield.

Mr. PASTORE. The Senator from Rhode Island is not suggesting for one moment that this is a cure-all for all the evils that exist in the matter of campaigning and the expenses of campaigning. We did pass a bill not too long ago, and it is now in the House, that I hope will bring some semblance of sanity to the question of the scandalous amounts of money that have to be spent in order to win a public office, whether it is the Senate, the House, a governorship, or other State office.

It is true that this applies only to the Presidency; but if we are going to start, would not the Senator from Kentucky admit that that is the place to start?

Mr. COOK. I admit it, and I thank the Senator for the remark. I think what we then have to say and have to look forward to—what we have to say to the American people is: "The next step, ladies and gentlemen of this country, is that you are going to be asked to check off on your tax return, you are going to be asked to utilize the tax funds for the benefit of the operation of your Government, not only the funds to handle the election for the Presidency of the United States, but you are going to have to pay into the Treasury, out of your tax dollars, for the election of Senators, for the election of Members of the House."

I hope we do not go down into the States, because at least in title I of this we allow for contributions to be made to offices at all levels.

Let me bring up one other point.

Mr. PASTORE. Will the Senator yield on that point?

Mr. COOK. I did not interrupt the Senator from Rhode Island.

Mr. PASTORE. It is not a matter of interrupting. The Senator is making certain assumptions.

Mr. COOK. Did the Senator not say, "Is this not the place to start?"

Mr. PASTORE. That is right. But I did not say that because we are going to do it for the Presidency, this opens the door to do it for all other offices.

Mr. COOK. What did the Senator mean when he said this is the place to start if, in fact, there are in the Federal Government an elected President, an elected Vice President, and 535 Members of Congress?

Mr. PASTORE. That is right.

Mr. COOK. Are we saying that if this is a start and this is the place to start—was it the message that the Senator from Rhode Island wanted to make to us that the next place we have, after we get through with this, is to see that we have public financing for all Members of Congress?

Mr. PASTORE. It is the prediction of the Senator from Rhode Island that when we get beyond the office of Presidency in this regard, the Senator from Kentucky and I will be only a memory in the Senate of the United States.

Mr. COOK. I am sure that is correct. But I asked the Senator a question as to what he meant when he said this is a good place to start.

I also say that the Senator from Rhode Island, in his opening discussion, said we no longer had to have poor candidates who could try to get the nomination as against candidates who had a tremendous amount of wealth and could do this without the help of their own finances.

I suggest that one read section 1002, item 2, which states that this applies only to nominees of parties after a convention. That means that the money would be available to the respective candidates for the respective parties after their conventions. That means that an individual who wanted to get a nomination—an individual, for example, in this body, on that side of the aisle—a Senator HARRIS, a Senator MCGOVERN, a Senator MUSKIE, has to have a means of complete financing up to the time of the convention. Then, at the point he receives the nomination at his party convention, he will receive sums of money from this fund.

Mr. PASTORE. Will the Senator yield on that point? Is the Senator suggest-

ing we include primaries? If he is, we will have a donnybrook, and the Senator knows that as well as I do.

Mr. COOK. I say to the Senator from Rhode Island that he includes primaries and party caucuses and party conventions in the ability of the American individual to make a check out to the candidate of his choice.

I might say to the Senator that under title IX he provides all this. He provides that the person may write out a check. I read from title IX, for the benefit of the Senate:

(A) an individual who is a candidate for nomination or election to any Federal, State, or local elective public office in any primary, general, or special election, or in any National, State, or local convention or caucus of a political party, for use by such individual to further his candidacy for nomination or election to such office;

So in title IX we are saying that the tax credit that is allowed to the individual who wishes to make a check out to the candidate of his choice is totally deductible by him, all the way down to the party caucus or the party convention or a primary. We are then saying that as to the checkoff, the only time this money is available to the candidate is after his party convention. Where does he get all this money before the party convention?

Mr. PASTORE. By his credit.

Mr. COOK. Does the Senator mean he borrows it?

Mr. PASTORE. No. The individual can give it to him and take it as a credit.

Mr. COOK. How about the individual before then who wants to give him a half million dollars?

Mr. PASTORE. He cannot take more than a hundred dollars.

Mr. COOK. Now he cannot deduct any of it. As the law is now, he cannot deduct any of it.

The point I am trying to make is that the argument is being made that this is going to make all presidential candidates Mr. Clean. The only thing I am saying—and I say this to the Senator from Texas, because he said we have to see to it that nobody is beholden to anybody—is that under this bill, the only time money can be given to a candidate is after he is the nominee of his party convention, and in this instance it is in August. Where does he get all these funds and how does he get all the money up to August? How does he get all the money to run in New Hampshire, Florida, California, Oregon, Wisconsin, Minnesota? He gets it the same way he is getting it now. If he is beholden to anyone now, he will be beholden to them then. The only thing he does is from August until the election in November he has a fund from which to draw; is that not correct?

Mr. PASTORE. No. The Senator is partially correct.

Mr. COOK. Tell me where I am wrong.

Mr. PASTORE, The Senator is wrong in this respect, that the individual now, if this bill is enacted, the individual, rather than going to a banquet and be harassed by collectors, can make his contribution to a person who is campaigning in New Hampshire, say, and have it as a deduction or a credit.

The Senator talks about Mr. Clean. I am not trying to clean up anyone. Just trying to wash our faces a little. If we can do that, that is clean enough for me.

Mr. COOK. Our faces might get washed, but the situation is still there, where one is beholden to come up into public office. The Senator is trying to give the impression that somehow or other we will wash everyone's face. I doubt seriously that we will accomplish it.

I would also say, what do we say to the American taxpayer when he gets his tax return? We say, "Put a check on this little box. We are not going to tell you who it will go to, because it is none of your business. We will divide it up later. You will make your contribution to the political system but you are going to have no knowledge of where your money will go. You are not going to have a part of the system. Perhaps the money may actually go to someone you do not want to be President of the United States at all. We are not asking you whom you want it to go to, but we are creating a fund and the money will go into that fund."

By the way, we know it is an election fund. It is estimated by the IRS that there are 113 million tax returns filed. Let us suppose that everyone checks $1 in that little box. That is $113 million. That will go into the political fund. As of the last election, the greatest amount of money that could be paid out to candidates was $48 million. The taxpayers will have made $113 million in political contributions to their Government for a political purpose; $48 million of it will go for that purpose and the remainder under the terms of the bill, under title X, item 2, page 17, will revert to the general fund. It will go into the Treasury of the United States. It is not going to be used for the purpose we told the taxpayers, only a percentage of it will be used, and the balance will be used in a way that the taxpayer will know not how it will be used, and yet he will be picking out a little space that will say, "The Presidential election campaign fund."

Now let us assume he also pays in the $113 million and only one candidate takes out, and the other decides not to. The taxpayers have paid in $113 million—$20 million has been paid out to one candidate, to a particular person, and $83 million is in the general fund, which is not the purpose for which it was earmarked.

Mr. LONG. Where would it have gone, if the checkoff had not been made? Would it not have remained in the general fund?

Mr. COOK. If you want to keep it in the trust fund for political deductions, let it stay there for the next election. If the people of the United States are putting tax funds in there for that purpose, let us not have that purpose——

Mr. LONG. Why does not the Senator offer an amendment, then, to bring that about?

Mr. COOK. Oh, I have a number of amendments. I will get around to that.

Mr. LONG. Will the Senator yield for a further question?

Mr. COOK. Yes, I yield.

Mr. LONG. When I was up in the gallery a few moments ago, I believe I heard the Senator say, while he was speaking on the floor, that this is not going to eliminate a candidate's need for money because he will have to run in a primary anyway. We are going to have an election next year, and sometimes we cannot legislate beyond what we can see. We have reason to think that Nixon will be the Republican candidate. I certainly hope so. I do not believe the Republicans could do any better than that. I think he is a fine fellow. At least this will take him beyond the need for money in primaries, because by the time the primaries come around, he will have the nomination of his party. The Senator does not have any doubt about that, in his heart, does he? In that election, we will free one of these candidates from having to go out and grovel for money. For at least half the campaign, if this man does what the Senator thinks he will do, he will take the money available to him so that he does not have to grovel for money to finance his campaign.

The Senator does not want him to have to grovel for the money, to go hat in hand asking for it, does he? Why not leave it so that there is the $1 contribution available from each taxpayer which will take care of all his financial problems.

Mr. COOK. May I say to the Senator from Louisiana, that is not what bothers me. The remarks of the Senator from Rhode Island when he started out, that this is not an issue that has anything to do with the Republican Party as such, I am not here wanting to argue that, about any disagreement about this bill, because I am not worried where Nixon will get his money, or anyone else. I merely state to the Senator from Louisiana that, to me, it goes deeper than that.

When a constitutional government in a republican form of government has to check off funds from tax returns, to supply the funds for the political system and by reason of supplying those funds for the political system, we should know, to begin with, that the two major parties were not created, not established, by any instrument, or by the Constitution, but will be frozen in with the largest sums of money, so that a third or a fourth party will never be able really to come up and be a vital part of this Nation. Then I want to tell you, if we have to freeze the political parties, to the extent we are going to ask the taxpayers to contribute to a political party, that they know not where their money goes, then maybe it is time that we changed the form of government in this country.

If we have to say that under a constitutional form of government it cannot survive unless the political principles of the Congress of the United States legislate so that the public will pay for a campaign, whether they like it or not——

Mr. PASTORE. No—no——

Mr. COOK. I take that back——

Mr. PASTORE. You have to take that back.

Mr. COOK. Strike it. Strike it.

Mr. PASTORE. That is the whole case.

Mr. COOK. They have to check that little box. By the way, it is conceivable that we have put $113 million. But suppose only 4 million or 6 million people check the box? Suppose we have only $5

million or $6 million in the fund to run two presidential or three presidential candidates, on a percentage basis? What do we do then? Give them a little money and say, "Go on out, Senator. Go on out with your presidential candidate and grovel with that money that the American taxpayers have decided they did not want to provide. The political system is a viable system alive in this country, and you have to make up the difference."

Mr. LONG. Must we grovel for the whole thing?

Mr. COOK. I have run for the Senate one time. I hardly remember any time during the course of that campaign that I had to grovel for campaign contributions. Maybe the Senator from Louisiana has. I do not know. But this Senator has not. I do not feel that I had to.

Mr. LONG. I had to go out and ask people for money to run in a campaign. I know what it is to run that way, when you have to plead for money.

It would seem to me particularly hard to run for the Presidency on that basis. It would seem to me that campaigns should not be decided because candidates do not have enough money or because one man put in the money and the other man had to borrow it, making him obligated to the moneylender. It should be worked out so that the Republican Party and the Democratic Party both have enough money to run their campaigns to explain the issues to the people.

Mr. COOK. I have no disagreement on that. In my State of Kentucky, to run as a Republican, it is 2 to 1 against you. It is probably not that kind of relationship in Louisiana. It is probably easier to run as a Democrat in Louisiana than to run as a Republican in the Commonwealth of Kentucky. I must say to you it makes it tough in my State to run as a Republican.

Mr. LONG. Frankly, the last time I ran, it was my opponent that was having the difficulty raising money. Notwithstanding that, I was willing to vote for legislation which would make money available to both sides, to campaign and make their case. I would be willing to limit myself to the same amount as the other fellow.

Mr. COOK. Mr. President, that is awfully magnanimous of the Senator. I recall very clearly during the course of the last election campaign debate in the Senate that it was my privilege to debate the matter with the Senator. I felt that, on a par, if we take a Senator who is already here and give him this amount of money, since he is here and has the opportunity to use that money, and if it is even-steven, on a dollar-for-dollar basis, the Senator has a pretty good deal, I admit.

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

Mr. COOK. Mr. President, I yield to the Senator from Tennessee.

Mr. BAKER. Mr. President, one point that concerns me very seriously is where we are and where we are going.

Let us take into account what we are doing. I would like to put a question to the Senator from Kentucky to see if he agrees with me. The dollar checkoff is an attractive concept. In fact, it says that everyone will pay a little, that no one will pay a lot, that it is voluntary, and no one has to do it. This sounds infinitely superior to anything we have ever tried before, so much so that it has a certain siren call; enough so that we ought to examine it a little more carefully.

Would the Senator agree that this provision of the bill for the application of Federal tax money toward campaigns for the Presidency and Vice-Presidency of the United States is not a contribution of private funds but that it is a contribution of funds coming from the U.S. Treasury, collected in the form of income tax?

Mr. COOK. The Senator is correct.

Mr. BAKER. And what we are saying is that, of the money that otherwise might be the money of the Internal Revenue Service, of all of those dollars that we are collecting, we will appropriate a certain percentage of those general fund dollars to be used in political campaigns.

Mr. COOK. The Senator is correct. To give a simple example, if a taxpayer owes $200, he will check that box off for $1; $199 will go into the general fund of the U.S. Treasury and $1 will go into the political campaign.

Mr. BAKER. But that dollar would have otherwise gone into the general funds of the United States.

Mr. COOK. The Senator is correct.

Mr. BAKER. And that dollar would have been available for social security benefits, for housing, transportation, and for any other purpose when we start the business of establishing the relative priorities of this country.

Mr. COOK. The Senator is correct.

Mr. BAKER. Mr. President, the things that concern me, if the Senator will yield further, are two basic concepts. We have to concern ourselves with the reality that we are about to put the Federal Government into political campaigns and into the financing of them with general tax revenues. We are going to let the Comptroller General of the United States decide, without the benefit of any judicial review, whether one side or the other has compiled with the regulations or not.

Mr. PASTORE. Mr. President, will the Senator yield on my time for a question?

Mr. BAKER. In a second, I will yield.

The second thing that bothers me about title X of this amendment is that this bill—like the previous bill which was discussed in the committee on which the distinguished Senator from Rhode Island and I both serve, the Commerce Committee—in my judgment, provides a built-in bias in favor of the incumbent. In this particular case, it may be an advantage in favor of the President in the White House, a Republican, because it is probably easier for the incumbent with his background and record to run without having to spend as much money for public recognition as he would otherwise.

This is not the time for the Congress of the United States to say that the American political system has become so incestuous that we are going to provide money from the public funds for our own perpetuation in office.

That is what we are about to set out on.

Mr. COOK. The Senator is correct.

Mr. PASTORE. Mr. President, will the Senator yield on my time, because I think the RECORD ought to be clear on this matter?

Mr. BAKER. I yield.

Mr. PASTORE. Does not the Senator feel that giving the people of this country an opportunity to elect a President, regardless of whether he is rich or poor, is worth it?

The Senator talks about social security. Nobody has worked harder for social security than I have.

The Senator talks about housing. No one has worked harder for housing than I have.

I should like to give everyone a chance to participate so that we may get the best man to become President of the United States, no matter whether he is Republican or Democrat.

I think it is worthwhile to have a taxpayer say, "I put $1 of my taxes on the line to see that the best man became President. It makes me a part of that."

Mr. BAKER. Mr. President, I think this is working in precisely the other direction. The Senator is providing that instead of having a better opportunity in this matter, he is subsidizing a sterile campaign between two people, financed by the Federal Treasury, and unwittingly by the tax money of the people of the United States.

Mr. COOK. Mr. President, may I say that we are not subsidizing two individuals, and I think this becomes philosophically more serious. We are subsidizing the two major parties, who can say how much they will get if there is that much money in the fund.

So, what we do is build into the major political parties of this country almost the unavailability of any other party to ever have substantially or seriously a voice, or maybe nothing but a voice in the political system of this country.

I might say that nowhere in the Constitution of the United States does it say that there shall be two parties, one Republican and one Democratic. It says that there shall be a republican form of government.

This says, as the former senior Senator from Delaware, former Senator Williams, used to say when he was here:

> This is the political candidates' poverty fund, and what it says is that you have a built-in guarantee that you can start off with this much and you are away ahead of anyone else. If you want to get in this arena, you must first get established. Before getting established, you have to pay your own money. Then you have to get up to 5 percent, and then you get in on the front end instead of on the back end.

So, they are building into the political system really and truly a type of functioning and governmental interference, if you will, in the political system that is going to see to it that very seldom will we ever see in the history of this country the chance for a new political party to seek the office of the Presidency.

Mr. BAKER. Mr. President, in the consideration of this amendment, particularly title X, we must consider what we are about, because we are in fact altering the basic political structure of this country. We are putting the Federal Government directly in the business of par-

tisan political campaigning. We are institutionalizing the campaign for President and Vice President of the United States. And we are putting the whole system under the direct, immediate, and detailed scrutiny of a Federal official. I believe that this country has not reached the point where we want to have any element of the Government supervising the free, elective process, let alone subsidizing it. And that is precisely what this does.

Mr. COOK. Mr. President, when the Senator from Rhode Island so eloquently spoke of the individual taxpayer of the United States saying, "I contributed; I contributed," he is not contributing at all. He is taking part of his tax dollars that would ordinarily and properly go in the general fund of the United States for its operations, a dollar bill that could be utilized somewhere other than in the political arena, for the purposes of general welfare of some of the people and the safety of the Nation.

Mr. BAKER. I agree. And I call the Senator's attention to section 1106, on page 17, which says:

> There is hereby established on the books of the Treasury of the United States a special fund to be known as the "Presidential Election Campaign Fund." There are hereby appropriated to the fund each fiscal year, out of any moneys in the Treasury not otherwise appropriated, and so forth.

This is tax money, and the dollar checkoff does not show us the fact that if we did not dedicate it for campaign funds, these general fund treasury dollars could be used for any other purpose. And this is not the sort of altering of the fiscal situation in this country that is called for at this time.

Mr. COOK. Mr. President, I yield to the Senator from Michigan.

Mr. GRIFFIN. Mr. President, the Senator from Tennessee has done an excellent job of pointing out how basic is the question before the Senate. To me it is somewhat incredible to realize we are in a position of soon having to vote on this question, having only been able to read today the printed copy of this amendment which is being offered as a rider on the tax bill that has been reported by the Committee on Finance. It seems incredible that the Senate would seriously consider such a decision without the country at large having had an opportunity to understand what the amendment is about and to have some public debate about it and to realize that if we should vote for it in the Senate it will not have any hearings in the House. It will not have an opportunity to be debated in the House because it will only be considered by the conferees. What happens in the conference I do not know but if the conferees accept it this basic decision would be made in this way. It is incredible to me that that could happen.

Mr. COOK. Mr. President, I yield to the Senator from Maryland.

Mr. MATHIAS. Mr. President, I ask unanimous consent that the names of the Senator from Maine (Mr. MUSKIE) and the Senator from California (Mr. TUNNEY) be added as cosponsors of Amendment No. 686 to the pending amendment.

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

Would the Senator from Maryland clarify the request. Amendment No. 686 is now worded as an amendment to the bill.

Mr. MATHIAS. Yes. It is amendment No. 686.

The PRESIDING OFFICER. To the bill.

Mr. MATHIAS. Yes.

PRIVILEGE OF THE FLOOR

Mr. MATHIAS. I further ask unanimous consent that Joel Abramson of the staff of the Committee on the Judiciary be allowed to be present on the floor during debate on the Pastore amendment.

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

Mr. MATHIAS and Mr. PASTORE addressed the Chair.

Mr. MATHIAS. I wonder if I could make a few observations at this point?

Mr. PASTORE. The Senator from Maryland has the floor.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Mr. MATHIAS. Mr. President, I am very much troubled by some of the implication of this so-called Pastore amendment. I want to say there is a lot of good in it. I want to say that title IX, the first part of the Pastore amendment, as it has been presented by the Senator from Rhode Island to the Senate, I think is a very constructive and positive contribution to our consideration of doing something about a reform of the campaign process.

I think that the key to title IX is the fact it does invite participation. It invites individuals to become participants in the elective process. This is a subject which has been of very great importance for 50 years. Theodore Roosevelt philosophized on the subject and urged Congress to do something about providing some new means of raising money for presidential campaigns. I think that the provisions of title IX, which are very close to, and I might say to the Senator from Rhode Island, superior to amendment No. 686 which I have pending with respect to tax credits and tax deductions, provide a great contribution to this debate and the Senate's opportunity to do something now about reform of the campaign processes.

But when I turn attention to title X, I have some problems. This morning the Washington Post in an editorial said:

> The tax credit or deduction plan, which would permit an individual to write off small political contributions, has been proposed and supported time and again by various Presidents and other public officials. We have backed it for almost 20 years and we still regard it as the simplest and least troublesome method by which parties can raise more funds and more individuals can be encouraged to participate financially in the political system.

It goes on to say—that completes the comment on title IX. One point here I think was a little difficult.

Mr. PASTORE. Why does the Senator not read the entire editorial.

Mr. MATHIAS. I am about to.

Mr. PASTORE. Read it all.

Mr. MATHIAS. There is one point made here, made earlier, that title X was the only way to help reform financing of campaigns, title IX was discussed in that part of the editorial and then the editorial goes on to say:

> The public financing plan, while a good one in principle, is far more complicated. There are, for example, questions about how it would effect a third or fourth party candidate. Those, we trust, will be clarified by the debate in the Senate this afternoon so that it can send along to the House its second major contribution this year towards freeing politics from the corrupting influence of money.

I do not think we have done that. It does need clarification, and as the Senator from Rhode Island said last spring, the checkoff plan was 10 years ahead of its time. I would say it is still at least 9 years and 9 months ahead of its time.

Mr. PASTORE. Mr. President, will the Senator yield at that point?

Mr. MATHIAS. I yield.

Mr. PASTORE. As one grows older time passes faster. So I covered the 10 years in 1 year.

Mr. MATHIAS. Mr. President, I ask unanimous consent that the entire editorial which was published in the Washing Post this morning may be printed in the RECORD.

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

MONEY AND POLITICS: ON WITH REFORM

The Senate will get a chance this afternoon to finish its part of a job it began earlier this year—rationalizing and purifying the business of financing election campaigns. This will come when the Democratic leaders in that body try to add on to the tax reform bill provisions to make possible the public financing of presidential campaigns and to encourage individuals to contribute small sums to the candidates of their choice in other elections. It is an opportunity the Senate ought to seize. The time is ripe. The need is urgent to take this second step—the campaign spending bill which goes to the House floor today is the first—in breaking the link between the big money and big politics.

There will be no doubt, partisan political overtones in any discussion of these proposals. That comes about because the Republicans are rolling in money these days and see no need for such changes while the Democrats are in a state of bankruptcy and are eagerly searching for any mechanism which will get them back on the road to fiscal stability. But the basic issue transcends partisan politics. Presidents ought not to have to spend their time participating in the kind of closed-circuit spectacular that Mr. Nixon was involved in last week in order to bankroll their parties. Other office-holders and would-be office holders ought not to have to beg for funds in order to conduct election campaigns. The proposals before the Senate provide a way out of that vicious circle in which big money—whether it comes from rich individuals, labor unions or other organizations—can buy a candidate's sympathetic ear and sometimes his votes once he is elected. It is worth remembering that although it is the Democrats who are poor today and the Republicans who are rich, it has not always been that way and there is no guarantee it will remain that way in the future.

