LATVIAN INDEPENDENCE, NOVEMBER 18, 1918

HON. ROMAN C. PUCINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, November 19, 1971

Mr. PUCINSKI. Mr. Speaker, today, November 18, marks the 53d anniversary of Latvian independence. Also today this proud Baltic Republic is enslaved by the cruelest colonial empire of all times, the Soviet Union.

This fact, however, does not deter the Latvian people to be free. Latvians in exile the world over have not ceased the struggle to free their country and their countrymen from Soviet oppression.

Peace cannot accommodate itself unto the peoples of the world so long as a sizable segment of world population suffers a tyranny in quest of world empire.

The will to be free is derivative of aspiration. The will to remain free withers when tranquilized by complacency.

We ourselves must not be complacent to remain free and to help those who aspire to be free. So long as free men elect to live in the shadow of tyranny, basking in their own complacency, wishing not to be disturbed, peace will continue to elude mankind.

As Latvia celebrates her anniversary of independence, let us join her and her sister captive nations in their quest to be free nations again.

I should like to place in the RECORD today a press release issued by the Chicago Latvian Community Center.

The release follows:

LATVIAN INDEPENDENCE, NOVEMBER 18, 1918

THE LATVIAN NATIONAL ANTHEM

God, bless free Latvian Land,
Guard well my Fatherland,
Thus pray my heart and mind:
God, save Latvia!

Let there sound free my voice,
Daughters and sons rejoice!
Let there be a happy choice!
God, bless Latvia!

We are still too close to the events to get a true perspective, but it may be confidently asserted that when the full story comes to be told, the epic of the Latvian struggle for independence will rank high among the world's record of such performance. Without an épopée, said Gothe, can never become of much worth, but in their quest of freedom the Latvian peoples have contributed much to the "Mosaic of America", and proved their worth. Therefore: it is the duty of those of us who are living in freedom to remind the world what we are, what we are going to be, why we have existed and why we are going to continue to exist.

The economic development in *independent* Latvia will show to those who have doubted and still doubt that, in spite of a comparatively small political unit for economic opportunity, Latvia could exist without the help, as the political exploitation was called, of her powerful neighbors. At the end of World War Two, approximately 100,000 persons emigrated from Latvia and later were dispersed throughout the free world. Today, statistics show that, through three generations, many hundreds of this number are true scholars of higher learning in the humanities, as well as technical sciences and other departments. The numerical majority are of the younger generation, those who attained their success in emigration and this shows the strength of vital creativity in the people even during difficult times.

Therefore, to reiterate the contributions of the Latvian peoples and their great endeavors to fit into the pattern of the "Mosaic of America", and bringing their hopes of freedom to this great country, their ethnic heritage and cultures, arts, science, history and knowledge which has contributed much to this great country of America.

The legal existence of Latvia still continues despite the military occupation, of the U.S.S.R. The Soviet administration occupying Latvia lacks any legal basis, and in accordance with recognized principles of international law, should be regarded only as a temporary military occupation.

The major powers, including the United States, have refused to recognize the incorporation of the Latvian State into the U.S.S.R. as claimed by the latter. In accordance with the principles of international law, a military occupation cannot terminate the legal existence of a state.

Unable to plead their own cause, we urge the President of the United States to bring the forces of world opinion at the U.N. and other international forums to bear on behalf of the restoration of the independence of Latvia.

All men are by nature free and independent, and have certain inherent and inalienable rights—among these are life, liberty and the pursuit of happiness. Lest We Forget: we are thankful for primacy, sanctity and prayer. As an American, we must be thankful for many more blessings—the list is long.

SENATE—*Saturday, November 20, 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:

Almighty God who has watched over this Nation in the past and raised up prophets and patriots, soldiers and statesmen for every period of need, guide, we pray Thee, these Thy servants, called by the people to serve the present age. Grant them patience, charity, and wisdom for their tasks. May the prayers of the people ascend on their behalf. Answer these prayers, we beseech Thee, as may be most expedient for the welfare of the Nation. May goodness and mercy attend them here, follow them hereafter, that they may abide with Thee eternally.

We pray in the dear Redeemer's name. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Friday, November 19, 1971, be dispensed with.

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 two nominations 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 nominations on the Executive Calendar, under New Reports, will be stated.

ACTION

The second assistant legislative clerk read the nomination of Joseph H. Blatchford, of California, to be Director of Action.

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

CABINET COMMITTEE ON OPPORTUNITIES FOR SPANISH-SPEAKING PEOPLE

The second assistant legislative clerk read the nomination of Henry M. Ramirez, of California, to be Chairman of the Cabinet Committee on Opportunities for Spanish-Speaking People.

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 these nominations.

LEGISLATIVE SESSION

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

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

RIGHTS-OF-WAY AT FORT DERUSSY, HAWAII

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 430, S. 1466.

The PRESIDENT pro tempore. The bill will be stated by title.

The legislative clerk read as follows:

S. 1466, to authorize the Secretary of the Army to grant certain rights-of-way for road improvement and location of public utility lines over a portion of Fort DeRussy, Hawaii.

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

There being no objection, the Senate proceeded to consider the bill, which was

ordered to be engrossed for a third reading, was read the third time, and passed as follows:

S. 1466

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, pursuant to the requirements of section 809 of the Act of October 21, 1967, Public Law 90–110 (81 Stat. 279, 309), and for the purpose of enabling the widening and improvement of Kalia Road in the city and county of Honolulu, Hawaii, the Secretary of the Army, or his designee, is hereby authorized to grant, under existing statutory authority and in accordance with existing regulatory procedures, easements over such portions of Fort DeRussy, Hawaii, as are determined available therefor, (1) to the city and county of Honolulu for a road right-of-way and related uses, including but not limited to water and sewer pipelines, fire hydrants, and other necessary appurtenant structures, and (2) to appropriate parties for electric, gas, telephone, or other public utility lines required to be located within the new roadway area.

THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the calendar, beginning with No. 479 and ending with No. 488, with No. 487 excluded.

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

ADDITIONAL FUNDS FOR THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

The resolution (S. Res. 138) authorizing the Committee on Interior and Insular Affairs to expend additional funds from the contingent fund of the Senate, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. RES. 138

Resolved, That the Committee on Interior and Insular Affairs is hereby authorized to expend from the contingent fund of the Senate, during the Ninety-second Congress, $20,000 in addition to the amount, and for the same purpose, specified in section 134 (a) of the Legislative Reorganization Act approved August 2, 1946, as amended.

ADDITIONAL FUNDS FOR THE COMMITTEE ON FINANCE

The resolution (S. Res. 182) to provide additional funds for the Committee on Finance for routine committee expenditures, was considered and agreed to, as follows:

S. RES. 182

Resolved, That the Committee on Finance is authorized to expend from the contingent fund of the Senate, during the Ninety-second Congress, $20,000 in addition to the amount, and for the same purposes, specified in section 134(a) of the Legislative Reorganization Act of 1946.

ADDITIONAL FUNDS FOR THE COMMITTEE ON VETERANS' AFFAIRS

The resolution (S. Res. 185) to provide additional funds for the Committee on Veterans' Affairs, was considered and agreed to, as follows:

S. RES. 185

Resolved, That the Committee on Veterans' Affairs is hereby authorized to expend from the contingent fund of the Senate, during the Ninety-second Congress, $10,000, in addition to the amount and for the same purpose specified in section 134(a) of the Legislative Reorganization Act, approved August 2, 1946.

ORGANIZED CRIME

The resolution (S. Res. 187) authorizing the printing for the use of the Committee on Government Operations of additional copies of part 4 of its hearings entitled "Organized Crime," was considered and agreed to, as follows:

S. RES. 187

Resolved, That there be printed for the use of the Committee on Government Operations one thousand six hundred additional copies of part 4 of the hearings before its Permanent Subcommittee on Investigations during the Ninety-second Congress, first session, entitled "Organized Crime".

GUIDE TO FEDERAL PROGRAMS FOR RURAL DEVELOPMENT

The concurrent resolution (S. Con. Res. 50) authorizing the printing of the handbook entitled "Guide to Federal Programs for Rural Development" as a Senate document was considered and agreed to, as follows:

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

SUSPENSION OF RULE IV TO PERMIT PHOTOGRAPH OF SENATE IN SESSION

The resolution (S. Res. 197) temporarily suspending rule IV of the Rules for the Regulation of the Senate Wing of the U.S. Capitol to permit a photograph in the Senate in session was considered and agreed to, as follows:

Resolved, That rule IV of the Rules for the Regulation of the Senate Wing of the United States Capitol (prohibiting the taking of pictures in the Senate Chamber) be temporarily suspended for the sole and specific purpose of permitting the United States Capitol Historical Society to photograph the United States Senate in actual session.

SEC. 2. The Sergeant at Arms of the Senate is authorized and directed to make the necessary arrangements therefor, which arrangements shall provide for a minimum of disruption to Senate proceedings.

GRATUITY TO WILLIEMAE C. ABNEY

The resolution (S. Res. 198) to pay a gratuity to Williemae C. Abney was considered and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Williemae C. Abney, widow of Robert Abney, an employee of the Architect of the Capitol assigned to duty in the Senate Office Buildings at the time of his death, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

GRATUITY TO MAMIE B. WALLACE

The resolution (S. Res. 199) to pay a gratuity to Mamie B. Wallace was considered and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund at the Senate, to Mamie B. Wallace, widow of Robert J. Wallace, an employee of the Architect of the Capitol assigned to duty in the Senate Office Buildings at the time of his death, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

INTERNATIONAL BOOK YEAR

The joint resolution (S.J. Res. 149) to authorize and request the President to proclaim the year 1972 as "International Book Year" was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That in recognition of (1) the fact that the United States, during its entire history, has recognized importance of universal education in a free society and the commitment of the people and Government of the United States to the free flow of information, (2) the fact that books are basic to both universal education and the free flow of information, and (3) the designation by the United Nations Educational, Scientific, and Cultural Organization of the year 1972 as "International Book Year", the President is authorized and requested to issue a proclamation designating the year 1972 as "International Book Year", and calling upon executive departments and agencies, the people of the United States, and interested groups and organizations to observe such year with appropriate ceremonies and activities both within and without the United States.

ORDER FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business, not to exceed 20 minutes, with time therein to be limited to 3 minutes to each speaker.

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

DISTRICT OF COLUMBIA REVENUE BILL—H.R. 11341

Mr. MANSFIELD. Mr. President, for the information of the Senate, and after discussing the matter with the distinguished minority leader, it is our hope to bring up H.R. 11341, an act to provide additional revenue for the District of Columbia which, I understand, is noncontroversial, although an amendment will be offered, which will be accepted.

The purpose of the amendment is to help to speed up the appropriations process and get the appropriations bill to the floor of the Senate that much sooner.

The PRESIDENT pro tempore. The Chair would inquire of the Senator from Montana. Will that be during the day?

Mr. MANSFIELD. Hopefully, Mr. President, during the morning hour, if Senators MATHIAS, SPONG, and EAGLETON who have been sent for, can come to the Chamber.

QUORUM CALL

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

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

The legislative clerk proceeded to call the roll.

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

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

ORDER FOR STAR PRINT OF AMENDMENT NO. 608, H.R. 10947

Mr. GOLDWATER. Mr. President, I ask unanimous consent that a star print be made of my amendment No. 608 in order to correct a technical printing error made in the first printing of the amendment.

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

QUORUM CALL

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

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

The legislative clerk proceeded to call the roll.

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

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

UNANIMOUS-CONSENT AGREEMENT—TIME LIMITATION ON NELSON AMENDMENTS

Mr. MANSFIELD. Mr. President, I have discussed the matter with the distinguished Senator from Wisconsin (Mr. NELSON), the manager of the bill; the distinguished Senator from Georgia (Mr. TALMADGE); the ranking Republican member of the committee, the distinguished Senator from Utah (Mr. BENNETT); and the distinguished minority leader, the Senator from Pennsylvania (Mr. SCOTT), and with their approval—and I hope the Senate's—I ask unanimous consent that the time on the two Nelson amendments be reduced from 1 hour to a half-hour apiece, the time to be equally divided as heretofore agreed to.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

ORDER FOR ADJOURNMENT FROM TODAY TO 9 A.M., MONDAY, NOVEMBER 22, 1971

Mr. MANSFIELD. Mr. President, in view of the agreement reached yesterday, I ask unanimous consent that the Senate, instead of coming in at 10 o'clock on Monday, as had been agreed to, and in line with the agreement made, come in at 9 o'clock.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, the joint leadership has consulted with the Senator from Arizona (Mr. GOLDWATER) about his amendments. We have reached a satisfactory conclusion, and the hour of 5 o'clock appears fairly definite at this time.

QUORUM CALL

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

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

The legislative clerk proceeded to call the roll.

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

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

DEFICITS IN FEDERAL FUNDS, 1953–72 INCLUSIVE

Mr. BYRD of Virginia. Mr. President, I have prepared a tabulation on the deficits in Federal funds, 1953 to 1972, inclusive. I ask unanimous consent that the tabulation be printed in the RECORD.

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

DEFICITS IN FEDERAL FUNDS, 1953-72 INCLUSIVE

[In billions]

	Receipts	Outlays	Surplus (+) or deficit (−)
Year:			
1953	$64.7	$74.1	−$9.4
1954	64.4	67.5	−3.1
1955	60.2	64.4	−4.2
1956	67.9	66.2	+1.7
1957	70.6	69.0	+1.6
1958	68.6	71.4	−2.8
1959	67.9	80.3	−12.4
1960	77.8	76.5	+1.3
1961	77.7	81.5	−3.8
1962	81.4	87.8	−6.4
1963	83.6	90.1	−6.5
1964	87.2	95.8	−8.6
1965	90.9	94.8	−3.9
1966	101.4	106.5	−5.1
1967	111.8	126.8	−15.0
1968	114.7	143.1	−28.4
1969	143.3	148.8	−5.5
1970	143.2	156.3	−13.1
1971	133.6	163.8	−30.2
1972 [1]	143.0	178.0	−35.0
20-year total	1,853.9	2,042.7	188.8

[1] Estimated figures.

Source: Office of Management and Budget, except 1972 estimates.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

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

PROPOSED SUPPLEMENTAL APPROPRIATION, FISCAL YEAR 1972, FOR DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE (S. Doc. No. 92-44)

A communication from the President of the United States, transmitting a proposed supplemental appropriation, for the fiscal year 1972, in the amount of $350,195,000 for health manpower programs of the Department of Health, Education, and Welfare (with an accompanying paper); to the Committee on Appropriations, and ordered to be printed.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. SPARKMAN, from the Committee on Banking, Housing and Urban Affairs, without amendment:

S. 2891. An original bill to extend and amend the Economic Stabilization Act of 1970 (Rept. No. 92-507).

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. MOSS:

S. 2890. A bill to authorize the Civil Service Commission to furnish assistance to provide for the emergency transitional employment by State or local governments of Federal employees who lose their positions as the result of reductions in force in areas of high unemployment. Referred to the Committee on Post Office and Civil Service.

By Mr. SPARKMAN (from the Committee on Banking, Housing and Urban Affairs)

S. 2891. An original bill to extend and amend the Economic Stabilization Act of 1970. Ordered to be placed on the calendar.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MOSS:

S. 2890. A bill to authorize the Civil Service Commission to furnish assistance to provide for the emergency transitional employment by State and local governments of Federal employees who lose their positions as the result of reductions in force in areas of high unemployment. Referred to the Committee on Post Office and Civil Service.

FEDERAL EMPLOYEES TRANSITION ACT OF 1971

Mr. MOSS. Mr. President, in recent years the Federal Government has made significant reductions in its civilian labor force. In 1970 and 1971 alone, 105,000 employees have been forcibly dropped from the Federal payrolls.

These reductions, which often take the form of mass layoffs or "rifs" at major Government installations, have had a severe impact on local economic conditions in many parts of the country. Businesses have closed. Supporting industries have shut down. In some cases lo-

cal commerce has been all but obliterated in the wake of these cutbacks.

To a large extent these reductions-in-force have resulted from the diminished manpower requirements for national defense. With the slow winding down of our military involvement in Indochina, there has been a reduced need for these supporting installations here at home. Moreover, this downward trend in Federal employment has been accelerated considerably in the last few months by a conscious administration policy aimed at cutting Government payrolls.

Regardless of their justification, these Federal cutbacks have resulted in great human hardship to the families of these workers who receive the "rif" notices. They have also led to a worsening of economic conditions in communities which have long depended on Federal jobs and wage income for their commercial stability. The net effect of these mass layoffs is to throw thousands more workers into labor markets which are, in many cases, already hit by substantial unemployment.

The Federal employee who is caught in one of these mass "rif's" finds little public recognition of his predicament. The usual civil service benefits, such as transfer rights, are almost irrelevant in localities where thousands are looking for work and jobs in Government and in private industry are scarce.

In these cases the trained Federal employee has no opportunity to use the skills and experiences gained from years of Government service. His talents are allowed to become dormant and a major public investment is wasted.

Today I introduce legislation which I believe gets to the heart of a number of these problems. The Federal Employee Transition Act of 1971 would authorize the Civil Service to assist these economically depressed communities in employing these "riffed" workers on a temporary basis, thus giving them an opportunity to put their skills to work for the good of the community.

The operation of such a program would present few difficulties. At present, the Civil Service Commission maintains precise records as to the skills, training, and experience of all Federal employees. This body would be well equipped to take advantage of this information in channeling these human resources to local public service.

At the time of a Federal reduction-in-force in an area of unemployment, the local government would apply for special funds to hire the "riffed" employee. Communities applying for such assistance would inform the Commission of the types of jobs they wanted filled and supply the relevant information. Priority would be given to those jobs which offered the best opportunity for permanent careers.

The public benefits of this problem would be considerable. Local communities would be given the opportunity to take advantage of skilled Federal employees in their efforts to supply needed public services. Talents developed through years of Government service would be put to work. New wage income would reduce the economic shock felt by these areas when a major government installation cuts back on its payrolls. Commerce would be given a needed boost and new markets would be given a chance to develop.

The transitional employment would give a welcome breathing spell to the "riffed" Federal employees and their families. It would allow them the opportunity to learn new skills which could be utilized in private industry. In many cases this temporary employment would lead to a permanent position in the local public service.

Ultimately this program would have a great effect on reducing the general unemployment. It would also allay the chronic fears of many Federal employees which is often sparked by any reference to the term "new national priorities."

Most of all it would open up the possibility that these skills and experience developed at the taxpayers expense would not go to waste but would be put to immediate local use.

I ask unanimous consent that this bill be printed in the RECORD.

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

S. 2890

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

STATEMENT OF FINDINGS AND PURPOSES

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

(1) the release of Federal employees as a result of reductions in force in economically depressed localities tend to aggravate the economic conditions in such localities;

(2) there is little opportunity for displaced Federal employees to find alternative employment, either in government or in private industry in such localities; and

(3) furnishing resources for transitional public service employment and related training and manpower services can ease the impact of unemployment for the affected Federal employees and reduce the pressures which tend to generate further unemployment.

(b) It is the purpose of this Act to provide emergency transitional employment in State and local governments for those persons affected by Federal reductions in force in localities of high unemployment.

DEFINITIONS

SEC. 3. For the purpose of this Act—

(1) "Federal agency" means any Executive department, military department, independent establishment, or agency in the executive branch of the Government of the United States;

(2) "eligible employees" means an individual who is released by a Federal agency as a result of a reduction in force and who resides in or who was, prior to such release, employed in, a locality of high unemployment;

(3) "participant" means an eligible employee who is, or is proposed to be, employed under an emergency transitional employment program;

(4) "eligible applicant" means—

(A) a unit of State or general local government;

(B) a public agency or institution which is a subdivision of State or general local government;

(C) any combination of units of general local government; or

(D) an Indian tribe on a Federal or State reservation, which is, or which is in, a locality of high unemployment;

(5) "locality of high unemployment" means an area which the Secretary of Labor determines has a rate of unemployment substantially above the national average;

(6) "Commission" means the United States Civil Service Commission; and

(7) "State" means any State of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

FINANCIAL ASSISTANCE

SEC. 4. The Commission shall enter into agreements with eligible applicants in accordance with the provisions of this Act in order to make financial assistance available for emergency transitional employment programs to employ eligible employees who have been released in reductions in force in localities of high unemployment. Such transitional programs shall provide for employing eligible employees in work of needed public service and shall provide, to the extent feasible, training and manpower services which are otherwise unavailable and which may enable such employees to obtain employment not supported under this Act.

APPLICATIONS

SEC. 5. (a) Financial assistance under this Act may be provided by the Commission for any fiscal year only pursuant to an application which is submitted by an eligible applicant and which is approved by the Commission in accordance with the provisions of this Act.

(b) An application for financial assistance for an emergency transitional employment program under this Act shall include provi sions setting forth—

(1) assurances that the activities and services for which assistance is sought under this Act will be administered by or under the supervision of the applicant;

(2) a description of the area to be served by such programs, a copy of the determination by the Secretary of Labor that such area is, or is located in, a locality of high unemployment, and data indicating the number of anticipated participants and their income and employment status;

(3) assurances that special consideration will be given to the filling of jobs which provide sufficient prospects for advancement or suitable continued employment by providing, when feasible, complementary training and manpower services designed to (A) promote the advancement of participants to employment or training opportunities suitable to the individuals involved, whether in the public or private sector of the economy, (B) provide participants with skills for which there is an anticipated high demand, or (C) provide participants with self-development skills, but nothing contained in this paragraph shall be construed to preclude persons or programs for whom the preceding objectives are not feasible or appropriate;

(4) assurances that, to the extent feasible, transitional employment shall be provided in occupational fields which are most likely to expand within the public or private sector as the unemployment rate recedes;

(5) a description of the methods to be used to recruit, select, and orient participants, including specific eligibility criteria, and programs to prepare the participants for their job responsibilities;

(6) a description of jobs to be filled, a listing of the major kinds of work to be performed and skills to be acquired, and the approximate period of time during which participants would be assigned to such jobs;

(7) the wages or salaries to be paid participants in programs assisted under this Act and a comparison with the wages paid for similar public occupations by the same employer;

(8) assurances that all participants, other than necessary technical, supervisory, and administrative personnel, will be selected from among eligible employees; and

(9) such other assurances, consistent with the provisions of this Act, as the Secretary deems necessary, in accordance with such regulations as he shall prescribe.

APPROVAL OF APPLICATIONS

SEC. 6. An application, or modification or amendment thereof, for financial assistance under this Act may be approved only if the Commission determines that—

(1) the application meets the requirements set forth in this Act;

(2) the approvable request for financial assistance does not exceed 90 percent of the cost of carrying out the program proposed in such application, unless the Commission determines that special circumstances or other provisions of law warrant the waiver of this requirement;

(3) an opportunity has been provided to officials of the appropriate units of general local government to submit comments with respect to the application to the applicant and to the Commission; and

(4) an opportunity has been provided to the Governor of the State to submit comments with respect to the application to the applicant and to the Commission; and

For the purpose of clause (2) of the preceding sentence, contributions by or in behalf of an applicant may be in cash or in kind, including real and personal property or any combination thereof, or services.