The tax credit or deduction plan, which would permit an individual to write off small political contributions, has been proposed and supported time and again by various Presidents and other public officials. We have backed it for almost 20 years and we still regard it as the simplest and least troublesome method by which parties can raise more funds and more individuals can

be encouraged to participate financially in the political system. The public financing plan, while a good one in principle, is far more complicated. There are, for example, questions about how it would effect a third or fourth party candidate. Those, we trust, will be clarified by the debate in the Senate this afternoon so that it can send along to the House its second major contribution this year towards freeing politics from the corrupting influence of money.

Mr. MATHIAS. Mr. President, let us come to the heart of the question. What we are trying to do is broaden the base of participation in American politics. What we want to say to the American people is that every citizen should have the kind of interest, participating influence, which is represented by his equal vote. But will title X do that? Will title X, by increasing the amount of money in the political pot, increase the participation of individual citizens? That is the real question, and the question we should be thinking about at 10 o'clock tomorrow when we vote on whether to strike title X. Will this increase participation?

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

Mr. MATHIAS. I yield.

Mr. PASTORE. If 50 million taxpayers check off $1, then 50 million people are participating, and that is the answer. That is exactly what we are trying to do, to broaden active participation.

Mr. MATHIAS. I say this with great respect. I have to disagree with the Senator. There is very good authority. I have the greatest respect for the Senator.

Mr. PASTORE. And so do I for the Senator from Maryland.

Mr. MATHIAS. But what we are doing here is making a big political pot and we have not done what the editors of the Washington Post said should be done—provide clarification. This is the kind of provision that got the plan into trouble in 1966 and 1967.

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

Mr. MATHIAS. I yield.

Mr. COOK. The Senator said that if 50 million people check off $1 then 50 million people are participating, but if 50 million people put a checkmark, they are designating dollars they already owe to the Federal Government, dollars that are coming out of the tax funds they owe to the Federal Government.

How can we sit here and say that he is participating?

Mr. MATHIAS. I agree with the Senator from Kentucky. It is not only a question, but what the participation is.

Let me concede to the Senator from Rhode Island that, yes, to check off on the tax return would cause $1 to flow into the political pot and that is participation, but when the taxpayer has no further control over what happens to that money it is participation of a thin and anemic kind.

Mr. PASTORE. Mr. President, will the Senator yield on that point?

Mr. MATHIAS. I yield.

Mr. PASTORE. The Senator talks about control. Why, the greatest reward is the fact he is electing and having a chance to elect the best man possible for the Presidency of the United States, no matter how much money he has. That is the reward. We are talking about the Presidency of the United States. The Senator is talking about politics and campaigns. We are talking about the Presidency.

Mr. MATHIAS. We are talking about participation——

Mr. PASTORE. In the Presidency.

Mr. MATHIAS. In the process of choosing the President of the United States.

Mr. PASTORE. And what is wrong with that?

Mr. MATHIAS. And participation is what we want, and that is what I am not sure we are going to get through the process in title 10.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. MATHIAS. I yield.

Mr. LONG. The Senator made a statement about control. Does he mean control of the dollar or control of the man in the office? From my point of view, I want the man in the office to be completely free to do what he wants in his conscience and to be responsible to all the people, whether they voted for him or not. The checkoff provides that the man who did not vote for him can help keep him above the influence of private money, just as the man who did vote for him can.

For myself, I do not want President Nixon to be obligated to anybody. Even though I may have voted for someone else, I want him to be a free man. He is a good President, and I want him to be free to do what he thinks is right, and not have to show me any more attention than anyone else. He is everybody's President and he should be free to do as he thinks is right.

Mr. MATHIAS. And the Senator from Louisiana knows I agree with him and that the 98 other Senators agree with him. There is no right-minded person in this country who does not agree with that, but what we are talking about is control of a pot, of a very large pot of money.

Let us recall what was said on this subject by our former colleague, the Senator from Tennessee, Senator Gore. Speaking in the Senate in 1967 he said:

> It would tend to cloak all of the campaign fund with the aura of public finance, making segregation and identification more difficult, and all of this would be done without any safeguards whatever. All of the money could be used in one State or in a few States. It could be used to reward or punish candidates for the Senate or candidates for Congress. It would tend to restructure the whole political party system, concentrating power in two political bosses in Washington.

Mr. LONG. Does the Senator know that after Senator Gore made that speech he helped write this bill the Senator is talking about and helped bring it out and was prepared to vote for it?

Mr. MATHIAS. It is a better provision.

Mr. LONG. The man the Senator claims as his authority supported this provision, which evolved after those provisions were debated and reported out of the committee. I am glad the Senator claimed him as his authority, because he supported a bill very similar to this one.

Mr. MATHIAS. In the 1966 bill the money went to major parties. In effect, it went to the chairmen of the two parties, and would have been an enormous political power placed in their hands. In the present Pastore proposal that is not the case. It goes to the nomineee of the party to whom the checkoff goes. That is an improvement, but I do not think it is a perfection of this concept.

Mr. LONG. Do not use Senator Gore as the Senator's authority. He had his doubts resolved and voted for the very provision the Senator is referring to. He supported it.

Mr. MATHIAS. Again let me return to the debate of 1967. I would point out that on the motion of the Senator from Delaware, Senator Williams, to strike this provision, a vote which occurred on October 12, 1966, of course Senator Gore did vote to strike. But getting back to the question of what is going to be the effect of this political pot of money on the participation of the average citizen in the election process, the late Senator Kennedy from New York said in that debate:

> I think that it would remove the local party from power. Take the national chairman of the party out of power just before the convention. He will go to various States across the country. If this money is in his hands he could say to the people in New York or California or any other State, "I can get you a million dollars." He can dictate the selection of national candidates and exercise great leverage over the selection of the national ticket.

Let me say again, I understand the difference between the proposal which was then before the Senate and the one now before the Senate, but the problem is the same. I do not think the degree is as acute as it was then, but the problem is the same—that we preclude any control whatever. We are creating this political pot which can be applied in various parts of the country without restriction, at the will of the party nominees, and it can have an enormous effect.

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

Mr. MATHIAS. I yield.

Mr. KENNEDY. I take issue with the Senator from Maryland. How can he question the fundamental integrity of the nominee of either of the two political parties when we are about to entrust one of them with the responsibility of being President of the United States? The Senator from Maryland objects to trusting the nominee of the Democratic or Republican Party with $20 million, and yet he is will to trust the man who is elected with a $200 billion Federal budget. He is willing to trust him with the whole country.

There is another flaw in the Senator's argument. If the Senator is worried about adequate contols over funds spent under the checkoff, why is he not worried about controls over funds obtained under the $25 credit, which are going to political candidates? What about the $100 deduction?

If we are going to accept the logic of the Senator from Maryland, why not strike the whole amendment? If we are going to talk about control in relation to the checkoff, the same kind of rea-

soning applies to the $25 and $100 deduction.

The Senator from Maryland said that one of the important purposes of the legislation is to broaden participation in elections. Certainly, that is one of the fundamental objectives.

But we have a second objective, too, which is just as important. And that is the objective of eliminating the bar to an individual's becoming a candidate because he cannot afford it. So I think we have two purposes. We have the $25 credit and we have the $100 deduction to increase public participation. We also have the checkoff, to eliminate the barrier of private wealth to public office. For the first time, we are trying to eliminate the inequity that a candidate may be barred from the highest office in the land because of his inadequate financial resources.

That is what President Eisenhower was talking about in 1968, when he spoke of the evils of private financing for public office.

So when the Senator is addressing himself to the checkoff, which everybody agrees is going to provide the best source of funds for a nominee, I hope he will consider all its aspects.

There are many reasons why this proposal deserves support. I, for one, do not think we could have a better investment of the taxpayer's funds.

The Senator from Kentucky asked the Senator from Rhode Island if this is the beginning. I hope it is. I hope it is the beginning. I hope we are going to seize the opportunity to create legislation that will provide public funds for public candidates. I hope we will enact legislation to guarantee that a candidate is not dependent on special interests in this country or dependent on financial resources of his own.

If this is a beginning, I think it is a good beginning. I think all of us can find ways to question one or another of the particular details of this amendment. But I think the work the Senator from Rhode Island has done, and the work the chairman of the Finance Committee has done on this amendment, is some of the most significant work that has been done in Congress on any kind of reform issue.

We have in our hands the opportunity to take a major step to open up the elective process to candidates who have ability and commitment, but who are lacking the financial resources to run for office.

Mr. BAKER. Mr. President, will the Senator from Massachusetts yield?

Mr. MATHIAS. I have the floor.

Mr. BAKER. Let me just say briefly, I hope it is not the beginning. I entirely agree with the junior Senator from Kentucky that if this is in fact the beginning gambit in the institutionalizing of a Federal system that provides public money for the election of all elected officials, then I think we have arrived at a sorry state.

I do not mistrust the man who is about to be President of the United States, whether he is the Republican or Democratic nominee, and I cannot recall that I have ever mistrusted the nominee in that respect. But, Mr. President, I do mistrust and have a deep suspicion of the propriety of the Federal Government itself, the Federal bureaucracy, the executive department, the legislative department, or even the judiciary presiding in detail, and without the right of appeal, over the elective process by which it is selected.

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

Mr. MATHIAS. I have the floor.

Mr. KENNEDY. Does the Senator deny that the nominees are going to be spending the $40 million, in any event?

Mr. BAKER. I do not deny that, but does the Senator deny that the Comptroller General of the United States——

Mr. KENNEDY. Why is not the Senator from Tennessee just as apprehensive——

SEVERAL SENATORS addressed the Chair.

Mr. MATHIAS. Mr. President, I have the floor. I would like to express a thought which——

Mr. PASTORE. I know, but there was a little bit of colloquy that involved the Senator from Massachusetts.

Mr. MATHIAS. Let me yield to the Senator from Massachusetts a moment, then I would like to get back to my thought.

Mr. KENNEDY. The point is, as I understand it, approximately $35 million was expended in the last campaign by the Republican nominee for the Presidency. In any event, it is well in excess of $20 million. He had the responsibility for that money. No one is questioning that. Why does the Senator begrudge him the fact that he could have, in lieu of that, the $20 million that would be provided under this provision? I cannot understand the logic of his point.

Mr. BAKER. Mr. President, the logic, very briefly, is this: I do not care that that sum of money is expended in presidential campaigns, but I would point out that it is spent under the aegis of the person who hopes to be President, and not under the aegis of the Comptroller General, who has the authority to prescribe rules and regulations as to what will be spent.

Mr. KENNEDY. The Senator objects to the safeguards written in here, in other words? The rules and regulations to provide a better——

SEVERAL SENATORS addressed the Chair.

The PRESIDING OFFICER (Mr. HART). Senators must speak one at a time. The Chair's sympathy is with the Official Reporter. The Senator from Maryland has the floor.

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

The PRESIDING OFFICER. The Senator from Maryland has the floor.

Mr. MATHIAS. I have yielded to the Senator from Kentucky.

Mr. COOK. I would hope even the Senator from Massachusetts would not like the language in the bill on page 16, line 23, which reads as follows:

> Certifications by the Comptroller General under subsection (a), and all determinations made by him in making such certifications, shall, except as provided in section 1007, be final and conclusive, and shall not be subject to review in any court.

Mr. KENNEDY. What is so distressing about that language?

Mr. COOK. Would you not like to have an opportunity, if you were the candidate——

Mr. KENNEDY. What bothers the Senator from Kentucky so much about that?

Mr. COOK. Very much. I will tell the Senator from Massachusetts, and I am sorry it does not bother him.

Mr. KENNEDY. Go ahead and tell me why it would.

Mr. COOK. I am extremely sorry it does not bother the Senator.

Mr. PASTORE. Go ahead and tell him. You have not told him yet.

Mr. BAKER. I will tell him, if anyone will yield.

Mr. MATHIAS. Mr. President, I have the floor. I yield to the Senator from Tennessee.

Mr. BAKER. Mr. President, if we continue in this vein, we will soon be more concerned about the process by which we pick the Comptroller General than the process by which we pick the President.

Mr. COOK. May I say, in further fairness to the Senator from Massachusetts, why not just take that section out? Why not take it out, and leave everything else the way it is, and then debate the measure?

Mr. KENNEDY. Will the Senator support the bill if we do?

Mr. COOK. On the basis that if there is inequity in respect to the various candidates in regard to their affidavits, that they have a means by which they can solve those inequities as a matter of law, and not as a matter of the individual judgment of the Comptroller General of the United States. As the Senator has heard my remarks up to now, he knows that is one thing I do not support.

I am saying it makes it much more onerous, in the entire debate on title X, that one would give the Comptroller General of the United States the right of individual judgment, without the right of review by anyone, as to how these matters will be disposed of as between the candidates who will submit affidavits on the cost of election campaigns. That is the only point I make, and I think it is a valid one, and I am delighted that the Senator from Massachusetts permitted me to make it.

Mr. LONG. Mr. President, when we had this matter before us 5 years ago, the point was made that we needed more safeguards, and so we have provided more safeguards. The money cannot be spent unless the candidate wants to spend it. If one wants safeguards, we suggest that someone who is neither part of the administration nor under the control of one of the parties—in other words the Comptroller General—have the responsibility in such matters. Since he is supposed to be beyond politics, he would see to it that the reports are filed and that the money appears to be spent the way it is supposed to be spent.

This was the big question that was raised the time before; Senators wanted safeguards, so we gave them safeguards. It seems to me that first we have complaints that you cannot trust the man

running for office to spend his money the way it should be spent, and then when we get that matter settled, we hear complaints that "Oh, no, the Comptroller General is going to be watching."

I wish Senators would make up their minds, or at least decide which one is going to make one argument and which one is going to make the other, because the way the arguments are going back and forth, they meet each other coming around the corner, and are bumping each other to pieces. If one would make one argument and the other the other, we could keep up with where Senators stand.

The whole point is that when we had this matter up 5 years ago, it was argued that there should be safeguards. We have provided the safeguards, the lack of which was the reason Senator Gore—while he favored the proposal when we reported it out of the committee—was not for implementing it after it came to the floor.

Mr. MATHIAS. I would observe that the Senator from Louisiana has been around that track, and he understands where we are closing the circle, but I would like to get back to the point the Senator from Massachusetts made, because I think it is interesting, and a contribution to this debate.

He says the motion to strike title X places in question the integrity of presidential nominees.

Now, I think we are getting to something that is useful, and beginning to talk about the guts of the matter.

I should like to raise the question: Does not title 10 itself—the necessity for title 10—raise the initial question of the integrity of candidates for the presidency? If there were not some question about how we want to spread participation and relieve candidates from financial pressure, what would we be talking about here?

The Senator from Massachusetts has made a helpful statement in getting us to the point where we should go. But I would point out, of course, that title 10 does not resolve the problem which existed, which exists today, and which would exist if title 10 had become law in the first place. It applies only to the nominee, and we have candidates for the presidency—full-blown, in blossom, and some, even, who have faded and wilted—and we are not even close to the national conventions.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. MATHIAS. I yield.

Mr. LONG. Why must the Senator strain at gnats and ignore the big issue? I have seen people run for office when they did not want to run at all. I have seen some fine, honorable men run for Governor of a State. Some of these fine, honorable men who run for office make statements that they would not have made if they had not been hard up for money.

Highway contractors have had agreements with whoever was highway commissioner that appointees would be acceptable to the highway contractors. The conservation commissioner would be asked to promise that deserving people, favorable to the oil fraternity, would be appointed to positions in that department; that they would. in effect, have a veto over who the appointees might be. Candidates should not have to meet those terms. I do not know about the Presidency; I have not had that much familiarity with the Presidency. But I have seen people make commitments that they did not want to make and start out determined that they were not going to make any and find themselves head over heels in debt and making commitments they had no intention of making.

I do not know why the Senator would want to make the Government that way.

I recall the first time my father ran for Governor in Louisiana—at least the first time I was old enough to remember my father running for Governor in Louisiana. He came home and wanted my mother to sign a homestead waiver so that he could sell the house. He meant to sell the house and put every last nickel he had in the race and wind up owning no home and having debts on top of that. My mother said she had worked so hard to have a home for the children that if it did not mean enough to the people who were supporting him, it did not mean that much to her to see him as Governor, and that she was not going to sign a homestead waiver.

Good, honorable people are confronted with this problem.

In regard to having the Comptroller General watch how the candidates spend their money, when we are talking about the big issue, the idea is that you want to put government above money. If you have more money than you need, the rest goes back to where it would be to begin with, in the Treasury. It would be all right with me to keep it in the fund.

Why does the Senator want to strain at those gnats when he is swallowing that camel?

Mr. MATHIAS. The Senator is very eloquent and interesting, but he is not addressing himself to me, because that is not my point.

The point that I think is important is how we are going to broaden the process of participation. The Senator from Massachusetts and the Senator from Rhode Island have supported the concept which is implicit in title IX, a concept that I supported back in the spring. That is the concept of individuals making their own choices as to the candidates and the parties they want to support, and the amounts they want to support them with—a highly flexible system. I think it is a good system.

Incidentally, that is the heart of this proposal which would help a candidate for governor, because, as drafted by the Senator from Rhode Island, it does include local officials. I think that is a very applicable provision. The Senator from Louisiana and I are in total agreement on it.

Mr. LONG. No, we are not. I would be willing to go along with that if——

Mr. MATHIAS. I thought the Senator from Rhode Island said that the Senator from Louisiana was in favor of it.

Mr. LONG. I will support this package because this package moves us toward good, clean government, eliminating the pressure of money to control the decisions of those whom we elect.

It does make money easier to raise. A person is permitted to deduct a $100 campaign contribution. Most people who make a $100 campaign contribution think they are entitled to a little more consideration than the fellow who does not make a campaign contribution, and generally speaking they get it. Some of them expect altogether too much.

Frankly, it is not good that people have to make commitments they do not want to make in order to get money with which to run for office.

Mr. MATHIAS. We agree totally on that.

What about this possibility: Suppose you are going to consider a checkoff, but instead of having a taxpayer really lose control of it, when he has made that check in the box on his return, suppose he could designate the candidate or the party to which he wants his dollar to go?

Under the present system—when you get down to the nuts and bolts of it—what you are really doing is financing the major and the minor parties in presidential elections. It is very hard to say that my dollar is only going to go to the man I want to see be President, when, in fact, you put it all in a pot and you divide it up.

The former Senator from Minnesota, Mr. McCarthy, is talking about founding a new party. He would get his share. The Governor of Alabama presumably will be a candidate, or may be a candidate, of the American Party, and he would get his share. He really would be getting his share of my money. The candidates of both major parties would be getting their share.

Mr. LONG. Under this bill, if you want to put up $1 as a self-serving campaign contribution because you want one man to get it and you hope the other man is not heard at all—that is, if you want to serve your own interest rather than make a campaign contribution so that both parties will be heard—then you make your $1 campaign contribution of your own money and claim a tax credit for 50 percent. If you are making it so only one side will be heard you get a 50-percent tax advantage. If you make it for the advantage of the country, not for yourself, you get a 100-percent advantage for 100 cents.

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

Mr. MATHIAS. I yield.

Mr. PASTORE. We thought of the suggestion that the Senator has made, and we gave it considerable thought. The only trouble with it is that it becomes lopsided. I think it would be most unfair.

Mr. MATHIAS. How does the Senator mean it becomes lopsided?

Mr. PASTORE. If you have more Democratic taxpayers than Republican taxpayers, you could end up with the Democrats marking off to the tune of $20 million and the Republicans only $5 million. That would not be fair.

What we are trying to do is to give both sides the same amount of money, so that the issues, the personality, the appeal of the individual becomes the decision to make, not the amount of money that is invested to give him the Madison Avenue look.

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

Mr. MATHIAS. I yield.

Mr. COOK. With regard to what the Senator from Louisiana just said, that if a person does not want to check it off and go into the fund, he makes that contribution directly to the presidential candidate and then gets a deduction of 50 percent, I would remind him that when we are talking about making contributions to presidential candidates, if the presidential nominee takes from the fund, he must make an affidavit, under penalty of perjury, that no contributions to defray qualified campaign expenses or expenses which would be qualified campaign expenses but for paragraph (c), and so forth, have been or will be accepted by such candidate or any of their authorized committees.

Mr. PASTORE. That is correct.

Mr. COOK. So if he wants to make that contribution after he is the nominee of the party, and as the nominee of the party he wants to take from the fund, he cannot take that contribution. Is that not correct ?

Mr. PASTORE. That is correct.

Mr. COOK. So what the Senator has said is not correct.

Mr. LONG. A man can still contribute to the primary. How would it be done then? Suppose the person's candidate wants to take the high road and some of his supporters want him to take the low road.

Mr. COOK. Then, let us include primaries, under the theory of the Senator from Louisiana.

Mr. LONG. If this proposal works the way I think it will, I think the day will come when primaries are included. If the Senator cannot agree on this much, then he cannot agree on anything in the way of public financing.

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

Mr. LONG. I yield.

Mr. CRANSTON. The Senator from Louisiana is correct. If there is a $1 donation to a candidate, you write that off on your income tax return and you get a 50-cent credit, and it is not taken out of that fund.

Mr. COOK. I cannot argue with the point made by the distinguished Senator from California. I can only say that the Senator from Louisiana said that if that individual did not want to check on his tax return that the money go into the presidential campaign fund but that the dollar go to a particular nominee of a political party, and he wanted to make sure that he got that money, under this bill the presidential nominee has to sign an affidavit that he has received and accepted no contributions of any kind.

Mr. PASTORE. That is correct.

Mr. COOK. That is correct.

Mr. PASTORE. It is done there deliberately, and it is the right thing to do. You cannot take the public money and at the same time go out and raise all the other money.

Mr. LONG. But you could still contribute to a man in the primary, under this bill.

Mr. COOK. In other words, he has to grovel for his money in the primary but not in the general election.

Mr. LONG. If I had my way, he would not have to grovel then, either. I would like to fix it—and this bill would fix it—so that at least one of the two men, the incumbent, would not have to grovel at all for money.

Harry Truman said, and Harry Truman was correct, that the incumbent usually gets the nomination of his party.

Mr. PASTORE. Here they are the other day—and it goes for Republicans and Democrats—a series of dinners were held and it cost $500 a ticket—you do not mean to tell me that they give me money for the welfare of the party? They all have an angle. Now, anyone who comes up with $500, unless he happens to be your brother or sister, husband or wife, or has got an angle. That $500 is connected with an angle.

Mr. LONG. At least you can let him know that you know him and his telephone number. You can call him even though you may not have time to talk to anyone else.

Mr. MATHIAS. I want to say this before I yield the floor. Think about this overnight and we will debate it more tomorrow before we vote, but we still come back to the question: What is going to broaden the political process in this country? The creation of a big fund financed out of the Treasury by tax dollars is not necessarily going to increase or broaden political participation. It may keep it speeded up. It may hire some hacks on Madison Avenue. It may pay for some television time or some radio time. It may even get you in the country weeklies, but it is not necessarily going to broaden the political process.

That is the critical question that the Senator from Massachusetts raised. How do we relieve a candidate for the presidency from questions that really impugn his integrity? That is what we address ourselves to when we vote on this measure. If this were the only proposal before the Senate, I might feel differently about it. But it is not. The Senator from Rhode Island has a constructive, additional proposal, title IX, and I intend to support it very strongly because I think it will be helpful. But title X I do not believe adds to the process.

Mr. PASTORE. I want to say to the Senator from Maryland that he has made the point very clearly. I want to say to my colleague from Tennessee (Mr. COOK), that he has been consistent. He is very much against this bill. That is his prerogative. I know where he stands. I want to give him credit for being consistent. He has not deviated from that position at all. There are some who feel the other way. The argument can be made, to and fro, but what we are trying to achieve is an ideal, trying to get the election of the President of the United States out of the grip of money—money and vested interests, and trying to make it as pure as we can. Naturally, we will never get it perfect. But now, where we have to spend millions of dollars to get just a half hour on television, it has become prohibitive. The point is, something needs to be done about it. If we can bring it into proper context, the people may begin to understand people, candidates, and issues much better than the glory of money.

Mr. CURTIS. Mr. President, will the Senator from Rhode Island yield?

Mr. PASTORE. I yield.

Mr. CURTIS. Under the Senator's proposal, will it be possible to make additional contributions to a presidential race if the bill is passed?

Mr. PASTORE. The Senator means if a person takes advantage of money available?

Mr. CURTIS. Yes.

Mr. PASTORE. He cannot collect any other contributions from anyone.

Mr. CURTIS. No committee in his behalf?

Mr. PASTORE. No committee on his behalf. That is the limit.

Mr. CURTIS. What is the situation if he borrows, anticipating this, and he makes his anticipation too heavy?

Mr. PASTORE. He would have to pay it back. As a matter of fact, I want to make that clear, if he borrowed money during a primary period, that is one step. But what happens to the money, no matter whether it be a Republican or a Democratic convention, if he chooses to come under this—and there is nothing to compel him to come under it—but if he chooses the alternate way of coming under public finance, he must abide by the conditions of this amendment.

Mr. CURTIS. But suppose others, totally unconnected, disconnected, with him, decide that they will support him or oppose him? How are we going to stop that?

Mr. PASTORE. If the money goes to him, he has got to give it back.

Mr. CURTIS. No, I do not mean that—

Mr. PASTORE. That is in the other bill which is pending in the House. When that comes back here, we will be able to straighten that out. This all has to do with the ceiling, only that. That is in the bill in the House now, and I hope it will come back to us.

Mr. COOK. I did not vote against it. I voted for it and worked hard to get it approved. As the Senator from Rhode Island stated, we have pounded hard on that issue, in as difficult language as we could get, to solve every problem that involves individual cases involving independent campaigns. The question was raised about labor unions. This comes from a report that is in the House:

> It must be the responsibility of the candidate when time is expended on television or funds are expended in ways directly or indirectly for that candidate, he must assume the responsibility of those things being a part of his total limitation.

Mr. CURTIS. But what I am asking is, how are we going to stop a situation in campaigning where one will be against the incumbent? Will it not inure to the benefit of his opponent? How on earth are we going to muzzle the citizens of the United States? How can we prevent them from going to the post office and buying some stamps and writing a letter telling their friends that they believe John Doe should not be continued in office? How are we going to muzzle that kind of thing?

Mr. COOK. I can only tell the Senator relative to the news media that this Congress has the responsibility——

Mr. CURTIS. Suppose someone wants

to go on the air and explain his experiences with an incumbent and the reasons why he is opposed to that incumbent, and he does not think it is in the public interest for that incumbent to be re-elected?

Mr. COOK. I can only say that this person is assuming his responsibility by taking a half hour on radio—

Mr. CURTIS. I am talking about a free American citizen who wants to participate in the election and speak his own mind.

Mr. COOK. I believe that would involve the question of the first amendment——

Mr. LONG. I do not believe we could do anything at all on that, about the right of any individual citizen, or any Senator, to stand on a street corner and shout for the candidate of his choice, or to mail out letters to personal friends or to others, or to put a sign out in the front yard or on the side of the house saying, "I am for Joe Smith for President." But that is not the point. The principal point is that we would not have adequate funds available, and any American citizen has a right to make his position known on the issues to the public. That is the right of the individual, his own right to express himself. He is protected by freedom of speech and there is nothing we can do to regulate that. I do not think there is much we can do to regulate newspapers, either. They often editorialize, as we know, on behalf of the candidate of their choice.

Mr. COOK. Mr. President, who has the floor?

The PRESIDING OFFICER (Mr. CRANSTON). The Senator from Kentucky has the floor.

Mr. COOK. Mr. President, I yield the floor.

Mr. PASTORE. Mr. President, I yield 10 minutes or 15 minutes, whatever the Senator from Massachusetts wants.

Mr. KENNEDY. Mr. President, I must say, having listened to this debate from its beginning this evening, all I have heard from the opposition is, first, a few differences about the GAO regulations, one of which is that there would not be adequate protections in the administration of these resources. Second, I have heard some questions about whether we can trust a candidate for President of the United States with a pool of $20 million.

I think those points are easily answered. If these are really the strongest arguments—and perhaps there have been others which I have been unable to gather during the course of the past 2 hours—then I think we ought to go ahead and agree to the amendment this evening.

I am really amazed that these are the only arguments presented. As I have listened to the debate, I must say that I have increased my own commitment to the concept and to its approach as worked out by the Senator from Rhode Island (Mr. PASTORE) and the chairman of the Finance Committee, the Senator from Louisiana (Mr. LONG). The Senator from Louisiana has been interested in this field for many years. He really is the author of the checkoff concept. He has been extremely perceptive over the period of the last 5 years, since this issue was first raised in Congress in 1966, and he deserves great credit.

In the actions we took in the Senate earlier this year, we have already gone a major part of the way in our efforts to achieve election reform. The steps we took in the area of broadcast spending and reporting and disclosure were major victories. However, if we are to go the final mile, we must accept the concept of public financing for campaigns for public office.

That is the best way I know to insure the integrity of the whole election process. The proposal which has been placed before the Senate provides resources to presidential candidates, and it also provides incentives for the broadest and widest participation in the political process—a goal that all of us want to achieve and which all of us believe will give new strength to our political system.

Mr. President, I again commend those who have introduced the amendment. I am delighted to be a cosponsor of it.

Mr. President, let me make a few more general remarks about the amendment.

The Congress stands today at what is perhaps its most significant crossroad of this century in the movement for real reform in the financing of American political campaigns. We have the chance today to move political financing out of the shadows of the special interests and into the sunlight of public responsibility.

By voting for the presidential election campaign fund amendment, we will establish a new principle for campaign financing, the principle that public funds should be used to support the campaigns of candidates for public office. It will be a new departure in American public life, full of promise for the future, full of potential, at last, for making our Government truly responsive to the people.

For generations, we have blindly accepted the principle of private financing, long after the principle had become twisted and distorted in a way that no democracy worthy of the name could tolerate. For years, we have talked of campaign slogans in phrases like the politics of peace, the politics of hope, and the politics of reconciliation, but behind it all was a much more cynical form of politics—the politics of money.

No one denies that the most serious problem in the American political process today is the problem of campaign financing. The skyrocketing cost of election campaigns has produced a situation in which all but the wealthy—or their friends—are prohibited from running for public office.

The potential political candidate of modest means is being driven from the field. Unless he is a person of wealth himself, he faces the choice of either running a shoestring election campaign or relying on a few large contributors. If he takes the shoestring route, he faces the prospect of almost certain defeat. If he goes the route of the large contributors, he inevitably creates the sort of ambiguous relationship in which he is obligated—or appears to be obligated—to his wealthy supporters.

Today, at a time when all our institutions are under question, the hundreds of millions of private dollars now pouring into election campaigns are giving politics the air of dirty business. The abuses breed cynicism among our citizens and dropouts from our democracy.

Indeed, it has been well said that in America today, we have the best political system that money can buy, and it is a disgrace to every basic principle on which the Nation stands.

Many distinguished Americans have recognized the problem. President Eisenhower was one among those who have stated it most eloquently. As he said in an article in 1968:

> We have put a dollar sign on public service, and today many capable men who would like to run for office simply can't afford to do so. Many believe that politics in our country is already a game exclusively for the affluent. This is not strictly true; yet, the fact that we may be approaching that state of affairs is a sad reflection on our election system.

The time has come to recognize the stranglehold that private financing has placed on our political system. If we have the courage of our convictions, we will vote for the pending amendment, and thereby establish the long-overdue principle of public financing for political campaigns.

The idea of public financing first saw the light of day in Congress 5 years ago. In October 1966, under the leadership of Senator RUSSELL LONG of Louisiana, the chairman of the Senate Finance Committee, Congress enacted the Presidential Election Campaign Fund Act of 1966 Public Law 89-809. Under the act, individual taxpayers were authorized to designate $1 of their income tax to be placed in a special fund to be used for financing Presidential election campaigns. Because the tax checkoff provision was based on the principle of direct public financing of political campaigns, the act was highly controversial. One of its principal virtues, however, was that it served the extremely useful purpose of stimulating a far-reaching national debate on a variety of possible methods of reforming the financing of political campaigns.

In his message to Congress on the "Political Process in America," in May 1967, President Johnson took up the call. He emphasized his support for direct public financing of political campaigns, and suggested a series of basic amendments to the original 1966 Act. In addition, President Johnson recommended that Congress undertake an extensive review of other methods of financing election campaigns by methods such as direct appropriations, tax credits or deductions, treasury vouchers, and various matching grant plans. In June 1967, after extensive controversy, Congress enacted legislation prohibiting implementation of the 1966 act until statutory giudelines under the act were enacted.

Then, in November 1967, after comprehensive hearings and executive sessions, the Senate Finance Committee favorably reported H.R. 4890, the Honest Elections Act of 1967. As reported by the committee, the bill contained a complete revision of the 1966 act. It authorized public financing of both presidential and senatorial election campaigns,

and it answered virtually every objection of the opponents of the original act of 1966.

Now, we have struggled through two more national campaigns since the bill was ready—the presidential campaign of 1968, and the congressional campaign of 1970. We know that the problem is worse and that the need is greater.

And, so today, we have the chance to act to meet the need. The presidential election campaign fund amendment offered by Senator JOHN PASTORE is similar in most respects to the legislation recommended by the Senate Finance Committee in 1967, except that it applies the principle of public financing only to presidential campaigns. The chief provisions of the amendment are as follows:

First. Under a "tax checkoff" method, each individual taxpayer is entitled to specify on his tax return that $1 of his taxes is to be used for the public financing of presidential campaigns. On joint returns, husbands and wives may each use the checkoff. If all taxpayers take advantage of the provision, approximately $113 million would go into the fund each year, based on the current number of taxpayers.

Second. The amount of funds determined by the checkoff is appropriated from the Treasury into a Presidential Election Campaign Fund. The amendment contains a "permanent appropriations" provision in order to avoid any controversy that might take place in Congress if the transfer of funds were to be left to the regular annual appropriations process. If the Fund contains any unused balance after a presidential campaign, the balance is returned to the Treasury. If the amount of the Fund is too low to provide the payments to which presidential candidates are entitled under the amendment, the payments are decreased pro rata, and private contributions may be accepted to make up the difference.

Third. Presidential candidates are given the option of either electing public financing for their campaigns, or continuing the present method of private financing. If major party candidates elect public financing, they may not accept private contributions, and they may not spend more than the amount of public funds allocated to them. Minor party candidates receiving public funds may also receive private contributions, but they may not spend more than the amount that a major party candidate receiving public funds may spend.

The same overall limits apply to all political committees authorized by a candidate to support him. Unauthorized committees supporting candidates who elect public financing are limited to expenditures of $1,000. None of these limits are applicable to candidates who continue to finance their campaigns privately and who do not elect public financing.

Fourth. Candidates of a major party—a party polling 25 percent or more of the votes in the preceding presidential election—are eligible to receive an amount equal to 15 cents multiplied by the number of eligible voters in the Nation. On the basis of current population estimates for 1972, major party candidates would be entitled to receive about $20 million.

Fifth. Candidates of a minor party—a party receiving between 5 and 25 percent of the vote in the preceding presidential election—are eligible to receive an amount based on their percentage of the vote of the major candidates. For example, under this formula, since Governor Wallace received 31 percent of the average vote for the two major candidates in 1968, he would be eligible to receive 31 percent of the funds available to each major party candidate in 1972, or about $6 million.

Sixth. Candidates of a new party are entitled to receive retroactive reimbursement based on their showing in the current election, if they win more than 5 percent of the vote. A new party may accept private contributions in the form of loans, to be returned if the party's showing in the election qualifies it to receive public funds.

In addition, candidates of a minor party are eligible for increased public funds if they make a better showing in the current election than in the preceding election.

Seventh. Public funds will be available only for expenses incurred for the period beginning with the date of the candidate's nomination—or September 1, whichever date is earlier—and ending 30 days after the election. Expenses for items and services incurred earlier, but used during this period, will also be covered. Thus, public funds will not be available for the expenses of primaries or party conventions. If a candidate electing to use public funds has excess private contributions left over from his primary campaigns, he cannot spend the private funds during the general election campaign.

Eighth. The distribution of public funds will be made by the Comptroller General, subject to strict auditing and accounting procedures, backed up by substantial civil and criminal penalties for violations.

In addition, the amendment also includes a major provision establishing a tax credit of $25 or a tax deduction of $100 for political contributions. These tax incentives are applicable to contributions to all candidates—Federal, State, or local—and to all elections—general, special, or primary. This provision is essentially the same measure that Senator CANNON, Senator PEARSON, and I had already offered as a separate amendment to the pending tax bill, and I am pleased that it is now a part of the overall amendment.

One of the most important points about the public financing amendment is that it has been carefully designed to meet all of the major constitutional, practical, and political objections to the version originally enacted into law in 1966.

The 5 to 25 percent formula strikes a reasonable balance for minor parties and new parties. It neither freezes them out entirely, nor encouraged them excessively. The threshold showing required of such parties is low enough to prevent "locking in" the existing two-party system, and yet high enough to prevent the artificial proliferation of splinter parties set up merely to have a political joyride at the taxpayer's expense in a presidential election year.

As the following table indicates, at least six minor parties would have qualified for public financing since 1892 if the provision had been in effect:

MINOR PARTIES RECEIVING APPROXIMATELY 1,000,000 OR MORE VOTES, 1892–1968

Year and candidate:	Party	Popular vote	Approximate percent
1892: James B. Weaver	People's	1,027,329	[1] 9
1912:			
Theodore Roosevelt	Progressive	4,216,020	[1] 28
William Howard Taft	Republican	3,483,922	[1] 23
Eugene V. Debs	Socialist	897,011	[1] 6
1920: Eugene V. Debs	do	917,799	4
1924: Robert M. LaFollette	Progressive	4,822,856	[1] 17
1948:			
Henry A. Wallace	do	1,157,172	2
J. Strom Thurmond	State's Rights	1,169,021	2
1968: George C. Wallace	American Independent	9,899,557	[1] 13

[1] Would have been eligible for public financing under the pending amendment.

By prohibiting private contributions to candidates who elect public financing, the amendment avoids the danger that public financing would become simply an additional layer on top of the existing level of spending. At the same time, by allowing unauthorized committees to spend up to $1,000 for their candidate, the amendment avoids the first amendment objections that might be raised against any complete prohibition of private spending.

By channeling the public funds directly to the presidential candidates, instead of to political parties or committees, the amendment goes far to avoid the objection that it will have a potentially disruptive impact on the existing structure of our political system. Public financing will not lead to excessive centralization of the political system. Presidential candidates will still have to live under the same umbrella with other Federal, State, and local party leaders. The amendment will preserve the traditional upward flow of party power from the local level up to the national level. In essence, public financing will eliminate the worst abuses of our present political system—the excessive power of money and special interests—and will thereby actually enhance the elements of the system that are its real strength—the interest, dedication, and commitment of hundreds of thousands of party leaders and workers at the grassroots level.

By inclusion of the tax incentives, the amendment offsets any tendency of the public financing provisions to weaken the stake of individual voters in the political process, or to discourage their participation.

Although the public financing provisions provide assistance only to presidential candidates, not to other Federal candidates or State and local candidates, and not for primary campaigns, the principle of public financing can easily be extended to such candidates and elections. The important thing is that we must lay the groundwork today. Once we see the impact of the amendment on the 1972 campaigns, there will be ample opportunity to broaden its application for the benefit of other candidates and elections. We know that the need for financial assistance is especially great in primary elections and at the congressional, State and local levels, where fundraising is extremely difficult, and where the political influence of large contributors may be just as insidious as in presidential campaigns. By taking an effective first step today, we chart the course for all elections and all candidates for the future.

In sum, I believe that the amendment now before the Senate is the best investment the American taxpayer can possibly make to end the most flagrant single abuse in our democracy, the unconscionable power of money. Rarely have we had the opportunity to vote on a bill so full of potential for keeping our political system running and responsive. I hope that the amendment will be accepted overwhelmingly by the Senate.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement by former Senator Gore of Tennessee on his introduction of the Election Financing and Reform Act of 1970, S. 3659; an article entitled "The Politics of Money," written by Philip M. Stern, and published in the New York Times on June 11, 1971; and an article entitled "Money and Politics," written by Tom Wicker, and published in the New York Times on November 14, 1971. The statement by the Senator is especially significant, because it shows how one of the strongest opponents of the 1966 act was one of the strongest supporters of the 1967 version as reported by the Finance Committee.

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

S. 3659—INTRODUCTION OF ELECTION FINANCING AND REFORM ACT OF 1970

Mr. GORE. Mr. President, an election ought to be a time of serious discussion, a time when ideas are brought forth and debated—not for the sound they make but for their meaning, not for their marketability but their merit, not for their packaging but their content. Because the most vital single action of a self-governing society is the election of public affairs.

Unless the will of the people can be determined and maintained in elections there can be no government of, by, and for the people. Unless the elective process is surrounded by effective safeguards, there can be no real assurance that the will of the electorate will emerge.

The right of a free franchise is one of our highest privileges, a mark of a free man. It is a duty, too, one that must be exercised personally, and that without coercion whether by a system of fines against those who fail to exercise their privilege or by an undue influence from any direction.

But we have a long way to go yet to make our voting system as free and unhampered and as equitable as all of us would wish it to be and to free it from the undue influence of money which is now throttling it. The country has not thrown proper safeguards around financial influence in Federal elections and until a way to do this is evolved the other ills must be considered secondary. Money is the root of much political evil in our country and the Senate has on many occasions considered ways to lessen that influence. Through the years we have been moving nearer to a solution, slowly but surely. Yet the threat of corruption by money in politics is greater than ever before. This makes imperative a solution.

The cost of campaigns has mushroomed, the practices of vested interests have become a threat to popular government, the influence of TV and other expending communication media—and the advertising industry—has skyrocketed and there is now widespread and justifiable public concern over the threat to popular government arising from the improper influence of money in elections. A book entitled "The Selling of the President" is now a popular handbook for the image sellers.

The concentration of dollars poured out at election times serves to thwart the will of the American people both directly and subtly. Not many people would sell their votes directly, but the influence exerted by merchandising and image-making does not come directly, and in this new form no one is immune to it—either in the purchase of soapflakes or in the choice of candidates for high office.

The need for remedial legislation in the field of Federal elections is imperative. There is something profoundly wrong about a system by which the election of a Senator, in many States, costs a million dollars—the conservative estimate of what is needed to unseat an incumbent in a middle size industrial State. Is this government by, for, and of the people or by the size of the purse?

Public confidence in government—and in the integrity of the people's representatives who make up that government—is the bedrock upon which the foundation of our system rests. Government is no more secure than public confidence in its institution. Moreover, representative government cannot be truly representative unless the electorate has an opportunity to choose among candidates on the basis of their qualifications without improper, or undue, influences which impede a free choice.

"Elections are public business. Indeed there is no aspect of public business which more directly affects the quality of government and the public welfare. Yet, our present system for financing election campaigns makes a mockery of free democratic processes. Money in elections, both as to source and as to amount threatens to undermine public confidence in those who are elected, and thus in the institution of government itself.

"It is impossible to finance a modern mass media statewide campaign with $10 contributions from public spirited citizens, to say nothing of the enormous financial requirements of a national campaign for the presidency. Dependence must be placed on large contributions and all too often these come from wealthy individuals or from organized groups who hope that their generosity will be remembered by the candidate after he is elected. Large contributions may well come without strings. It is, I believe, the only kind most candidates for high office would accept.

"But it is asking a lot of human nature to assume that the big contributor stands entirely on the same footing with other constituents when matters in which he is interested come up for decision by elected officials. Even the absence of impure motives on the part of the giver, the receiver, or both, cannot entirely erase the influence of large campaign contributions."

The candidate who elects not to seek or accept this kind of money is at a disadvantage, to put it mildly. Modern campaigning with the tremendous cost of indispensable exposure on television has vastly increased the advantage of the candidate with an adequately financed campaign. Simply stated, money can and does buy, in an effective sense, many elections without in any way violating our archaic election laws and without buying a single vote. What is acquired by mass, and frequently misleading, propaganda is a favorable voter inclination based upon false or artificial premises.

Since election to public office is public business of the highest order, election to Federal office, at least, ought to be publicly financed. In no other way can the stench of money in politics be completely eliminated from the elective process.

This is not a new idea. As early as 1907, President Theodore Roosevelt called for a Government subsidy to finance Federal elections. His suggestion has been echoed by political scientists and Presidents as well. President Kennedy established a Presidential Commission to go into the matter of election financing and subsequently submitted recommendations to the Congress to tighten up existing laws, to provide for more effective public disclosure of what was spent and where it came from, and to encourage a wider base for contributions of moderate size.

Senators will recall that in 1966 a limited public financing law was passed, but it was not satisfactory and early in 1967, before it could be put into effect, its provisions were made inoperative. Later that year, the Senate Finance Committee approved another measure which I thought was much better, and I strongly supported that bill. But no action was taken by the Senate during the 90th Congress.

It is substantially that same bill which I am introducing today. It is well explained in Senate Report No. 714, 90th Congress.

There is one major change, and this relates to the effective date. The tax and public financing provisions of the bill I have introduced today do not become effective until 1975. All incumbent Senators, then, would be subject to reelection under existing law. Thereafter, the new law would apply to all.