ALLOCATION OF FUNDS

SEC. 7. (a) The amounts appropriated under this Act shall be allocated by the Commission in such a manner that the sum of $300,000 shall be the minimum amount allocated for each State and its subdivisions during the 1972 fiscal year, and $900,000 shall be the minimum amount allocated for each State and its subdivisions during the 1973 fiscal year.

(b) The remaining funds shall be allocated equitably by the Commission in accordance with (1) the numbers of Federal employees who have been released in reductions in force in localities of high unemployment, and (2) the potential of the eligible applicants to use the funds most effectively.

ADMINISTRATIVE PROVISIONS AND CONDITIONS

SEC. 8. (a) The Commission may make payments with respect to financial assistance agreements under this Act in installments, in advance, or by way of reimbursement. The Commission is authorized to withhold such payments in order to recover any amounts expended in the current or immediately prior fiscal year by an applicant in violation of any provision of this Act or any condition or other requirement imposed under this Act.

(b) The Commission shall not provide financial assistance for any program under this Act—

(1) unless the agreement with respect to that program specifically provides that no person with responsibilities in the operation of such program will discriminate with respect to any program participant or any eligible employee in such program because of race, creed, color, national origin, sex, political affiliation, or beliefs;

(2) which involves political activities, and neither the program, the funds provided therefor, nor personnel employed in the administration thereof, shall be, in any way or to any extent, engaged in the conduct of political activities in violation of chapter 15 of title 5, United States Code;

(3) unless the agreement with respect to that program provides that participants in the program will not be employed on the construction, operation, or maintenance of so much of any facility as is used or to be used for sectarian instruction or as a place for religious worship; and

(4) unless it determines that participants shall be paid wages which shall not be lower than whichever is the highest of (A) the minimum wage which would be applicable to the employee under the Fair Labor Standards Act of 1938, if section 6(a)(1) of such Act applied to the participant and if he were not exempt under section 13 thereof, (B) the State or local minimum wage for the most nearly comparable covered employment, or (C) the prevailing rates of pay for persons employed in similar public occupations by the same employer.

(c) The Commission is authorized to issue such regulations as may be necessary to carry out the purposes of this Act.

REPORTS FROM AGENCIES

SEC. 9. Each Federal agency shall, upon request, furnish to the Commission reports containing—

(1) the names and addresses of employees of that agency who have been released as a result of reductions in force;

(2) a description of the employment held by each such employee and a description of that employee's background and experience; and

(3) such other information as the Commission may require in order to carry out its functions under this Act.

AUTHORIZATION OF APPROPRIATIONS

SEC. 10. There are authorized to be appropriated not to exceed $50,000,000 for the fiscal year ending June 30, 1972, and $150,000,000 for the fiscal year ending June 30, 1973, to carry out the purposes of this Act.

EFFECTIVE DATE

SEC. 11. This Act shall become effective upon the expiration of 90 days after is enactment.

ECONOMIC STABILIZATION ACT OF 1971—AMENDMENT

AMENDMENT NO. 743

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

Mr. CRANSTON (for himself, Mr. BUCKLEY, Mr. ERVIN, Mr. DOLE, and Mr. JORDAN of North Carolina, submitted an amendment intended to be proposed by him to the bill (S. 2712) to extend and amend the Economic Stabilization Act of 1970, as amended, and for other purposes.

REVENUE ACT OF 1971—AMENDMENTS

AMENDMENT NO. 744

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

Mr. BEALL 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. 745

Mr. COOPER (for himself, Mr. BAKER, Mr. JAVITS, Mr. WEICKER, Mr. COOK, Mr. GURNEY, and Mr. SCOTT) submitted an amendment intended to be proposed to amendment No. 692, proposed to the bill (H.R. 10947), supra.

ANNOUNCEMENT OF HEARINGS ON BLACK LUNG LEGISLATION

Mr. WILLIAMS. Mr. President, the House of Representatives has recently passed H.R. 9212, black lung amendments to title IV of the Federal Coal Mine Health and Safety Act of 1969. On the Senate side, Senator RANDOLPH has been joined by Senators BYRD, HARTKE, and myself in introducing similar but broader legislation (S. 2675) and Senator HARTKE has introduced S. 2289 cosponsored by Senator RANDOLPH.

All of us know of the leadership of our distinguished colleague from West Virginia, Senator RANDOLPH, in enacting the first black lung benefits program in 1969. It was his amendment, adopted without a dissenting vote, which brought desperately needed relief to thousands of deserving people.

Therefore, I have asked Senator RANDOLPH, as the ranking majority member of the Committee on Labor and Public Welfare and of its Subcommittee on Labor, to chair the hearings on this legislation.

Those hearings will begin on Wednesday, December 1, 1971. Any persons wishing to be heard should contact the counsel to the Subcommittee on Labor at room G-237, New Senate Office Building, Washington, D.C. 20510, telephone 225-3674.

ADDITIONAL STATEMENTS

CRIME AND THE ELDERLY

Mr. WILLIAMS. Mr. President, we read daily in the newspapers and magazines of the crime rates and the costs associated with this crime. Yet, how often do we hear of the impact of these crimes in human terms? How often do we hear of the long-term impact of these events? At a recent hearing of the Subcommittee on Housing for the Elderly of the Senate Committee on Aging, I attempted to ascertain just what this impact is and what could be done to prevent such crimes.

Elderly persons are especially vulnerable to crime. They not only have less physical power to resist but they are hurt more deeply as the result of criminal activity. It is obviously easier to knock down an older person and take his money than it is to do the same to a middle-aged person. Housing for the elderly, however, is often constructed in areas that abound with crime. There is often resistance to the construction of new dwellings for the elderly in established, stable neighborhoods. This resistance, sometimes expressed in zoning law, in effect forces much of this housing into areas with a high incidence of crime.

Many elderly homeowners, of course, either cannot, or will not, move out of crime-ridden neighborhoods. Perhaps they have become attached to the house in which their childen grew up, or perhaps their few surviving friends live in this area. We know that relocation places great burdens upon the elderly and that many would rather take their chances where they are, rather than undergo those hardships associated with moving.

Elderly witnesses reported that many old people are afraid to set foot outside their homes after dark. They are, in effect, "prisoners in their own homes." Some elderly are afraid to go marketing.

An elderly witness from my own State of New Jersey was employed and in good health prior to his being mugged. It has been a year since that mugging, and this gentleman is still feeling the effects of that crime. He has suffered physically, emotionally, and financially. He lost his job and was forced to go on welfare. Even now, he is harassed by local youths who know the man arrested for the mugging.

Much other compelling testimony

emerged from the hearing, including a statement by Mr. Noel E. Tomas, Northeast regional representative for the National Council on the Aging. Mr. Tomas is the former director of a city agency on aging in Hartford, Conn. He was deeply concerned in that position with a serious crime problem in that city. He has since explored similar problems in other communities. I ask unanimous consent that his statement be printed in the RECORD.

In addition, I also ask unanimous consent to have printed in the RECORD two recent New York Times articles which tell of specific criminal activities directed at the elderly in New York City. These articles provide only a sampling of recent stories on similar happenings; the Times is to be commended for focusing public attention on a serious and perhaps growing problem.

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

TESTIMONY OF NOEL E. TOMAS

Mr. Chairman, distinguished members of the Senate Subcommittee on Housing for the Elderly:

My name is Noel Tomas. I am the Northeastern Regional Representative of the National Council on the Aging, Elderly in Model Cities Project.

It is with mixed emotions that I am appearing before your Subcommittee. The subject of criminal attacks against old people, to whatever degree from felonies to simple harrassment, is one I view with alarm and subjective feelings. It is in that context that I welcome this opportunity to appear before your distinguished group to shed some light on a subject talked about by many, long confronted by the elder segment of our population living in lower income federally assisted housing, but little examined at our state and national levels.

It is your exploration of this subject with action implied that presents the ray of hope to hundreds of brutalized aged citizens. The implications that swift results from your level of attention will lift up our public housing projects of terror, where these exist, to the standards promulgated in the Housing Act which defined such quarters to be "decent, safe and sanitary."

Whether this terror is real or imagined and it is both, its effects right now on our older citizens demand countermeasures if they are to survive to their predicted life expectancies rather than die or cease to function rationally before then.

In a sense, then, I am classifying real and imagined crime facing the older person on an equal critical survival level with food. And I will illustrate later in my testimony one such case where, thank God, an aged woman was able to survive the horrors and can now think of other needs just above the survival index, such as medicines and doctors' visits which she gave up when faced with fear.

You have asked me to talk about crime against our elder citizens living in public housing. I will do so by presenting various cases to illustrate the nature of the crimes in the cities of Hartford, Conn., where I did an exploratory study when I was Chairman of the City Commission on Aging; in Baltimore, Md., and Lowell, Mass., where I now work and in Boston where my Regional Office is located.

I have some witnesses who are residents of the housing projects in Baltimore and Boston who will explain the feelings of those people suffering from criminal attacks in their communities.

And I will suggest some thoughts for correcting some of the security problems. This will be illustrated by some direct action reported by my Boston witness, who, incidentally, is a representative of the Council of Elders.

If I may begin with a letter from a resident of one of the more infamous public housing projects in Hartford, Charter Oak Terrace, where criminal attacks are more frequent and considered a way of life, I believe it expresses in that tenant's words what many old people have indicated to me and others in a variety of restricted communications and fear-filled explanations. I will further illustrate with news stories other crimes that typify those committed more frequently than the public is aware of. I have submitted a collection of such news articles to this Subcommittee for its perusal.

This woman wrote, "I hope you will not think me presumptuous for writing you. I was happy to know somebody was trying to do something; I have been hoping to see somebody come to investigate, but finally I decided perhaps we have been overlook.

"Now I do not want any publicity, that is what you said. I am a woman 68 years old and my husband 67. Two months ago he had his third stroke, leaving him with his right arm and hand useless, his right leg crippled. He can get around but with difficulty.

"I live in Charter Oak Terrace. My apartment is on two floors. My husband has to go up and downstairs. He has to come down backwards and has fallen twice, not seriously. I have lived here six years. There never has been one drop of paint since I moved in here. The roof leaked for six months. Finally the ceiling fell down at least a 2-foot square piece. It is in the same shape as it was over a month ago. The Housing did fix a part of the roof after that. The paint is chipped and falling off throughout the house. Some of the windows are broken. The Housing fixed the worst ones.

"Last summer kids threw rocks, bottles and cans through my doors and windows. My screen doors are here to show the affects. Across the street from me, the large boy shot BBs at my kitchen window time after time. I called police several times. They said they could do nothing. One policeman finally went over there and took the gun away. Since then every chance the kids get, they bombard the house with rocks. I won't call police anymore. It doesn't do any good. Police can't catch them. Just last night somebody, some kid, of course, threw a large chunk of ice at my door.

"If we did anything to any of these kids, I could see it in a way, but I never talk to anybody other than a couple of neighbors and my husband can scarcely walk. We both have bad hearts and to tell you the truth it is terrible.

"I want to move out of here. I am scared to death to live here. My daughter has tried to talk to different people about our getting into decent housing, but to no avail. Everybody tells me and her that we can't move.

"We cannot afford to move into a private house. All we receive is Social Security—my husband $123.40 and me $56.10.

"We have four rooms and need that many. I have a daughter in Norwich (an institution for those with mental problems). She comes home once a month for one or two weeks. My husband is a tuberculosis patient also, but of course is okay now. He had been in Cedarcrest twice. He has one lung and one kidney left from the TB.

"I have health problems too and everything combined is not what adds up to a very cheerful life.

"Now please don't think I am trying to give you a sob story. Everything I have told you is 'gospel truth' and you can verify it. I would not write if you had not promised it would be anonymous.

"Thank you for reading my long letter."

In a feature article in the September 13, 1970 Sunday Parade Magazine, the lead began, "In Boston not too long ago during a crime wave, scores of elderly residents of a housing project were mugged. This outrage became too much for Mrs. Gertrude Pratt, a chipper lady in her 70s who represented a senior citizens group—the Council of Elders. She sent a request to City Hall for an appointment to discuss the problem. She got no reply. So she sent a registered letter to City Hall which concluded:

"This is an election year. Would you like us to tell people that our Mayor doesn't want to listen to old citizens?"

That hit a raw nerve. City Hall phoned back immediately. A meeting was arranged with the mayor. And two days later foot patrolmen were assigned to the housing project during the dangerous hours of darkness."

Another recent headline and story in the Boston Herald read, "Mission Hill Elderly cite Robberies Terrorism—Guardsmen Urged to Protect Project.

"Anthony Ferd thinks the National Guard should be called to protect the elderly at the Mission Hill housing project in Roxbury.

"Without it, he figures, the muggings, robberies and terrorism will continue.

"The 68-year-old Ford says that in the three years he has lived at the project, he has watched it go from bad to worse as bands of young hoodlums roam the streets.

"He has been beaten and robbed three times and has had his Social Security checks stolen from his mailbox on several occasions.

"As a result, Ford, and most of his elderly neighbors are afraid to venture outside their apartments."

In a Hartford Courant December, 1969 story headlined "You Can't Have Flowers, Elderly Mourn, Recounting Terrors," it was said,

"Residents of the housing project at Charter Oak Terace had rejected increased police protection as an answer to crime and disorders in the project neighborhoods.

"A woman who circulated a petition signed by 116 of the elderly in the summer of 1968 said better police protection comes and goes capriciously in the project. 'Now I've given up fighting,' she said. 'It is always forgotten,' added her neighbor, also one of the 300 elderly at Charter Oak Terrace.

" 'Fear is much stronger at this time of the month because the young hoodlums know that the Social Security checks of the elderly arrive now and that they can rob them without much difficulty or fear of retribution,' she said.

"The woman told of a companion of theirs who was robbed last month, although she had taken the precaution of going to the bakery without her purse. And though it was about 10 a.m. on a Sunday morning, a youth cut off the pocket of her coat, scooped up the coins and fled, they said.

"Her neighbor told of trying to sit on a lawn chair outside during the summer months. The gangs will go by, she said, 'and if they see you've got something like a piece of candy, they grab it and run away.'

" 'You can't have flowers or they'll trample them,' her companion continued, 'And if they put a tree outside to look at, they cut it down.'

"Both of them agreed the troubles in Charter Oak Terrace are caused by youths of all races.

"The woman who has given up fighting recounted the experiences of a man who was robbed and beaten last month in his own apartment. The attackers threw eggs at him after he was beaten, she said 'Eggs are hard enough to get on our money,' she said. 'They don't care what they do.'

"And she added, 'Once you live here you stay here until you die. And everybody's afraid of their shadows around here.'

" 'Everybody's afraid to do anything at all,' she concluded."

Then the Hartford Courant said in an editorial: (See attached editorial).

Without fail, the crimes continued in Hartford despite the measures Hartford officials were able to take and in the Courant

June 10 of this year, this story appeared: (See attached article).

What brought about my investigations into criminal attacks and harrassment on the elderly late in 1969 and into 1970 and to this day I expressed in this letter I wrote the Mayor and City Council. (see attached letter).

That was not the end of Mrs. Wagner's story. She wrote me this month and I spoke to her this week in her new home in Gulfport, Fla.

She said in her letter: "I have received your letter and was surprised and glad to hear from you. As you see by this letter, I have left Hartford last April and moved to a little quiet town, because the situation for the elderly people was just getting unbearable in Hartford. This move was not easy for me leaving my family and friends behind me, but it was the only way to stay sane and forget the horrible experiences I had to go thru in Hartford.

"If there is anything I can do to help you in your fight for the elderly, I'll be more than willing. Thanking you again for your concern and kindness while I was in the hospital beaten up so badly."

Mrs. Wagner, who is now 71, located the retirement village in Florida where some Hartford friends had relocated. It also costs her the $65 a month she formerly paid in Hartford. She is in private housing. Although medicine costs are double Hartford's and health department facilities are negligible compared to Hartford, she has found a peace of mind she said that has rebuilt her strength.

"I will never come to Hartford again, even for a visit to my son and daughter and their families," She said. "I am more alert than most people my age and can care for myself. I've always been on my own. Even when you are desperate, you can do more than you think. I had to move with my son's help from Hartford before I lost my mind all together.

"What happened to me and others in Hartford in that Village, I can never forget. Many of those people are moving. One woman, she is Jewish, isn't being allowed to move out. I don't think that is right. How long can one suffer from those people flipping cigarette ashes in your face, pushing you into the streets, shoving you aside at a store counter . . . If I have peace of mind, I can do without food to get it."

Mrs. Wagner is very bitter racially, a prejudice, she did not suffer before the assault on her in Mary Mahoney Village. She noted that some blacks might be better people than she, but she is afraid of them and if any move into Gulfport, she will move again, this time to Austria where a friend of hers lives.

During the period when I was Chairman of the Hartford Commission on Aging, we began a study of both physical and social conditions among the elderly residing in public housing. It was then in my report which has been submitted to your Subcommittee, Mr. Chairman, that I said,

"Probably the most significant data that has been documented is the crime rate that singles out the elderly and is occurring at higher rates than the percentage of similar crimes against citizens in the City of Hartford. Fully 30 percent of the 211 surveyed reported crimes against them and their property.

"Of the people responding, 23 percent have had their apartments broken into. Thefts ranging from money to household furniture (including items worth more than $100) took place among 27 percent of the respondents. Of all the thefts, 38 percent took place during 1969, 24 percent of the individuals knew who committed the crimes and 70 percent of these had reported the burglaries and robberies to the police.

"Of the 190 persons who answered the question on assault upon their person, six per cent reported attacks, 45 per cent of these took place in 1969 (not including those occurring after this report's publication which included a rape and several assaults).

"The interviewers noted that a reluctance, even a fear, prevailed during several of the interviews. It appeared that in the crime area, the tenants might have feared reprisals regardless of the assurances of anonymity, therefcre, some crimes may not have been reported to the interviewers and authorities.

"Of the 211 respondents, 65 persons (31 per cent) expressed a fear of neighbors, kids and others in the project. And 5 persons said they would move immediately if they could. Nine persons cited dogs as a major problem to them.

Lowell, Mass. does not have the severity of crime that the elderly suffer in the larger cities. I have submitted a survey of that city to this Subcommittee for its examination as I have a report on Baltimore, Md.

I do not wish to minimize the problems of harrassment and criminal attacks on the elderly in Lowell, but, I believe that city and Baltimore compare to the detailed findings the Hartford study revealed.

Baltimore only differed in that a number of murders had taken place such as two murder-rapes in the Lawrence Douglas project where entries were made through windows and the murder of a deaf and dumb man who was beaten and robbed in his apartment in the Gilmore project and then after his killing a few weeks later, his aged wife was robbed in the same apartment. Assaults, muggings and purse snatchings are commonplace in Baltimore.

The response to calls for help in both cities is slow, almost withheld in Lowell. But measures are being taken to correct the Lowell police response problem.

I would like you to hear about how some of the elderly feel about being subjected to and living constantly with criminal attacks. Miss Catherine Gant, who in her 60s works as a health aide in the project in which she resides in Baltimore, McCullough, is here to talk about those problems.

(Questions of Miss Gant.)

Before I speak about solutions, let me summarize the crimes that occur against aged people who live in poverty ghettos. There were the murders I spoke of in Baltimore, the rape of a 78-year-old Baltimore woman at 3 a.m. in her apartment and the many other rapes, burglary and house breaks such as the case of a 76-year-old Hartford woman who woke up at night to find a man in her livingroom, who grabbed a knife from a companion outside the window and fled when her son answered her shout to call the police, purse snatchings and assaults, check and mail thefts, tying up elevators in high-rise buildings, vandalism to windows, screens and doors for which the tenant must pay repairs if they cannot and will not identify the culprit, neighborhood fighting and rowdyism, window peeping, door knobs being tried all night long, lights kept on all night and even tenants staying up all night and sleeping during the daytime, spitting upon and speaking abusively to old people, running them down with bicycles, shooting BBs at them and many other indignities, harassments, shakedowns and attacks—all of this taking place in this nation would lead one to believe we have created or allowed to develop a chamber of horrors for these golden years of life where the worst of human nature can thrive. It is a means by which we allow the destruction by physical terror and mental paranoia our elderly poor.

So what are the solutions? Certainly retaliation with a superior police force is an answer, but not the best one nor the least costly.

In the Boston Globe it was reported this year, "Men who are convicted of knocking down and robbing elderly women will get no leniency from Superior Court Judge Wilfred J. Paquet.

"Following a Suffolk Superior Court jury verdict of guilty against Gary L. Boseman, 17, and John A. Hopkins, 22, both of Roxbury, Judge Paquet sentenced Boseman to eight years at Concord and Hopkins to nine to 15 years at Walpole.

"The word has to go out that these people who knock down and grab handbags from old ladies, whether in Roxbury or any other part of the city, will not get a chance to do it again by receiving a suspended sentence or probation, Judge Paquet said.

"Boseman and Hopkins were charged with taking a handbag containing 50 cents from Bertha Holland, 85, and knocking down her companion, Helen Bartlett, 74, last April 18. The two women, residents of the Elizabeth Carleton Home on Columbus Avenue, were walking near that home at the time."

In my opinion, that too is not a good solution because it too does not get at the core of the problem. It is becoming more of the reaction sought by public officials in keeping the peace temporarily, but not permanently.

Mr. Oliver Ifill, a resident of one of Boston's housing projects, as both a resident and a member of the Council of Elders, has dealt with some immediate solutions. I would like him to compare very briefly the crime there to that I spoke of in Hartford, Lowell and Baltimore. And then I would like him to speak about a couple of the solutions his group was able to effect. After his comments, I will present a few more thoughts for your consideration.

(Mr. Ifill's testimony.)

Some solutions have been suggested. Let me suggest other ideas. We are talking about crime in complex terms when we speak about one or a group of individuals committing brutality upon another. We are simplifying our focus slightly when we narrow the area of crimes to federally assisted housing project environs where the elderly aged poor are clustered. The objective we seek simply stated is to reduce criminal attacks on poor old people living in public housing.

We have data showing the range of crimes committed, when, where, how and against whom. We are aware the solutions must be both immediate and long-term if we are to effect a reduction more permanently.

Therefore, these ideas come to mind for lessening crime. We need eyes and instantaneous communications to harass the would-be criminal. We need obstacles to create great difficulties for him in getting at old people. We need swift police response to effect captures. We need self-protection devices or education for the old person to prevent harm being inflicted upon him and his loss of property. We need attitudes and motives developed among susceptible young people and irresponsible adults that will change their anti-social behavior to socially productive and concerned roles.