Frankly, I view this bill as only a first step. Eventually I hope that all stages of the Federal elective process, primaries and conventions as well as the general election, will be publicly financed under regulations which will limit spending to the amounts reasonably necessary to inform the electorate and with rigid controls over the expenditure of the money. Offering the candidate a choice between public and private financing is intended only for a transition period, perhaps of 10 years. I believe that the overwhelming majority of candidates for the Senate would choose public financing if they had a choice. But I have sought to provide an option to lessen the fears of those who think that public financing might not work. My ultimate goal is to free completely from private money influence—either from the candidate's own fortune or from contributors—election to Federal office—President, Vice President, Senator, or Congressman.

With campaign costs continuing to skyrocket, with campaigns turning into advertising circuses, with no effective control whatever over how much is spent, where it comes from, or what it is spent for, our system of government is placed in great peril. We are rapidly approaching, if we have not already arrived at, a condition in which only the rich or the subsidized can successfully compete for the honor and opportunity of high Federal elective office.

Fortunately for me, personally, a record of public service operates as stored up good will to withstand an anticipated financial storm, but I am thinking of the foreclosure of equal opportunity for other men without means to achieve public favor.

The PRESIDING OFFICER (Mr. GOLDWATER). The bill will be received and appropriately referred.

The bill (S. 3659) to provide an income tax credit for certain political contributions; to provide for public financing of presidential and senatorial election campaigns; and to revise the Federal election laws, introduced by Mr. GORE, was received, read twice by title, and referred to the Committee on Finance.

[From the New York Times, June 11, 1971]

THE POLITICS OF MONEY

(By Philip M. Stern)

WASHINGTON.—Almost every major domestic problem in America has its roots, in my view, in a deeper, more basic malady: the manner in which we finance political campaigns, with candidates heavily dependent on "interested" givers who expect a return on their investment, usually in the form of some governmental favor or largesse.

For example, the skewing of national priorities is largely traceable to political financing. With candidates so reliant on large contributions, mostly from industry, it is not surprising that the political system produces billions for an oil depletion allowance or corporate tax write-offs and pittances to combat hunger, pollution, housing shortages, etc.—problems mainly of concern to political noncontributors.

The anachronistic Congressional attitudes that flow from long tenure, old age and the seniority system stem largely from current fund-raising practices, which are heavily biased in favor of the power-dispensing incumbent officer-holder and against the newcomer (last year 359 out of 379 incumbent House candidates were re-elected). Many would-be challengers, in fact, are frozen out before they begin, sheerly for lack of financing.

With a constricted political system, and with the makeup of Congress largely static, no wonder the pace of change is so maddeningly slow.

The only effective way to open up politics, give newcomers and new ideas a chance and dilute the power of the big giver, is through public financing of election campaigns. That would not really be a radical change. The public already pays—and pays dearly—for the manner in which we now finance campaigns.

To take one dramatic example, the public now must lay out $5 billion a year in added oil and gas prices because the President declined to abolish oil import quotas as recommended, in the national interest, by his own Cabinet committee. When a President rejects a $5-billion saving for tens of millions of consumers in favor of higher prices and profits for a few oil companies, just four of whose executives contributed $300,000 to the 1968 Republican cause, the concept of "one-man, one-vote" is a joke.

The remedy does not lie in curbing political spending (via expenditure ceilings or free TV time). It's not the spending that's publicly harmful; it's how and from whom the money is *raised*, and in the disproportionate influence that large contributors (unions as well as corporations) are bound to wield.

Public financing of campaigns would be the best investment the American taxpayers could make. Even a generous program of Federal assistance, covering all primary as well as general elections for House, Senate and President, would only cost about $93 million a year (or just 69 cents per citizen of voting age)—just one-fiftieth of what the public is now paying for oil import quotas alone. Thus, if public financing could reverse that one Government policy, the taxpayers would have a 5,000 per cent return on their investment!

Use of the public subsidies for candidates' personal enrichment could be avoided by having the U.S. Treasury make payments directly to the purveyors of political services (i.e., to the broadcasters, newspapers, printers, etc.) so that the candidates themselves would not receive or handle any of the Federal money.

To encourage small-scale private gifts, there should also be tax-credit incentives but, to assure that no citizen wields undue influence, no gift of more than, say $25 should be allowed.

The conventional wisdom insists that public financing of campaigns is inherently unpalatable to the voters. Yet TV viewers of "The Advocates," after hearing the pros and cons last October, voted 76 per cent in favor of Federal campaign assistance with just 21 per cent against—one of the most one-sided votes in the program's history.

Moreover, public funding of campaigns, already successfully in effect in Puerto Rico and Quebec, has just been officially embraced by the Democratic National Committee and is embodied in at least two Senate bills (by Senators McGovern and Gravel).

So this is far from a blue-sky political idea. It is gaining acceptability, perhaps because members of the nonaffluent, noncontributing public are catching on to the fact that they are already picking up the tab for a political system that answers much more to the big givers than it does to them.

[From the New York Times, Nov. 14, 1971]

MONEY AND POLITICS

(By Tom Wicker)

WASHINGTON.—The withdrawal of Fred Harris from the Democratic Presidential competition further clears the field for the coming primaries. More importantly, since it is still a littered field, Mr. Harris' withdrawal suggests something about the sad state of American campaign finance, and the problem of a candidate who moves beyond the traditional range of issues and solutions.

The Senator from Oklahoma found his campaign "broke," as he described it, in the same week that Mayor Lindsay of New York moved more openly toward a Presidential candidacy next year. Since the Mayor will be looking for support in the liberal wing of the party and since Senator George McGovern already is—not to mention less formal candidates like Representative Shirley Chisholm and Eugene McCarthy, Mr. Harris' withdrawal at least reduces the splintering effect on the Democratic left.

The result is that, among the major active contenders, Senator McGovern and Mayor Lindsay are on the left, Senators Edmund Muskie and Hubert Humphrey are in the middle and Senator Henry Jackson is on the right, with Senator Edward Kennedy hovering over all.

It takes only a glance at this roster—again not to mention long-shot possibilities from Sam Yorty to Representative Wilbur D. Mills—to get an idea of the pressures on the Democratic dollar, particularly the moderate-to-liberal Democratic dollar. Mr. Harris said his campaign costs alone were running at $50,000 monthly, with the primaries still to come.

Actually, some other campaigns appear to be more costly than Mr. Harris' was, and he had at least one substantial backer, Herbert Allen Jr., the New York banker. Other support failed to develop as well as Mr. Harris had hoped when he began his campaign last summer, and he said candidly that he "could have done better" in organizing and managing his efforts.

Still, as things are now done in campaign finance, Mr. Harris seems justified in saying that it is "difficult but not impossible" for a poor man to run for the Presidency. That is because American campaigns now are financed largely by major contributors; when they are called upon by a vast field such as the Democrats now have, or when they settle generally upon a favorite, then the outside or peripheral candidate can have a hard time indeed.

One of George McGovern's major assets, in fact, is that for several years now he has worked assiduously to compile and develop extensive mailing lists of small contributors; the result is that he is not as dependent as other Democrats on the big contributors. But the fact is that in 1968 the Democrats got 61 per cent of their Presidential campaign funds from contributors of more than $500. The Republicans, who have developed good small-contributor programs, still got 47 per cent of their total from contributions of more than $500.

Only about 15,000 Americans were responsible for this high percentage of Presidential campaigns costs. Moreover, a mere 89 persons—according to the Citizens Research Foundation—each contributed $30,000 or more for a staggering total of more than $6.8 million. Only 424 big contributors—of more than $10,000 each—kicked in with over $12 million for the 1968 campaign. And next year, the costs will almost surely be higher.

The problem is not just that of controlling costs, and the solution is not for these big contributors to demand better performance or particular policies from the candidates—as a group of political financiers, meeting in Manhattan, recently threatened to do.

What is really needed is greater incentive, such as a tax credit or deduction, for small voluntary contributions; or some equitable method of Federal subsidy, which is only a way of forcing small contributors—taxpayers—into the act. Until that kind of support is available, a small number of big-money

men and interests will continue to have an outsize influence on politics.

Whether such contributors froze Fred Harris out of the campaign because of his "populist" views is conjectural; had he started earlier and developed the kind of dollar-bill fund-raising techniques that have so largely financed George Wallace and that sustain Mr. McGovern, Mr. Harris might still be in the thick of the fight. But that kind of effort takes a long time to develop.

It would have been appropriate to the unorthodox Harris campaign, which abandoned traditional rhetoric and issues and was designed to appeal to class sentiment. The idea was to bring together a coalition of low- and middle-income people across racial and other barriers. The theme was a redistribution of income and power in America—even the breaking up of the big corporations. At root, the Harris campaign was based on the belief that this country in its tax, corporate and political structure is rigged for the rich, and will be until the non-rich learn to stand together.

No other candidate is saying such things, Mr. Harris said in his withdrawal statement, so he now sees no one he can support. If that turns out to be the case as the campaign goes forward, if the Democrats offer no more than what Fred Harris called "just some more New Deal programs," not only they but the American people are going to be the losers next November.

Mr. CRANSTON. Mr. President, the adoption of this amendment could signal the start of a modern revolution in American politics. It could truly democratize the American political system, for perhaps the first time in our history.

The amendment could, at painfully long last, liberate American political parties from financial dependence on big money, big pressure groups, and big spenders of all kinds, and turn politics totally over to the people, to the tens of millions of individual men and women whom we in Government are supposed to represent.

For the first time, their money as well as their votes would count in determining the outcome of a presidential election. That would be a healthy change for our democracy.

It would also be a healthy change for those who run the presidency.

For one thing, a candidate would not need wealthy friends or have to be independently wealthy himself to win—or look forward to a party that is indefinitely impoverished if he loses.

For another, he could devote his energies during the campaign to raising issues instead of raising money. After the campaign, he could spend his time working on constructive programs rather than working to pay off campaign debts.

America needs a new lease on its political life; this bill, I believe, will strike off some of our golden shackles and free our candidates and our political parties from the bondage of money.

Mr. EAGLETON. Mr. President, at a time when America is desperately seeking new directions, the Campaign Financing Act can begin to liberate government from the stifling pressure of those who have vested interests in the status quo.

At a time when we are enervated by the sense that government is unresponsive and unmanageable, this act can restore confidence.

Having public officials in office because of large private contributions is an evil at any time. Big money buys entree. Big money buys favors. Favoritism, legal or otherwise, perverts the democratic process.

But today there is mortal danger in the fact that any President—indeed, any Senator—dependent upon financial interests deeply rooted in the status quo will be slow to take responsible new departures.

These interests themselves are not necessarily evil or illegal. In more static times their combined position might be taken to express the public interest.

But the times are not static, and the combination of interests which governs us today is not serving us well.

It is time to take some fresh bearings from the people—to find out what they really want for themselves and their country and to insure that government will respond.

This bill is not perfect in every detail. Some of the funds it allocates may be wasted or even used unscrupulously. But democracy's workings are seldom tidy, and the few million dollars made available today for public interest campaign funding will help to insure that the government which spends hundreds of billions is at least responsive to the people.

Mr. President, this is a chance to make a fundamental change for the better in American government. I shall vote "aye."

Mr. HART. Mr. President, whether totally justified or not, present methods of financing public election campaigns seriously erode public confidence in our government.

Certainly it is true that many persons are discouraged from running for office because they lack personal wealth or access to wealthy backers.

Certainly it is less than an inspiring sight to see Presidents, presidential candidates and other elected officials devoting time—considerable time, in many cases—to raising campaign funds.

And if large contributions do not overtly affect policy or votes, it is certainly true that large contributions at least ease the gaining of access to public officials. After all, it is not the poor, or even the middle-income persons who most often gain entrance to an elected official's office to discuss problems important to them.

Equally important, if large contributions do not purchase votes after the fact, at least large contributions are important to deciding who will be the candidate and which candidate will win. And obviously, large contributions go to those candidates with views sympathetic to those of the giver.

These concerns have led me to the conclusion that the time has come for public financing of political campaigns, not only to eliminate a source of public suspicion about our government, but to encourage qualified individuals, regardless of wealth or access to wealth, to seek public office.

In eliminating the financial bar to public office we can end what amounts to discrimination which prevents full participation in our political process.

In filing separate views on the Federal Elections Campaign Act of 1971 reported from the Commerce Committee I stated that "taking private money out of the political picture is the ultimate reform." I ask unanimous consent that a portion of my separate views be printed at this point.

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

The changes recommended to the Senate in this report will move campaign expenditure reform a long way on the road to giving all federal candidates equal access to the media and removing an inequality which grows larger with each succeeding election.

But if we are really to neutralize the power of money to distort the election process; if public office is to be within the reach of not the rich alone; if we are to eliminate the influence, real or imagined, of the large contributor; if we are to remove the cynicism with which young and old alike view today's funding raising efforts by political parties and candidates; if we are to make our political campaigns a testing ground for ideas and issues rather than exercises for our money-raisers—then I believe we must eliminate our dependence on private contributions.

It is the source of the money which damages public confidence and suggests the likelihood of favor and influence. Remove the private money and we remove this cause for the cynicism and doubts now so hurtful to public confidence in politics.

Mr. HART. Mr. President, while I did not expect a chance to take a major step in that direction this year, such an opportunity is before us this evening.

The amendment under consideration would provide two ways to eliminate or diminish reliance on large campaign contributions.

First, individual taxpayers could indicate on Federal income tax returns if they wanted $1 of their payments to go to a special presidential campaign fund. The fund would be divided according to a formula, which provides allocations to minor as well as the two major parties.

And second, a taxpayer could claim either a tax credit of up to $25 or a tax deduction of up to $100 for contributions, to local, State, or national campaigns.

Under the tax check-off formula, it is estimated that the Republican and Democratic presidential campaign committees would receive about $20.4 million, while the presidential campaign for Gov. George Wallace would receive $6.3 million.

By way of comparison, in the 1968 election, Republicans spent $24.8 million nationally; the Democrats, $10.2 million, and Governor Wallace, $6.8 million.

These figures are cited to indicate that credible campaigns could be financed under the limits set by this bill.

The concept of a limit is most important. The bill requires a presidential nominee to choose between using public money from the special Presidential fund or raising his own campaign funds. If a nominee chooses the former, he is limited to spending the estimated $20.4 million. If a nominee decides to raise his own funds, there is no limit. This provision insures, of course, that the public fund will not just be base for ever-increasing campaign spending.

In the event the presidential fund does not reach the estimated amount, a nomi-

nee may raise the difference between his share of the committee's fund and the limit of $20.4 million.

Turning to the second provision, it is hoped that the tax credit and deduction provisions will encourage an increase in the number of small contributions to candidates seeking office at all levels of government.

I strongly support both of these steps toward reducing reliance on large private contributions to finance political campaigns.

Pointing to the financial condition of the Democratic National Committee, some may argue this is a partisan attempt to bail out the 1972 Democratic nominee.

Those who make that argument must be prepared to answer the charge that they oppose this reform just because they happen to enjoy a great financial advantage at this particular point in history.

To those who will make their decision on present pragmatic grounds, I would offer an observation made in a Washington Post editorial this morning:

It is worth remembering that although it is the Democrats who are poor today and the Republicans who are rich, it has not always been that way and there is no guarantee it will remain that way in the future.

To those who will make their decision based on a longer view, I can only repeat my conclusion that the ultimate reform is to take private money out of the political picture.

That is the question on which this debate should be centered. And if it is, I believe the amendment will be approved.

Mr. PASTORE. Mr. President, I think that this more or less concludes the debate tonight. I suggest the absence of a quorum in order for the majority whip to come to the floor.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

UNANIMOUS-CONSENT AGREEMENT

Mr. PASTORE. Mr. President, I ask unanimous consent if there are to be remarks that are not related to the subject matter of the bill, the time not be charged to either side.

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

NOMINATION OF DR. EARL BUTZ AS SECRETARY OF AGRICULTURE

Mr. HUMPHREY. Mr. President, the Senate Committee on Agriculture and Forestry opened its hearings today on the nomination of Dr. Earl Butz to be Secretary of Agriculture. I am privileged to serve on that committee. Dr. Butz appeared before the committee and testified as to his qualifications and desires for the job. But he has not told the committee as yet what changes in administrative farm policies he intends to pursue and support. Also, while he has indicated to the committee that he has resigned his several directorships with agribusiness firms and has placed his stockholdings in those firms in a blind trust, he has not supplied the committee with a complete statement of his financial holdings, which I think would be most desirable.

Although Dr. Butz' relationships with those agribusiness giants concerns me greatly, I am more concerned about what policy directions he intends to support and pursue, if confirmed by the Senate, concerning our farm commodity programs, rural development, reorganization of the Department of Agriculture to make it a really effective instrument for American agriculture, foreign food assistance, family and child feeding programs, rural electrification and housing programs, and consumer food protection.

Mr. President, the farmers and all the people of this Nation are entitled to know where Dr. Butz and this administration stand on these matters. I intend to press for their answers at tomorrow's session of the committee when it reconvenes to continue hearings on Dr. Butz' nomination.

Mr. President, I must say that American agriculture cannot continue to afford policies which depress agricultural income. And as yet I have heard nothing from Dr. Butz which gives me an indication of any change in policy that will improve the income being received by farmers.

Mr. President I have already received many telegrams—in fact hundreds of communications from the farmers and citizens of my own State of Minnesota and elsewhere and from other areas of the Nation—in opposition to Dr. Butz' nomination.

I have made a selection of some of these and I ask unanimous consent to have printed at this point in the RECORD some of the messages and communications relating to the nomination of Dr. Butz, communications which point out opposition and ask that he not be confirmed.

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

ROCHESTER, MINN.,
November 17, 1971.

Senator HUMPHREY,
Washington, D.C.:
I am protesting the appointment of Dr. Butz for Secretary of Agriculture.
JOHN H. WELTI,
Plainview, Minn.

SPRING VALLEY, MINN.

Senator H. HUMPHREY,
Washington, D.C.:
Don't want Butz for Secretary of Agriculture. Like putting fox to guard henhouse all new wealth comes from the land. U.S. short billions of dollars as result of robbing farmers for years. Read book "Unforgiven."
GEORGE HEIDTKE.

MEDFORD, MINN.

Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:
Am opposed to Butz for Secretary of Agriculture. Urge you oppose confirmation.
LAPHONSE WENCI, *Route 1.*

OWATONNA, MINN.,
November 17, 1971.

Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:
Earl Butz is not agricultural man. I ask you not confirm his appointment.
ART CROFT, *Route 3.*

NORTHFIELD, MINN.,
November 17, 1971.

HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:
As farmers we do not want Earl Butz as Secretary of Agriculture.
HARLAND AND JOAN QUINNELL.
RANDOLPH, MINN.

MANKATO, MINN.,
November 17, 1971.

SENATOR HUBERT HUMPHREY,
Washington, D.C.:
As farmers we do not want Earl Butz as Secretary of Agriculture.
Mr. and Mrs. HAROLD BELGARD.
GARDEN CITY.

LAKEVILLE, MINN.,
November 17, 1971.

SENATOR HUBERT HUMPHREY,
Washington, D.C.:
We as family of farmers oppose the appointment of Earl Butz as Secretary of Agriculture.
E. M. SAUBER.

MAPLE LAKE, MINN.,
November 17, 1971.

SENATOR HUBERT H. HUMPHREY,
Washington, D.C.:
Protest appointment of Dr. Butz.
DUANE BRYANT.

KENNETH, MINN.,
November 17, 1971.

SENATOR HUBERT HUMPHREY,
Washington, D.C.:
We strongly oppose having Earl Butz as Secretary of Agriculture.
Mr. and Mrs. CLETIS SPEIKER.

OWATONNA, MINN.,
November 17, 1971.

Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D.C.:
Mr. Butz appointment as Secretary of Agriculture is a terrible mistake. Please do what you can to rectify this.
LEO ANTL.

SAUK RAPIDS, MINN.,
November 17, 1971.

Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D.C.
DEAR SIR: We cannot and will not tolerate the approval of Earl Butz as Secretary of Agriculture.
PAUL WENSMANN.

COMFREY, MINN.,
November 17, 1971.

Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D.C.:
Definitely opposed to Earl Butz appointment for Secretary of Agriculture.
DONALD WIESE.

MANKATO, MINN.,
November 17, 1971.

Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D.C.:
I oppose the appointment of Earl Butz for Secretary of Agriculture.
DAVE FREKING,
Heron Lake, Minn.

BUFFALO, MINN.,
November 17, 1971.

Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D.C.:

We protest the appointment of Mr. Earl Butz as Secretary of Agriculture.

Mr. and Mrs. HARVEY BEHRENBRINKER.

MONTROSE, MINN.,
November 17, 1971.

Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:

We do not approve of Earl Butz as Secretary of Agriculture.

KENNETH PAWELK.

BUFFALO, MINN.,
November 17, 1971.

Senator HUBERT H. HUMPHREY,
Washington, D.C.:

I am not in favor of Earl Butz as new Secretary of Agriculture.

LEO LARSON.

ROSEMOUNT, MINN.,
November 17, 1971.

Sen. HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D.C.:

We as family farmers oppose the appointment of Earl Butz as Secretary of Agriculture.

DONALD GERONIME.

DODGE CENTER, MINN.,
November 17, 1971.

Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D.C.:

Vote against the confirmation of Mr. Butz as Secrtary of Agriculture.

LEROY PAULSON.

OWATONNA, MINN.,
November 17, 1971.

Senator HUBERT H. HUMPHREY,
Washington, D.C.:

Urge you block Butz appointment. We need Agricultural Secretary who will work for family farmer.

Mr. and Mrs. ROBERT SPRINGER.

JACKSON, MINN.,
November 17, 1971.

Senator HUMPHREY,
Washington, D.C.:

Vote down Earl Butz.

WM. J. RODER.

COLOGNE, MINN.,
November 17, 1971.

Sen. HUBERT H. HUMPHREY,
Washington, D.C.:

We are opposed to Butz for Secretary of Agriculture. Your vote against confirmation is requested.

KENNETH TELLERS.

ROCHESTER, MINN.,
November 17, 1971.

Senator HUMPHREY,
Senate Office Building,
Washington, D.C.:

It is my desire that you vote against the appointment of Earl Butz.

Mrs. HYLAH DURST.

AIKEN, S.C.,
November 17, 1971.

Sen. HUBERT H. HUMPHREY,
U.S. Senate,
Washington, D.C.:

Voting against Earl Butz is a vote for the farmers. Farm prices are too low for comfort. Why not use foreign aid money for purchase of farm products at a fair Government support price?

SCOTT HRUITT.

OWATONNA, MINN.,
November 17, 1971.

Sen. HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D.C.:

I am a farmer and definitely opposed to Dr. Butz as Secretary of Agriculture.

LESTER BUECKSLER.

WASECA, MINN.,
November, 17, 1971.

Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:

Stop appointment of Earl Butz as Secretary of Agriculture. We don't need corporation farms at expense of family farms.

ELDRED PHILLIPS.

PAYNESVILLE, MINN.,
November, 17, 1971.

Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:

We protest the appointment of Earl Butz as Secretary of Agriculture.

Mr. and Mrs. GERALD BLONIGEN.

KELLOGG, MINN.,
November, 17, 1971.

Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:

I protest the placement of Butz as Secretary of Agriculture.

HENRY ROTT.

WILLMAR, MINN.,
November, 17, 1971.

Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:

We oppose confirmation Earl L. Butz as Secretary of Agriculture. Urge you work against confirmation.

ROBERT LEROHL,
Renville County NFO Legislate Chairman.

WASECA, MINN.,
November, 17, 1971.

Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:

Stop appointment of Earl Butz as Secretary of Agriculture. We don't need corporation farms at expense of family farms.

ELDRED PHILLIPS.

ROCHESTER, MINN.,
November 17, 1971.

Senator HUMPHREY,
Senate Office Building,
Washington, D.C.:

Save rural America—keep Dr. Butz out of the Agriculture Department.

Mr. and Mrs. PAUL DRENCKHAHN.

ROCHESTER, MINN.,
November 17, 1971.

Senator HUMPHREY,
Senate Office Building,
Washington, D.C.:

Vote against Butz. Farmers don't want him.

LOREN BARNES,
Fillmore County NFO.

OWATONNA, MINN.,
November 17, 1971.

Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:

I urge you to strongly oppose the appointment of Earl Butz as Secretary of Agriculture.

GENE PHILLIPS.

ROCHESTER, MINN.,
November 17, 1971.

Senator HUMPHREY,
Senate Office Building,
Washington, D.C.:

Save rural America. Keep Dr. Butz out of the Agriculture Department.

MR. AND MRS. ALFRED DRENCKHAHN.

OWATONNA, MINN.,
November 17, 1971.

Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:

I urge you to strongly oppose the appointment of Earl Butz as Secretary of Agriculture.

WELDON F. BEESE.

ROCHESTER, MINN.,
November 17, 1971.

Senator HUMPHREY,
Senate Office Building,
Washington, D.C.:

Suggest you vote against Mr. Butz for Secretary of Agriculture.

WAYNE SUHR.

WAHPETON, N. DAK.,
November 17, 1971.

Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D.C.:

I protest the appointment of Earl Butz.

ELLSWORTH ETTEN.

OWATONNA, MINN.,
November 17, 1971.

Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:

I as a farmer am vigorously opposed to seating Dr. Butz as Secretary of Agriculture.

BERNARD DIETZ.

BLOOMING PRAIRIE, MINN.,
November 17, 1971.

Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:

We are opposing the selection of new Secretary for Agriculture.

Mr. and Mrs. ISADORE GERGEN.

MOORHEAD, MINN.,
November 17, 1971.

Hon. HUBERT H. HUMPHREY,
U.S. Senate,
Washington, D.C.:

We support you in your opposition to Butz for Secretary of Agriculture. We know from direct contact numerous area farmers that they are also very critical of the proposed appointment.

SIG STANGELAND,
President.

WINTHROP, MINN.,
November 16, 1971.

Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D.C.:

We had a professor for the Secretary of Agriculture. Look what happened to farm prices. How about a Secretary of Agriculture with farming experience? Butz is a no no for the family farmer.

Walter Bushard, Elmer Kuphal, Oliver Kromer, Roger Harbarth, Elmer Kuphal, Ed and Dave Carlson, Melvin Litzau.

Arnold Johnson, Roman Jaus, Dennis Fischer, Robert Kizer, Wallace Benson, Roman Jaus, Melvin Litzau, Roger Harbarth.

Oliver Krommer, Wallace Benson, Walter Bushard, Dennis Fischer, Arnold Johnson, Ed and Dave Carlson, Robert Kizer, Melvin Schuet.

WINTHROP, MINN.,
November 16, 1971.

Senator HUBERT H. HUMPHREY,
Senate office Building,
Washington D.C.:

Help use all your influence to stop confirmation of Earl Butz for Secretary of Agriculture.

Harold Groehler, Ray Ludowese, Vern Paulson. Leroy Briest, Arvin Stark, Harlan Lauwagie, Clarence Harbareath.

Gordon Powers, Kenneth Narr, Don Prost, Wilfred Landkammer, John Floot, Kenneth Peschau.

WINTHROP, MINN.,
November 16, 1971.

Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D.C.:

We don't need a repeat of the Benson days. Don't confirm Earl Butz for Secretary of Agriculture. We need a Secretary of Agriculture who will work for the family farmer.

Harvey Stolz, Art Wisch, Maynard Rucks, Kenneth Skaro, Victor Kalbaske, Rueben Jutz, Larry Buche.

Clarence Anderly, Clifford Oakland, Tom Fogerty, Orville Saxton, Emmett Dressen, Al Donney.

WINTHROP, MINN.,
November 16, 1971.

Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D.C.:

I protest Nixon's appointment of Mr. Earl Butz as Secretary of Agriculture. It is high time we get some grass roots representation. Please speak out against this appointment. We need help not more hell consisting of these high farm costs and low farm prices.

Sam White, Donald Schiller, Richard Kuphal, Francis Bigoauette, Arnold Land, Robert Rubischko, Ben Kehr, Arnold Hilesheim, Dean Bruns.

Charles Woods, Rueben Nothwehr, Paul Young, Clayton Overson, Kenneth Gleisner, Donald Schiller, and Walter Lehrke.

TRANSACTION OF ADDITIONAL ROUTINE MORNING BUSINESS

By unanimous consent, the following routing morning business was transacted:

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

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

By Mr. WILLIAMS:

S. 2871. A bill to protect marine mammals; to establish a Marine Mammal Commission; and for other purposes. Referred to the Committee on Commerce.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. WILLIAMS:

S. 2871. A bill to protect marine mammals; to establish a Marine Mammal Commission; and for other purposes. Referred to the Committee on Commerce.

MARINE MAMMAL PROTECTION

Mr. WILLIAMS. Mr. President, in the past century and one-half, more than 200 species of birds, fish, and mammals have become extinct. According to the Department of the Interior, the United States alone accounted for 48 of these species. In 1969, the Department included 78 species on its endangered list. This year, the Department added three more mammals, eight more birds, and 11 more fish to the list of species now threatened with extinction in the United States. Recently, sperm whales and seven other species of cetaceans were included on this list. It should now be evident that cruel and unnecessary killing of animals must be stopped if we are to maintain the delicate balance of nature and preserve the various species of wildlife and marine mammals for generations to come.

What we do not know about ocean mammals is vastly greater than what we do know. The need for a combination of protection, study, and humane management is great and the time for it is now.

Although various laws on water pollution and oil pollution control also indirectly affect the protection of marine mammals, only six Federal laws are specifically concerned or identified with marine mammals.

Recent public outrage over the killing of marine mammals, and in particular the inhumane methods used in the taking of seals, has generated considerable attention in the 91st and 92d Congresses, with the result that a number of bills for the protection of marine mammals are now pending before the Congress.

I am a cosponsor of one of these bills, S. 1315, which would impose an absolute ban upon the taking of such mammals. The bill I am introducing today, the Marine Mammal Protection Act, is similar to one introduced in the House of Representatives by Congressman ANDERSON of California. My introduction of this legislation is not intended to negate the purpose of S. 1315 and similar legislation, but to offer a suitable alternative, which, while creating a most stringent limitation upon the taking of these animals, also provides the Secretary of the Interior with the authority to issue permits for the taking of marine mammals, if proven to his satisfaction to be necessary.

One exception to this provision is that in order to permit appropriate study for a period of 10 years following enactment, no permits shall be issued for commercial taking of any marine mammal except in accordance with sections 103(e) and 110 of the act.

The bill also establishes an independent three-man Marine Mammal Commission composed of persons who have not been nor are in a position to profit from the taking, processing, or sale of marine mammals.

A major provision of my bill deals with the protection of porpoises and dolphins taken in the course of American tuna fleet operations. There is evidence that porpoises and dolphins are being decimated because of commercial fishing practices. Many commercial fishermen use highly efficient purse seines—nets—to catch schools of tuna which swim behind and underneath the porpoise schools. The seines trap porpoises as well, and many die before they can be released. Our country is responsible for the invention of the purse seine. It is therefore up to us to take affirmative action to stop purse seining in its present form.

The bill I am introducing today provides that no method of commercial fishing shall be employed which is not certified by the Secretary of the Interior as being consistent with the goal of eliminating the injury or killing of porpoises or dolphins incident to the capture of the fish. It further stipulates that the Secretary shall promulgate and regularly update regulations implementing this provision and shall cooperate with other Federal agencies to assist in the development of new technological means of capturing fish in such a way as to eliminate injury or death to porpoises or dolphins. The Marine Mammal Commission shall review the regulations and shall recommend to the Secretary such revisions as it deems appropriate.

Mr. President, I ask unanimous consent to have printed at this point in my remarks, the statement of Mrs. Christine Stevens of the Society for Animal Protective Legislation, before the Subcommittee on Fisheries and Wildlife of the House Merchant Marine and Fisheries Committee's recent hearings on marine mammal legislation. Mrs. Stevens, a strong proponent of adequate measures for the protection of ocean mammals and one who has worked long and hard toward this end, has forcefully pointed out the need for action for the preservation and protection of these animals. She is one of the inspirations of this legislation and her remarks best summarize the problem as well as its solution.

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

STATEMENT OF CHRISTINE STEVENS

The Society for Animal Protective Legislation is deeply grateful to the Chairman and members of the Subcommittee on Fisheries and Wildlife of the Merchant Marine and Fisheries Committee for holding these thorough and extensive hearings on sea mammals, creatures remote from most of us, but having an enormous and unexplained fascination for human beings. The view has been expressed that when the entire story of the evolution of homo sapiens is discovered, some phase will be related to life in the sea. Those mammals which, like ourselves, produce only a single offspring at a time, and which have such remarkably well developed brains are possible candidates for a case of, at the very least, parallel development with our own.

INTELLIGENCE AND CHARACTER OF SEA MAMMALS

Clearly, the dearth of scientific literature on the *living* mammals of the oceans makes all theories purely speculative, but as you have stated, Mr. Chairman, we are dealing with animals "some of whom may be at least as intelligent as man." At these hearings, which are the most interesting I have ever attended, we have learned that sea lions and seals are capable of using the money principle which, heretofore, has, I believe, only been tested on the great apes, man's nearest known relatives. We have all heard of the chimpomat which chimpanzees use to get the grapes they want for the plastic discs they earn, but until the testimony submitted on behalf of the Sea Mammal Motivational Institute, I certainly was not aware that pinnipeds could rival chimpanzees in this respect.

Dolphins and porpoises have been called the intellectuals of the sea, but it would appear that even the lesser brains among the sea mammals outshine the majority of terrestial species.

For a long time the distinction which was supposed to separate man from the other

mammals was his ability to use tools. This distinction, like others previously suggested, collapsed in recent times in the face of scientific evidence—evidence of the simplest kind: observation of animals such as chimpanzees and sea otters. At these fascinating hearings we learned that the Southern Sea Otter uses not only the stones with which it has been cracking shell fish on its chest since primeval times, but also pop bottles and beer cans which come to hand so easily today in the ocean's depths as on the face of the earth.

Scientific descriptions of man as "the tool-using animal" remained unchallenged for so long because insufficient observation of animals in their natural environment had been made, and because the use of tools does seem to be an indication of superior intelligence. Certainly, the sea otter qualifies for a rating at the very highest part of any scale which might be drawn up for many of those qualities which we consider most admirable in human beings. To see in the film, "The Sea Otters of Amchitka," a mother sea otter with her enormous pup, seemingly bigger than she at 12 months or more of age, but still, in her eyes, in need of affectionate care, is an experience which encourages one to take an optimistic view of life despite growing evidence for pessimism. This mother works hard, diving for shell fish but never objects when her huge offspring takes the succulent morsel from her mouth. She works. He eats. Finally, he falls asleep, floating comfortably on his back. She preens her fur ready for sleep herself, then thinks she had better take his head up onto her chest. She guards him in his sleep, a marvel of maternal kindness and solicitude.

Do the majority of women who have worn the skins of such creatures as these equal them in tolerance, amiability, devotion and self-sacrifice? Though that question may be better left unanswered, the women who wore these skins in the past may be excused because they did not know what we know now. A question which should be answered, however, is whether the Congress should permit the re-establishment of a luxury fur trade using the skins of animals of this calibre. It is said that the furs they produce are the most beautiful in the world, but what would be the character of the human being who would be willing, knowing the life history and behavior of the typical sea otter, to deck herself in a garment made of sea otter skins?

NEED FOR DEVELOPMENT OF FERTILITY CONTROL IN MANAGEMENT OF SEA OTTERS

We would suggest that in the management of an animal such as the sea otter, the development of techniques to control fertility would be called for in any instance in which it can be firmly established that an otter herd has exceeded the carrying capacity of its range. Such techniques have been developed for the control of pigeon populations in cities and have had limited trials with respect to predator control. They should be expanded for use in the management of sea mammals, especially in areas where undue influence of a commercial nature is likely to be exerted to the detriment of the animals. There is no incentive to apply fertility control unless it is clearly necessary.

COMPOSITION OF MARINE MAMMAL COMMISSION

The point made by Charles Callison of the National Audubon Society concerning the qualifications of individuals to be recommended by the Chairman of the Council on Environmental Quality for appointment by the President to the Marine Mammals Commission is one with which we in the Society for Animal Protective Legislation agree most strongly. Not only do we fear, as he does, that "the fur industry or other commercial and industrial interests whose purpose is exploitation, not conservation" will demand representation on the small, three-man commission, but we fear that some scientists who have what amounts to a vested interest in the killing of sea mammals because of the nature of their specialties and jobs, might exert an unduly great influence. It has been suggested that a broader base which would give the concerned public a substantial voice in decisions should be provided. At the very least, and this is what we would suggest, the qualification for commissioners should be as broad as that specified for the scientific advisory committee (see Recommendations on Contents of Legislation).

STUDY OF FREE LIVING RATHER THAN DEAD OR CLOSELY CONFINED SEA MAMMALS

There is a scientific "new wave" which does not depend upon carcases for its data. The lead article in the August 13th issue of *Science* required no killing of the humpback whales who are its subjects. Because of the importance of this article, I wish to submit it for the use of the Subcommittee. Far more scientific effort should, indeed must, be devoted to the study of the living mammals of the sea in their natural environment. This will require open minds, the putting aside of often repeated techniques which have already yielded the bulk of the information they are capable of eliciting. Some of these techniques have already demonstrated their inherent weaknesses. As Dr. Ray pointed out in previous hearings, the age of all the whales of the world suddenly doubled when scientific views changed. (It is significant that it was a five-year cessation of whale killing during the war which showed the then established scientific data to be off by a factor of 2).

The study of the dead, like the study of close captives, belongs to a period from which we seem at last to be emerging. As the fear of losing the animals, the plants, the air and the water that we have so long taken for granted comes over us, young scientists have appeared to use the scientific method in ways my generation would not have considered or even thought of. This Subcommittee has heard testimony from a few of them, but there are more—some who cannot be located within a reasonable period because they spend much of their time at the bottom of the sea. I would like to quote from the opening of a book by one of these oceanographers, Robert Stenuit, author of *The Dolphin, Cousin to Man.*

TOTAL PROTECTION OF PORPOISES AND DOLPHINS BY ANCIENT GREEKS AND PRESENT DAY RUSSIANS

He quotes from Aesop (600 B.C.), Oppian (Second Century, A.D.), *The New Zealand Gazette,* 1956, and *Isvestia,* 1966. Two of these quotations will convey the idea clearly. Oppian writes: "It is an offense to the Gods to hunt dolphins, and he can no longer approach the Gods to offer a sacrifice nor touch their altars with pure hands, who of his own will has been the cause of the destruction of dolphins. He makes impure even those living under his roof, because the Gods hold the massacre of the monarchs of the depths to be as execrable as the murder of a human." M. Alexander Ishkov, Minister of Fisheries of the U.S.S.R., writes: "The capture of dolphins is henceforth prohibited in all the territories of the Soviet Union. . . . I believe that it will be possible to preserve the dolphins. In the interest of science, their capture should be stopped in all the oceans and seas of the world."

In an illustration following page 144 of the book, the author and a dolphin are shown in a photograph with the following caption: "The teeth of a dolphin could turn him into a dangerous enemy, yet no dolphin has ever attacked or molested a man, even in self-defence. The author here makes a perfectly safe demonstration."

This book tells, too, that the Ancient Greeks set at liberty the dolphins that were caught accidentally in their nets while fishing. Why is our country guilty of the most enormous killing of small cetaceans in the history of the world? Because the use of purse seine nets to save labor in the capture of tuna fish, automatically ensnares the porpoises together with the tuna they run with in the sea. We are informed that during the first four or five years of the use of the purse seines, no organized efforts whatsoever was made to release these friendly, trusting and intelligent mammals from the nets, and an estimated million of porpoises met their death through drowning. The purse-seine technique began about 1958 or 59. The fleet converted to its use in 1959–60, and for years the tuna industry did not even bother to try to let the porpoises who had led them to the lucrative tuna catches go free. Not until they began to recognize that the numbers of porpoises were decreasing so that the industry's ability to find tunafish was also decreasing, did it develop the backing-down technique which saves some of the porpoises. Even with this technique an estimated one quarter of the porpoises are killed in each tuna "set," amounting to approximately 250,000 propoises drowned each year in the name of canned tunafish.

URGENT NEED FOR REFORM OF PURSE SEINING, OUR COUNTRY'S LAST AREA OF GUILT WITH REGARD TO CETACEANS

Our country is responsible for the invention of the purse seine, an unecological triumph of efficiency. Since we thought it up it is up to us to think of a way to get the porpoises out of it and to see that the other tuna-fishing nations do the same. We must go beyond unilateral action to stop purse seining in its present form. The testimony before this Subcommittee to the effect that the problem is virtually solved is not, in the light of the best information we have been able to obtain, accurate. We have been unable to find a realistic solution. We doubt that one will be reached without the expenditure of far greater mental effort and the funds which such effort generally commands on the market. We believe that the bill approved by this Subcommittee should require immediate *new* effort to solve a problem which is paramount in the Marine Mammals Bill. It is the only area in which the United States of America is guilty of active destruction of cetaceans in a manner which is bringing about the extinction of the very species most celebrated by poets and artists, the species who, according to Oppian, renders a man impure if he "of his own will has been the cause of the destruction of dolphins." I repeat this because the tuna industry wants the distinguished members of this Subcommittee to believe that it "loves" dolphins. Of course, the industry loves the way the small cetaceans lead them to the tuna, but the evidence shows that for years they were completely hard-hearted toward the drowning porpoises in their purse seines. If they had any concern at all it was with the cost of the labor of getting the heavy bodies of the dead porpoises out of the nets, not with saving the porpoises lives.

We urge this Subcommittee to put the tunafish industry to the test. If, indeed, the finer nets now being tested will result in the rescue of the porpoises, they have nothing to fear from legislation which requires that tuna, alone, will be taken in the nets and that no ocean mammals will meet death in the course of purse seining. If, however, these nets are not the answer, then the industry and our government must expend the necessary funds to return our country to a position which the Ancient Greeks could have respected.

CRUEL WAYS OF KILLING SEALS IN OTHER COUNTRIES

Porpoises are not the only sea mammals being caught in nets and slowly drowned. And it is important to remember that the drowning of a sea mammal is far, far worse than the drowning of a terrestrial mammal. Since these creatures can remain below the surface for so long a time, the terror which people who have almost, but not quite

drowned describe would be drawn out in a horrible manner. We are informed that seals are being caught in nets along the coasts of Newfoundland, Labrador and the Gulf of St. Lawrence and drowned. Massive shooting of seals at long range, which we have so fortunately avoided in our country takes place every year both in the Gulf of St. Lawrence and on the so-called "Front" just beyond Canadian jurisdiction. Nor are most of the Canadian land based sealers regulated. They reportedly rush out with any kind of a stick they may pick up to club effectively or ineffectively the baby seals which they then skin.

Dr. Harry Lillie described the slaughter in 1964 as follows: "The baby seals, helpless on the ice, are knocked on the head with gaffs, rough cut wooden staffs. This properly done involves no suffering and there is no other satisfactory humane method, but sometimes men will just daze the young seals with a kick before cutting the bodies out of the fat and skin. Later in the season when the babies have taken to the water at three weeks to a month, the adult seals gather on the ice to moult. They are then shot from a distance with rifles, involving great cruelty and waste, many escaping badly wounded to die under the ice. Losses have been as high as two lost for every one secured and I have seen as many as five blood trails leading off one single ice floe with not one seal recovered."

Since that time international publicity has been focussed on the killing of baby seals, and Fisheries Officers have been sent out to supervise the killing of the seals on Canadian ice floes. Major improvements have been made in the killing of seals under their jurisdiction; however, large numbers are killed in areas where there are no Fisheries Officers.

There are thus three inhumane methods whereby the skins of immature and mature harp and hood seals are being obtained outside the jurisdiction of the United States: 1) shooting of adult seals, many of whom are only wounded and die slowly, 2) ineffective stunning of baby seals where no Fisheries Officers are on duty, and 3) netting of seals who are killed by drowning, a slow and terrifying process for an ocean mammal.

EXTREME AGONY OF WHALES CAUSED BY EXPLOSIVE HARPOON

Even more horrifying as a method of killing is the explosive harpoon which is universally used by the whaling industry. As the film, "Thar She Blows" so explicitly shows, the explosive harpoon causes appalling suffering. The narrator points out that it seldom kills with one shot. "Sometimes a whale drags the boat all over the ocean before the gunner can finish him off." We see two and three harpoons being sunk into the same whale. The grenade goes off within the body of the whale, causing excruciating pain. I hope the Subcommittee will be able to see the closing few minutes of this film in which the narrator reports that the whales "encircled their wounded brother as if to protect him." Their noble actions did not spare them—instead, the killing of these great animals is described as a "jackpot climax."