There are immediate and long-range goals stated among that listing.

In the eyes arena I am talking about people and electronic devices. These include teen patrols, scout or other types of escort trips when Social Security checks arrive, adopt a grandparent, telephone reassurance, church and synagogue visitations and services, group feeding to lessen grocery store trips or group buying at better discounts with stores delivering to a central project distribution point, neighborhood grade school holiday entertainment, housing security patrols, burglar photo-electric beams, wired window panes and doors, one-way glass in doors, central alarm buzzer systems, mass housing unit electronic alarms connected through police dispatchers instantaneously to neighborhood police patrol units (such as Lowell, Mass. is developing in model cities), refined police surveillance mobile units (although this breeds a "big

brother" feeling like Hoboken, N.J.'s television cameras mounted at high-crime street corners).

When I talk about other obstacles, I speak about such construction materials as unbreakable glass, fiberglass or plastics; vandal-proof screens, sliding outer doors and electronic locks; limited access to buildings containing older people; non-hallway buildings with bright, abscessed vandal-proof lights; projects apart from multi-family projects for elderly only (as Baltimore is phasing elderly into and Lowell is phasing families out of); better situated projects with more thought and federal requirements for neighborhood selection, possibly regional projects surrounding a core city with each project broken into small clusters among more middleclass "safe" neighborhoods; no more basement utilities for laundry, etc., but placed on each floor; elevators with constant television monitors or photo camera for identification of troublemakers; various protective project fencing and outside lighting, and cheaper modular construction techniques so security costs can be included to keep unit prices at present federal standards.

Other police response besides those I noted in the eyes section could include a special project patrol either on scooters or on foot with sophisticated individual surveillance devices. Even the consideration of legislating that some crimes taking place within federally funded projects are a federal crime or a crime requiring joint police jurisdiction such as local, state and/or federal.

Self-protection devices for the elderly now range from small purse alarms to tear gas weapons. Most devices are more self-assuring than they are protective short of the "kill" weapons which would be most dangerous in the hands of any citizen.

Perhaps the marking in obscure places of property in the apartment unit for later identification such as is done in Boston, other personal property with markings so that police can identify such goods if these appear in local pawn shops or other outlets may be a preventive step. Going to stores alone during near darkness hours and the securing of the apartment property need to be stressed among the elderly. It may be housing authorities need Congressional direction or federal regulations to set aside a portion of their budgets to purchase social and protective services from such community service agencies.

But the root of crime remains the most important issue to attack. The alienation that is growing more widespread among youngsters and parents and parental nonconcern has much to do with crime reduction. There are programs being tested in a number of communities that need examination and adoption on a wider scale. Several are directed at getting the youth involved again in his community. Others are helping put the old and the young together in productive relationships.

Ideas that stretch past the point of present public acceptability might be tested. Such a test could be directed at the sex criminal now housed in various institutions in this nation. On a volunteer basis, he might be tested to determine his present violent sexual reactions toward the old person and the youngster. Then he might be fed a diet of pornographic materials and his reactions tested again for violence severity.

Somehow there must be more immediate answers to stopping the sex criminal than by waiting to catch each one after an attack occurs or filling institutions with them. I am suggesting in order to stop violence of this kind against the old and the young, other avenues must be traveled besides limited psychiatric therapy.

I also submit that an elder tenant or advocate should be a required member on a housing authority board of commissioners. And I would suggest that ombudsmen be considered for the elderly within cities. Such a position can be approved by the mayor and city elected officials and funded federally with administration left to appropriate units in a state university.

Many other ways of reducing crime against the elderly can be conceived. All must be tested. Those now in existence that appear successful and those programs and social conditions of foreign nations where crime against the older person is almost negligible, need to be examined and listed for expansion and/or application in this nation.

Without a good planning and coordination approach based on vigorous input from old people, especially in the areas where Congress creates legislative direction and funding for units of the federal government to contract, operate, or delegate programs, services, planning and coordination, construction and other activities, the risk of piecemeal action and fragmentation will remain high. And it is the aged victim of crime who continues to be exposed to the chambers of horror he now lives in.

If Congress is going to move on crime against old people and the many other related problems of our aged citizens, then it will have to do so on a large scale. We hope that you will move against the problems quickly, with commitment and the necessary funding required to get the job done.

[From the New York Times, Nov. 10, 1971]

CENTER FOR ELDERLY ROBBED A THIRD TIME HERE IN THREE WEEKS

"We're just miserable," Frances King, director of the Sirovich Senior Center, said yesterday.

On Monday night, for the third time since the weekend of Oct. 24, the center, in a five-story building at 203 Second Avenue, between 12th and 13th Streets, was broken into and looted. This time the thieves took a camera and darkroom furnishings, including lenses, lamps and an enlarger—the third enlarger to be stolen in recent weeks. Also taken was a tape recorder, given by a benefactor after the first two burglaries.

In all, according to Miss King, burglars have taken about $8,000 worth of goods from the center, including many of the musical instruments used by its orchestra, which performs at nursing homes and hospitals.

The center serves about 600 people between the ages of 60 and 98.

Among the items stolen during burglaries on the weekend of Oct. 24 and on Oct. 27, according to Miss King, were cameras and lenses, slide and motion-picture projectors, typewriters, adding and sewing machines, a lectern, fans, tape recorders, silverware, scissors, $100 in cash from a safe and gifts to be distributed to members at Christmas.

Aside from some office equipment, Miss King said, the goods were uninsured. She said that the police were investigating the burglaries and had been very cooperative with the center, which is operated by the city's Department of Social Services in cooperation with the William I. Sirovich Memorial Association.

Despite the thefts, Miss King said, many of the center's activities, such as language classes and current events programs, go on.

"The glee club continues to sing," she said. "They couldn't take their voices away."

SLAYING SPURS A RISE IN QUEENS HOUSING PATROLS

(By John Darton)

The city and Housing Authority police increased their patrols in a moderate-income housing project in Far Rockaway, Queens, yesterday following the death of an 80-year-old woman who was mugged near her building Monday morning and died that night.

The police said the victim, Mrs. Dora Zabrowsky, had been attacked by a teen-ager on a walkway near her building, at 54-41 Almeda Avenue, in the mammoth Edgemere Houses project.

The assailant punched her in the face and grabbed her black pocketbook, containing about $5 and a Social Security card, as she slumped to the ground. He fled down Almeda Avenue and has not been apprehended.

The mugging occurred at about 11 A.M. At 10:40 P.M. the police in the Far Rockaway precinct received word from Peninsula Hospital that Mrs. Zabrowsky, who suffered a fractured pelvis, broken left arm and a fractured jaw, had died.

According to the police, no witnesses to the murder have come forward. But on the basis of a description furnished by the victim they are searching for a youth about 14 years of age.

FEAR RESULTS

The killing of an elderly neighbor, has filled the residents of Edgemere Houses with terror. Some have told the police that they were afraid to leave their apartments.

Lately the 24-building complex, bordered by a large park and a neighboring project almost equal in size, has become a stalking ground for muggers. Particular targets are the elderly residents, who make up about one-third of the more than 1,400 people living there.

The muggers, some say, are mostly teenage boys who frequently accost their victims in vestibules or elevators.

"Who cares for the elderly people?" said one tenant. "Nobody cares. When you go out of your apartment, you thank God when you come back."

In recognition of the fears, a spokesman for the Housing Authority police said eight men had been added to the two or three normally on duty at Edgemere Houses. The city police said an extra force of 12 patrolmen and two sergeants also had been assigned there.

Mrs. Zabrowsky was said by the police to have lived in Edgemere Houses with her husband, Philip, for about seven years.

WHICH WAY, AMERICA?

Mr. BROOKE. Mr. President, last spring the National Urban League lost a great leader in the tragic and untimely death of Whitney M. Young, Jr.

Speaking only a few months after Whitney Young's death, the then acting executive director, Harold R. Sims, told the 1971 Urban League Conference that Whitney Young's policies would be continued. The Urban League has always been concerned with problems of poverty and jobs, health and education, crime and environment. The challenge which it has offered, and which it continues to offer, is to call to all Americans to join in combating these afflictions.

I believe that Mr. Sims' point of view is one which is shared by millions of Americans, and which therefore must be heard. On one point in particular I think we must all agree: on the eve of the 200th anniversary of the founding of this Nation, we need a new declaration of interdependence. We are one Nation. We are interdependent. And we will solve our problems only insofar as we recognize this fact.

Mr. President, I ask unanimous consent that the complete text of this important speech by Harold R. Sims be printed in the RECORD.

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

WHICH WAY, AMERICA?

(Keynote Address by Harold R. Sims, Acting Executive Director, National Urban League, at the 1971 National Urban League Conference)

This 61st Annual Conference of the National Urban League opens under the long, deep shadows of a loss so profound, a void-creation so great, that it defies reason, understanding and faith—the untimely and tragic death of our leader, colleague and friend—Brother Whitney Moore Young, Jr.

Whitney, the humanist, statesman, confidant of Presidents, yet, champion of youth, justice, and the poor; the giver of power, voice and hope and the fighter for equality of results; the greatest ambassador to all the racial, warring camps of our time—the bold leader, who built bridges between the races and unity among black people is no longer with us in the physical presence of this hour and in the imagery of our every day.

W. E. B. DuBois has written that "Throughout history, the powers of single black men flash here and there like falling stars, and die sometimes before the world has rightly gauged their brightness." The powers of Whitney Young blazed across the American firmament for a brief decade of national leadership—a shining star of inspiration—a black prince whose temporal existence was untimely ended, but whose work and meaning will live on so long as there are men who can dream and people who value justice and decency.

And so, in a very real sense, we meet not under the shadows of death, but in the bright sunshine of his life and the legacy he bequeathed us. He lives on through our deeds and commitment. He lives on through the voice, hope and power he gave to those who were voiceless, hopeless and powerless.

The spirit of Whitney Young is alive and well;
We only laid to rest his earthly shell;
His movement is marching on!

This great man dreamed bold dreams and charted the great voyage of spirit and hope that this society must take. His dreams are our dreams. His program is the Urban League's program. His hopes are our hopes. His cause is the Urban League's cause. Our identification with his life's work is total and complete, and our commitment to bringing it to fruition is all-encompassing.

He believed in an *open society; a* society founded not in narrow separatism nor in the cultural suicide of assimilation, but rather a society founded on mutual respect, cooperation and pluralistic group self-consciousness and pride, in which black people have their fair share of the power, the wealth and the comforts of the total society. *Towards this we still strive.*

He called for a Domestic Marshall Plan; a massive public-private effort on the scale of that taken by this nation to rebuild the ruined remnants of post-World War II Europe; an undertaking that led to booming economies; full employment and new housing in the cities of our former enemies, while black veterans who fought in that war endured poverty, joblessness and slums at home. It was Whitney's idea for this nation to do at home what it so willingly did abroad. He called for a massive reordering of national priorities so that the poor and non-white minorities would receive the resources and national commitment to make America's age-old promise of equality and decent living standards, come true for all, and not just for a majority, whose composition is determined by wealth and skin color. He wanted specific goals and timetables set for reaching those goals. He wanted for Americans what this nation helped other people to achieve. *Towards this, we still go forward.*

He was the first to realize that it's not enough to talk about equal opportunities; there must be equal results. Equality is a sham if it does not mean that black people share equally in all aspects of society's rewards. His measure was that equality will have been reached when there are proportionately as many blacks as whites who succeed and who fail. *Towards achieving this condition, we still strive.*

He transcended the provincialism of "doing your own thing" in a vacuum; he refused to accept the limits of the microcosm of the minority community alone. He knew that we must transcend the boundaries imposed upon us, and forge solid unity within the black community and go forward from there to build action coalitions with other minorities and with all poor people. And from that base of shared interests and common power, to negotiate with the Establishment and build coalitions around issues that would bring power and equality to America's oppressed masses, finally bringing us truly together as a nation founded on equality and justice. *Towards this, we are committed.*

He believed in building strong black organizations and strong, black-led interracial coalitions which we, as a movement, exemplify.

Whitney's legacy is a dynamic, revitalized League, and this movement's achievements since his tragic death, amply demonstrate his unique and unprecedented achievement of building the strongest human rights organization in the history of the nation.

For the first time in our 61 years, we lost a leader in office—not just a leader, but the most effective spokesman of the poor and champion of black people in the country. His warmth and his humanity had suffused the movement. It was not just organizational pain we felt, but it was personal grief and anguish, as well. And it came at a time of great national crisis and organizational challenges.

Any other organization may have faltered and stumbled blindly, splitting apart in despair, in shallowness, and opportunism. Any other organization may have simply marked time, holding the fort and sat still waiting, . . . waiting, . . . waiting. But for the Urban League, at a time when the sufferings of black people and poor people are increasing we could not sit tight. At a time when the challenges facing the agency and the total society were mounting to unprecedented proportions, we could not mark time. At a moment when Whitney had been taken from us, his organization, his followers, his disciples who walked in his footsteps and who sharpened their skills to serve him, could not betray his legacy and the meaning of his life.

That could never be true of this agency and its freedom-fighters. Instead, these past 137 days have been covered with the glory of achievement and with the restless, energetic momentum of a united, determined movement—61 years in the struggle—out to exceed its previous grasp, and to carry its work forward to a new plateau of excellence.

This, we have done.

First, we met the enormous demands of the tragic interment, with a dignity and with a professionalism that served his memory well. Our respect and dedication remained in those difficult days that followed, as we worked to smooth the path for Whitney's treasured family, preserving their memorial options, and absolutely refusing to exploit his name or his memory.

Once we had done that, we promptly moved to assure a confused public that the Urban League was still in business, and Whitney's agenda was still in vogue. We spoke out forcefully on the issues and provided leadership in the nationwide campaign to create jobs and called attention to the plight of black workers who are experiencing depression unemployment in a trillion-dollar economy.

We continued through our programs to serve students, workers, welfare mothers, veterans, the unemployed . . . all of America's hungry and dispossessed. These Urban League programs continued to have results to the general society far out of proportion to their limited costs. Our Labor Affairs program places apprentices and journeymen, and every dollar spent on it generates $15 in benefits. The cost of each apprentice is almost equal to the taxes he pays in his first year of work. Every dollar spent on the On-the-Job training program yields society $13; every dollar spent on our Veterans Affairs program multiplies by more than ten in its impact on society. These programs and our many others put green power into black hands and have a tremendous impact on making this a better country for all.

And we did more than keep the Urban League machine humming at full capacity—we expanded into new areas of concern, in response to the new challenges of these terrible times.

A major study of the creeping cancer of housing abandonment was published by the Urban League, focusing national attention on the way cities are dying today. Unnoticed and unsung by the complacent majority. Our documentation of the death agonies of urban housing is a call to action that provides a testing ground of whether we will remain a great nation or whether this society's values and its meaning will like its housing for the poor, be abandoned, desolate and rubble-strewn.

The Urban League Research Department, in concert with 53 of our affiliates, came up with a penetrating documentation of the employment crisis in black America that resulted in our call for the immediate designation of 53 cities as employment disaster areas. At this conference, we will also set forth a major statement on the strengths of the black family, on the nation's Census and on the perils of the situation facing the black aged—action research that we hope will lead to new paths for the League and for the nation.

We successfully met the challenge of financing our operations at a time of red ink and national recession. The League has implemented internal management strategies that make us by far the most efficient public or private agency in the field of human resources.

We became the first of our kind to initiate major programs in correctional system reform, new town development and construction and master planning for long-term results in meeting human needs.

And we have moved our program of effective partnership further ahead, employing the hard-earned nickels and dimes of black tax money for the benefit of black people. Shortly before his death, Whitney went to the White House and pointed out the irony and futility of federal spending to bail out private corporations with public money; the tragedy of disproportionate concern over physical resources while human resources were neglected.

Out of that meeting came a commitment to involve black-run community organizations in the implementation and evaluation of federal programs, and the Urban League has taken the lead in insuring that black people will benefit from the otherwise dormant dollars that could be the levers of change.

They represent an unprecedented return on the investment of private individuals, organizations and foundations in the Urban League over the last 61 years—a private investment which we know will not only be sustained but increased.

Some of these new commitments will enable us to expand our job training, health, and veterans programs. Some will result in demonstration projects that will innovate in new areas, such as the establishment of comprehensive centers in urban and rural areas.

Others will involve the first black evaluation of federal programs, and still others will set the stage for major reforms in employment practices and in the system of criminal justice that discriminatees against black people.

And we moved ahead on our total programming thrust that involved Urban Leaguers—on their own time—in changing their professions and the institutions they come in contact with. And on our total organizational strategy aimed at involving Urban Leaguers in every professional ethnic and human rights organization important to the success of our program and our objectives.

We did these things because we had to; because the plight of black people is still profane and sacred, withdrawn and extroverted, overstudied and undermet; because we were determined not to sit still but to move forward.

For this is a bad year for blacks, browns, reds and the poor. Poverty for the first time in decades is on the rise. Over a million people are now counted among the long term unemployed. Black unemployment, especially teen-agers, exceeds depression level averages in the core areas of major cities, and approaches ten percent overall. *Environmental deterioration continues. Access to quality health care lessens. Consumer protection is largely rhetoric. Housing starts are paltry and inaccessible to most blacks and lower income citizens. Career oriented jobs, where created, tend to be in suburban areas. Crime, dope and unrest run rampant. Cities teeter on the edge of bankruptcy.* Here in Detroit, as in many other big cities, public jobs go unfilled for lack of funds, while unemployment hits nearly one out of every six families.

Veterans return in increasing numbers from the slaughter of a war nobody wants and everybody hates. Trained to destroy, ill-cared for and job denied, they find that their blood has been spilled in vain, that jobs are closed to them and that the barred streets are their reward for heroism in battle, sacrifice in war.

This city offers us the story of one such black GI, one man who was called a hero one day, and tragically killed, a victim of his environment, the next. His name was Dwight Johnson, and he grew up in a project in Corktown. He was an altar boy and an Explorer Scout. He overcame the grinding poverty and frustration of black ghetto life. He was called to the army and went to Vietnam. Sergeant Johnson served his country as he was told to; he became a hero, the winner of a Congressional Medal of Honor, the highest award a man can win. He went to the White House and received it from the President. He was also honored right here in Cobo Hall, at a massive dinner at which the Army Chief of Staff spoke. But the horrors of war pursued him. His sleep and his dreams were red with the blood he had seen spilled. And he was haunted by his memories and his uncertain future. The debts piled up, and the pressures on a black man from the ghetto mounted.

Dwight Johnson was killed in a grocery store the police said he had tried to hold up, but the real truth may have been that, as his mother was quoted in the newspapers, "Sometimes I wonder if he was tired of life and needed someone else to pu'l the trigger."

The tragic death of an American hero is not only a Detroit story; it is an American story; it's a black story of hope shattered against the rocks of adversity and of a fellow human being whose potential was warped in a manipulative, callous society. There are hundreds of thousands of Dwight Johnsons, and it is our solemn responsibility to change this society so that it cannot do to them what it did to him.

He stands as a symbol of how this society relentlessly crushes the aspirations of black people and other minorities. His story, and the challenges non-white people face today, places a great responsibility on the Urban League movement at this Conference.

Our task then is reflected in what the Black Coalition of Waterbury, Connecticut wrote me days after Whitney's tragic death.

"First," they wrote, "we think you should tell the politicians that kind words for the dead are not enough, that verbal commitment to black dreams is not enough, and that a wreath on the grave of a dead black man is not the same as a loaf of bread on the table of his live brother. We don't need the white man to teach us how to grieve for our dead. We have had plenty of practice.

"Second, we think you ought to make it clear to the black community that the struggle has not been won just because the President comes to our funerals. When he comes to our births, to our weddings, to our graduations, when he starts to share our life, not just our death, then we may be able to say things are changing.

"That has not happened yet. You can make it happen. Let us get on with the living; we have had enough of the dying."

And so we are asking at this assembly, this week, "Which way, America?" Which way, business? Which way, Labor? Which way, church? Which way, school? Which way, government? Which way, citizens? Which way, reds, blacks, yellows, whites and browns? Which way, Americans—together up or apart down? Will we continue down the road to separatism, conflict, hate, war, extinction, resegregation and repression? Or will we turn and head up the road to real togetherness, harmony, peace, love, survival, racial pluralism, liberty and justice? Will we put away our race prejudice or simply put the old hates in a new bottle? Will we banish the idea that one economic class must rule over another or will we sustain an unethical aristocracy? Will we accept the responsibilities and sown seeds of our realities, or will we continue to blame the victim and reap the harvest of fools?

We say that history, fact and vested interest leave us only one direction to travel—towards the free society we've died and suffered to attain—and that way is the way which requires us to demonstrate by example and through sharing—that the rights of the least or less privileged of our citizens are as worthy of the same protection as are those of our highest—that the principles of truth, justice and humanity cannot be reserved for rich folks and white folks only.

One way for America to go in mapping out this progressive and constructive route is to create partnerships for effective action in human development and use; partnerships among creditable and committed public and private sources in the interest of human resources and systems change; partnerships between decent, concerned people of all races in all our places, of all beliefs in all our kingdoms, of all faces and needs within a framework of result-oriented militancy which seeks to make life, liberty and happiness pursuits for all. Partnerships between groups with similar interest and like purposes; partnership for results beyond racism and philosophy.

The important thing in such partnerships or coalitions we think, is to be tough-minded and flexible enough to coalesce around the issues with those with whom you will not always agree. We must also in partnership-building, never lose sight of our goals and clearly separate in our minds and our rhetoric, tactics from strategy. There is a non-white agenda that we've got to pursue, a blueprint for building black, brown, red, yellow and poor folk power and equality within a framework of pluralism, and the test of our coalition or partnership tactics must be integrity and bulldog tenacity of our pursuit towards ultimate goals.

For the present system of applying patent medicines to society's open, bleeding wounds must be replaced by a bi-partisan, public-private commitment to meet society's unmet human priorities with a massive infusion of funds, brains and effort that will get at the root causes of America's urban and rural disintegration.

It is the work of this conference to find ways to help us mount strategies for the seventies to help us do this so that under the new leadership of our exceptionally able and experienced Executive-Director-Elect, Vernon E. Jordan, Jr., a trusted colleague and friend, we can move the Urban League movement into a new era of power and leadership in America.

My father always observed that, in the history of mankind, the nations that grew and prospered always acted in time. Arnold Toynbee proved that 26 great civilizations did not act in time and died internally from decay and rot. The seconds are ticking fast for America too, and the time is now. Rhetoric won't help; neither will promises of tomorrows. The tensions that threaten to split us apart—tensions between black and white, young and old, male and female, suburb and city—man and his machines—are all mounting and the clock keeps ticking—ticking with nuclear power and rocket speed. Now is the time; now is the moment for action and for courage.

Now is the time to expose the cancer of hate and deception that eats at the heart of this nation. For this is a country that tells black people who provided slave labor for 250 years and who, throughout its history have done the hardest, dirtiest and most back-breaking of America's tasks, that they are lazy. This is a nation that runs schools that teach Indian children that Columbus discovered America. This is a country that proclaims "all men are created equal" and then relegates every ninth citizen to the bottom rung of the ladder because his skin is black.

Now is the time for this country to face up to the hell it has created for its own people—not to mention those in distant lands—and to act with honor and dignity as befits a nation with pretensions to power, leadership and morality.

Now is the time for this Administration and this country to push forward on a humane, massive, nonpartisan program to end poverty want, racial tensions, and urban and rural decay; to create a meaningful, well-paid job for every adult who can and will work; to build the houses for every family now lacking decent shelter; to create the schools and careers for every child in the land; to provide the health security that will leave no one uncared for and to create the framework of that society which every citizen can truly say is just and good.

Now is the time to move beyond racism, beyond petty prejudice, beyond the stifling confines of a system based on exploitation and suspicion. Time to move beyond civil rights to human rights!

And now is the time for the Urban League to fulfill its broad, noble goal set forth last year, to build a lasting unity among black people; a unity that spans the generation gaps and ideological gaps; a unity that focuses on the *many* things that we share rather than on the *few* things that divide us. For there is a brotherhood in blackness, in oppression, and in poverty that is the foundation stone of our coming strength and power.

And it is now time to start moving beyond the program of black unity to build a new unity among America's oppressed minorities—black, brown, yellow, red, and the millions upon millions of poor and exploited people who are white—to build an example of the United Nations Charter in action among ourselves so that we might really influence, through that example, the results

of the one located within poor borders in New York City.

The shifting sands of current conditions and short-term tactics must not sway us from pursuing our ultimate goal of a pluralistic, open society with integrity, leadership and tenacity.

And now is the time for America to say to its black people, indeed to all its non-white minorities, what Whitney Young persistently said it must say; that "We believe in you, as you have believed in us through centuries of degradation and horror. Your faith has been betrayed in the past, but we, white America, now recognize that we are one people with a common destiny, and the fate of the man highest will be that of the man farthest down."

America must and should say this because it tolerated slavery for the few, and paid for it with the graves of many. It tolerated racism and segregation and is paying for it now in racial strife and mistrust. It tolerated organized crime and drug addiction that victimized black people, and is now paying for it in heroin in white suburban schools. It tolerated poverty and urban decay and is now paying for it in a wrecked economy and in a decline of its cities. It tolerated racism at home and now pays for it in suspicion by good Third World nations abroad. Truly, as Frederick Douglass said, "Crime, allowed to go unpunished, unresisted and unarrested, will breed crime." The crimes of the past and the present may yet kill this country's future. It is reaping that which it hath sown.

But descent to oblivion, like ascent to glory, is reversible. The tide can be turned if this nation will but steel itself to the effort.

Now is the time for the United States of America, on the eve of the 200th Anniversary of its Declaration of Independence, to come forth with a Declaration of Interdependence—a declaration of unity that recognizes health, pluralistic diversity, a declaration that the needs of some must be the needs of all, an affirmation that 200 years late, the American dream will be the American reality; a Declaration of Interdependence (declaring, that all Americans will be free to work out our common destiny without the hate and the racism and the economic deprivation that have kept us chained to the ground, when we should be on the launching pad of greatness.

So. Which way, America? In the words of Blake, "He whose face gives no light will never become a star. The busy bee has no time for sorrow. What is now proved was once only imagined. When thou seest an eagle, thou seest a portion of Genius; lift up thy head."

Which way, America? Can we lift up our heads to the American eagle? Will it take our hopes and dreams and fly to freedom? Or will it, burdened by inequities and bigotry, fall down from the skies in which it hoped to soar?

For our sakes, for our children's sakes, for the sake of all mankind, let it soar high and bold, let it take Whitney Young's challenge and his program and with wings like that, it must span the heavens with that glory that only goodness and integrity command! So that the summary of Whitney's life, our life, America's life will not be a long foolish day's journey into night, but rather a long wise night's journey into day. In that way our deeds can become Whitneys legacy and his time our future.

PROPOSED LEASE OF LAND AT HANFORD

Mr. PASTORE. Mr. President, I ask unanimous consent to have printed in the RECORD correspondence forwarded to the Joint Committee on Atomic Energy by the Atomic Energy Commission concerning a proposed lease of land in the Commission's Hanford project near Richland, Wash.

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

ATOMIC ENERGY COMMISSION,
Washington, D.C., Nov. 3, 1971.

Hon. JOHN O. PASTORE,
Chairman, Joint Committee on Atomic Energy, Congress of the United States.

DEAR SENATOR PASTORE: The Atomic Energy Commission proposes to lease certain land located in the Commission's Hanford project near Richland, Washington, to the Washington Public Power Supply System for the purpose of constructing and operating Hanford No. 2, a light water nuclear electric generating station having a design capacity of 1,100 MW. This land would be leased under the authority of Section 120 of the Atomic Energy Community Act of 1955, as amended, and Title 43 USCA 931–c.

Section 120 of the Community Act provides that the Commission may lease land on the Commission's Hanford project upon a determination by the Commission that such disposition will serve to prevent or reduce the adverse economic impact of actual or anticipated reductions in the Commission's programs in the area and that compensation to the Government for any such disposition shall be the estimated fair market value or estimated fair rental value of the property as determined by the Commission. 43 USCA 931–c authorizes the Commission to grant leases to states, municipal corporations or other public agencies to construct on public domain lands under its jurisdiction public buildings or public works.

Section 120 of the Community Act provides that before any disposition of property the basis for the proposed disposition (with necessary background and explanatory data) shall be submitted to the Joint Committee on Atomic Energy. Accordingly, enclosed are the Commission's determinations (Appendix "A"), and the basis of the arrangements for the proposed disposition (Appendix "B"). The proposed lease is included as Appendix "C." Appendix "D" is a copy of a letter dated September 29, 1971 from J. J. Stein, Managing Director of the Washington Public Power Supply System, forwarding a resolution of the WPPSS Board of Directors approving the proposed leasing arrangements.

We will be pleased to provide any supplemental information the Joint Committee on Atomic Energy may wish.

Sincerely,

R. E. HOLLINGSWORTH,
General Manager.

Enclosures: Appendices "A". "B".

(Appendix "A")

FINDINGS AND DETERMINATIONS

Pursuant to the Atomic Energy Community Act of 1955, as amended, Section 120, and Title 43 USCA 931–c, the following Findings and Determinations are made.

FINDINGS

1. Since 1964, the Atomic Energy Commission has engaged in the cutback of the production facilities at Richland, Washington. The latest reductions involved the shutdown of the KE reactor and other programmatic cutbacks and adjustments. At the end of Calendar Year 1970, Hanford operations and service contractors employed more than 6,300 people. As a result of the latest reactor shutdown and other reductions, employment by these contractors was approximately 5,300 on August 31, 1971. This total will be further reduced to about 5,150 by June 30, 1972 because of additional reductions in reactor operations and support services.

2. The construction by the Washington Public Power Supply System of the proposed nuclear electric generating plant will result in a construction employment at a peak of about 800 people, construction wages will approximate $55 million, with secondary wages in the community of approximately $5 million.

3. The normal operating crew for this plant in continuous operation in 1977 will be between 85 and 100 employees.

4. The Richland economy is still primarily dependent upon AEC employment and maintaining a viable community there is important because of continuing AEC programs.

5. The Corps of Engineers, U.S. Army, conducted in January 1971, a real estate study of several sites on the Hanford reservation which were then under consideration by the Washington Public Power Supply System as potential construction sites. The proposed site was one of those surveyed.

6. On the basis of the study, the Corps of Engineers recommended that a part of the land to be leased be valued at $150 per acre and the remainder at $100 per acre.

7. Based on a reasonable return on investment the Corps of Engineers concluded that an estimated fair rental value of the $150 per acre land is $10.50 per year and the $100 per acre land is $7.00.

8. The parties have agreed that the annual rental of the plant site for the first five-year period will be $3,976 per annum and $7,952 per annum for the remainder of the term of the lease; provided, that after the initial ten-year period and at subsequent intervals of five years or more, the annual rental is subject to revision by the Commission.

DETERMINATIONS

I hereby determine that:

a. Lease of 728 acres of Government-owned land under Section 120 to the Washington Public Power System for the purposes of construction, operation, maintenance and use of a nuclear electric generating plant will serve to prevent or reduce the economic impact of actual or anticipated reductions in the Commission's programs at Richland, Washington.

b. Lease of 358 acres of Government-owned land under Title 43 USCA, Section 931–c, for the purposes stated in *a.* above will be to a municipal corporation for constructing and maintaining public buildings and performing public works.

c. The compensation to the Federal Government under the proposed arrangements between the United States Atomic Energy Commission and the Washington Public Power Supply System represents fair rental value as required by Section 120 of the Atomic Energy Community Act of 1955, as amended, and fair market value as required by Title 43 USCA 931–c.

R. E. HOLLINGSWORTH,
General Manager.

Dated: Nov. 3, 1971.

(Appendix "B")

BASIS FOR DISPOSITION—BACKGROUND AND EXPLANATORY DATA

OBJECTIVE

The objective of this proposed arrangement is to reduce the economic impact of recent reductions in the Atomic Energy Commission's programs at Richland, Washington, by leasing to the Washington Public Power Supply System (WPPSS) certain real property located in the Commission's Hanford project so that WPPSS may construct a light water nuclear electric generating plant having a nameplate rating of approximately 1,100 MW.

PARTIES

The Atomic Energy Commission and the Washington Public Power Supply System, Kennewick, Washington, a municipal corporation, joint operating agency and publicly owned utility, organized under the laws of the State of Washington, and composed of 17 public utility districts.

OPERATING ARRANGEMENTS

The plant will be constructed and operated by the Supply System in accordance with an agreement between the Supply System and the Bonneville Power Administration. The plant capability will be purchased under agreements between the Supply System, Bonneville and 95 statutory preference customers of Bonneville, nine of which initially will purchase a zero share. Under the Net Billing Agreements, each participant will assign its share of the plant capability to Bonneville. Payments by the participants to the Supply System will be credited against the billings made by Bonneville to the participants for power and certain services. The output of the plant will be added to the other power resources of Bonneville.

POWER PLANT DESCRIPTION

The plant proposed by WPPSS would be in the range of 1,100 MW in design capacity and will utilize a boiling water type reactor. The project proposes to use a cooling tower system. The plant would cost approximately $400 million and is scheduled to come on the line in 1977. It would be number four in a series of seven thermal plants which have been approved by the Joint Planning Council for the Pacific Northwest. The plant was originally scheduled to be constructed at Roosevelt Beach in Grays Harbor County, Washington, but as a result of the four-year moratorium on the plant scheduled for Eugene, Oregon, the WPPSS plant was rescheduled to come on the line a year earlier. To meet the deadline, the plant site was shifted to Hanford to speed the certification and licensing processes because the Hanford site characteristics were well known.

SITE DESCRIPTION

The site selected by the Supply System is shown on the attached maps, (Exhibit 1). The location is approximately six miles north of the 300 Area. The nuclear electric generating plant and related facilities will be located in Section 5. The pump station will be located on the river frontage in Section 2. The plant and pump site will be connected by a corridor across Sections 3 and 4, approximately two miles long and 1,000 feet wide for roads, utilities and similar facilities. Total acreage of the site is 1,086 acres. Sections 3 and 5 are acquired lands, and Sections 2 and 4 are public domain. Actual use of the site for a nuclear electric generating plant is contingent upon the Supply System being able to establish that the site is licensable and meets other safety, programmatic and environmental concerns.

LEASING AUTHORITY

It is proposed that the acquired land be leased under Section 120 of the Atomic Energy Community Act of 1955, as amended, and the public domain land under authority of Title 43 USCA 931–c. The legislative history of Section 120 indicates that it is limited to acquired lands. The code section cited authorizes Federal agencies having jurisdiction over public lands to grant leases to states, municipal corporations, or other public agencies to construct on such lands, public buildings or public works. Authority to lease under this section is limited to 30 years. WPPSS' bond counsel has advised that the use of this authority would not appear to create any legal difficulties or impair the marketability of the bonds, (Exhibit 2). The Regional Solicitor, Department of Interior, BPA, concurs in the view that the AEC has authority to lease the public domain lands to WPPSS under this code section and that a subsequent extension of the lease would not be inconsistent with the statute, (Exhibit 3).

ECONOMIC IMPACT

Since 1964, the AEC has been engaged in the cutback of production of plutonium at Richland and has shut down eight reactors and associated separation facilities. The latest reduction in Commission activities at Richland involved the shutdown of the K Reactor, and other programmatic adjustments and consolidation of support services. At the end of Calendar Year 1970, Hanford operating and service contractors employed slightly more than 6,300 people. As a result of the latest reductions, employment by those same contractors was about 5,300 at August 31, 1971. This total will be further reduced to about 5,150 by June 30, 1972, because of additional reductions in reactor operations and support services. Although other AEC programs and the diversification efforts of the operating contractors have tended to temper the efforts of earlier cutbacks, the economy of Richland is still primarily dependent upon the level of AEC employment. The construction of the proposed nuclear electric generating plant will result in a construction employment which will peak at a level of about 800 during the period 1974 through 1976. It is estimated that the construction wages will approximate $55 million and the secondary labor wages in the community will be about $5 million. The normal crew for the plant during the operating period is 85 to 100 employees.

CORPS OF ENGINEERS' APPRAISAL

Both the Atomic Energy Community Act and Title 43 USCA 931–c require that fair compensation to the Federal Government be obtained for the leased premises. The Corps of Engineers conducted a real estate study in January 1971 of several sites on the Hanford reservation which were under consideration by the Supply System, including the site finally selected. Subsequent correspondence with the Corps established that a further detailed appraisal of the selected site was unnecessary at this time. On the basis of the study, the Corps recommended that 100 acres (river frontage Section 2) be valued at $150 per acre and the balance of the acreage (986) be valued at $100 per acre. In the absence of precedence for a lease of this type in the area, the study concluded that reliance must be placed on a reasonable return on investment which was computed to be seven percent of the fee value, or $10.50 per acre for 100 acres of river frontage, and $7.00 per acre for the balance.

GENERAL FEATURES OF PROPOSED LEASE

1. *Uses.*—The Commission will make available approximately 1,086 acres of land upon which the Supply System will construct and operate a nuclear electric generating plant and related facilities. The plant will be designed, constructed and operated in accordance with the construction permit and an operating license issued by the Commission and in a manner determined by the Commission that will not materially interfere with existing or proposed Commission programs in the Hanford reservation area.

2. *Term.*—The term of the nuclear generating plant site which will be leased under the provisions of Section 120 of the Atomic Energy Community Act of 1955, as amended, will be 50 years with options for extension for two successive ten-year periods. The term for the rest of the site, which will be leased under 43 USCA 931–c, will be 30 years with provision for extension.

3. *Payments.*—The annual rental for the plant site for the first five-year period will be $3,976 per annum. The rental for the remainder of the term of the lease will be $7,952 per annum, provided that after the initial ten-year period and at subsequent intervals of five years or more, the annual rental is subject to revision by the Commission.

4. *Termination.*—The Commission will have the right to terminate the leased premises for misuse or disuse or if the Supply System becomes insolvent. The Supply System will be able to terminate the lease if it is unable to obtain the necessary permits and licenses, such as the construction permit. The liability of the Supply System in such event would be limited to the pro rate portion of rental due as of the day of termination and the obligation to restore the premises.

5. *Ownership, Removal and Disposition of Property.*—The Supply System will have one year following expiration or termination of the lease to remove any of its property whether affixed to the land or not. If the Supply System attempts to salvage or remove any property affixed to the land, it will have to restore the premises to its original condition if requested by the Commission. Any property not removed will become the property of the Government. The Supply System will be required to secure the premises against all health and safety hazards.

6. *Protection Against Claims and Losses.*—The Supply System will hold harmless and indemnify the Commission, its contractors, and their employees for loss or damage arising out of activities on the leased premises, unless the injury, destruction or death is caused by the negligence or the fault of the Commission or its contractors or as to which the Supply System is a person indemnified under Section 170 of the Atomic Energy Act of 1954, as amended. The Supply System will be required to maintain insurance to provide protection against such claims and actions.

7. *Commission Access Rights.*—The Commission will have the right of access at all times to the leased premises for all reasonable purposes.

8. *Government-furnished Supplies and Services.*—The Commission will provide supplies and services to the Supply System to the extent (1) that they are not reasonably commercially available; (2) that the Commission has excess capability; and (3) that the Commission continues to provide such supplies and services for its own needs. The charges will be based upon the Commission's established pricing policy. The Commission or its contractors would not be responsible for interruptions in services or for failure to provide any supplies or services.

9. *Miscellaneous Provisions.*—The lease has other provisions relating to ingress and egress right, condition of the leased premises, taxes and assessments, and various other standard clauses required in all contracts to which an agency of the United States is a party.

FRICTION IN CONGRESS

Mr. MATHIAS. Mr. President, when President John F. Kennedy was a Member of the other body, but aspiring to election to the Senate he referred to the House of Representatives as a bucket of worms, in which it was difficult to make an individual impact. Later, when he was a Senator he lamented the frustration of service here, because the real decisions were made downtown.

These interesting and significant relationships within the institution of government have been explored by Adam Clymer in the Baltimore Sun on November 14, 1971. I ask unanimous consent to include it in the RECORD.

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

SILLY OR SAD, FRICTION IN CONGRESS

(By Adam Clymer)

WASHINGTON.—This is the time of year when the House starts feeling like Aladdin's genie, a little weary of doing the work while the Senate, just by rubbing on a bottle, gets the credit.

The late night oratory goes like this (Representative H. Allen Smith, a California Republican, last Wednesday):

"If we do not stand up here today, we are

giving notice to the other body that they can continue to run over the House whenever the notion strikes them. . . ."

The validity of this self-image of hard-working dedication is open to considerable question. The House, after all, usually works a three-day week and will take off ten days for Thanksgiving. Its pride is order, not substance; what gets done, or whether it gets done at all, seems to matter less than doing it the way it was done in 1912. "If I start departing from precedent, there's no end to it," proclaimed Speaker Carl B. Albert a few weeks back.

SENATE FORGETS THE HOUSE

But even if the mirror is flawed, how the House sees itself is what matters in the friction between the two bodies.

And it probably doesn't help a bit that the Senate doesn't answer back in kind. "The Senate forgets the House," one leading Republican senator said.

"I don't think senators think about the House much at all," observed Senator J. Glenn Beall, Jr. (R., Md.). The Senate, several senators agreed last week, spends its energies contending with the executive, not with the House. And this tone, said Senator Hugh Scott, Pennsylvania Republican who is the minority leader, leads the House to "feel the Senate looks down on it."

The most frequent expression of that feeling is the commonplace greeting to a senator who wanders over to visit the House: "Oh, slumming again?"

And again it is heard in the defensive contentions of representatives that theirs is "the people's House" or Mr. Albert's promise last January to "give this House of Representatives its rightful place, a pre-eminent place, among the branches of government."

The Senate doesn't bother with such claims so much, though occasionally it pats itself on the back for its deliberation and boasts of its constitutionally greater role in foreign affairs (matched by the House's constitutional precedence on taxes and self-assumed precedence in appropriations). It feels secure in its six-year terms, its ready access to television and the newspapers, even its superior social status in Washington.

FRICTION IS SERIOUS

The friction is more than an amusing social foible, for it is reflected in the lack of consultation between the two houses on major bills, both before and after passage. This shows up most glaringly in the joint House-Senate conference committees which seek to compromise differences after two versions of a bill have been passed, and in the popular mythology in each house that its conferees always sell out to the other body's.

This was the issue that Mr. Smith was unhappy about. The Senate had tacked several amendments onto the military procurement bill that didn't have much to do with military procurement. Under the tight parliamentary rules of the House they would have been out of order.

They included, among others, a declaration on pulling out of Vietnam, a new military pay raise, and a provision to allow the import of Rhodesian chrome ore to break the United Nations embargo.

The conferences modified the first, scrapped the second, and kept the third.

But because the House has been annoyed for years with the Senate custom of adding "non-germane" riders (either because it couldn't get the measure out of one of its own committees regularly, because it was blocked in a House committee, or simply to increase its leverage by sticking something the House didn't want onto a bill the House did want), the House adopted a rule last year to make this practice difficult.

Under that rule, which slipped past the Senate unnoticed, House conferees are barred from even negotiating on Senate provisions which would be non-germane if they had been offered in the House. There is a loophole; they may negotiate if a separate House vote is taken when the measure is sent to conference to allow them to negotiate. But because one of the arts of the House is avoiding votes on controversial issues (the Senate seems to thrive on them), not once this year have House leaders facilitated such a vote.

"NON-GERMANE" RIDERS

At least twice so far this year, armed services bill conferees from the House have gone ahead and negotiated anyway, though they used the argument of House rules in the conference as an additional bargaining point. And Wednesday night, after taking one of those separate votes after the fact (upholding the Rhodesian chrome importation), the House accepted the conference report.

One of the key problems for the House lies in its inability—and the unwillingness of its parliamentarian, Lewis Deschler—to adapt to new rules, even of its own choosing. If the chrome vote had gone the other way, the whole conference report might have been dead, and the confusion over what would happen next contributed to the decision on chrome.

The issue is a growing one, with Senate leaders becoming increasingly aware of and annoyed by it. Senator Mike Mansfield (D., Mont.), the majority leader, said last week he expected to discuss it soon with Mr. Albert.

Sometimes the issues have been amazingly petty. A few years back, appropriations conferences were stalled until the two aging committee chairmen found a room equidistant between the House and Senate chambers. Senator Scott recalled that once when he was in the House (from 1943 to 1959) one of the larger gripes was that senators were provided with electric clocks in their offices while representatives were not.

OTHER ISSUES

There are other issues. The Senate spends more freely on everything except defense. It is more worried about the war. It is quicker to seize on "liberal" popular issues, like the environment, slower on "conservative" ones, like busing or school prayer.

Those differences merge into attitudes. House members feel they are closer to the real pulse of the nation, with their smaller districts. And senators, while they don't say so to reporters, think they are more in tune with the nation because they don't represent just one city or collection of corn fields, but states that include both.

That feeling, and the necessity to specialize in a small area of expertise if one is to make a name in the mob of the House, leads to another resentment. House members often feel that their greater knowledge is ignored by the public while a senator can flit from topic to topic, making headlines wherever he goes. Indeed, Senator Mansfield contended this was one of the major problems, arguing that "the press is to blame for giving the Senate too much attention." Representative Abner J. Mikva (D., Ill.) commented that "when a senator sneezes, it's national news," and said that senators and their staffs often paid as little attention to representatives as the press, creating friction and inviting backbiting.