DISHONESTY AND SECRECY IN INTERNATIONAL WHALING

It is interesting to note that, although the film does not credit the Panamanian government or Aristotle Onassis, the name "Olympic Explorer" can be plainly read on the side of one of the vessels. The terrible history of the Olympic Whaling Company is briefly summarized on pages 165–171 of The Blue Whale by Professor George Small (Columbia University Press, 1971) and I would submit copies of these pages for use by the Committee. They describe how the factory ship, *Olympic Challenger*, hid behind an iceberg when discovered about to retrieve the carcasses of humpback whales killed in violation of the regulations of the International Whaling Commission. "The International Whaling Commission had no power to enforce its regulations; it could only formulate them and lament infractions. But national governments can enforce laws, and one of them did so with a vengeance. On November 15 and 16, 1954, units of the Peruvian navy and air force bombed and machinegunned ships of the *Olympic Challenger* expedition for operating within 200 miles of the Peruvian coast. Five of the vessels were taken to port and detained for weeks until a fine of $3 million was paid. The Peruvian action only temporarily halted the operations of the fleet. Shortly thereafter, the *Olympic Challenger* sailed for the antarctic." There, as reported by Professor Small, "The entrails of baby whales were processed in cooker No. 8 on the *Olympic Challenger* before being jettisoned. Unprocessed baby whale entrails would float for some time and be evidence of illegal whaling."

The Federation of Norwegian Whaling Companies took court action to seize oil and ships of the Olympic Whaling Company. According to Small, "The corporate legal battle that followed was conducted for the most part in secret. No trials were held. Anders Jahre representing the Norwegian companies and Onassis representing the Olympic Whaling Company reached a private settlement. The Norwegians paid $1 million and the Olympic Whaling Company paid $3 million to a special fund for the Norwegian Whaling industry. This special fund was used to construct a luxury hotel with office space for the Association of Norwegian Whaling Companies in Sandefjord, Norway." Thus were the whalers settling their differences with the usual secrecy while the public continued naively to suppose that the International Whaling Commission was protecting the whales.

The secrecy surrounding whaling suggests guilty consciences, and the secrecy is intense. The whaling companies in Japan and Norway from whom Professor Small sought financial information were unwilling to provide data. The Japanese described it as "highly confidential." No information at all is available from the U.S.S.R. on the subject. The International Whaling Commission itself meets behind closed doors whenever it is making decisions on how many whales to kill, and shuns publicity, as well it may, for now that it is, at last, receiving the attention of the press, the comments are unanimously unfavorable.

THE INTERNATIONAL WHALING COMMISSION, A HORRIBLE EXAMPLE

The International Whaling Commission exemplifies everything that we hope the Commission proposed under H.R. 10420 will not be. It is industry-dominated, yet is able to hide behind its scientific advisors who, despite the fact that their views are often ignored by it, doggedly defend it in public. Industry with a scientific veneer is a dangerous enemy of true conservation. The International Whaling Commission is a classic example of wildlife management gone wrong, and I would suggest that anyone who defends this travesty be automatically disqualified from serving on the Commission or scientific committee proposed in H.R. 10420. If our country should have the misfortune to create a minature I.W.C. to decide the fate of marine mammals, then these hearings would have been in vain, and we would be moving backward rather than forward.

I went to visit the headquarters of the I.W.C. in London earlier this year and was shown into a narrow office crammed with stacks of reports. Certainly, no one could complain that spendthrifts were in charge. It is hard to envision the casual payment of fines of millions of dollars by companies supposedly controlled in this cramped and shabby room with its single youthful occupant. The result of my visit was a letter informing me that I would not be permitted to attend as an observer at the Commission's meetings in Washington this June.

NEED FOR A COMBINATION OF PROTECTION, STUDY, AND HUMANE MANAGEMENT

Mr. Chairman, there has been an attempt to emphasize the difference in views of the so-called "pure protectionists" and the wildlife managers. This is regrettable. Both groups, however determined that they have a monopoly on being right, could adopt a good deal of each other's philosophy to the advantage of the animals. In this age of polluting and over-harvesting of the food on which ocean mammals are dependent, and at a time when the passion for motor boats is known to be endangering the manatees and Southern Sea Otters, how can the pure protectionist turn his back on studies of the conditions under which the animals live and have to seek their fortune? The propeller wounds we were shown on the back of the manatee in Dr. Hartman's slide must have been very painful, and he stated that the chief source of manatee mortality is speeding motor boats. The manatee already has total protection by state law, and certainly federal law should give it total protection, too. But it needs more than that. The studies of scientists like Dr. Hartman should be continued and fostered under the Act which the Subcommittee approves. We should continue to learn about the condition of the mammals of the sea, and the great bulk of these studies should be performed without killing the animals.

Here is the place where traditional management techniques need modification in dealing with these most remarkable of mammals. The survivors of a gruelling evolutionary process which enables airbreathers to spend so much time in another element simply cannot be treated as units in a ledger of profit and loss, as targets for the marksman, as readily expendable exhibits, or subjects of lethal experiments.

Management practices which are known to be detrimental to the animals, such as the flipper-tagging of seals which has proven to contribute to a high mortality of the tagged animals, should not be continued. Humane substitute methods of marking should be used if available, developed if not available.

Where studies of dead animals are needed, and they are essential in assessing the effects of pollution, the use of recovered carcasses as described by Judson Vandevere of Hopkins Marine Station of Stanford University should be encouraged.

Observation of living sea mammals may be difficult, but it is not impossible, and it has never led to the disastrous mistakes made by the whaling scientists whose data collection was from dead animals only. Professor Small documents on pages 27–32 of *The Blue Whale* the total confusion surrounding the "knowledge" of the whales' ages. "The specific knowledge of age at sexual maturity was attained when its commercial life was 95.2% over. In other words, by the time the Japanese scientists confirmed Ruud's findings, 95.2% of all the blue whales taken in the history of antarctic whaling had already been killed." What brought about the discovery that blue whales cannot breed at age two, as prestigious whaling scientists had caused everyone to believe? *An enforced moratorium caused by the second world war.* "When whaling was resumed in 1945 it was quite evident that the stock of blue whales had not increased significantly. There were fewer very young blue whales but evidently those born early in the war had made no contribution to the population. Sexual maturity at age two was obviously wrong." This monumental error of whaling scientists undoubtedly contributed to the pathetic status of the blue whale (estimated at 600 to 3,000 individual animals) today.

LACK OF KNOWLEDGE ABOUT OCEAN MAMMALS AND THEIR VALUE TO MAN AS TEACHERS

These hearings have demonstrated that what we don't know about ocean mammals is so vastly greater than what we do know, that the potential value of the different species may well be enormous, not in terms of fur or meat or oil, but in terms of each one's special adaptations, particular form of intelligence, peculiar abilities in dealing with life in an element where man is at a great disadvantage.

The polar bear, a creature about whose travels scientists continue to argue, is probably the teacher of the first men to live in the arctic. In *The World of the Polar Bear* (University of Washington Press, 1966) Richard Perry describes (page 20) the mother bear's den. "The passage, which slopes slightly upwards, preventing the warmed air of the interior escaping, leads over a low separation wall into a spacious oval-shaped chamber about six feet long and four feet wide. A polar bear's den is clearly the prototype of the Eskimo's igloovivuk or snow house. . . . More elaborate dens have been described. One on Svalbard was divided into two chambers, each ten feet long and five feet wide, connected by a narrow passage. One chamber had apparently served as birthplace and sleeping place, the other as a playroom for the cubs."

It took a long time for zoos to pay sufficient serious attention to what the mother bear did for herself in the wild to realize that they must supply heat and privacy for her and the newborn cub if cubs born in captivity were to survive. These are such elementary observations that it is startling to learn that they were not made for many years. Actually, it is only one more example of what I believe to be the prime cause for so much ignorance, so many mistakes, and failure to see the obvious: that is, lack of respect for and appreciation of the capabilities of non-human mammals, especially sea mammals.

It is my hope that these hearings and the legislation developed from them will establish the mammals of the sea as deserving of attention in their own right, and as potential teachers of men, not as rugs and grease for cars and food for mink. If such respect animates scientific studies concerning them, these studies will be far more fruitful in advancing our civilization.

Questions concerning the relationship between Eskimos and marine mammals have been raised several times at these hearings, but little has been said about the knowledge which might still be acquired from Eskimos concerning these animals. For example, Richard Perry in *The World of the Polar Bear* notes that the Chukchee people claim to be able to differentiate between the bears which permanently inhabit their coasts, and the oceanic visitors which reach them on the drift-ice. We badly need acute observers of sea mammals whose experience and life style has accustomed them to make close and careful observations in all kinds of weather, to look, and listen intently. Provided with appropriate equipment, such Eskimo observers would photograph with precision and artistry for documentary purposes. Such work is worthy of the most able and dignified persons both young and old, and if adequately financed by our government and carried out under the supervision of a broadly constituted Commission with a genuine interest in the development of knowledge and understanding of marine mammals, I believe it would result in the acquisition of important scientific knowledge which would be exceedingly difficult to obtain by other means.

We need to get away from "establishment" attitudes, Mr. Chairman, if we are going to learn about marine mammals and the ecological relationships in the oceans about which they are so eminently well-fitted to inform us. The appropriate employment of Eskimos as observers of the *living* animals is one practical way to do this.

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

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

S. 2871

A bill to protect marine mammals; to establish a Marine Mammal Commission; and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Marine Mammal Protection Act of 1971".

FINDINGS AND DECLARATION OF POLICY

SEC. 2. The Congress finds that—

(1) certain species and population stocks of marine mammals are, or may be, in danger of disappearance as a result of man's activities;

(2) such species and population stocks should not be permitted to diminish beyond the point at which they can maintain that equilibrium at which they can be shown to withstand mortality caused by pollution, accidents and natural causes, and measures should be immediately taken to replenish any species or population stock which has already diminished beyond that point;

(3) there is inadequate knowledge of the population dynamics of such marine mammals and of the factors which bear upon their ability to reproduce themselves successfully;

(4) negotiations should be undertaken, as soon as possible, to encourage the development of international arrangements for research on, and conservation of, marine mammals; and

(5) marine mammals have proven themselves to be resources of great international significance, esthetic and recreational as well as economic, and it is the sense of the Congress that they should be protected to the greatest possible extent commensurate with sound policies of resource management.

DEFINITIONS

SEC. 3. For the purposes of this Act—

(1) The term "marine mammal" means any seal, whale, walrus, dugong, manatee, sea otter, sea lion, polar bear, porpoise, or dolphin.

(2) The term "population stock" means a group of interbreeding marine mammals of the same species or smaller taxa in a common spatial arrangement.

(3) The term "Secretary" means the Secretary of the Interior.

(4) The term "take" means to harass, hunt, capture, or kill, or attempt to harrass, hunt, capture, or kill any marine mammal;

(5) The term "waters under the jurisdiction of the United States" means—

(A) the territorial sea of the United States, and

(B) the fisheries zone established pursuant to the Act of October 14, 1966 (80 Stat. 908,, 16 U.S.C. 1091–1094).

TITLE I—CONSERVATION AND PROTECTION OF MARINE MAMMALS

PROHIBITIONS

SEC. 101. (A) Except as provided in sections 102, 107, 108, 109, and 110 of this title, it is unlawful—

(1) for any person subject to the jurisdiction of the United States or any vessel subject to the jurisdiction of the United States to take any marine mammal on the high seas;

(2) for any person or vessel to take any marine mammal in waters under the jurisdiction of the United States or on land appurtenant thereto;

(3) for any person to use any port, harbor, or other place under the jurisdiction of the United States for any purpose in any way connected with acts prohibited under paragraphs (1) and (2) of this section; and

(4) for any person to engage in any of the following acts with respect to marine mammals or parts of marine mammals (including raw, dressed, or dyed fur or skins) taken in violation of this section after the effective date of this title:

(A) possess any such mammal or part thereof, or transport, sell, or offer for sale any such mammal or part thereof in interstate commerce.

(B) Except as provided in Sections 102, 107, 108, 109, and 110 of this title, it is unlawful, notwithstanding any other provision of this Act, for any person to import any marine mammal or parts of marine mammals (including raw, dressed or dyed fur or skins) into the United States.

LIMITATIONS ON TAKING OF MARINE MAMMALS

SEC. 102. (a) The Secretary, after notice and opportunity for public hearing, shall prescribe such limitations with respect to the taking of each species of marine mammal (including limitations on the taking of individuals within population stocks) as he deems necessary and appropriate to insure that such species or population stock within waters under the jurisdiction of the United States—

(1) is not threatened with extinction, disappearance, or undue attrition whether by natural or manmade causes;

(b) The limitations prescribed under subsection (a) of this section for any species or population stock of marine mammal may include, but are not limited to, restrictions with respect to—

(1) the number of animals which may be taken in any calendar year pursuant to permits issued under section 103;

(2) the age, size, or sex (or any combination of the foregoing) of animals which may be taken, whether or not a quota prescribed under paragraph (1) of this subsection applies with respect to such animals;

(3) the season or other period of time within which animals may be taken; and

(4) the manner and locations in which animals may be taken.

(c) Before prescribing any annual quota under paragraph (1) of subsection (b) of this section, the Secretary shall, in addition to any other requirements imposed by law with respect to agency rulemaking, publish and make available to the public—

(1) a statement of the existing levels of the species and population stocks of the marine mammal concerned;

(2) a statement of the expected impact of the proposed quota on such species or population stock; and

(3) any studies made by, or for, the Secretary or the Marine Mammal Commission which relate to the establishment of such quota.

(d) Any limitation prescribed pursuant to this section shall be periodically reviewed, and may be modified from time to time in such manner as the Secretary deems necessary to carry out the purposes of this Act.

PERMITS

SEC. 103. (a) The Secretary may issue permits, after notice and opportunity for public hearing, which authorize the taking of any ocean mammal, except that in order to permit appropriate study for a period of ten years following the effective date of this title, no permits shall be issued for commercial taking of any marine mammal except in accordance with subsection (e) of this Section and Section 110 of this Act.

(b) Any permit issued under this section shall—

(1) be consistent with any applicable limitation established by the Secretary under section 102, and

(2) specify—

(A) the number and kind of animals which are authorized to be taken.

(B) the location and manner (which manner must be determined by the Secretary to be humane) in which they may be taken,

(C) the period during which the permit is valid, and

(D) any other terms or conditions which the Secretary deems appropriate.

(c) The Secretary may modify, suspend, or revoke in whole or part the terms and conditions of any permit issued by him under this section—

(1) in order to make any such permit consistent with any change made after the date of issuance of such permit with respect to any applicable limitation prescribed under section 102, and

(2) in any case in which a violation of the terms and conditions of the permit is found. Any modification, suspension, or revocation of a permit under this subsection shall take effect at the time notice thereof is given to the permittee. The permittee shall then be granted opportunity for expeditious hearing by the Secretary with respect to such modification, suspension, or revocation.

(d) Any permit issued under this section must be in the possession of the person to whom it is issued (or an agent of such person) during—

(1) the time of the authorized taking;

(2) the period of any transit of such person or agent which is incident to such taking; and

(3) any other time while any marine mammal taken under such permit is in the possession of such person or agent.

(e) Upon the effective date of this title, no method of commercial fishing shall be employed which is not certified by the Secretary as being consistent with the goal of eliminating the injury or killing of porpoises or dolphins incident to the capture of the fish. The Secretary shall promulgate and regularly update regulations implementing this subsection, and shall, in cooperation with other Federal agencies, undertake to assist in the development of new technological means of capturing fish in such a way as to eliminate injury or death to porpoises or dolphins. The Marine Mammal Commission, established pursuant to title two of this Act, shall review the regulations promulgated pursuant to this subsection and shall recommend to the Secretary such revisions of these regulations as it deems appropriate, with regard to the protection of porpoises and dolphins.

(f) The Secretary shall prescribe such procedures as may be necessary to carry out this section, including the manner and form in which application for permits may be made and the information which should accompany with an application to enable the Secretary to review and evaluate the proposed taking. Such information must include conclusive proof that no harm will be caused the population stock if a permit is issued.

PENALTIES

SEC. 104. (a) Any person who violates any provision of this title or any regulation issued thereunder may be assessed a civil penalty by the Secretary or not more than $5,000 for each such violation. No penalty shall be assessed unless such person is given notice and opportunity for a hearing with respect to such violation. Each violation shall be a separate offense. Any such civil penalty may be compromised by the Secretary. Upon any failure to pay a penalty assessed under this subsection, the Secretary may request the Attorney General to institute a civil action in a district court of the United States for any district in which such person is found, resides, or transacts business to collect the penalty and such court shall have jurisdiction to hear and decide any such action. In hearing such action, the court may review the violation and the assessment of the civil penalty de novo.

(b) Any person who knowingly violates any provision of this title or any regulation issued thereunder shall, upon conviction, be fined not more than $10,000, or imprisoned for not more than one year, or both.

FORFEITURE

SEC. 105. (a) Any vessel subject to the jurisdiction of the United States that is employed in any manner in connection with a violation of the provisions of this title, including its tackle, apparel, furniture, appurtenances, cargo, and stores, shall be subject to forfeiture and all marine mammals or parts thereof, taken or retained in violation of this title or the monetary value thereof shall be forfeited.

(b) All provisions of law relating to the seizure, summary, and judicial forfeiture, and condemnation of a vessel, including its tackle, apparel, furniture, appurtenances, cargo, and stores, for violation of the customs laws, the disposition of such vessel, including its tackle, apparel, furniture, appurtenances, cargo, and stores, or the proceeds from the sale thereof, and remission of mitigation of such forfeitures shall apply to seizures and forfeitures incurred, or alleged to have been incurred, under the provisions of this title, insofar as such provisions of law are applicable and not inconsistent with the provisions of this title.

ENFORCEMENT

SEC. 106. (a) The Secretary shall enforce the provisions of this title. The Secretary may utilize, by agreement, the personnel, services, and facilities of any other Federal agency for purposes of enforcing this title.

(b) The Secretary may also designate officers and employees of any State or of any possession of the United States to enforce the provisions of this title. When so designated, such officers and employees are authorized to function as Federal law enforcement agents for these purposes, but they shall not be held and considered as employees of the United States for the purposes of any laws administered by the Civil Service Commission.

(c) The judges of the United States district courts and the United States commissioners may, within their respective jurisdictions, upon proper oath or affirmation, showing probable cause, issue such warrants or other process issued in admirality proceedings in Federal district courts, as may be required for enforcement of this title and any regulations issued thereunder.

(d) Any person authorized by the Secretary to enforce this title may execute any warrant or process issued by any officer or court of competent jurisdiction for the enforcement of this title.

(e) Such person so authorized may—

(1) with or without warrant or other process, arrest any person committing in his presence of view a violation of this title or the regulations issued thereunder;

(2) with a warrant or other process or without a warrant, if he has reasonable cause to believe that a vessel subject to the jurisdiction of the United States or any person on board is in violation of any provision of this title or the regulations issued thereunder, to search such vessel and to arrest such person;

(3) seize any vessel subject to the jurisdiction of the United States, together with its tackle, apparel, furniture, appurtenances, cargo, and stores, used or employed contrary to the provisions of this title or the regulations issued hereunder or which reasonably appears to have been so used or employed; and

(4) seize, whenever and wherever found, all marine mammals or parts thereof taken or retained in violation of this title or the regulations issued thereunder and shall dispose of them in accordance with regulations prescribed by the Secretary.

EXCEPTIONS

SEC. 107. (a) The provisions of this title shall not apply with respect to the taking of any marine mammal by Indians, Aleuts, or Eskimos who dwell on the coasts of the North Pacific or Arctic Oceans if such taking (1) is done solely in accordance with customary traditions as an adjunct of the native culture, and (2) is not done for purposes of direct or indirect commercial sale or resale. The provisions of this title shall apply to Indians, Aleuts, and Eskimos who are employed by any person for the purpose of taking marine mammals, or who are under contract or agreement to deliver the skins of any marine mammals to any person.

(b) (1) Nothing in this title shall prohibit any person deemed qualified by the Secretary from obtaining written consent from the Secretary to capture on his own account and in a humane manner any marine mammal for (A) public display or educational purposes, or (B) for legitimate scientific or medical research, if such public display, educational purpose or research is proved to the satisfaction of the Secretary to be necessary.

(2) The Secretary shall by regulation specify the methods of capture, supervision, and transportation applicable in the case of marine mammals captured under the authority of this subsection. Such regulations shall further assure that such mammals so captured will thereafter be cared for in a humane manner.

(3) Any person authorized to take a marine mammal under this subsection shall be required by the Secretary to furnish a report on his activities pursuant to such authority. Such report shall be made to the Secretary as soon as practicable after the close of any expedition made for the purpose of such taking, whether or not any marine mammal was taken during such expedition.

INTERNATIONAL PROGRAM

SEC. 108. The Secretary, in cooperation with the Secretary of State and other appropriate Federal officers and agencies, shall develop an international program for the protection of marine mammals and shall take every possible step to encourage the adoption of international arrangements which would be appropriate for effectuating such program.

COOPERATION WITH STATES

SEC. 109. The Secretary is authorized and directed to develop cooperative arrangements with the appropriate officials of the several States for the conservation and protection of marine mammals. Such arrangements shall prescribe the circumstances under which marine mammals which pass through or reside within the territorial waters of any State may be taken, and any marine mammal taken within the scope of such cooperative arrangements shall be demed to have been lawfully taken within the meaning of this title.

NORTH PACIFIC FUR SEAL CONVENTION

SEC. 110. The Secretary shall undertake an immediate review of the current activities involved in the taking of fur seals on the Pribilof Islands for the purpose of determining whether such activities are consistent with the purposes and policy of this Act. If, as a result of such review, the Secretary determines that such activities should be significantly curtailed or terminated, then during the time commencing with the date of such curtailment or termination and ending on the date of the expiration of the International Convention for the Conservation of North Pacific Fur Seals, Japan and Canada, for each annual period occurring within such time, shall each be given the opportunity to select one of the following options in lieu of receiving the fur seal skins to which such country would otherwise be entitled—

(1) the average dollar value (based on the average dollar value received for fur seal skins during the five-year period immediately preceding such date of curtailment or termination) of the fur seal skins to which such country would otherwise be entitled during the annual period concerned; or

(2) Nine thousand fur seal skins, to be shipped directly to such country from the Pribilof Islands.

In any case in which Japan or Canada elects to take the skins, under clause (B) of the preceding sentence, the killing of the seals shall be done in the manner prescribed by the Secretary taking into account the desirability of preserving and improving the genetic stock of the Pribilof herd of seals. This section shall be interpreted so as to give maximum effect to such Convention.

REGULATIONS

SEC. 111. The Secretary shall prescribe such regulations as are necessary and appropriate to carry out the purposes of this title.

APPLICATION TO OTHER LAWS AND CONVENTIONS

SEC. 112. The provisions of this title shall be deemed to be in addition to the provisions of any other law, treaty, or convention which may otherwise apply to the taking of marine mammals.

APPROPRIATIONS

SEC. 113. There are authorized to be appropriated such sums as may be necessary to carry out this title.

EFFECTIVE DATE

SEC. 114. This title shall take effect one hundred and eighty days after the date of its enactment.

TITLE II—MARINE MAMMAL COMMISSION

ESTABLISHMENT OF COMMISSION

SEC. 201. (a) There is hereby established the Marine Mammal Commission (hereafter referred to in this title as the "Commission").