Some of this is reportorial sloth, some the star quality of the Senate's many would-be presidents, some the apparently greater ability of the Senate to concentrate on immediate national concerns, and some the House's long refusal to admit television into its committee meetings—a practice that ended this year but only after television had come of age. Moreover, the House rules themselves minimize the importance of speeches, while the Senate's glorify them.

But the difference in expertise is acknowledged, by Senator Mansfield and others, although one senator observed caustically that "while House conferees usually know their subject better, they always come in assuming that they do."

TAKE SELVES LESS SERIOUSLY

Much of the difference is a matter of style. A majority can upset the leadership in the Senate far more easily than it can in the House; the 100-member Senate is more casual, more free-wheeling, more democratic while the House has to have tight rules to get anything done in a body of 435. But, perhaps relaxing outside the chamber, representatives talk more casually, take themselves and their colleagues less seriously than do often pompous senators.

The differences are there, perhaps accentuated by an accident of architecture. Originally—in Philadelphia's Independence Hall—the Senate was one flight up and was logically known as the Upper Chamber. Today, they are on the same level architecturally, but not in the minds of the public, or—really—in the minds of the members.

SHERIFF JERSEY JOE WALCOTT

Mr. WILLIAMS. Mr. President, on November 2 the people of Camden County, N.J., elected a most remarkable man as their sheriff—Jersey Joe Walcott.

I am sure that he is familiar to all of us as the former heavyweight champion of the world. But there are other aspects of Jersey Joe Walcott the man which are not so familiar to many people.

Jersey Joe Walcott possessed the God-given ability to rise to the top of his profession. But he never lost sight of the fact that there are many young people who do not have such great gifts, so after his ring career, he returned to his native Camden to help those young people.

Ralph Bernstein, of the Associated Press, has written a story which describes the career of this most remarkable man. The story shows that in life as in the ring, Jersey Joe clearly has earned the right to be called a world's champion.

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:

JERSEY JOE? SHERIFF CREAM? SAME MAN BUT DIFFERENT IDEAL

(By Ralph Bernstein)

(EDITOR'S NOTE.—New Jersey's Camden County has a new sheriff, a man whose toughness is not likely to be challenged. He's Jersey Joe Walcott, former world heavyweight champion who returned to his home town after his retirement from prize fighting. He's been fighting to help its youth ever since. Last Tuesday's election brought him new honors.)

CAMDEN.—Jersey Joe Walcott has had two careers. In his first he was required to knock people down. Now, he is picking people up.

Walcott was the heavyweight boxing champion of the world at 37, the oldest man ever to hold the title.

"When I was a fighter it was understood that the fellow who could knock the most people down is the fellow who will reach the top the fastest," says Walcott who, after 21 years in the ring, knocked out Ezzard Charles in 1951 to win boxing's most coveted title.

DIFFERENT PHILOSOPHY

Now, at 57, Jersey Joe has won a new title—sheriff of Camden County, across the Delaware River from Philadelphia. He was elected in the Nov. 2 election to become New Jersey's only black sheriff. And he has a different philosophy of life.

"The fellow who can pick up the guy who is a fallen human being and help him to

find his way, I think that is as great a challenge as boxing and believe you me this is what will be done."

Walcott, who lost his title to the late Rocky Marciano in 1952, and failed to regain it in a return bout a year later, came back to Camden, his home town, after his retirement from the ring.

HAD TO QUIT

He was born Arnold Cream, the third of 10 children. His father was a laborer and Arnold had to quit school at the age of 14 to help support the family.

He turned to boxing, took the name of Jersey Joe Walcott and won his first fight for a $7.50 purse.

"In 1951 when I won the title I made a promise to myself and to God," Walcott recalled, as he sat in his office still glowing from his election victory. "I said that if I became champion I would dedicate my life to serving people, young people."

That's exactly what Jersey Joe has done.

After his return to Camden, Walcott took a job as a juvenile aid officer at $10 a day. He said his pay was classified as expense money.

HELPED PATROL STREETS

"I have been trying to help young people ever since, doing my thing my way, trying to prove to people that this is a land of opportunity for those who are willing to pay the price, I mean make the sacrifices, have faith and work hard."

Later, he was appointed assistant director of public safety in charge of juvenile affairs. He handled the administrative phase of his job during the day, and at night he helped patrol the streets and keep the peace.

He is credited with helping ease racial tensions in the city. In 1969, he was named head of the Department of Community Relations.

What did Walcott tell the kids who were walking the wrong side of the street?

"My best approach and most effective, is that I try to sit down with one or many and explain to them the type of things that I've experienced, the life that I lived, the conditions that I lived under, the faith that I had, and the realization that there wasn't any shortcuts to success. This way I developed a good relationship with young people."

WON BIG MARGIN

Walcott led the Democrats to their first victory in this county of 450,000 in many years, carrying several candidates into office with him. He believes his sincerity and dedication helped carry him into the sheriff's office by a margin of about 8,000 votes.

"I don't say anything today that I can't say tomorrow," observes the ex-fighter.

Walcott made all his speeches off the cuff, during the recent campaign, refusing to use a speech writer. He wouldn't allow any of his supporters to say a derogatory word against his opponent, and the day after victory took his Republican opponent, William Strange, out to lunch.

Walcott feels he has been blessed in every area of life, despite the death of his wife about a year ago. He notes proudly that his oldest son, Arnold Jr., is a lieutenant on the Camden police force; two daughters are schoolteachers, one a beautician and another an executive secretary. His youngest son is a Baptist pastor.

"Life has just begun," he says.

NEW OCEAN SEARCH-RECOVERY VESSEL

Mr. SCHWEIKER. Mr. President, on Thursday, November 4, I had the opportunity to tour *Alcoa Seaprobe*, a 243-foot, all-aluminum search-and-recovery vessel which is based here in Washington.

To my knowledge, no existing or proposed ship has anything approaching *Seaprobe*'s capabilities. It was developed by the Aluminum Co. of America to recover 200-ton payloads from a depth of 6,000 feet; to search, core, and sample mineral deposits on the sea floor; and to perform other oceanographic research and exploratory functions.

As a member of the Senate Armed Services Committee, I have often wondered how the tragedies of the U.S. submarines *Thresher* and *Scorpion* might have been averted. Perhaps the answer lies with vessels like the *Alcoa Seaprobe*.

The capabilities of the ship are detailed in the following remarks by F. Worth Hobbs, vice president of Ocean Search, Inc., owner and operator of *Alcoa Seaprobe*. I ask that Mr. Hobbs' remarks be printed in the RECORD at this time.

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

REMARKS BY F. WORTH HOBBS

In April, 1963, loss of the nuclear submarine *Thresher* in more than 8000 feet of water focused worldwide attention on existing limitations for conducting deep-ocean search and recovery operations. These limitations were emphasized further during the H-bomb search off Palomares, Spain, in 1966, the search for the submarine *Scorpion* near Azores in 1968, and the recovery of the research submerisible *Alvin* off Martha's Vineyard in 1969.

Most major search and recovery operations have called on the combined efforts of surface ships; towed devices containing magnetometers, sonars, television and still cameras; manned submersibles and remotely operated manipulator devices. The *Alcoa Seapore* program is designed to capitalize on the best features of existing search and recovery systems.

In search and recovery work, the primary limitations of submersibles (*Alvin, Pisces, Aluminaut, Trieste,* etc.) are:

(1) endurance in terms of time on station and susceptibility to the effects of weather

(2) precise positioning ability on the bottom

(3) no heavy lift capability

Most towed sensor systems (*Mizar, Deep Two, Obbs*) are limited by:

(1) inability to conduct real time examination of bottom objects (photographic coverage only)

(2) no lift capability

Currently available, remotely operated manipulator devices (*Curv, J-Star, Nedar, Sord, Rum*) are limited by:

(1) the relatively small area over which they can search

(2) light lift capability only

The *Alcoa Seapore* concept brings the deep-ocean working environment a broad gauge capability with the following basic advantages:

(1) stable surface platform capable of using bottom-mounted acoustic or surface and satellite precision positioning systems

(2) omni-directional Voith-Schneider ship propulsion system

(3) precision ship control system for search and recovery maneuvering and positioning control

(4) tethered and remotely controlled bottom-search sensors, and recovery devices which do not require man-rating, i.e., not certified for human occupancy and life support

(5) heavy lift capability limited only by the tensile strength of the pipe string used

(6) endurance up to 45 days on station

The deep-ocean work systems of the *Alcoa Seaprobe* concept currently are in the developmental stage. The search and sensor package—the "pod"—has been tested to 600 feet in the Great Lakes. The first generation recovery device and pipe thruster system have been tested in the shallow waters of Chesapeake Bay. The pipe handling system (without the "pod" or recovery devices) has been tested to 6100 feet under static and dynamic conditions in deep water off the Virginia coast.

Upon departure from Washington, the ship will proceed to the Bahamas for continued test and evaluation of the entire system to 8000 feet. After the 8000-foot tests, any system modifications necessary to extend the capabilities to the design goal depth of 18,000 feet will be made.

In addition to conducting traditional search and recovery operations, the capabilities of *Alcoa Seaprobe* will be readily applicable across the full range of academic and scientific ocean endeavor. Such activities will include oriented bottom sample retrieval, intermediate depth coring, precise positioning of data gathering packages, ocean floor mapping, examinations of sea mounts for geological and biological data and dumping ground surveys. The range of applications essentially is unlimited once the fundamental principles and capabilities are proven.

Another area of potential use which requires further examination lies in the field of underwater archeology. It is possible *Alcoa Seaprobe* could be used to recover objects of archaeological significance from ocean depths where reduced oxygen content, cold temperatures, minimal currents, and small sedimentation rates enhance the preservation of the object, as well as ease the task of locating it. Research in this field is currently underway on a number of fronts within the archaeological community.

We are most enthusiastic about the performance of the ship. The systems and the crew have performed admirably in preliminary tests, and we are looking forward to continued deep-water tests in the Bahamas.

THE NOMINATION OF EARL BUTZ

Mr. HUGHES. Mr. President, President Nixon's nomination of Earl Butz for Secretary of Agriculture is a blow to our farmers not only because of Mr. Butz' devotion to agribusiness, but also because of his obsession with agribusiness.

Mr. Butz' record on this is clear and consistent: the steady decline in the number of farms in America is inevitable, it will continue, it is not bad, there is nothing Government can do about.

Mr. Butz predicts that we will lose another 1 million farms in this country by 1980. And he predicts that of the Nation's 1 million "commercial" farms, 400,000 will be out of business by the end of this decade.

Who are those 400,000 commercial farms over whose economic demise Mr. Butz will willingly preside? The top 1 million farms in this country, according to the last reported U.S. Census of Agriculture, sold nearly $10,000 a year of farm products or more. These are not inefficient operators, tilling the soil with horse-drawn plows. These are highly capitalized, large-scale operations with over 200 acres of farmland each. And yet Mr. Butz predicts that 40 percent of these farmers will be out of business by the end of the decade.

The psychology of bigness, of which Mr. Butz is a leading apostle, is largley responsible for the mess that farmers are already in. Over the past 20 years, the land grant colleges, the extension service,

and some farm organizations have been preaching bigness and growth for growth's sake. But lack of efficiency is no longer the crucial farm problem. Most agricultural economists agree that operations the size of those for which Mr. Butz predicts failure are efficient production units. The basic agricultural problem is not insufficient production, but surplus production.

The record of the past two decades is clear: the decline in the number of farms has not meant a decline in total farm production. In fact, farm production has steadily increased each year while 70,000 farmers annually were driven from their farms. For as the number of farms has decreased sharply, the average size of each farm has grown dramatically.

The overriding trend in agriculture over the past two decades has been the concentration of farm production into fewer and fewer hands. Today, less than 1 percent of the Nation's farms generate about one-third of all farm sales. The smallest 56 percent of our farms produce only about 8 percent of all farm sales.

Those of us who deplore this creeping concentration are not simply romantics who long for a return to the 18th century. We are pragmatists who realize that the backbone of a rural economy must be in its agriculture, and that unless we can preserve the small, independent, and already efficient farm operations, we cannot reverse the flow of population to our already overcrowded cities.

Too many farmers have already been trapped by the growth syndrome. They are told to get bigger so they buy more acreage. In order to work the increased acres, they are forced to buy more farm machinery and go more deeply in debt to pay for it. To amortize their debt they are pressured to produce even more, to expand even further, to go more deeply in debt.

It is like running on a treadmill where the treadmill is moving faster than the runner.

The farmers who are being squeezed out of business by the larger operators do not want to leave farming. I have never seen a smiling farmer boarding up his barns. This is an essential fact that Mr. Butz does not seem to recognize. The drive of the Department of Agriculture, Mr. Butz told his confirmation hearings in the Senate Agriculture Committee, must be to find rural alternatives to farming for farmers forced to leave.

The trends are going to continue.

He told the Washington Post in a recent interview.

No matter what government does . . . This trend toward less farms is not bad . . . (it) releases people to do something else useful in our society.

With about 5 million Americans presently unemployed, and welfare rolls bulging in our cities, where does Mr. Butz suggest these "released" farmers go?

Bigness and concentration in farming are neither accidental nor inevitable. They are in large part the product of farm policies, tax laws, and Department of Agriculture practices over many years. The farm subsidy program, as it is presently designed, disproportionately favors the large operator. The bulk of farm price support payments go to the largest farm operators. Our tax laws encourage bigness. The Federal Extension Service, part of the Department of Agriculture, has from its beginnings had a strong bias toward the larger farmers in the Nation. The research policies of the Department of Agriculture and the land-grant colleges have shortchanged the problems of the small operators in their rush to serve agribusiness and large farm operations.

There is much that a willing Secretary of Agriculture could do to reverse the trend toward concentration and bigness. But Earl Butz shows no disposition to marshal the resources of that Department to save the small operator.

"Adapt or die, resist and perish," summarizes Mr. Butz' agricultural philosophy. It is not a conclusion he has recently arrived at, but an essential tenet of his agricultural thinking.

On March 10, 1955, he told the Record-Stockman:

Too many people are trying to stay in agriculture that would do better some place else.

On November 29, 1957, he told the U.S. News & World Report that what is wrong with the Nation's farm economy is "too many farms." "There are some people who just weren't cut out to be farmers," he went on, explaining that many of these will leave the farms for other jobs "if the politicians will stay out of their hair."

Perhaps the most comprehensive statement of Mr. Butz' vision, at least at the time, was a statement he made to the Cincinnati Post on May 6, 1958:

This is not a new trend toward larger and fewer commercial farms. It has been going on for decades. It has only been accelerated in the present decade. It will accelerate still more in the decade ahead. All the power of government can't stop it. Nor should it. It can only confuse the issue. The big growth will be in enterprise managers. After all, integration generally involves single enterprises, not whole farms.

These changes may alter the traditional entrepreneurial, risk-taking function of the individual farmer. It may even move him in the direction of a quasi-riskless, semi-guaranteed wage earner. But this is not necessarily bad, per se. He may be, and frequently is, better off this way than he was before.

The commercial farm will increasingly assume the characteristics of a manufacturing establishment. The gross margin per dollar of receipts will become narrower, and profits will depend increasingly on growing volume. This will place still more pressure on the smaller and less productive farm units.

Our country-side will become "rurbanized". Our modern science and technology have made it possible for farm and city folk to live alongside each other in our newly "rurbanized" communities. The effect of the resulting intermingling has been that there is no longer a clearly defined farm population and industrial population, especially within forty or fifty miles driving distance of our big industrial centers.

Ultimately farmers will lose their vocational identity. At this point farming will no longer be a "way of life", but will be a "way of making a living," just the same as other business enterprises.

Political leaders will resist the trend toward large, well-capitalized units in agriculture, in their oratory, in their Congressional hearings, and in their legislation. The philosophy of the small- owner-operated family farm is deeply ingrained in our social and political pores. The controversy over this issue is often more emotional than economic.

Political pressure will continue to be on the side of maintaining small, family farms, even though modern technology dictates strongly that family farms become larger.

There is no prospect that ambitious politicians in Congress will stop demogoging the emotionally explosive family farm issue, any time in the foreseeable future.

I do not share Mr. Butz' vision. The efficient, but small independent operator who has spent his life building his farm business should have a right to stay in farming. We must break our obsession with business and growth for its own sake. As Edward Albee once wrote:

Growth for the sake of growth is the ideology of the cancer cell.

The following letters are merely a representative sample of the many letters of opposition to Mr. Butz' nomination that I have received from farmers, rural businessmen, and concerned citizens in my state:

From a high school senior:

I am an 18 year old senior in high school and someday plan to farm. I am deeply disturbed by the fact that Mr. Nixon has nominated Mr. Butz for Secretary of Agriculture. All newspaper reports and TV interviews tend to show that he favors the large corporation farm over individual family farms. I don't want to see a man with his opinions representing the farmer.

From an Iowa farmer:

We farmers feel like we've been "kicked in the teeth" for making a touchdown. We were encouraged to plant corn and offset the blight. Now we can't make expenses with the market price.

Several years ago we had a fair price which the government brought way down by dumping corn on the market. Now why don't they stabilize the market by buying it?

From another farmer:

I am writing in regard to the appointment of Mr. Earl Butz for Secretary of Agriculture.

It seems to us, that we have enough problems without having someone with his background and ideas to represent us.

We farm 430 acres in Butler County and would like to keep on doing so. We feel that with someone like Mr. Butz, it wouldn't be long and we would be forced off to big corporations.

Please do what you can to get a plain *Dirt Farmer* in the Agriculture Department. We don't want someone like Mr. Butz.

P.S. We don't want another Benson.

From a tax and management consultant to farmers in my State:

I am writing regarding the proposed appointment of Earl Butz to the post of Secretary of Agriculture. I believe that careful investigation is necessary as from the information in the press and so forth I question very much if he has the interest of the average farmer at heart. He is quoted to have said that "adapt or die" indicating that he thinks farms have to get larger and more closely associated with agribusiness. He is quoted as predicting that farms will be reduced by 1,000,000 by 1980.

I do tax work for a good many farmers and I have yet to see that growing big is necessarily the answer as I have several clients who are walking on pretty thin ice because they are trying to get big. The large majority of the farmers I work for are average farms and doing very well, paying their bills, providing a good home for their wife and family and taking their place in community activities.

I think the word $ucce$$ has too many dollar signs in the name.

BUCHWALD SPOOFS MILITARY ON BIG WEAPONS PROCUREMENT

Mr. PROXMIRE. Mr. President, in the past few years the examination by the critics of the Pentagon have turned up some pretty horrible examples of weapons waste. Some do not work. Some are unneeded. Others are built by one service to keep pace with a sister service.

One of the biggest questions of them all is why we need more than 15 aircraft carriers. The Russians have none. As one Senator has said, to knock them out with modern missiles is easier than hitting a bull in the butt with a bass fiddle. Yet the Navy continues to push and press and lobby for more carriers.

This is bad in itself. But when it occurs at the same moment the Navy tells us it must have billions for modernization of the fleet, it appears to me to compound the waste.

Now Art Buchwald has placed the entire matter in perspective. He argues that the Navy's success in getting its carrier will make it possible for the Army to procure its new tank and for the Air Force to rush the B–1 bomber into production. If one service gets a billion for a carrier—and, in fact, carriers and their supporting ships cost $1.8 billion—then what is there to stop the Army and the Air Force?

Mr. Buchwald puts the matter better by spoofing it than many of us have been able to do with serious argument. I ask unanimous consent that his article entitled "Billion Dollar Aircraft Carrier" be printed in the RECORD.

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

BILLION DOLLAR AIRCRAFT CARRIER

(By Art Buchwald)

WASHINGTON.—It had to come sooner or later. The unthinkable has become thinkable. The U.S. Navy is asking for one billion dollars to build one aircraft carrier.

No one thought it would happen for five years, but when the word got out there was jubilation in all the military services at the Pentagon.

An Army general said, "I never thought the Navy would have the guts to ask for it, but now they've broken the sound barrier, we're all free to ask for a billion dollars for our favorite weapon."

"Then you're not mad at the Navy for asking for that kind of money for an aircraft carrier?" I asked.

"Why should we be mad?" the general answered. "We've been piddling around with $100 million here, $100 million there on a new piece of hardware, when everyone knows you really can't get a bang for a buck less than a billion.

"But we didn't know how Congress would react until the Navy asked for the billion for a carrier. It didn't faze them in the least, so now if the Navy can get a billion for an aircraft carrier, we can get a billion for something we've wanted to build for some time.

"What is that?"

"It's a giant tank," he said, "and it takes up eight football fields. It's the greatest advance in military hardware since the invention of the Gatling gun."

"A billion dollars for one tank?"

"It's not just a tank, you fool," the general said. "Look at this model. The top of the tank is flat so bombers can take off and land on it. On the sides you have missiles and in the front and rear you have four 16-inch guns."

"But even with all those things it doesn't seem as if it would cost a billion dollars."

"Aha, that's the surprise," he chuckled. "You see this here on the bottom?"

"It looks like a keel."

"Exactly. This is a floating nuclear airborne tank, something the U.S. Army cannot do without."

"But it looks just like an aircraft carrier," I said.

The general took the model away angrily. "How can it look like an aircraft carrier?" he said. "It's painted brown!"

The Air Force was also celebrating the Navy's billion-dollar breakthrough. An Air Force colonel in research and development showed me the latest plane the Air Force wants to build.

"This is the greatest bomber ever designed by man," he said. "It flies at 60,000 feet, floats on water and can cut its way through a jungle so silently that not even birds can hear it."

"But it looks like a tank," I said.

"How can it be a tank?" he grumbled. "It says U.S. Air Force on the side."

Although there was excitement in the Army and Air Force wings of the Pentagon it was nothing comparable to what was going on over at the Navy Department.

Officers were handing out cigars and you could feel the excitement in the air.

While I was talking to one admiral, another admiral came down the hall and my admiral rushed up to him saying, "Zeke, for gosh sakes, I haven't seen you in four years. You look like a billion dollars."

The other admiral laughed. "You look like a billion dollars yourself."

NOMINATION OF EARL BUTZ TO BE SECRETARY OF AGRICULTURE

Mr. STEVENSON. Mr. President, the nomination of Earl Butz to be Secretary of Agriculture has provoked an angry reaction among farmers in the State of Illinois.

This has been a disastrous year for farmers in the Midwest. A catastrophic decline in corn prices has had devastating consequences for farmers in Illinois. The nomination of Mr. Butz hardly gives them cause to believe that better times are coming.

I share their view that this nomination reflects the administration's indifference to the plight of small farmers. In this appointment, as in many other ways, Mr. Nixon has come down on the side of big business—in this instance, big agribusiness.