(b) The Commission shall be composed of three members who shall be appointed by, and serve at the pleasure of, the President. The President shall make his selection from a list, submitted to him by the Chairman of the Council on Environmental Quality, of individuals knowledgeable in the fields of marine ecology or marine mammals affairs, who have not been nor are in a position to profit from the taking, processing or sale of marine mammals. No member of the Commission may, during his period of service on the Commission, hold any other position as an officer or employee of the United States, except as a retired officer or retired civilian employee of the United States.

(c) The President shall designate a Chairman of the Commission (hereafter referred to in this title as the "Chairman") from among its members.

(d) Members of the Commission may each be compensated at the rate of $100 for each day such member is engaged in the actual performance of duties vested in the Commission. Each member shall be reimbursed for travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

(e) The Commission shall have an Executive Director, who shall be appointed by the Chairman with the approval of the Commission and shall be paid at a rate not in excess of the maximum rate for GS–18 of the General Schedule under section 5332 of title 5, United States Code. The Executive Director shall have such duties as the Chairman may assign.

DUTIES OF COMMISSION

SEC. 202.(a) The Commission shall—

(1) undertake a comprehensive review and study of the activities of the United States pursuant to existing laws and international conventions relating to marine mammals, including, but not limited to, the International Convention for the Regulation of Whaling, the International Convention on the Conservation of North Pacific Fur Seals, and the Fur Seal Act of 1966;

(2) conduct a continuing review and study of the condition of the stocks of marine mammals, of methods for their management, including the development of methods of fertility control, and of humane means of taking marine mammals;

(3) undertake or cause to be undertaken such studies, in particular those which can be conducted on living sea mammals free in their natural environment, as it deems necessary or desirable for determining the need for additional measures for the protection and management of marine mammals;

(4) recommended to the Secretary and to other Federal officials such steps as it deems necessary or desirable for the protection and management of marine mammals;

(5) recommended to the Secretary such revisions of the Endangered Species List, authorized by the Endangered Species Conservation Act of 1969, as may be appropriate with regard to marine mammals; and

(6) recommend to the Secretary, other appropriate Federal officials, and Congress such additional measures as it deems necessary or desirable to further the policies of this Act, including provisions for the protection of the Indians, Eskimos, and Aleuts whose livelihood may be adversely affected by actions taken pursuant to this Act.

(b) The Commission shall consult with the Secretary at such intervals as it or he may deem desirable, and shall furnish its reports and recommendations to him, before publication, for his comment.

(c) The activities of the Commission, and the reports and recommendations which it makes, as well as all comments and correspondence in regard to such reports and recommendations, shall be matters of public record and shall be available to the public at all reasonable times. The Commission shall furnish to the Council on Environmental Quality copies of any such reports, recommendations, and related comments that are made by Federal, State, or local agencies.

(d) Any recommendations made by the Commission to the Secretary and other Federal officials shall be responded to by those individuals within ninety days after receipt thereof. Any recommendations which are not followed or adopted shall be rereferred to the Commission together with a detailed explanation of the reasons why those recommendations were not followed or adopted.

COMMITTEE OF SCIENTIFIC ADVISORS ON MARINE MAMMALS

SEC. 203. The Commission shall establish, within ninety days after its establishment, a Committee of Scientific Advisors on Marine Mammals (hereafter referred to in this title as the "Committee"). Such Committee shall consist of nine scientists knowledgeable in marine ecology and marine mammal affairs appointed by the Chairman with the advice of the Director of the National Science Foundation, the Chairman of the National Academy of Science, and the Secretary of the Smithsonian Institution. The Commission shall consult with the Committee on all studies and recommendations which it may propose to make or has made, and any recommendations made by the Committee or any of its members which are not adopted by the Commission shall be transmitted by the Commission to the appropriate Federal agency and to Congress with a written explanation of the Commission's reasons for not accepting such recommendations.

COMMISSION REPORTS

SEC. 204. The Commission shall transmit to Congress, by January 31 of each year, a report which shall include—

(1) a comprehensive description of the activities and accomplishments of the Commission during the immediately preceding year; and

(2) all the findings and recommendations made by the Commission pursuant to section 202, together with the responses made to its recommendations by the appropriate Federal agencies.

COORDINATION WITH OTHER FEDERAL AGENCIES

SEC. 205. The Commission shall have access to all studies and data compiled by Federal agencies regarding marine mammals. With the consent of the appropriate Secretary or Agency head, the Commission may also utilize the facilities or services of any Federal agency and shall take every feasible step to avoid duplication of research and other efforts in carrying out the purposes of this Act.

ADMINISTRATION OF COMMISSION

SEC. 206. The Commission, in carrying out its responsibilities under this title, may—

(1) employ and fix the compensation of such personnel;

(2) acquire, furnish, and equip such office space;

(3) enter into such contracts or agreements with other organizations, both public and private, including the Committee; and

(4) incur such necessary expenses and exercise such other powers,

as are consistent with and reasonably required to perform its functions under this title. Financial and administrative services (including those related to budgeting, accounting, financial reporting, personnel, and procurement) shall be provided the Commission by the General Services Administration, for which payment shall be made in advance, or by reimbursement from funds of the Commission in such amounts as may be agreed upon by the Chairman and the Administrator of the General Services Administration.

AUTHORIZATIONS

SEC. 207. There are authorized to be appropriated for the fiscal year in which this title is enacted and for the next two fiscal years thereafter such sums as may be necessary to carry out this title, but the sums appropriated for any such year shall not exceed $1,000,000.

SENATE RESOLUTION 196—SUBMISSION OF A RESOLUTION COMMENDING THE CHAIRMAN AND MEMBERS OF THE FEDERAL POWER COMMISSION

(Referred to the Committee on Commerce.)

Mr. BELLMON. Mr. President, I submit today for myself, the Senator from Wyoming (Mr. HANSEN), and the Senator from Alaska (Mr. STEVENS), a sense of the Senate resolution to commend the chairman and members of the Federal Power Commission.

This Nation uses more energy than any country in the world. For the past 5 years clean-burning fuels have been in increasing demand. Natural gas, a commodity once in abundant supply, is such a fuel. Over the past 3 years, our country has produced and used more natural gas than was added to reserves during the same period.

The cause for this situation arose from a system of price regulation imposed on the natural gas industry in the 1950's. While other energy-producing fuel prices continued to increase, natural gas has been held to an inordinately low-price structure. Because of its low price and its clean-burning energy source, the

demand for this commodity has risen sharply.

Now our Nation is beginning to face what could be a tremendous shortage of energy. More and more suppliers of natural gas and electricity, which is largely produced by burning fossil fuels or natural gas, have announced that they are no longer able to commit their energy for other than single-family purposes.

Mr. President, the actions over the past months by the Federal Power Commission indicate that they are aware of the problems resulting into the low price of natural gas and are continuing to work toward providing an adequate pricing structure to encourage development and exploration of more reserves.

The resolution (S. Res. 196) reads as follows:

S. RES. 196

Whereas the United States has been producing and using more natural gas than has been added to reserves for the past three years, which has resulted in numerous turndowns of additional service requests because of an inadequate supply, and

Whereas an inadequate supply of domestically produced natural gas will result in an unnecessarily high cost of energy to the consumers of the United States, and

Whereas the Chairman and members of the Federal Power Commission have been working to provide more incentives to improve the natural gas supply position of the United States, Now, therefore, be it

Resolved, That the sense of the Senate is that the Chairman and the members of the Federal Power Commission be commended for their efforts to increase the supply of Natural Gas and that they be encouraged to continue in their efforts to provide better incentives for exploring, drilling, producing, and transporting natural gas to consuming areas.

REVENUE ACT OF 1971—AMENDMENT

AMENDMENT NO. 703

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

Mr. GAMBRELL. Mr. President, I am submitting an amendment to the amendment of the distinguished Senator from Rhode Island (Mr. PASTORE), and others—Amendment No. 692—to H.R. 10947, the Revenue Act of 1971. I ask unanimous consent that my amendment be printed in full at this point in the RECORD.

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

AMENDMENT NO. 703

On page 26, after line 25, insert the following new section:

"Sec. 1012. Notwithstanding any other provision of law, no candidate of a major political party shall be eligible to receive any payments under Sec. 1006 hereof unless nominated by a political party whose national committee shall be composed of members of such party who are selected from the several states, at not less than two-year intervals, by the democratic process, and unless such members are fairly apportioned among the several states. One individual may represent more than one State on any such committee, and more than one individual on such committee may represent the same state, so long as the constituency of each such individual shall be fairly apportioned.

Section Two. Definitions:

(a) "National Committee" means any organization which manages the affairs of a political party when said party is not meeting in a national convention to nominate candidates for President and Vice President of the United States. If such management responsibility resides in, or is delegated to more than one committee or organization, each such committee or organization shall be deemed to be a "national committee".

(b) "Democratic process" means:

(1) Election by members of the public in the constituency who are eligible to vote in federal elections;

(2) Election by members of the political party in the constituency, if such election is conducted in a manner which protects equally the opportunity of each member of said party who is eligible to vote in federal elections to participate in the election process; or

(3) Selection by a caucus, committee or convention of a political party if such caucus, committee or convention shall have been fairly apportioned and if the members of such caucus or committee or the delegates to such convention were selected in a manner which protects equally the opportunity of each member of such party, who is eligible to vote in federal elections, to participate in the process by which such members or delegates are selected.

(c) "Members" shall mean persons who are deemed to be such under applicable law, or party rule adopted pursuant to law.

(d) "Fairly apportioned" shall mean proportionately equal apportionment to geographic areas or districts in accordance with either:

(1) Population of the total constituency, or

(2) Enumeration of party constituents within the total constituency.

(e) "Enumeration of party constituents" shall mean the average number of electors who have voted for candidates of such party in the most recent contested general elections for the President of the United States, and for United States Senator and Governor (if there have been such elections), during not less than the previous six years, and giving equal weight to such electors in each of such elections.

(f) "State" means each of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and the Canal Zone.

Mr. GAMBRELL. Mr. President, the purpose of my amendment is to encourage more democratic participation in the affairs of the major national political parties. My amendment would require that the two principal national political parties have democratically selected and fairly apportioned national committees in order for their candidates for President to qualify for campaign financing under the Pastore amendment.

On July 14, of this year, I introduced a bill identified as S. 2265, to provide for the fair and equitable apportionment of delegates to conventions held for the purpose of nominating candidates for the offices of President and Vice President, and for other purposes. My statement in connection with the introduction of S. 2265 is found in the CONGRESSIONAL RECORD for July 14.

The amendment which I am offering today carries forward a portion of that proposed legislation. I ask unanimous consent that my statement on July 14 along with a copy of the "National Political Conventions Act" which I introduced at that time, be included in the RECORD at the end of my remarks today.

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

(See exhibit 1).

Mr. GAMBRELL. Mr. President, what I stated on that occasion is equally applicable to the proposal which I offer today.

Our National Democratic Party has gone through a process of reform with respect to its convention delegates, and these reform procedures are being imposed on State democratic organizations throughout the country. There is absolutely no reason why similar reforms should not be imposed upon the national committees of our two major political parties in this country. The principal political organs of our National Government would become more responsive to public sentiment, and would have fewer of the attributes of manipulated political machines.

My amendment simply provides that, in order to participate in funds available for national presidential campaigns under the Pastore amendment, a candidate for President must have been nominated by a party whose national committee is fairly apportioned and selected by a democratic process.

"Fairly apportioned" means apportionment among the States, either by population, or by party constituency—measured by voting strength of presidential, senatorial, and gubernatorial elections.

"Democratic process" means election by the public, or by members of the political party, or by a convention which is fairly apportioned. In every case, a full opportunity must be given for participation by all persons eligible to vote in Federal elections.

These are substantially the same reforms as have been adopted by the National Democratic Party for the selection of delegates to its national convention. There could hardly be objection to adopting the same requirements for its national committee as are made for its national convention.

I call on all of my colleagues to support this political reform which should inspire public confidence in the activities of national political parties.

EXHIBIT 1

NATIONAL POLITICAL CONVENTION ACT

Mr. GAMBRELL. Mr. President, approximately 1 year from today the Democratic National Convention will assemble at Miami Beach, Fla., for the purpose of nominating the candidates of that party for the offices of President and Vice President of the United States and the adoption of that party's campaign platform for the presidential elections in 1972. Shortly after that convention, the Republican National Convention will meet for similar purposes.

While both meetings may appear at this time to be a safe distance off, within which any needed imperfections in their makeup can be identified and disposed of, we all recognize that actually the time is very short in terms of the time required to effect reforms and adjustments in a national political institution. The processes of delegate selection are now in the process of formulation within both national political parties, and the actual election or selection of delegates will commence shortly after the first of January 1972, now only a few months away.

Recent developments affecting both of our national political parties, as well as experiences at both party conventions in the past, lead me to conclude that certain basic reforms should be established as a matter of national policy for all national political parties, and should be inserted into the presi-

dential nominating system at the earliest possible time.

There may have been a time when these conventions were the private affair of the political upper crust of this country. Other than the names of the nominees and the party's platform, what took place at the convention was little known and understood by the average citizen, and was thought by many political leaders and citizens alike, to be no business of the average man.

With the advent of television, and a better informed, and I might say more concerned citizenry, national political conventions have become a better understood mechanism in our system of government. Unfortunately, what these conventions have become known for and understood to be, is, on the one hand, a cut and dried performance with a predetermined grand finale or, on the other hand, a raucous public spectacle more akin to a cowboys and Indians movie. In either event, the citizen back home hardly has the impression of the serious business of selecting the leadership for the most powerful country in the world, through the orderly workings of a democracy.

In my judgment, the serious and concerned citizens of this country, especially its young people, want to be accorded a full and fair measure of participation in national political conventions, and want these conventions to be conducted on a fair and orderly basis, free of hypocritical showmanship and political opportunism.

Also, in my judgment, the establishment of a clear national policy for fair representation to all citizens at such conventions, with delegates who are selected on a democratic basis will reduce to a minimum the problems of internal and external disorder at these conventions.

It is with this in mind that I have today introduced a bill to be called "The National Political Parties and Conventions Act of 1971." The purpose of the bill is to provide all persons, States, and sections of the country with an equal opportunity for participation in the national conventions and the management of national political parties.

The act provides:

First. For apportionment of delegates to national political conventions among the States represented, on a one-man, one-vote basis, in accordance with total population.

Second. For the apportionment of national committee membership on the same basis.

Third. For the selection of national convention delegates and national committee members by democratic processes.

Fourth. For uniform enforcement of national convention rules among delegates and delegations.

Fifth. That bribery of a convention delegate shall be a felony.

The apportionment, and the processes of selection, of national committee members, and national convention delegates, have been the subject of increasing controversy affecting both political parties. Both the Democratic and Republican Parties are defendants in pending litigation respecting the apportionment of convention delegates. Lower Federal courts have given conflicting answers as to the requirements of law regarding the such apportionment. One can hardly predict with any feeling of certainty what the ultimate answer from the courts might be, and when it will be forthcoming. However, I think it is safe to say that courts will only tell us what is permissible in this respect, but will fail to give any positive guidelines, so that the ultimate question, unless settled by Federal legislation, will continue to irritate and disrupt the proceedings of both parties.

And what is true with respect to the apportionment of delegates at national conventions, is true, and possibly more of an irritation, in regard to representation on the national committees of our national political parties, which control the affairs of these parties in the four year interims between conventions.

The yardstick for apportionment of delegates and national committee members which I have suggested, the one-man, one-vote measure based on total population, is one which is distinctly fair and equal, easy to administer, and one which will keep our national political parties broadly representative, rather than being continually narrowed and self-centered in their points of view.

The requirement of democratic processes, either by primaries or by truly representative conventions, should also be a matter of unequivocal national policy.

It might be said that the subject matter of this bill is the private province of the parties themselves, to be settled within the four walls, to the satisfaction of those who wish to play a major part in party activity. The adoption of this attitude would be to ignore the lessons of recent history in this country which reject the ideas that political party activities are the exclusive playgrounds of public and party officers, and that the people are satisfied to accept whatever political fare may be yielded by the existing system.

There is a broad movement within the country to reform our political parties and political institutions. The reapportionment decisions of the Supreme Court and other Federal courts are well known, and the principle of one-man, one-vote in a representative democracy has become a constitutional mandate. The Supreme Court has also, for many years, recognized that nominating processes which are sanctioned by State law are subject to Federal regulation under the 14th amendment of the U.S. Constitution. The provisions of this bill do not intrude unduly upon the internal affairs of any political party. They simply establish broad guidelines assuring equality and fair play in the nominating and the governing processes.

The National Democratic Party, and many State democratic parties, including that of my own State of Georgia, are in the process of reforming their own rules and procedures. The requirements of a democratic method of delegate selection is one of those which has been adopted by the National Democratic Party.

As chairman of the State democratic party in Georgia I had the opportunity of institutiing a complete overhaul of our State party organization, including the processes of national convention delegate selection. What is proposed in this bill is entirely consistent with what is being done in Georgia, and what is being done in the National Democratic Party.

I am not familiar with the organization, structure, nor the delegate selection processes of the National Republican Party. However, I do not see how the Republican Party, or any of its leaders, could possibly disagree with the requirements of this bill if they believe in the democratic process, fair representation, and equal protection of the law.

Other provisions of the bill assure that convention rules and procedures will be clearly established in advance, will be uniformly applied, and strictly enforced. Many times in the past, delegations selected for a convention in good faith, have been excluded from participation under rules, and political compromises developed on the convention floor. The certain knowledge that rules will be equally and uniformly enforced throughout the convention, will further minimize the possibility of disorder and adverse public reaction.

Finally, the introduction of completely democratic processes of delegate selection is very likely to result in the selection of many "little people" and those without previous political identification. If these conventions are to be responsive to public sentiment, and are to gain in public confidence and respect, the selection of such persons is very much to be desired. However, there may be some temptation upon powerful political and economic forces to bring pressures on these independent convention delegates contrary to their own principles, and contrary to the wishes of their constituents. For this reason, the proposed bill makes bribery of a convention delegate a felony, and imposes severe criminal penalties as a means of avoiding corrupting influences in connection with convention activities.

Mr. President, it goes without saying that I believe that legislation of this type is urgently required in the public interest. The average American intensely wishes to have a meaningful part in the selection of his party's candidate for President, and in the establishment of its policies. In viewing the proceedings of our national political parties and conventions, he has a haunting feeling that things are not right, but also feels helpless to do anything about it. These important considerations should not be left to the inadequate processes of the court system to be worked out, and the citizens should not be relegated to "political remedies" which he is powerless to effect. By adopting the simple guidelines set forth in this bill, the average American citizen is put back in the driver's seat in the political affairs of this country, each on an equal basis with the other. Surely no one will quarrel with an objective such as that.

I plan to submit this proposal to the leadership of both parties, and invite any Member of the Senate, of either party, to join me in cosponsoring this bill.

In any event, I hope that those in charge of such matters, will see that the bill receives prompt and thorough consideration. A delay of more than several months in its enactment, is in effect to defer these vital reforms for at least another 4 years.

Mr. President, I send the bill to the desk for appropriate reference and I ask unanimous consent that it be printed in the RECORD.

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

S. 2265

A bill to provide for the fair and equitable apportionment of delegates to conventions held for the purpose of nominating candidates for the offices of President and Vice President, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Conrgess assembled, That this Act may be cited as the "National Political Conventions Act."

DECLARATION

SEC. 2. The Congress finds that conventions held by national political parties for the purpose of nominating candidates for the offices of President and Vice President constitute an integral part of the process by which such officers are chosen by the people of the United States. It is the purpose of this Act to provide equal protection of the laws and due process of law in that process by requiring that delegates from the several States to such conventions be apportioned among the several States on a fair and equitable basis, by requiring the composition of the national committees of such parties to reflect fairly the distribution of population among the several States, by requiring the promulgation, within a reasonable time before each such convention is held, of the rules under which such convention shall be conducted, and otherwise to improve and protect the integrity of the convention nomination process.

DEFINITIONS

SEC. 3. As used in this Act, the term—

(1) "national political party" means a political party members of which were candidates for election as electors of the Presi-

dent on the official ballot of more than 19 States in the most recent election held for the election of presidential electors;

(2) "national committee" means the organization which manages the affairs of a national political party, or, if such responsibility resides in or is delegated to more than one committee or organization, each such committee or organization;

(3) "democratic process" means—

(A) election by the members of the public who are eligible to vote in Federal elections;

(B) election by members of a political party, if such election is conducted in a manner which protects equally the opportunity of each member of such party, who is eligible to vote in Federal elections, to participate in the selection process; or

(C) selection by a caucus, committee, or convention of a political party if the members of such caucus or committee, or the delegates to such convention, were selected in a manner which protects equally the opportunity of each member of such party, who is eligible to vote in Federal elections, to participate in the process by which such members or delegates are selected;

(4) "convention", except as used in paragraph (3), means a convention held by a national political party for the purpose of nominating candidates for election to the offices of President and Vice President; and

(5) "State" means each of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and the Canal Zone.

APPORTIONMENT OF CONVENTION DELEGATES

SEC. 4. (a) Each national political party which meets in convention shall apportion delegates to such convention among the States represented there on the basis of the population of such States as determined by the most recent decennial census.

(b) Each such party shall require that—

(1) delegates be selected by a democratic process;

(2) not more than 20 percent of the delegates from any State shall be chosen from such State at large; and

(3) not less than 80 percent of the delegates from any State shall be chosen from, and by residents of, districts within such State—

(A) the population of which is not in excess of the average population of the districts within such State from which Members of the House of Representatives may be elected; and

(B) which are substantially equal in population.

(c) Any delegate chosen from a district from which a Member of the House of Representatives may be elected shall be held and considered to have been chosen in accordance with the provisions of paragraph (3) of subsection (b), if all delegates to whom such paragraph applies from the same State are so chosen.

(d) Each State shall be entitled to at least one delegate.

APPORTIONMENT OF NATIONAL COMMITTEES

SEC. 5. Each national political party shall provide that its national committee shall be composed of members of the party from the several States selected by a democratic process and so apportioned as to reflect the distribution of population among the several States. One individual may represent more than one State on any such committee if each individual on such committee represents areas of substantially equal population. If more than one individual on any such committee represents the same State, each such individual shall be chosen from districts of substantially equal population within such State.

PROMULGATION OF CONVENTION RULES

SEC. 6. (a) Each national political party shall promulgate rules governing—

(1) the selection and apportionment of delegates to its convention by a democratic process;

(2) the procedure for challenging the right of any delegate or delegation to participate in such convention; and

(3) convention procedures generally.

(b) Rules promulgated under paragraph (2) of subsection (a) shall, in addition to any other provisions, permit the challenge of the right of any delegate or State delegation to participate in such convention by any other delegate or State delegation to such convention whether or not the challenging delegate or State delegation is being challenged.