I want Senators—particularly those who do not have large farm constituencies—to know how farmers in my State feel about the nomination of Mr. Butz. I ask unanimous consent that excerpts from representative letters and telegrams I have received from rural communities be printed in the RECORD.

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

EXCERPTS FROM LETTERS AND TELEGRAMS

From Alma, Ill.: "Why Butz for Secretary of Agriculture? Represents only large corporations. Small farmers must be considered."

From Peoria: "Please oppose Butz nomination . . . His close connection with agricultural interests and apparent hostility to small farmers makes him an undesirable choice."

From Nashville: "Farming at stake. Butz not qualified. I speak as Farm Bureau member."

From Ashley: "Help us solve problems, do not create new ones. Do not seat Butz."

From Brownstown: "Butz for Secretary of Agriculture would be capital punishment for small farmers."

From Peterpoint: "Save the family farm. Request you do not confirm the appointment of Earl Butz."

From Glen Carbon: "Give agriculture back to farmers. Give Butz the boot."

From Nashville: "As Farm Bureau member, I request Butz not be seated."

From Peru: "A vote for Earl Butz is a vote against me, a farmer."

From Danville: I object to Earl Butz appointment . . . He isn't for the family-size farmer."

From Sterling: "Don't believe Earl Butz represents farmers. Please vote against confirmation."

From Tiskilwa: "I am very dissatisfied with President Nixon's selection of Earl Butz . . . We need a man to work for the family type farmer."

From Morton: "As a farmer I oppose the nomination of Earl Butz . . ."

From Springfield: "Illinois Farmers Union opposes the nomination of Earl Butz . . . We believe his corporate agribusiness interest would have priorities over family farm interest . . ."

From Seaton: "Please do not seat Earl Butz . . . He will ruin family farmers."

From Pana: "I am opposed to Earl Butz . . . The family farmer needs help."

From Hartsburg: "I don't approve Earl Butz . . . It would be disastrous."

From Buncombe, a telegram with 12 signatures: "Cannot tolerate Earl Butz for Secretary of Agriculture."

From Lolstant: "Vote against Butz. Let's keep the family farm and private enterprise."

From Greenville, a telegram with 40 signatures: "Against Earl Butz for Secretary of Agriculture. He favors corporations and against family farmers."

From Pocahontas: "Protest appointment of Earl Butz; has too many ties in agribusiness and is opposed to family farms."

From New Boston: "I believe Mr. Butz to be a very poor choice for Secretary of Agriculture."

From Taylorville: "We as farmers are opposed to the appointment of Earl Butz as Secretary of Agriculture."

From Elgin: "We bitterly protest the nomination of Earl Butz . . . There has to be family farms if people are going to eat."

From Morton: "Please do all you can to stop the nomination of Earl Butz as Secretary of Agriculture. He is not for the farmer."

From Hartsburg: "Because of Earl Butz's corporate interests I sincerely believe he shouldn't be Secretary of Agriculture."

From West Brooklyn: "As a farmer I do not approve Earl Butz as Secretary of Agriculture."

From Hillsboro,, a telegram with 30 signatures: "We oppose the appointment of Earl Butz as Secretary of Agriculture."

From Sheffield: "Butz must go."

Mr. STEVENSON. Mr. President, I have announced my intention to vote against the confirmation of Mr. Butz. I ask unanimous consent that my statement to the Committee on Agriculture be printed in the RECORD.

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

STATEMENT BY SENATOR ADLAI E. STEVENSON III, OF ILLINOIS, BEFORE THE SENATE COMMITTEE ON AGRICULTURE, NOVEMBER 19, 1971

Mr. Chairman, I am dismayed—as all who have an interest in the well-being of rural America and its people should be—by the President's nomination of Mr. Earl Butz as Secretary of Agriculture.

The piece of paper on which the nomination was transmitted to this Committee may

be the death warrant for the remains of rural America. Mr. Butz now speaks of his interest in the survival of family farms, but his record in the board rooms of agribusiness, as Assistant Secretary under Ezra Benson, and at Purdue, bespeaks a commitment to the very forces responsible for the demise of some 3 million family farms since World War II.

I appear before this Committee as a Senator from one of our great heartland states. Illinois is one of the nation's largest agricultural producers. Family farms are the lifeblood of rural Illinois and of many of our urban communities.

I appear before you also as Chairman of the Subcommittee on Migratory Labor of the Committee on Labor and Public Welfare. In an effort to help farmworkers and their families overcome the helplessness and hopelessness that are the stigma of migrant labor, the Subcommittee has undertaken a searching examination of questions relevant to the nomination of Mr. Butz.

Our inquiry has brought us face to face with a vast upheaval in rural America—an upheaval the more remarkable because it is, for the most part, unseen and unheard by most Americans.

Often, in speaking of life in rural America we resort to statistics—and the figures sometimes disguise as much as they reveal. They tell us, for example, that Americans in great numbers have been leaving the farms and moving to the cities. But the numbers do not capture the hidden meaning of the rural migration: ruined hopes, deserted homes—a dying way of life.

The American dream, whatever else it may mean, has always had something to do with free men tilling their own soil: prosperous, independent citizens in control of their own lives, enjoying a full and fair return for their hard work.

The dream goes a long way back. Thomas Jefferson was its most eloquent champion. But it is still very much a part of our image of ourselves. Most of us still believe, or want to believe, that a man of modest means can survive and prosper by his own toil on land he calls his own.

There are some these days who consider that version of the American dream quaint, if not obsolete—like the buggy whip or the pot-bellied stove. They call themselves "realists." They are devoted to "progress" and "efficiency." They advance a new sort of ideal for rural America which emphasizes bigness and "economies of scale." They do not mourn the passing of the family farm and the small town. They tell us that today, the earlier version of the American dream is little more than a nostalgic fantasy.

I am not so sure. I am not ready to abandon that old dream until we study the alternatives—until we examine the new way of rural life admired by these so-called realists.

If reality must mean bankruptcy and frustration for the small farmer and the farmworker, what price reality?

If "progress" in rural America means hunger, disease and malnutrition; poor medical care and low educational standards; bad housing and decaying communities, then what price "progress"?

If "efficiency" means that we must have a permanent underclass of migrant workers, depressed and dispossessed, what price "efficiency"?

If "economies of scale" mean that our cities must bear the pressure of rural out-migration, with its burden of welfare payments, unemployment and social tension, then we can rightly ask if "reality" is worth what it is costing us.

Upon examination it may be found that the small farmer, tilling his own land, is a more efficient producer than the agribusiness farm, particularly in the labor intensive production of fruits and vegetables. It may be found that he produces a better quality product and does less violence to the earth and water.

Mr. Butz says the government should not intervene to save the small farmer. Upon mere reflection, it may be found that the government has intervened—with tax laws, land reclamation programs and the services of land grants colleges—to help agribusiness and hurt the small farmer.

Mr. Chairman, I will not take up this Committee's time by reciting once more Mr. Butz's identification with policies and practices that have contributed to the dehumanization of rural America. Despite his recent assurances of an interest in the fortunes of small farmers, I am forced to conclude that Mr. Butz's philosophy, like his stock portfolio, reflects his commitment to big business—big agribusiness.

I suggest, Mr. Chairman, that in considering this nomination the Senate cannot ignore the many voices speaking out in and for rural America.

The fate of our nation is still bound in large degree to the fate of rural America. For every six farms which close down, a small business shuts its doors. The plight of our cities arises in large measure from the plight of rural Americans.

Our object ought to be a national policy whose effect is not simply "efficiency," or progress," or "economy of scale," but a decent life for all rural Americans.

In pursuit of such a policy, many questions have to be asked:

Will a citizen in the America we are building be able to find a decent, independent life in a small town or on his own farm land? Or will he be a nameless worker in a vast food-processing combine, managed by a corporate owner?

Will rural America be dominated by its own citizens—or by absentees who care greatly about profits, and only vaguely about the quality of rural schools, rural hospitals and rural life?

Will the goal of public policy be a decent standard of living for all Americans—or simply a higher level of profits for some?

Is the United States Department of Agriculture living up to its self-declared "moral and legal responsibility to farmers and farmworkers"? Or is it, through indifference, or design, or soulless "realism," abetting the destruction of the family farm—and of farm families?

Mr. Chairman, we cannot meet our responsibility to rural America by permitting the President to place the Department of Agriculture under this man. To confirm as Secretary of Agriculture the Assistant Secretary of Agriculture who said in 1955 "Adapt or die! Resist and perish" would be to sign, seal and deliver a symbolic death warrant for rural America. I hope the Senate won't do it.

ISRAEL NEEDS MORE AIRCRAFT

Mr. WILLIAMS. Mr. President, the administration is continuing a policy which presents the gravest threat to peace in the Middle East. Only 4 days ago the Secretary of State justified the administration policy of refusing to sell jet aircraft to Israel by claiming the Soviet Union had shown "restraint" in supplying arms to Egypt. Yesterday the State Department announced that the Soviet Union has shipped more planes to Egypt which, for the first time, can fire air-to-surface missiles. The introduction of this new offensive armament greatly increases Egypt's potential for aggression against Israel. In spite of the mass of evidence that the balance of power is shifting dramatically in Egypt's favor, the State Department continues to "assess the impact" rather than to act to restore the balance.

On October 15, more than three-quarters of the Members of the Senate joined to urge the President to supply F–4 Phantoms to Israel. For all of this time the administration has ignored the continued shipment of Mig–21's and the TU–16's to Egypt. It has also disregarded our statement of concern that Egypt will not conduct serious negotiations as long as they hope to succeed militarily. Finally, the administration has refused to react to Israel's pleas for the means of self-defense.

Now that the State Department has agreed to facts which confirm our view of the changing strategic situation in the Middle East by the military build-up in Egypt, I believe we again should strongly encourage the President to take affirmative action on Israel's pending request for F–4 Phantom aircraft. The threat of war is too critical to permit further delay; therefore, I feel it is essential for everyone concerned about this issue to express his position once again, hoping that the administration will finally act.

TRAGEDY IN ULSTER—VII—ROOTS OF THE PRESENT CRISIS, PART 1

Mr. KENNEDY. Mr. President, the November 14, 1971, issue of the London Sunday Times contains the first article in a current two-part series, tracing the roots of the present tragedy in Ulster. The series presents a long and excellent analysis and chronology of the events that brought Ulster from the peaceful civil rights movement of the mid-sixties to the threshold of civil war today.

A major section in the first part of the series deals with the deterioration in conditions that led to the decision to send British troops into Ulster in 1969, and it closes in turn with the deterioration in relations between the British troops and the Catholic minority they were sent to protect.

The second part of the narrative, to be published in tomorrow's Sunday Times, will deal with the most recent events leading up to the initiation of the internment policy by the British Government in August 1971.

Mr. President, I believe that the article contains an extremely valuable record of the development of the tragedy in Ulster today, and I ask unanimous consent that it may be printed in the RECORD.

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

INSIGHT: A PERSPECTIVE ON ULSTER—THE BLOODY PATH PAVED WITH EASY OPTIONS

The narrative that starts below—the first of a two-part report—is an attempt to get at the roots of the present tragic imborglio in Northern Ireland. We have talked to as many of the principal actors, past and present, as we could: Ministers, generals, civil servants, guerrilla leaders.

How did a clinical peace-keeping exercise by British troops turn into a murderous confrontation from which there sometimes seems no way out? The reasons that emerge go beyond history, religion and politics. They include incompetence, secret intrigue, blunder and betrayal.

But the narrative of Ulster is not simply a story of evil or guilty or even callous men. There have been many good intentions and many honest mistakes, and if some of the criticisms we make are informed by hindsight they may none the less have lessons for the future.

Our enquiries have brought countless fresh points of fact to light; but chiefly they illuminate the hardening attitudes among the politicians, the Provisionals, the soldiers and the Protestants which contributed over a period of three years, to a slow and inexorable darkening of the scene.

The beginning of the recent story of Ulster is a lethal error by the ruling Ulster Protestants. It was to mistake the Civil Rights movement of the Sixties for an attack on the State of Ulster itself. Thus, by choice of the ruling elite, the energy of the reformist impulse has been made to shake the foundations of society.

Every previous challenge to the authority of the rulers of Ulster had indeed involved an attack on the existence of their State. At the beginning of the Sixties, Ulster had just been subjected by the Irish Republican Army to a six-year campaign, in which armed men from the South attacked across the border with the aim of promoting a rising among Ulster Catholics.

It was, by present standards, small-scale. Six Ulster policemen and eleven IRA men were killed in the whole campaign. It was also a total failure. Many unionist politicians, and especially Brian Faulkner, then Minister for Home Affairs, believed that this owed much to the use of internment. But the underlying cause was an almost total lack of response from the Catholics in Ulster. The IRA communique announcing the end of the campaign admitted that the chief reason was "the attitude of the general public. . . ."

Whatever their views about the legitimacy of the Protestant Government and the injustices it visited upon them, the Catholics were not then ready to support its overthrow by violence. Ulster was therefore, at some level, a workable society. The IRA was for the moment irrelevant.

The time was ripe to begin dismantling the apparatus of total Protestant supremacy—especially the electoral gerrymander which gave the Unionist a monopoly of power, and the various physical and legal instruments, notably the armed militia (the B–Specials), by which they oppressively exercised it.

The Unionist did not see it that way. The suggestion that Catholics might be admitted to the Unionist Party, which Brian Faulkner revived ten days ago, got nowhere then. At the first suggestion Sir George Clark (now chairman of the Unionist Standing Committee) brought out the Reformation brimstone: "An Orangeman is pledged to resist by all lawful means the Ascendancy of the Church of Rome. . . ." Lord Brookeborough, Prime Minister until 1963 and author of the dictum that "there is only room for one political party in Ulster," said that those who favored admitting Catholics were "charging against windmills and beating their heads against a wall."

1960's A New Middle Class Emerges

But socially and economically Ulster was slowly changing. Lord Cameron, the Scottish judge who in 1969 was appointed by the Labour Government to inquire into the Ulster disturbances, summed up the effects of social advance: "A much larger Catholic middle-class has emerged, which is less ready to acquiesce in the acceptance of a situation of assumed (or established) inferiority and discrimination. . . ."

The weapons of this new class were not guns, but ones Protestant Ulster was perhaps less equipped to deal with.

The new middle class, Catholic as well as Protestant, was often close enough to its working-class originals to see itself as a spokesman for working-class grievance. It contained able and ambitious men and naturally developed a measure of theoretical radicalism among its student population. But the complaints it articulated in the mid-Sixties were moderate by any sensible standards.

They were typically set out in a Sunday Times article of July 3, 1966, which instanced such matters as gerrymandering and public employment in Londonderry.

The classic example (of gerrymandering) is Londonderry, Ulster's predominantly Catholic second city. There are 14,325 Catholics on the local roll, and 9,235 Protestants; but the wards are so organised as to give Protestants majorities in enough of them to win control of the City Council . . .

In employment, the pattern of prejudice is the same. In Londonderry the heads of all City Council departments are Protestant. Of 177 salaried employees, 145—earning £124,-424—are Protestant, and only 32—earning £20,420—are Catholic.

At that time the suggestion that reform would never come without "vigorous prodding from Westminster" attracted deep Protestant fury. Three years later the Cameron Report presented a picture which was not substantially different, though far more authoritative. But Cameron was reporting after the violence had begun, and the sequence of events which led to it needs to be carefully set out.

The decisive step was the foundation of the Northern Ireland Civil Rights Association in 1967. This took place against a background in which Catholic grievances had been widely acknowledged, but had been met with glassy indifference by the majority of Unionists politicians.

A typical confrontation occurred at a conference in London in 1965. Charles Brett, a Belfast lawyer (and a Protestant), called for "immediate legislation to deal with discrimination in employment and housing." John Taylor (now a Minister in the Faulkner Government) immediately repudiated the necessity for any such reforms. Religious discrimination, he declared, was being used as a "political strategem" by the Republicans.

One Unionist who did admit the need for reform—and publicly at that—was Terence O'Neill, who had succeeded Brookeborough as Prime Minister in 1963. O'Neill's admission confirmed Catholic faith in the legitimacy of their demands, but at the same time his inability to carry his party into actual and concrete reform increased Catholic frustration.

Powerful currents began to run through the Catholic community, and it was the Civil Rights Association which, almost unintentionally, tapped them. It had been modelled on the National Council for Civil Liberties in England, and for its first year of existence it behaved similarly, dealing with individual complaints.

In June, 1968, a Catholic family were evicted from a council house in which they had been squatting at Caledon, a village of the Dungannon Rural District. On June 13, a 19-year-old Protestant named Emily Beattie, secretary to a prominent Unionist, was moved into the house. The case, which seemed a particularly gross one, was brilliantly publicised by Austin Currie, the local Nationalist (i.e., Catholic) member of the tiny Opposition at Stormont, the Ulster Parliament.

Currie suggested that the Civil Rights Association should stage a march between the neighbouring towns of Coalisland and Dungannon, to protest against the inequities of local housing policy. With some reluctance, the CRA agreed, and it was announced for August 24.

The immediate response from hard-line Unionists was that there would be violence if the march entered Market Square, Dungannon.

In the event, the march was a huge success—especially because it halted peacefully at a police barrier some distance away from Market Square. Several thousand people gathered to hear Currie and a battery of speakers. The police, in the words of Miss Bernadette Devlin, were very good-natured.

"There was a hope among many participants that something new was taking place in Northern Ireland, in that here was a non-violent demonstration by people of many differing political antecedents . . . united on a common platform of reform." The words are those not of a marcher but of Lord Cameron.

The police calculated that seventy of the stewards at Dungannon were Republicans, and ten of them members of the IRA—but on the other hand, there had been no display of Republican symbols, such as the Tricolour flag. The meeting closed with the marchers singing, hopefully, "We Shall Overcome."

It took only one more demonstration—in Londonderry on October 5, 1968—to turn civil rights into a mass movement. And it was a mass movement which, according to the well-publicised views of the then Minister of Home Affairs, William Craig, was under the control of the Irish Republican Army.

"We have investigated this matter with particular care," wrote the Cameron Commission later. ". . . While there is evidence that members of the IRA are active in the organisation, there is no sign that they are in any sense dominant or in a position to control or direct policy of the Civil Rights Association."

The situation was admittedly subtle. First, not all Republicans are gunmen: the term can cover an IRA gelignite bomber or theoretical adherents of the Wolf Tone Society and James Connolly Clubs. Secondly, republicanism is one of the major streams in Irish political history: almost any successful broad-based movement would take in people who had been part of it.

Secondly, there was the new policy of the IRA. After the collapse of the 1956–62 campaign, the old IRA of Gaelic piety and violence virtually ceased to exist, so much so that many of the disgust—until, in 1969, some Ulster police brought the gun back into politics.

So far as Northern Ireland was concerned, the IRA concentrated on taking part peacefully in the open Civil Rights campaign. And at least among those members who stayed with the new "political" IRA, the policy stuck. Cameron commented upon the fact that members of the IRA who served as stewards in Civil Rights demonstrations were "efficient and exercised a high degree of discipline. There is no evidence . . . that such members either incited to riot or took part in acts of violence."

The leaders of the new-look IRA seemed to have an each-way bet in the Civil Rights movement. If the reforms were granted, so much to the good; they would share in the credit. If, on the contrary, reforms were savagely refused by the Unionist Right, then there was a Machiavellian consideration: the ruling party of Ulster would be split, and through the resultant chaos the IRA would lead the people toward Socialism.

At this stage in the narrative, what is significant is that from any reasonable Ulster standpoint it should have been possible to see that a marching-and-talking IRA (especially one that was prepared *de facto* to recognise Partition) must be an improvement on a shooting-and-bombing IRA. And quite certainly it was a basic act of misgovernment to allow that there was anything revolutionary in the set of demands that Civil Rights finally adopted as its programme. These were:

1 One-man-one-vote in local elections

2 The removal of gerrymandered boundaries

3 Laws against discrimination by local government, and the provision of machinery to deal with complaints

4 Allocation of public housing on a points system

5 Repeal of the Special Powers Act

6 Disbanding of the B-Specials.

OCTOBER 1968: POLICE ATTACK ON MARCH

It was Lord Cameron's dry estimate that these reforms were not such as would "in any sense endanger the stability of the Constitution." To judge by his response, the Minister for Home Affairs did not see things in that light. The confrontation came almost immediately after the success of the Dungannon march, when a similar demonstration was announced for October 5, in Londonderry.

Derry is an emotive symbol in the Ulster tragedy, a flashpoint of Catholic and Protestant history. In the siege of 1689 the Protestant citizens held the wall for 109 days against Catholic besiegers. Its recent history has been one of grotesque unemployment—one in five of the men out of work—and the crudest Protestant manipulation of housing allocation and political power.

The Derry police regarded the local march committee with disfavour, which is understandable in view of the presence in Eamonn McCann, of at least one eagerly self-confessed revolutionary. Rather less reasonably, they went on to equate the whole Civil Rights movement with Republican extremism.

During September, the Civil Rights Association notified a march route to the police, one which crossed the river by the Craigavon Bridge and ended inside Derry's famous Walls (whose gates the prentice lads slammed against Catholic James II in 1689). Five days before the march was due, the General Committee of the Apprentice Boys of Derry—who of course, are substantial citizens these days—informed the police that the "annual" parade of persons attending their Initiation Ceremony would be passing over exactly the same route on the same day as the Civil Rights march.

The police concluded that violence was likely. On October 3 the Minister for Home Affairs issued an order banning marches in Londonderry.

The Apprentice Boys' parade was cancelled without demur. (Curiously enough, this "annual" event had never occurred before and has not since.) But the Civil Rights movement faced a harder decision. After a long and agonising meeting the local militants insisted on defying the Ministerial ban, and the national leadership reluctantly acceded.

Originally, the prospects for the march had not been spectacular, because the local organizers did not carry great weight in the Catholic community. But "the effect of the ministerial order was to transform the situation. It guaranteed the attendance of a large number of citizens . . . who actively resented what appeared to them to be totally unwarranted interference."

The events of October 5 were splashed on television sets all over the world. Over 2,000 people gathered at the Waterside station, representing "most of the elements in opposition to the Northern Ireland Government and the Unionist regime in Londonderry." Mr. Craig and the police, it seems, were prepared for violence. They did not regard it as sufficient to let the march proceed and lay charges afterwards.

The march immediately faced a police cordon, and the officer in charge warned that women and children should depart. The marchers tried to avoid the police by taking a different route, but when that route also was blocked they walked right up to the police. At this point, two Stormont Opposition MPs, Mr. Gerry Fitt and Mr. Eddy McAteer, were batoned, and Fitt (who also sits at Westminster, and had brought over three Labour MPs) was removed to hospital.

The Cameron Commission found that Fitt was making an "irresponsible" speech, but also that he and McAteer were batoned "wholly without justification."

The immobilised march now turned into a meeting, which after half an hour was asked by its leaders to disperse. What happened next is far from clear, but Cameron decided that there were certainly extremists present—not of the IRA—who wished to provoke violence, or anyway a reckless confrontation with the police.

Violence, certainly, was what they got. It appears that some of the Young Socialist Alliance from Belfast threw their placards and banners at the police. Some stones were also thrown, and "many of the police having drawn their batons earlier, the County Inspector in charge ordered them to disperse the march . . . the police broke ranks and used their batons indiscriminately. . . ."

The physical injuries involved eleven policemen and seventy-seven civilians, mainly with bruises and lacerations to the head. The political results sprang from the shocking effect of televised police violence, and on Sunday, October 6, a group of students from Queen's University, Belfast—some of whom had been at Derry—marched in protest to the home of William Craig. "Their reception by Mr. Craig was hostile and calculated to incense already inflamed feelings. He so far forgot his position . . . as to call the students generally 'silly bloody fools.'"

The day after Craig's well publicised display of intransigence, some 800 students decided on a protest march to Belfast City Hall. This immediately attracted a counter-demonstration led by the Rev. Dr. Ian Paisley. Only at the price of halting the student's march and provoking a three-hour sitdown in the city centre could the police keep the two groups apart.

Out of this experience grew the People's Democracy group of Bernadette Devlin and Michael Farrell, loosely based on students and ex-students of Queen's. PD was no more a conspiracy of violence than was the Civil Rights Association (indeed, its members stayed under the CRA "umbrella"), but it was prepared to go further by sit-downs and disruption in bringing violence upon itself—"calculated martyrdom," Cameron called the attitude.

Several streams of violence, each dominant at different times, were now running in Northern Ireland. There was the violence of parts of the Royal Ulster Constabulary (the RUC, it should be remembered, was an overstretched, if over-armed, force). There was the unofficial, sometimes conspiratorial violence of some inflamed Protestant citizens, who assumed from Mr. Craig's behaviour that a Fenian rising was imminent. There was the special category of violence by off-duty members of the B-Special Constabulary.

NOVEMBER 1968: O'NEILL MAKES REFORMS

In the face of impressive difficulties the Prime Minister, Terence O'Neill, was trying to stitch together a Cabinet consensus which would enable him at last to deliver some tangible reforms to the Catholic population. The problem was not only that his Home Affairs Minister took the public stance that any such action would be mere pandering to revolution. O'Neill's private, and not unjustified, suspicion was that his Minister for Commerce, Brian Faulkner—an old enemy—was calculating the best moment to withdraw support.

Events still centred on the city of Derry, sick with unemployment and communal tension, as indeed they were to do again and again until Derry became the immediate cause of British involvement. In the furious aftermath of the October 5 beatings the Derry Citizens' Action Committee was formed: its dominant figure was an ex-teacher called John Hume.

The committee made clear that it would mount a series of protests against the behaviour of the police and the partisan structure of Derry Corporation. On November 13, Mr. Craig announced a one-month ban on all processions within Derry Walls.

This was followed three days later by an enormous Catholic and Civil Rights procession, 15,000 strong. Had the procession been violent, it could certainly have swept aside the police barriers protecting the forbidden territory. As it was, the march dispersed after a "token" breach of the barriers by its leaders.

Restraint was about to break when on November 22 O'Neill announced his reform package. It was not large but it was a beginning: an Ombudsman, a system of housing allocation by points, a promise to repeal parts of the Special Powers Act and the announcement that there was to be a comprehensive reform of local government elections by the end of 1971. He also suspended the hopelessly unrepresentative Derry Corporation, and put in a nominated commission: the effect on the Catholics of Derry was to produce a period of calm.

The effect on Protestant opinion was otherwise, as was shown at Armagh and Dungannon.

A Civil Rights march had been announced for November 30 in Armagh. The local police had no objection to the march plans: although known Republicans were involved, the police did not expect them to be provocative. However, the Armagh RUC found themselves confronted with Ian Paisley, who informed them that the Government had quite lost control in Derry, and that if they did not stop the Armagh march he intended to do the job himself.

During the week before the march, red-painted notices were shoved through letterboxes in Armagh:

Ulster's Defenders, A Friendly Warning, Board up your windows, Remove all women and children from the City on Saturday, 30th November, O'Neill must go.

Minatory posters also appeared, bearing the initials of the Ulster Constitution Defense Committee: that is to say, the controlling mechanism of the Ulster Protestant Volunteers, whose members pledge that "when the authorities act contrary to the Constitution, the body will take whatever steps it thinks fit to expose such unconstitutional acts." The arbiters of unconstitutional behaviour appeared to be Dr. Paisley, chairman of the UCDC, and Major Ronald Bunting, Commandant of the UPV.

Around 1 a.m. on November 30 Paisley and Bunting arrived in Armagh with a convoy of cars, which were parked around Thomas Street on the route of the march. For the rest of the night about 130 people stayed with them, walking about and talking in small groups. Approached by the police, Dr. Paisley said he intended to hold a religious meeting.

At 8 a.m., the police placed roadblocks around the town and began to search incoming cars. They found two revolvers, and 220 other weapons, such as pipes hammered into points. "The groups standing in Scotch Street and Thomas Street were now seen to be carrying weapons such as sticks and large pieces of timber. Dr. Paisley carried a blackthorn stick and Major Bunting a black walking stick."

The police did not care to break up the Paisleyite crowd, because its individual armed members might be even harder to control. There was no option but to ask the unarmed civil rights march to stop—which it did, although the stewards had "some rough work" enforcing orders. Trouble was thus averted, except for the case of an ITV cameraman struck down with a leaded stick. But the fact remained that a lawful march had been prevented by carefully-laid plans of violence.

In Dungannon, where Major Bunting had been involved in a "violent and irresponsible" (Cameron's words) counter-demonstration against People's Democracy on November 23, there was worse trouble on December 4. Protestant extremists, including off-duty B Specials, gathered to counter a Civil Rights meeting in the Parochial Hall. There was stone-throwing, from both sides, and then

a member of the Protestant crowd fired a shot at a Press photographer which narrowly missed.

The Right Wing of the Protestants was already affronted by the failure of the Catholics to respond with sufficient humility to the O'Neill reform package. On December 11 Capt. O'Neill went further by dismissing William Craig from the Ministry of Home Affairs, a move which evoked more hostility from the Right. The previous day O'Neill had made an emotional appeal on television for a united and peaceful Ulster, and there was enormous public response in his support. The Civil Rights bodies agreed to give him time: they called a truce over Christmas.

THE MARCHERS ARE "SEEN ON THEIR WAY"

It was at this delicate moment that the students in the People's Democracy decided to stage "the long march" from Belfast to Londonderry. With the O'Neill package and the Craig dismissal already achieved, it was a dangerous exercise in gloating.

According to some of the leaders of PD the long march—through Protestant strongholds—would not have been completed if the ferocity it met with at the end could have been anticipated. But that may have been only one of many views in the amorphous body of PD. The character of the outfit was frankly conveyed in some words of Bernadette Devlin, which may have been a little too frank for her colleagues' taste:

"We are totally unorganised and totally without any form of discipline. . . . I'd say there are hardly two of us who really agree."

Basically, the PD people were non-communist Marxists, themselves of Catholic origin, pursuing the idea—a novel and possibly thankless one in Ulster—of inter-denominational workers' revolution. As one of them observed some time after the Long March: "Everyone applauds loudly when one says in a speech that we are not sectarian, that we are fighting for the rights of all Irish workers, but really that's because they see this as a new way of getting at the Protestants."

Because a march 73 miles across the province would cross many strong Protestant areas and entail serious physical risk, it appealed.

Certainly there were militants, extremists and even subversives among the Civil Rights workers, and this was especially true of the People's Democracy faction.

But, although Lord Cameron and his colleagues found that "politically subversive and mischievous" people did at times "inflame passions . . . and either irresponsibly or deliberately invoke violent incidents," they also wrote: "We disagree profoundly . . . with the view which professes to see agitation for civil rights as a mere pretext for other and more subversive activities."

The march began on New Year's morning, 1969, peacefully and comically, with 80 participants. Their progress, inevitably, was haunted by Major Bunting, who started off skittishly pretending to "lead" the march with a Union Jack; he dropped out of the procession, his timing inviting ribald remarks, at the entrance to Bellevue Zoo.

One anarchist had turned up, but nobody would help him carry his banner. A Republican Club contingent was asked not to carry the Republican flag; in the end anarchist and Republicans compromised. They would carry their poles but the banners would be furled.

After three days of the march, on January 3, Paisley saw Captain Long, the new Minister for Home Affairs, and tried without success to try to persuade him to ban the last stage.

That night, while the PD marchers rested in Claudy, eight miles outside Derry, Paisley held a religious meeting in the Derry Guildhall. Outside, in Guildhall Square, a riot broke out, and the windows of the Guildhall were smashed. Major Bunting told the audience to prepare for the defence of the women and children; chairs and banisters were broken up to make clubs, and Paisley supporters debounched from the hall in defensive formation. Outside, a considerable fight took place, and Major Bunting's car was burnt out.

Bunting took care to inform both the Protestant audience and the media that it was a "Civil Rights mob" which had endangered women and children. He also said that as many people as possible should be at Brackfield Church next morning, near Burntollet Bridge, "to see the marchers on their way."

The Cameron Commission found that the Guildhall riot had nothing to do with any Civil Rights organization. It was random and largely drunken sectarian hooliganism, sparked by the mere fact of Paisley's presence.

On the morning of January 4, the marchers arrived at Burntollet Bridge, led by an escort of eighty policemen. Waiting for them were about 200 men, armed with clubs of various kinds.

Certainly these people were inflamed by the belief that the Derry riots of the night before had been fomented by civil rights workers. But their attack was hardly spontaneous, for many of them wore white arm-bands to identify each other in the thick of the fight.

There was no chance that the police could protect the unarmed marchers against assault. The attackers had chosen a natural ambush site, where fields sloped sharply down to the road. Here, they had stacked "ammunition," such as rocks and lumps of old iron.

The police were able to protect the head of the march to some extent, but they could do nothing about the main body. When the missiles began to rain down, some of the marchers tried to escape through the fields, where they were set upon individually.

Both the police and the marchers were taken aback by the ferocity of the attack, and indeed the affair probably exceeded any coherent Protestant intentions.

For all moderate opinion, the result of the march was disastrous. If it was the aim of the PD marchers to demonstrate a commitment to violence among substantial numbers of Protestants, they succeeded perhaps better than all but their hardiest spirits desired. Also, in Catholic mythology, they demonstrated a complaisance by the police towards violence.

The Cameron Commission found, to the contrary, that the police did make a serious attempt to stop the ambush at Burntollet, and that they were unready rather than complaisant. But on the night of January 4–5, and on several nights thereafter in Derry, members of the RUC proceeded to do things enough to justify some, if not all, of the mythology.

As the Catholics of Derry see it, there has been for years a simple, frightening pattern about police reactions to trouble in the city. Disorder breaks out—often, as on January 4, 1969, the result of Protestant provocation. Immediately afterwards, the police mount a punitive expedition against the Bogside, the Catholic "ghetto" area.

Whatever the truth about other occasions, something very like this must have happened the night after the Protestant attacks on the PD marchers.

It should be said that the first reaction of the Bogsiders that night was to start building barricades in their streets, a task in which they were encouraged by some of the PD people. This, which they themselves called "protection," could be counted as a provocation to the forces of the law—but one of a rather special kind, for the RUC did not then and do not now exercise any real police control of the Bogside.

We have to record with regret [said the Cameron Commission] that our investigations have led us to the unhesitating conclusion that on the night of January 4–5 a number of policemen were guilty of misconduct which involved assault and battery, malicious damage to property, to streets, in the predominantly Catholic Bogside area giving reasonable cause for apprehension of personal injury among other innocent inhabitants, and the use of provocative sectarian and political slogans. . . .

THE CAMPAIGN THAT BROUGHT O'NEILL DOWN

This was a cool, legal description of a night in which groups of burly RUC men roamed through the Bogside, crashing from time to time into the tiny terrace houses and dealing out arbitrary "punishment" with their batons. The Commission thought that even though the police were overstretched and exhausted, there could be "no acceptable justification or excuse" for this "unfortunate and temporary breakdown in discipline."

The very appointment of the Cameron Commission to investigate such incidents was itself now to become part of the drama.

The appointment was used as *casus belli* for the campaign which brought O'Neill down. Some people surmise that had Mr. Faulkner, the present Prime Minister, himself succeeded to the Premiership (in March 1963), then his power-base in the Unionist right might have been used to make successful reform where O'Neill was bound to fail. What is beyond surmise is that, as events turned out early in 1969, that power was used to destroy O'Neill's last chance.

On January 23, eight days after Cameron's appointment, Faulkner resigned from O'Neill's Cabinet, citing as his reason the lack of "strong government." Weakness, in his view, was being shown by appointing a Commission to investigate the disturbances of the Civil Rights campaign: he had always been "unhappy" about the idea. Then, while claiming to be in favour of reform, Faulkner deplayed a classic reactionary defence: he affected to object to the manner, not the matter, of reform.

The Ulster Government, he said, must choose between two quite different courses. *Either* it must gain Unionist Party approval for "a change of policy," including immediate universal suffrage in local elections, or it must set out simply to resist "the pressures being brought to bear."

O'Neill's reply was bitterly contemptuous politics. In view of the supposed strength of Faulkner's view on the Commission, O'Neill found it "rather surprising . . . that you did not offer to resign when the Cabinet reached its decision. . . ."

"I will remind you," he went on, "that . . . after the events of October 5 in Londonderry . . . it was you who were one of the principal protagonists of the view that there ought to be no change under what you described as 'duress'." It was true, said O'Neill, that when the Commission was mooted, Faulkner had proposed instead that the party be asked outright to approve one-man-one-vote. But as Faulkner himself had said earlier that the franchise could not be changed in the short term, and knew "full well" that the party would refuse, then the suggestion was "disingenuous."

"You also tell me that you 'have remained' through what you term 'successive crises.' I am bound to say that if, instead of 'passively remaining' you had on occasions given me that loyalty and support which a Prime Minister has a right to expect from his deputy,, some of these so-called 'crises' might never have arisen."

O'Neill had one move left to make. He called a general election for February 24 (1969), a gamble predicated on the hope that he might find among the electors the "middle ground" support which was insufficiently available among the politicians.

It is hard to recall, now that the Falls Road and the Ardoyne are IRA fortresses, that in February, 1969, O'Neill, the Unionist Premier, could go into those districts and be swept off his feet by cheering crowds. And it is worth remembering that, in strict terms, O'Neill won the election. That is, he and the Unionists who supported or tolerated his policies formed a simple majority in the new Parliament.

But to resurrect his full authority O'Neill needed to inflict exemplary punishment on his opponents. He did not do so. In only two cases were established anti-O'Neill members upset by O'Neill supporters. Out of thirty-one contested Unionist seats, eleven were won on specifically anti-O'Neill platforms, while others were ambiguous. The anti-O'Neill victors included some of the most important Protestant spokesmen (William Craig, Desmond Boal, Joe Burns) together with Brian Faulkner and several of his present Government (Captain John Brooke, John Taylor, Harry West). "Wee Johnnie" McQuade, a wizened docker, who outdoes Paisley in intransigence if not in coherence, increased his majority, and O'Neill himself, who had never before had to defend a seat, came within 1,414 votes of losing to Paisley.

It was therefore a weakened O'Neill who now faced a further turn of the screw. And Derry was once more the scene of a particular incident with powerful symbolic effects: the Samuel Devenney affair.

The North Derry CRA proposed to stage a march on April 19, 1969, which would start at Burntollet Bridge and enter the city. Fears that Protestant reaction would be violent caused the Ministry of Home Affairs to ban the march, and after a long meeting with the Minister the CRA officials agreed to respect the ban.

On the 19th, there was a spontaneous sitdown by Civil Rights supporters inside the Derry walls. Nearby, there was a gathering of Paisleyites who had been to Burntollet just in case the march might take place. Stonethrowing between the two groups began.

The police response was to drive the Catholics back into the Bogside, and the result was a battle which lasted until midnight. (One policeman in difficulties fired two shots, which he said were sent up into the air). Although the events of the 19th were outside Cameron's terms of reference, the Commission still reported that "we were presented with a considerable body of evidence to establish further grave acts of misconduct among members of the RUC . . . these should be vigorously probed and investigated."

The Devenney family were among the victims. At 9 pm on the 19th—this comes not from Cameron, but from subsequent inquest records—Samuel Devenney, a man of 43 with a weak heart and a record of TB, was at home with his wife and five children, aged between five and eighteen. Nearby, some Bogside teenagers were stoning a group of RUC men.

APRIL 1969: BOGSIDE'S FIRST MARTYRS

Six police Land Rovers came round the corner, and the youths dashed into the nearest open doorway, which chanced to be the Devenneys' in William Street. Just what happened to them is uncertain, but somehow they got away—probably by rushing straight through the house while the Devenney children tried vainly to stop them.

The policemen then burst into the house, and fell upon the Devenney family with batons and boots.

Samuel Devenney was taken to a hospital with a badly-cut scalp, and within hours he and his family had become symbolic martyrs for the whole of the Bogside.

His subsequent death—which was never linked by medical evidence to the police assault—and the consequences of the delayed abortive inquest belong later in the narrative. But the vital fact should be noted here that the officers who made the assault were never brought to justice.

The reason why the matter could never be "probed and investigated" as Cameron recommended was more significant than the brutality of the event itself.

On the night Samuel Devenney was beaten the senior officers of the RUC in Derry were not in control of what was happening in Bogside. Police from other forces had poured into the city: nobody knew where they had come from, or where they had been deployed. At the station nearest to the action, the desk log was not kept properly: in any normal force, the culprits might have been traced from the duty rosters, but in Derry that night those basic documents were not kept.

Records are one essential attribute of a police force which is restrained by law, but in Derry on the night of April 19, 1969, large sections of the RUC had turned into a sectarian mob.

Yet the beatings which the RUC had handed out in Derry did not slake the increasing Right-wing Unionist demands for "strong government." Indeed, the case for strength appeared to become incontrovertible, for bomb explosions now became a part of the political brew.

On April 20, the Belfast water-supply lines from the Silent Valley reservoir were seriously damaged by gelignite explosions. On April 25 there were further and more damaging explosions, which dislocated supplies to the city fairly thoroughly.

"IRA plan behind the blasts, says RUC," ran the Belfast Telegraph headline.

The bombs alone, of course, did not bring O'Neill down, but they were weighty final straws. On April 28, the Premier resigned, saying that what was impossible for him "may be—I do not know—easier for someone else." He was, in the words of the Daily Telegraph, "the one politician willing to lead this province of 1,500,000 people out of the dark shadows of religious strife." Two other, and less sensible, comments on his fall may be worth recording, one denying the reality of any "dark shadows," and the other revelling in their opacity:

Bernadette Devlin, on this occasion, thought it was all capitalist nonsense to talk about religious strife, and distilled the PD view into the starkest naiveté it has yet achieved: "Ulster's problem is *not* a Catholic-Protestant problem."

The Rev. Ian Paisley, exulting over the fall of a "traitor," said: "We see this as the hand of God."

The Almighty's hand, however, had received some assistance on this occasion. At the time, the view that the Silent Valley bombs were IRA work could not be effectively discounted, and even today the history of the episode is clouded. But after the British intervention, and after Sir Arthur Young had taken over the Royal Ulster Constabulary, William Stephenson and several other men were placed on trial for the Silent Valley explosions. Stephenson was self-styled "Chief of Staff" of the Ulster Volunteer Force, the shadowy Protestant equivalent of the IRA: he pleaded guilty and gave evidence against the other men charged, who pleaded not guilty.

The evidence of Stephenson, a man of dubious character, was not enough to convict his fellow prisoners, and they were acquitted. (The atmosphere of the trial was marred by the fact that towards its end a bomb went off outside the jury room.) But it is still reasonable to take Stephenson's own plea and conviction as evidence that it was Protestants who first turned to the use of gelignite in this particular cycle of Ulster politics.

Ulster's constitution is the Government of Ireland Act, 1920, one section of which says that "Notwithstanding the establishment of the Parliament of Northern Ireland . . . the supreme authority of the Parliament of Westminster shall remain unaffected and undiminished over all persons, matters and things [in Northern Ireland]." If there is one thing which has united Labour and Tory at Westminster, it is a desire to leave that section gathering dust as long as possible.

During all the long exposure of Ulster injustice in the Sixties, any Parliamentary question at Westminster was turned aside on the grounds that "by convention" the "internal affairs" of Northern Ireland should not be discussed. During the 1964 election, Harold Wilson saw Sir Alec Douglas-Home, about to appear on a TV programme beamed at Northern Island, tear off his own tie and put on one which bore the Red Hand of Ulster: Wilson was amazed at even so trifling and symbolic a breach of the tradition of separateness. "Any politician who wants to get involved with Ulster," he muttered, "ought to have his head examined."

Throughout 1968, Wilson managed to minimise his entanglement with Terence O'Neill's problems, although he concurred in the O'Neill's reforms of November, 1968, and in the appointment of Lord Cameron's Commission. But after the fall of O'Neill, it became steadily plainer that the British Government was going to get deeply involved.

It seems reasonable to look for evidence that some major debate took place within the Labour Government at this point. We have not, however, been able to find any. There does not seem to have been a Cabinet meeting which was devoted entirely to Irish questions until after the troops went in (in August, 1969) and Labour's policy is well described in the words of a civil servant. "We chose the least disturbing option every time," he said.

Terence O'Neill's calibre was that of a decently competent Westminster Tory, which is what he set out to be before he became king fish in the more limited Stormont pool.

He was succeeded by an honourable, but politically simpler man, his distant cousin James Chichester-Clark. Conceivably, relations with Westminster would have been better had the "professional" Faulkner won, but Faulkner lost by one vote: a result which instances the effect of personality in Ulster politics.

Even though it was the withdrawal of Chichester-Clark's support which finally brought O'Neill down, O'Neill still voted for his cousin against Faulkner. It was done not for family loyalty or for reasons of state, but simply because "Jimmy had only been trying to bring me down for six weeks. Brian had been trying for six years."

The authority of the old O'Neill Government had been destroyed during a long winter of the repression of marches and demonstrations designed to advertise the grievances of the minority. The authority of the new Government now faced the summer season of Orange marches, designed to exalt the supremacy of the majority. More than one newspaper speculated that British military force would soon have to come into play, and it was scarcely difficult to anticipate the dangers. There remained, all the same, much complacency in both Stormont and Westminster.