(c) Rules promulgated by a national political party with respect to its convention shall be applied equally and with uniformity to all delegates and all State delegations.

(d) Rules promulgated under this section shall be promulgated not less than 120 days prior to the date on which the convention convenes, but shall be subject to change after promulgation in accordance with procedures established by the party by which they were promulgated.

PENALTY FOR UNFAIRLY INFLUENCING DELEGATES

SEC. 7. No person shall offer or attempt to offer to any delegate to a convention held by a national political party any inducement in money, property, or other benefits in order to influence any vote of such delegate at such convention, and no such delegate shall accept or receive any such inducement. Violation of the provisions of this section is punishable by imprisonment for not less than one nor more than three years, by a fine not less than $1,000 nor more than $10,000, or both.

JURISDICTION OF FEDERAL COURTS

SEC. 8. In addition to any other District Court of the United States having jurisdiction, the District Court of the United States for the district within which a convention of a national political party is being held, of within which is located the designated site of such a convention, and the District Court of the United States for the District of Columbia shall have jurisdiction to entertain and adjudge any claim of violation of this Act, and any claim of violation of rights under the Constitution of the United States at or in connection with such convention.

EFFECTIVE DATE

SEC. 9. (a) Except as provided in subsection (b), this Act shall take effect upon the date of its enactment.

(b) The provisions of sections 4, 5, and 6(a)(1) shall take effect with respect to any national political party on the earlier of—

(1) the date of the adjournment of its convention next held after the date of enactment of this Act; or

(2) September 1, 1972.

SEVERABILITY

SEC. 10. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the validity of the remainder of the Act and the application of such provision to other persons and circumstances shall not be affected thereby.

ARTHUR BARRIAULT

Mr. CRANSTON. Mr. President, we have heard much criticism of the press—the news media—in recent times, but I would like to pay tribute to a correspondent named Arthur Barriaut, who has covered Congress almost continuously for more than 20 years. He is a correspondent from NBC—which is incidental. The important fact is that he has proved, over all these years, that he is a reporter without prejudice, without rancor, and possessed of perhaps the rarest of all attributes—true integrity.

I feel I can speak this way, not because I have known Mr. Barriault for a long time, nor because I know of his honesty and straight forwardness, but primarily because I was once a reporter myself, and I know these characteristics are not only questioned at this point, but considered rare.

Mr. Barriault is the exception that proves the rule, some may say. The fact is that these characteristics really are not rare among the men and women who cover the Congress, the country, and the world. But Mr. Barriault is a rare human being. He has these characteristics to a remarkable degree. And I congratulate him on his 57th birthday.

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. FANNIN. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER The amendment will be stated.

The amendment is not in order.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that it may be in order for the distinguished Senator from Arizona to offer two amendments at this time, with the understanding that the time on each of the amendments not exceed 5 minutes, the time to be equally divided.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. LONG. Mr. President, I also ask unanimous consent that, in view of the fact that, as far as I know, there are no more welfare or social security amendments that any Senator plans to offer, we not receive any more welfare or social security amendments to the pending bill.

The PRESIDING OFFICER. Is there objection?

Mr. GRIFFIN. Mr. President, reserving the right to object, what was the request?

Mr. LONG. In view of the fact that, as far as I know, there are no more welfare and social security amendments that anyone intends to offer; we agree that no more welfare and social security amendments to the bill will be entertained.

Mr. GRIFFIN. Why do we not make it apply to other nongermane amendments as far as the bill is concerned, such as having to do with campaign financing, for example?

Mr. LONG. I suppose I will have to withhold my request. The Senator from Indiana (Mr. HARTKE) introduced an amendment and I heard him say that he

would not plan to insist on it if others did not insist on theirs. I thought for the moment we were through with social security amendments.

Mr. GRIFFIN. I am in sympathy with what the chairman is trying to do. I voted with him to table that amendment.

The only thing is that I am more consistent with my principle and I would like to apply it across the board and not only to social security but also to campaign financing.

Mr. LONG. I am not offering the amendment having to do with campaign financing. I would be proud to be a sponsor of it. I will have something to say on it and will vote for it. I thought we were beyond social security and welfare amendments. I am told there are no longer any welfare and social security amendments, and those are considered revenue amendments, that anyone intends to offer. That being the case, we could close that matter.

Mr. GRIFFIN. Even though I would like to apply it across the board and not myself on behalf of other Senators to agree to that.

I object.

The PRESIDING OFFICER. Objection is heard.

Mr. HUMPHREY. Mr. President, I wish to ask the Senator from Arizona a question. Are we having any rollcall votes on this amendment?

Mr. FANNIN. No. This is a simple matter that would insure an equitable circumstance for air freight shippers under the DISC. The other amendment has to do with the House bill to facilitate the fianancing of ships and aircraft. That amendment would make the treatment elective on a vessel-by-vessel or aircraft-by-aircaft basis to eliminate the "financial institution" limitation.

Mr. HUMPHREY. I thank the Senator.

The PRESIDING OFFICER (Mr. CRANSTON). The first amendment of the Senator from Arizona will be stated.

The legislative clerk read the amendment as follows:

On page 146, line 24, after the word "aboard" insert "airplanes owned and operated by U.S. persons or".

On page 147, line 2, before the word "ships", insert "airplanes or".

Mr. FANNIN. Mr. President, this is a very simple amendment and it includes and it would insure an equitable circumstance for airfreight shippers under DISC:

Section 994 of the bill provides for a DISC to derive taxable income attributable to the sale of export property including, under certain circumstances, 10 percent of the export promotion expenses. However, "export promotion expenses" under this section includes only the cost of shipping export property aboard U.S. ships.

This amendment which I am proposing seeks to provide that these benefits shall also be applicable to that DISC that chooses to ship by U.S. air carriers.

Mr. LONG. Mr. President, in my judgment the amendment is a good amendment. It was an oversight that we did not put it in the bill. I am happy to support the amendment.

Mr. BYRD of West Virginia. I am advised that the Senator from Washington (Mr. MAGNUSON) might have an interest in this amendment. I wonder if that has been discussed with him?

Mr. FANNIN. I think the Senator from Washington would be interested.

Mr. LONG. Why do we not agree to it with the understanding that no motion to reconsider will be made tonight and if the Senator finds some reason to object it be reconsidered.

Mr. FANNIN. I would be pleased to have it considered with that stipulation.

The PRESIDING OFFICER. Do Senators yield back their time?

Mr. FANNIN. I yield back my time.

Mr. LONG. I yield back my time.

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

The amendment was agreed to.

The PRESIDING OFFICER. The second amendment to the Senator from Arizona will be stated.

The legislative clerk proceeded to read the amendment.

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

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

The amendment, ordered to be printed in the RECORD, is as follows:

On page 105, beginning with line 11, strike out all through line 2 on page 106 and insert:

SEC. 315. INCOME FROM CERTAIN AIRCRAFT AND VESSELS.

(a) ELECTION.—Section 861 (relating to income from sources within the United States) is amended by adding at the end thereof the following new subsection:

"(e) ELECTION TO TREAT INCOME FROM CERTAIN AIRCRAFT AND VESSELS AS INCOME FROM SOURCES WITHIN THE UNITED STATES.—

"(1) IN GENERAL.—For purpose of subsection (a), if a taxpayer leases an aircraft described in section 48(a) (2) (B) (i) or a vessel described in section 48(a) (2) (B) (iii) to a United States person, and if such aircraft or vessel is manufactured or constructed in the United States, the taxpayer may elect, for any taxable year ending after the commencement of such lease, to treat all amounts includible in gross income with respect to such aircraft or vessel, including gain from the sale or other disposition of such aircraft or vessel (whether during or after the period of any such lease), as income from sources within the United States.

"(2) EFFECT OF ELECTION.—An election under paragraph (1) made with respect to any aircraft or vessel shall apply to the taxable year for which made and to all subsequent taxable years. Such election may not be revoked except with the consent of the Secretary or his delegate.

"(3) MANNER AND TIME OF ELECTION AND REVOCATION.—An election under paragraph (1), and any revocation of such election, shall be made in such manner and at such time as the Secretary or his delegate prescribes by regulations."

(b) TECHNICAL AMENDMENT.—Section 381 (c) (relating to items of the distributor or transferor corporation) is amended by adding at the end thereof the following new paragraph:

"(24) Elections under section 861(e) with respect to aircraft or vessels.—If the acquiring corporation acquires an aircraft or vessel the income from which the distributor or transferor corporation has elected, under section 861(e), to treat as from sources within the United States, the acquiring corporation shall, for purposes of section 861(e), be treated as if it were the distributor or transferor corporation."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after August 15, 1971, but only with respect to leases entered into after such date.

Mr. FANNIN. Mr. President, the Committee on Finance recommended an amendment to the House bill to facilitate the financing of ships and aircraft. A common method of financing the purchase of ships and aircraft is a leasing arrangement under which the party providing the financing acquires the ship or aircraft and leases it to the ship operator or air carrier, usually for most of its useful life. Ordinarily, accelerated depreciation results in a tax loss to the lessor in the early years, and unfortunately this tax loss operates to reduce the foreign tax credit of the lessor with respect to the lessor's other foreign source income. In order to avoid this adverse impact on the foreign tax credit, the Finance Committee provision treats leases of a ship or aircraft which are entered into by a financial institution principally as a financing transaction as resulting in interest for source of income purposes. The result is to treat such transactions as resulting in U.S. source income or loss rather than foreign source income or loss.

It now appears, however, that the problem is not confined to financial institutions; other taxpayers are also engaged in leasing ships or aircraft, largely as a means of financing. Further, there are some difficulties in the manner that the Finance Committee provision operates. It should be clear, for example, that if the initial tax losses on the lease are not treated as foreign source, so that they do not cut down the foreign tax credit, then subsequent taxable income from rental or sale of the vessel or aircraft also should not be foreign source income. This will prevent such income from increasing the foreign tax credit at a later time.

Accordingly, I offer an amendment in place of the Finance Committee provision which would make the treatment elective on a vessel-by-vessel or aircraft-by-aircraft basis and to eliminate the financial institution limitation. An election once made to treat the lease as resulting in U.S. source income or loss would ordinarily be irrevocable and would apply to all subsequent income or gain from lease or sale of the vessel or aircraft. It could be made only with respect to a vessel or aircraft manufactured or constructed in the United States and leased to a U.S. person. The election would be available in the case of a vessel only, if the vessel was documented under the laws of the United States and operated in the foreign or domestic commerce of the United States, or, in the case of aircraft, if the aircraft was registered by the Administrator of the Federal Aviation Agency and operated to and from the United States or under contract with the United States. Where all these conditions exist, the income or loss from ownership of the vessel or aircraft has sufficient

connection with the United States to be regarded, if the taxpayer so elects, as income or loss from U.S. sources regardless of the physical location of the vessel or aircraft.

Mr. LONG. Mr. President, what the Senator is offering is a redraft of language in the bill. It covers lessors other than financial institutions but, if they elect this provision it covers the entire period the lessor holds the ship or airplane. It also covers any capital gains on the sale of the ship or plane. This amendment is an improvement in the committee version of the bill.

Mr. FANNIN. The Senator is correct.

Mr. LONG. I support the amendment.

The PRESIDING OFFICER. Do Senators yield back their time?

Mr. FANNIN. I yield back my time.

Mr. LONG. I yield back my time.

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

The amendment was agreed to.

UNANIMOUS-CONSENT AGREEMENTS

Mr. BYRD of West Virginia. Mr. President, I have discussed with the distinguished manager of the bill certain requests for time limitations on various amendments, which time limitations have been cleared with the respective authors of the amendments. They are as follows: I state this in the form of a unanimous-consent request.

Before doing so, however, I wish to state that it is the desire of the joint leadership, I am sure, to expedite final action on the bill as soon as possible so that the defense appropriation bill can be made the pending order of business and so that other matters can be disposed of, hopefully, by the close of business Saturday, thus clearing the decks for taking up the phase II segment of the President's economic package on Monday.

The leadership would also hope to be able to complete action on phase II before the Thanksgiving recess so that upon our return, following the Thanksgiving recess, the Senate could begin consideration of the two Supreme Court nominations. Therefore, I hope we can schedule various amendments which have been brought to my attention—and these are all of the amendments that I know of, with possible minor exceptions, following the action on the Pastore amendment, whenever that comes.

Mr. President, I ask unanimous consent that upon the disposition of the amendment by Mr. PASTORE, the following amendments be considered in the order stated with the stated time limitations thereon:

An amendment by Mr. NELSON, No. 697, the so-called ADR amendment, on which there would be a time limitation of 1 hour to be equally divided; to be followed by amendment No. 544 by Mr. NELSON, the so-called DISC amendment, on which there would be a 1-hour limitation; an amendment by Mr. FULBRIGHT, No. 674, which would be a DISC amendment—and he may not call it up at all—on which there would be a 30-minute time limitation; an amendment by Mr. EAGLETON, No. 687, which deals with property tax paid by the elderly, on which there would be a time limitation of 30 minutes; an amendment by Mr. COTTON which has to do with the President's authority to impose quotas, on which there would be a 1-hour limitation; an amendment by Mr. HANSEN, No. 693 I am told, to permit an investment tax credit for drilling expenses, on which there would be a 1-hour limitation; ordered further, that the time on amendments in the second degree, motions, or appeals, with the exception of nondebatable motions, in connection with any of the foregoing amendments, be limited to 20 minutes; provided further that the time on any amendment, motion, or appeal—referred to heretofore—be equally divided between the mover of such and the manager of the bill.

The PRESIDING OFFICER. Is there objection?

Mr. GRIFFIN. Mr. President, reserving the right to object, those amendments were identified by number with the exception of which one?

Mr. BYRD of West Virginia. I could not identify the amendment by Mr. COTTON by number.

Mr. GRIFFIN. What about the amendment by Mr. FULBRIGHT?

Mr. BYRD of West Virginia. That is No. 674.

Mr. GRIFFIN. I thank the Senator.

Mr. LONG. Mr. President, I understand the Senator is asking consent only on specific amendments on which he has been given some idea as to what the nature of the amendment will be.

Mr. BYRD of West Virginia. Yes.

Mr. LONG. I will agree to that. I just do not want to agree to a limitaiton on any and all amendments to this bill, because I have felt that one cannot tell what we might be asked to vote on when it might be something which Senators might want to oppose very vigorously.

Mr. BYRD of West Virginia. Yes.

Mr. LONG. I find no objection with respect to those amendments. I compliment the Senator for his diligence in seeking unanimous-consent agreements to expedite the procedure.

Mr. BYRD of West Virginia. I thank the distinguished chairman.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? Without objection, it is so ordered.

Mr. BYRD of West Virginia. Mr. President, I have one final request, and the reason I did not include it was because the Senator from Tennessee (Mr. BAKER) did not indicate when he would call it up. I would like to present that request at this time.

I ask unanimous consent that at such time as the amendment by Mr. BAKER is called up, which is a so-called pro rata reduction amendment, there be a limitation of 1 hour, to be equally divided between the mover of such amendment and the manager of the bill.

Mr. LONG. Pro rata amendment of what?

Mr. BYRD of West Virginia. That is all the information I have.

Mr. LONG. Mr. President, I must withhold my consent to that.

Mr. BYRD of West Virginia. Mr. President, I withdraw the request.

Mr. LONG. A vague, general description is all right, but that is not even a vague, general description.

Mr. BYRD of West Virginia. The Senator is correct. I can appreciate his reason. I stated all that I knew about the amendment.

Mr. LONG. Perhaps I can find out what the prorate is.

I am sorry. I have had an explanation and still do not understand what it is, so we will find out what it is tomorrow.

Mr. BYRD of West Virginia. I thank the distinguished chairman and the able assistant Republican leader and the Chair and all Senators for their consideration and approval of the various requests.

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

PROGRAM

Mr. BYRD of West Virginia. Mr. President, the program for tomorrow is as follows:

The Senate will convene at 8:30 a.m. Immediately following the recognition of the two leaders under the standing order, the distinguished Senator from Florida (Mr. CHILES) will be recognized for not to exceed 15 minutes, to be followed by the distinguished Senator from Arizona (Mr. GOLDWATER) for not to exceed 15 minutes, at the conclusion of which the Senate will consider the amendment by Mr. MATHIAS, amendment No. 699. That should occur at about 9 o'clock.

Under the previous order, there will be 1 hour on that amendment, the time to be equally divided between the distinguished Senator from Maryland (Mr. MATHIAS) and the distinguished Senator from Rhode Island (Mr. PASTORE)—the amendment being an amendment in the second degree to the amendment by Mr. PASTORE, amendment No. 692. The vote will occur circa 10 o'clock a.m., and there is no question but that it will be a rollcall vote.

Following the disposition of the amendment by Mr. MATHIAS to the amendment by Mr. PASTORE, the Senate will continue to consider amendments and motions, if there be any, with respect to the Pastore amendment. There will be additional rollcall votes during the day.

Upon the disposition of the amendment offered by Mr. PASTORE—which will come, hopefully, at some reasonably early hour tomorrow, the Senate will then continue its consideration of the Revenue Act of 1971, with several amendments to be called up and which have been sched-

uled tonight by unanimous consent, some or all of which will undoubtedly require rollcall votes.

It is hoped that action can be completed on this bill some time late tomorrow—reasonably late, and not too late—and if that can be done, then, of course, on Friday the Senate will take up the defense appropriation bill. But, in any event, action will continue on the unfinished business until it is completed, at which time the Senate will then take up the defense appropriation bill.

There will be rollcall votes daily, through Saturday.

The distinguished majority leader stated today that the Senate would be in session on Saturday and that there would be rollcall votes that day.

In addition to the defense appropriation bill, there are various measures which need to be acted upon, if at all possible, before the close of business on Saturday afternoon, so as to enable the Senate to take up phase II of the President's economic proposals on Monday of next week.

This is a rather ambitious program, but the Senate has made very good progress thus far, in my judgment, and we can only hope it will continue to do so during the remaining 3 days of this week.

ADJOURNMENT UNTIL 8:30 A.M. TOMORROW

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 8:30 o'clock tomorrow morning.

The motion was agreed to; and (at 7 o'clock and 39 minutes p.m.) the Senate adjourned until tomorrow, Thursday, November 18, 1971, at 8:30 a.m.

NOMINATIONS

Executive nominations received by the Senate November 17, 1971:

U.S. DISTRICT COURTS

Charles M. Allen, of Kentucky, to be a U.S. district judge for the western district of Kentucky, vice Henry L Brooks, elevated.

Clarence C. Newcomer, of Pennsylvania, to be a U.S. district judge for the eastern district of Pennsylvania, vice C. William Kraft, Jr., retired.

DEPARTMENT OF THE TREASURY

Edgar R. Fiedler, of New York, to be an Assistant Secretary of the Treasury, vice Murray L. Weidenbaum, resigned.

CONFIRMATION

Executive nomination confirmed by the Senate November 17, 1971:

OFFICE OF ECONOMIC OPPORTUNITY

Phillip V. Sanchez, of California, to be Director of the Office of Economic Opportunity.

HOUSE OF REPRESENTATIVES—*Wednesday, November 17, 1971*

The House met at 12 o'clock noon.

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

Now let us strive after peace and help one another.—Romans 14: 19.

" 'Mid all the traffic of the ways
Turmoils without, within
Make in my heart a quiet place,
And come and dwell therein."

Living in our hearts, our Father, may we learn to love, to love Thee, and to love one another. Help us to triumph over the troubles that try us and the differences which divide us. May we have faith enough to forgive that our prayer may arise from a sincere heart.

We pray for our country. Sustain our leaders and give them wisdom to make wise decisions. Strengthen our people that they may live together in good will, with justice and for freedom.

We pray for the nations of the world. Make wars to cease and from ocean to ocean give us peace in our time, O Lord. Amen.

THE JOURNAL

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

With objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Arrington, one of its clerks, announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 708. An act for the relief of the village of Orleans, Vt.

The message also announced that the Senate insists upon its amendment to the joint resolution (H.J. Res. 946) making further continuing appropriations for the fiscal year 1972, and for other purposes, disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ELLENDER, Mr. MCCLELLAN, Mr. PROXMIRE, Mr. INOUYE, Mr. YOUNG, Mrs. SMITH, and Mr. HRUSKA to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 1828) entitled "An act to amend the Public Health Service Act so as to establish a Conquest of Cancer Agency in order to conquer cancer at the earliest possible date"; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. KENNEDY, Mr. WILLIAMS, Mr. NELSON, Mr. EAGLETON, Mr. CRANSTON, Mr. HUGHES, Mr. PELL, Mr. MONDALE, Mr. SCHWEIKER, Mr. JAVITS, Mr. DOMINICK, Mr. PACKWOOD, Mr. BEALL, and Mr. TAFT to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2672. An act to permanently exempt potatoes for processing from marketing orders.

DEATH OF J. HOWARD EDMONDSON

Mr. JARMAN. Mr. Speaker, it is with sadness that I announce the untimely death this morning of former Oklahoma Governor and U.S. Senator J. Howard Edmondson, the brother of our distinguished colleague, ED EDMONDSON. Howard's sudden death from a heart attack is a shock to his former colleagues in the Oklahoma congressional delegation. The dedication and ability with which he served our State will be greatly missed by those of us who knew and worked with him. I know that all Members of the House of Representatives join me in extending our deepest sympathy to the Edmondson family.

Mr. Speaker, I ask that Members have 5 legislative days in which to extend their remarks in the RECORD.

Mr. ALBERT. Mr. Speaker, I was shocked and deeply saddened at the news of Howard Edmondson's untimely death this morning. Howard was my longtime friend. He was the only brother of our beloved colleague, ED. He and ED were extremely close both personally and politically at the time of Howard's death. Howard was running ED's campaign for the U.S. Senate before he died, as ED had run his for Governor 13 years ago. I was with ED shortly after the announcement this morning, and I can only say that our personal loss is a great loss for the people of Oklahoma.

Howard Edmondson was a towering figure in our State. He served the people of Oklahoma well as Governor and as U.S. Senator, and the citizens of our State will benefit for years to come from the vital government reforms instituted during his 4 years as Governor.

Howard's death is a grievous personal loss for me, and Mrs. Albert joins me in extending deepest condolences to Howard's wife Jeanette, his children, his mother, his sisters, and ED.

Howard will be sorely missed, as a trusted friend and a great citizen of Oklahoma. He died in the prime of life, a life crowned with extraordinary achievements, and promising extraordinary accomplishments for the future. We thank the Almighty for giving this brilliant young man the opportunity to pass our way in our time.

GENERAL LEAVE TO EXTEND

Mr. JARMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the RECORD on the passing of the late Hon. J. Howard Edmondson.

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

There was no objection.