There were already British troops in Northern Ireland, but they were garrison troops, not engaged in putting down riots. Their headquarters was in Lisburn, in pleasant rolling country worlds away from the gritty Belfast slums. Nevertheless, when General Sir Ian Freeland arrived on July 9 to take up his command as GOC Northern Ireland, he smelt trouble in the air at once.

Next day, Freeland met Chichester-Clark and Anthony Peacocke, head of the RUC. The first big Orange parades, the Boyne celebrations in Derry, were just forty-eight hours away. Violence had been mounting for the past three weeks: rival crowds, savage speeches, sporadic punch-ups. Yet Chichester-Clark and Peacocke were unworried. There would be no trouble, they told Freeland. Orange marches never caused trouble.

As there has been no lack of people to explain later that Freeland was not "the right general for the job"—whoever that unlikely paragon may have been—it might as well be said that he seems to have been one of the few actors on the Ulster scene who never tried to pretend the difficulties did not exist. But in face of Stormont's optimism, there was nothing he could do except warn Whitehall.

Neither Freeland nor any other serious

soldier seems to have been exactly enthusiastic about the chances that a military presence could restore communal peace to Ulster, but the one thing they were sure of was that an inadequate military presence would be disastrous.

Freeland had just 2,400 garrison soldiers in the province, and half of them were tied up guarding power-stations because of the April bombs. Still, Ulster in Ministry of Defence reckoning stood behind the Far East, the Rhine Army and the Strategic Reserve in the queue for reinforcements. "Why won't they realise we are on the brink of civil war?" said Freeland to one of his staff in July.

On July 12 the Orangemen marched in twenty places throughout Ulster, including Londonderry, by now a city of seething neurosis. By the morning of July 13, 1969, the police were scarcely able to keep the two communities apart.

LABOUR AGREES TO TROOPS, BUT WITH STRINGS

Three days later, the British Government began to prepare. A rising young minister, Roy Hattersley, was summoned to the Prime Minister's room at the House of Commons.

Wilson explained that he had planned a Government reshuffle in September, but meanwhile the Defense Secretary, Denis Healey, had to go soon into hospital. Would Hattersley therefore leave the Department of Employment and Productivity at once, and go to Defense as Healey's deputy? His first task would be to make ready for the possible use of British troops in Ulster.

The obvious step, after the disturbances of July 12, was to ban all further parades in the province. It could hardly be said to be undemocratic after the bans imposed on Civil Rights marches, and it was clear that the RUC's capacity to maintain order was now vestigial.

Both Wilson and Healey favoured a ban. But Ulster was firstly the responsibility of the Home Secretary, James Callaghan. He talked to Chichester-Clark, and reported that the Ulster Premier would fall from power if he had to cancel the Orange marches still to come. Reluctantly, the Cabinet agreed to the marches, and this was to become a familiar mechanism: a British government agreeing to follow a policy which it did not favour, but which was thought necessary to protect an Ulster Premier from his "supporters."

The alternatives were to accept a new Premier, perhaps some such primitive as Craig—or to impose direct rule from Westminster. There is conflicting testimony about how seriously and in what terms direct rule was discussed by Labour.

The Ministry of Defense calculated on the basis that direct rule could mean military rule, if the Ulster civil service refused to cooperate. That would require some 30,000 troops. Denis Healey, wrestling with NATO commitments, said that was "impossible."

The real reasons against direct rule were perhaps less concrete. Crossman and Jenkins lectured the Cabinet on the lessons of Irish history. "If there is one thing I have learnt," said Jenkins, "it is that the English cannot run Ireland." "It was damned easy to get Makarios to the Seychelles," said Callaghan, recalling Cyprus, "but damned hard to get him back again."

Most of the Labour Government discussion towards the end of July turned on a technical question: assuming that troops were to go to the aid of the civil power, on what basis should they do so? The question of what civil power they ought to be aiding was never really faced.

Sir Elwyn Jones and the law officers produced a "minimum answer" which raised as few principles as possible. The soldiers should go in as "common law constables."

On July 30–31, 1969, the Labour Cabinet held a two-day meeting to wrap up business before the summer holidays. Wilson and Callaghan were given authority to give Chichester-Clark troops if he asked for them. The "strings" would be worked out later.

Two days later the consequences of Labour's ambiguous formula began to work themselves out on the Ulster streets. On August 2 an Orange march paraded past the block of Catholic flats, near Belfast city centre, which are ironically named Unity Flats. At the height of the riot that followed, when it looked as though two police stations might be overrun, the Belfast police commissioner, Arthur Wolseley, called troops to his aid.

For a few hours about sixty men of the First Queen's, plus a tactical HQ unit, were actually stationed at police headquarters in East Belfast. But Freeland ordered them back to barracks before the fact came out, and the August 3 message log of 39th Brigade (the Ulster force) makes clear the reason, and the Army's interpretation of the formula:

"No question of committing troops until all methods exhausted by the police."

Wolseley and his chief, Peacocke, questioned Freeland. Did "all methods" mean that the police had to call out the B-Specials before the Army would move?

It did.

Even the RUC men were taken aback. Did Westminster not realise that the effect calling the B-men into Belfast would have on the Catholics?

As one of Freeland's own officers not long afterwards referred to the B-Specials as "a trigger-happy bunch of sportsmen," there could be no doubt how he felt. But all he could do was repeat his orders. The consequence of the British Government's position was that before troops could go in, the Stormont Government must be forced into an assault that the Catholics would neither forgive nor forget.

In the words of one of its members, the policy of the Labour Government amounted to "doing anything to avoid direct rule." Yet during the week before the Apprentice Boys' march, the London newspapers were full of stories suggesting the exact opposite.

The Financial Times, on August 6, was quite unambiguous: "British troops would only be used to restore law and order in Ulster if the Northern Ireland Government first agreed to surrender its political authority to Westminster.

The journalists were reporting with perfect accuracy the information which Harold Wilson was feeding into the political lobby system. "Harold," recollected a Whitehall civil servant, "was huffing and puffing about 'not being a rubber stamp for Stormont'."

This was a last-minute attempt to bluff the crisis away, the theory being, apparently, that if the Ulster Cabinet read in the newspapers that Labour policy was the opposite of what it really was, then they might be frightened to ask for troops, and might therefore ban the Apprentices' parade.

But it is not easy to bluff men who are playing for political survival. On Friday, August 8, Chichester-Clark had an angry session with Callaghan at the Home Office. Chichester-Clark was demanding reserves of CS gas and Army helicopters: Callaghan, supposedly, was "explaining the facts of life" to the Ulster Premier.

"Jimmy more or less told Callaghan to stuff it," said Chichester-Clark's brother Robin, who sits as a Westminster Unionist MP.

AUGUST 1969: PETROL BOMBS BEGIN TO FLARE

Over the weekend of August 9–10, the Stormont Cabinet learned that despite Callaghan's sermonising, they would not lose their independence if they called in British troops. The only lasting result of this episode was to convince the Ulstermen that Whitehall only rarely meant what it said, and on Monday, August 11, the Stormont Cabinet met and ratified their decision to let the Apprentices hold their parade.

The decision set off a series of complex and often violent interactions in Derry, Belfast and Whitehall. The week of August 11–16 was when the British public suddenly came face to face with the fact that there was a part of Britain where politics could kill.

The sheer savagery of the streets was conveyed at the time by television and newspapers. What was harder to distinguish, let alone convey, in the bloodstained jumble of events, was the sequence that precipitated British power into Ulster.

The Apprentice boys' parade on August 12, 1969, was not significantly more "provocative" than others in previous years. But to discuss it in degrees of provocation is to imply that it is, like a students' demonstration in England, a basically pacific event which may on occasion be taken over by wild spirits.

The Apprentices' parade is a matter of solid citizens celebrating their continued enjoyment of something which they hold to be required for their survival: namely political hegemony over their Catholic fellow-citizens.

It therefore assumed on August 12 its normal form of 5,000 men wearing bowler hats (the Orange "uniform") marching along the walls of Derry, which enclose the old Protestant town and look down upon the impoverished Catholic Bogside. They were accompanied by bands and banners, and sang *The Boyne* and other anti-Catholic songs.

As they went, some people in the parade threw pennies down into the impoverished Catholic Bogside.

In August, 1969, after nearly ten months of intense political excitement, the Bogsiders were not prepared to take insults quietly. It is not clear to us when pennies were replaced by stones, nor from which side the first stone came.

What matters is that violence was implicit, and that the moment it erupted it assumed a pattern which the police could not contain.

The Catholics began to build barricades across the entrances to the Bogside. On the roofs of flats and houses, children were put to work making crates of petrol bombs. The RUC drew up on the perimeter of the Bogside, and behind them the old city was full of gangs of Protestant youths anxious to follow the police into the Bogside and teach the Catholics a lesson.

On Tuesday night, and throughout Wednesday violence assumed a ritual form. RUC constables, armed with batons and riot shields, made charge after charge into the Bogside. Each time they were repelled by rocks and petrol bombs.

From the police viewpoint, this was an attempt to restore authority in the face of hooliganism. In the view of the Bogside it was simple self-defense. Samuel Devenney had died three weeks earlier: with his example in mind, it was not necessary to be a radical, but only an ordinary family man to want to make sure that there was not another RUC "punitive expedition" into the Bogside.

Throughout Wednesday the attempt to subdue the Bogside continued, with the police becoming more disorganised.

There is no doubt that during the rioting the Republican tricolour was flying from several Bogside buildings. To Protestant opinion throughout Ulster, it seemed obvious that the province was facing a Fenian insurrection.

The next afternoon, as the wind shifted and began to blow CS gas back into the city's Protestant area, the order went out from the new Prime Minister in Stormont to mobilise the B Specials.

Almost at once these armed and scarcely trained men began to mingle with Protestant mobs who were burning shops in the outlying Catholic pocket of Bishop Street. There would have been a ferocious clash between

the Specials and the Bogsiders, if events had continued on this course.

But at 3:30, half-an-hour after the call went out for the B-men, Chichester-Clark had called Downing Street and said that his police could no longer guarantee order in Derry. At the same time a letter from the police chief Peacocke conveyed the same formula to an unsurprised General Freeland.

It was a call—this time unavoidable—for British troops.

Northern Ireland's permanent garrison was not in great strength because earlier that month one of the four battalions had been sent to Kenya. But the police admission that order could no longer be maintained meant they had to be committed at once. At 5 pm that day—Thursday, August 14, 1969—the first truckloads of soldiers began rumbling across the River Foyle into Derry.

As the police departed, the Bogsiders cheered. There could be no doubt that the RUC withdrawal was a short-term Catholic victory, nor that the news of that cheer reached Belfast the same evening. In Derry, of course, a Catholic victory is alway possible, for the Catholics have a local majority and easy access to the border with the Republic. In Belfast, the Catholics are outnumbered and hemmed into their ghettoes: traditionally, the Belfast Catholics have been held hostage for the good behaviour of others elsewhere.

And on Thursday night, the traditional mechanism went into action in Belfast.

The sending of troops into Derry was bound to shatter the last remnants of civil order in Belfast. Because the B-men had to be mobilised before there could be a call to the military, the Catholics, in genuine fear, would start to barricade the Falls and Ardoyne ghettoes. Because it meant a defeat for the RUC, it would provoke Protestant attacks on the Catholic areas, in which the police would be likely to get involved.

Whatever the trigger, there can be no doubt of the ferocity of the violence which reached its apex in Belfast on the night of August 14/15, 1969. Before it was extinguished, ten civilians had been killed and 145 civilians and four policemen wounded by gunfire.

The RUC was in an anxious mood. According to Deputy Commissioner Bradley, intelligence sources said the IRA had plans to pick off selected officers with sniper fire.

(In fact, it was not until October that the first RUC man was killed, and then it was by a Protestant gunman.)

The events of August 14/15 in Belfast are known in Catholic mythology as "the pogrom", a misuse of history as severe as any Protestant rubbish about the Revolution Settlement. The Scarman transcripts disclose nothing akin to the Turkish massacre of the Armenians: they do disclose, however, the RUC using firearms with such freedom as to quite disqualify it from being called a police force. And the circumstances in which Shoreland armoured cars with Browning machine guns came into play were certainly such as to provide the seeds for myth.

The Shorelands—unarmed—had first been brought on to the Belfast streets to control rioting on Tuesday. On Wednesday morning Anthony Peacocke, head of the RUC, had consulted with Arthur Wolseley, the Commissioner for Belfast, and Wolseley's deputy, S. J. Bradley. An immediate order was placed for ten more Shorelands. This decision was certainly Peacock's, as evidence before the Scarman Tribunal shows. But the decision was also taken to arm the existing Shorelands with .30 calibre Browning machine guns, and this no one is prepared to acknowledge.

Bradley told the Tribunal that he and Wolseley recommended to Peacocke that the guns—normally kept to border skirmishes—should be fitted. Peacocke said he could not remember being asked to take such a decision. They were, however, fitted, and several inexperienced crews were assembled to man them.

TROOPS ENTER BELFAST AND A MYTH IS BORN

A Browning machine-gun of this sort has a range of about two miles, and fires ten high-velocity bullets every second. It is a sophisticated weapon of war, unsuited for riot control in a crowded city.

Around midnight on August 14, there was a battle near the Divis Street section of the Falls Road. Here, a complex of post-war flats and maisonettes overlooks a mass of Victorian terraces. It is a Catholic area.

A mob from the Protestant Shankill Road, slightly to the north, had come down to attack the St. Comgall's Catholic School on Falls Road near the Divis Flats. Shots were being exchanged, both Catholics and Protestants were being wounded, and just as a detachment of three Shorelands arrived a Protestant civilian named Herbert Roy was shot.

The police believed that there was at least one man shooting from the Divis Flats. In the opinion of District Inspector Cushley, in charge there, it would have been correct for the Shorelands to fire at the flats, if they could see an "identifiable target." This, even though innocent people in the flats would be endangered. One such person was a nine-year-old boy named Patrick Rooney, who was sheltering in his bedroom.

Head-Constable Gray first told the armoured car crews they could open fire. To judge from his evidence, Gray was under considerable pressure. "People were shouting, 'A man is dying, a man is dying. What are you going to do?'" (The man was Herbert Roy, bleeding to death on the pavement.) Gray's suggestion was that the armoured cars might fire over people's heads; Inspector Cushley amplified this by saying they could engage "identifiable targets."

Exactly how the cars came to open fire, and what they thought they were firing at, is not clear from the evidence of the crews—who appeared at the Scarman Tribunal under code-names. One man thought there was a machine-gunner by the Divis Flats. Another saw a grenade-thrower. It was quite clear, however, from subsequent investigation that at least eight bursts of Browning fire hit the Divis Flats. The guns cannot in practice fire fewer than five rounds in a burst.

Four bullets entered Patrick Rooney's bedroom, and blew half his head away.

It should, of course, be said that of the six people killed on that night, several were Protestants like Herbert Roy. But they were killed in Catholic areas; in other words, they were not killed by Catholic mobs going into Protestant districts. And indeed, where police guns and batons did drive the Catholics off the streets, they were followed over and over again by Protestant mobs setting fire to houses. By Friday morning, around 150 houses, nearly all Catholic, had been destroyed by fire.

The flow of events now began to submerge both Army and politicians. When his troops went into Derry, General Freeland realised they would have to cover Belfast, too. But he told Whitehall that he was so short of men that they would have to be deployed with exceptional care for any hope of success; at least thirty-six hours would be required. The Vice-Chief of the General Staff, Lieut-Gen Fitzgeorge-Balfour, agreed, and the Home Secretary was told that the troops would go into Belfast on Saturday, August 16.

But at noon on Friday, August 15, Callaghan had a Press briefing scheduled. With the morning papers carrying the news of the burning of Belfast, he could hardly have cancelled it. Callaghan badly needed something to say, "Gentlemen," he announced, "the troops are going into Belfast."

Freeland got the news of this abrupt acceleration of the move into Belfast when he happened to tune in to BBC radio's World at One news programme. Fitzgeorge-Balfour and Roy Hattersley, the Army Minister, heard at the same time, and there was an argument of no small proportions which culminated in this exchange:

FITZGEORGE-BALFOUR (opposing the move): As an old soldier, let me tell you that the time spent on reconnaissance is never wasted.

HATTERSLEY: As a young politician, let me tell you that when the Home Secretary says troops are going into Belfast, troops are going into Belfast.

Two hours later, the soldiers were desperately trying to get in between the two communities, but without any certainty where one ended and the other began. "We couldn't have been worse off," said Freeland. The Army was going in too late to save the Catholics from the attacks of the night before, too early to be prepared against future attacks, and too thin on the ground to be effective. Out of the confusion, another Catholic myth was born.

On Friday night, a reinforcement battalion landed at Aldergrove and drove straight to the Crumlin Road—but they were too late. That afternoon Protestant workers had crossed into the fringes of the Falls ghetto to burn more Catholic houses in Bombay Street. The Army, it was said, had stood by and let it happen. The truth was that the handful of Welsh soldiers who were in the vicinity did not have the slightest idea what was going on.

Despite incidents like this, which were exploited only much later, there were numerous reports about the gratitude with which the Catholics were receiving the troops, especially in Derry. And it is no doubt true that the incursion cut short an offensive which certainly some Protestants were prepared to see claim many more Catholic lives. "If it hadn't been for the ———ing British Army," complained one Unionist statesman to the former Prime Minister, now Lord O'Neill, "we would have killed a thousand of them by Saturday."

There is no doubt about the bitterness of some Protestant reaction. (It was not the Catholics, but Ian Paisley who first compared the British Army to the SS). And this, together with some fine reforming rhetoric from James Callaghan, concealed for a time the underlying reality: that when the Labour Government sent troops to aid "the civil power" in Ulster, they sent them to support the Orange supremacy. In at least one quarter, the truth was realised.

Aboard the Thames houseboat which is his London residence, Captain Lawrence Orr, leader of the Unionist MPs at Westminster and Grand Master of the Grand Orange Council of the World, said: "We're getting the troops, and we're getting them without strings."

A few days after Britain entered its most significant military commitment for a generation, there was a meeting at which the Labour Cabinet solemnly asked themselves if there might not be some Oxford academics who could perhaps advise them on Northern Irish affairs. The depth of Ministerial innocence was profound: it is generally held that until 1969 the last ministerial presence in the province had been Labour's 1964 Home Secretary, Sir Frank Soskice, and that for one afternoon.

Yet the Labour Government, chiefly through the presence of James Callaghan, managed to give the impression of being more or less in control of Ulster. This is something that the Tories have failed to do, but in retrospect this has more to do with the fact that Labour were lucky to lose the General Election before the new season of Orange marches began, and before the emergence, late in the drama, of the IRA gunmen.

OUTFLANKED BY WILSON ON THE B-SPECIALS

The truth is that Labour's policy on Ulster was short-term and limited in objectives. The Cabinet formed a Northern Ireland Com-

mittee which included Wilson, Callaghan, Healey, Jenkins and Lord Gardiner. But it was concerned in the main with "sorting out the endless disputes between Freeland and the police or between the Ministry of Defence and the Home Office."

Labour reformed the police and announced social reforms. But what is now seen as the central issue, the Protestant monopoly of Power at Stormont, was never tackled; and to be fair nobody in public life in England was urging Labour to tackle it. "We ought to have got round to it early in 1970, but the Election came and we missed our chance," one of the Ministers involved has reflected to us.

Labour made two other errors with whose consequence the Tories have had to live. First, they overestimated their own capacity to force on the Stormont Government the need to make reforms which would be really meaningful, quickly, to the Catholic population. Second, they underestimated the extent to which the very fact of the military presence, even in a "peace-keeping" role, might itself corrode the trust of the community and leave the way open for the ruthless exploitation of new senses of grievance.

Indeed, the first tangible result of Labour policy was a misunderstanding which almost destroyed the authority of James Chichester-Clark, their supposed agent of reform.

On August 19, 1969, James Chichester-Clark, escorted by Brian Faulkner, went to London for a five-hour bargaining session with Harold Wilson, James Callaghan and Denis Healey. The outcome was the famous "Downing Street Declaration," which committed both governments to reform in housing, employment and civil liberties. But it turned out that what was not written down was what really mattered.

Discussing strategy before the meeting, Chichester-Clark, Faulkner and Robert Porter, the new Ulster Minister for Home Affairs, had realised that Labour would want the B-Specials disbanded. They also agreed that it would be political suicide to agree.

They devised a scheme, and when the B-men came up, Chichester-Clark sprang it. Why not, he proposed, put both the police and the B-Specials under Army command?

"I think you could fairly say," he reported later, "that a pin might have been heard to drop." The three Labour men retired to consider this suspicious surrender, when they returned, accepting it, Chichester-Clark thought that he was home. He agreed to their suggestion that the B-Specials should also be "phased out" of riot control.

The meeting broke up just as ITN's News at Ten was beginning, and Wilson went on at once to announce that "the B-Specials are being phased out." Horrified viewers in Ulster took this to mean disbandment—which was exactly what it did mean in the mind of Denis Healey at least.

Of course, it was not what Chichester-Clark had in mind. But he was at the other end of the studio, and he did not hear what Wilson was saying. Therefore, when he followed Wilson on to the programme and muttered a few standard sentiments, he appeared to acquiesce in the destruction of the B-men. He had no idea what he had done—or what had been done to him—until he landed at Belfast Airport in the early hours and was met by his incredulous wife, who had watched the programme.

At once, a feeling of doom overcame Chichester-Clark. In retrospect, he feels that he never really recovered from the damage the episode did him. He just about managed to quell the inevitable revolt among the Stormont Unionists by handing out assurances on the future of the B-men, but in the Downing Street talks he had agreed to the idea that Lord Hunt should be appointed to look into the organisation of the Ulster police.

When, on October 10, 1969, Lord Hunt reported, and recommended that the B-men indeed be disbanded, it merely seemed that Chichester-Clark had been party to a plot.

FREELAND GIVES THE RIOTERS A BLOODY NOSE

The Hunt Report came as an appalling shock to Protestant opinion, because moreover it recommended that the regular RUC should be sweepingly reformed and *disarmed*. Its release on a Friday night was admirably timed to fit in with the weekly rhythms of Belfast violence (a mistake which has not been repeated), and it evoked riots from the Protestant Shankill mob as bad as anything since 1922.

An RUC inspector was killed: no policeman, surely, could die a more ironic death than to be shot down by a mob protesting against disarmament of his own force. But the most potent thing about these riots was the manner in which the Army put them down. It illustrates, outside the Catholic context, the effects which follow when an army is pressed into service as a police force.

The Army claimed later that the rioters fired more than 1,000 rounds from weapons which included a machine-gun and several sub-machine-guns. Even if that figure is a little high, there can be no doubt that the Shankill riots were a considerable affray. Equally, there is no doubt that the Army's reaction was vigorous. "We gave them a bloody nose," said Freeland.

The heartiness of that euphemism begins to convey the difference between civilian and military scales of violence, for the "bloody nose" amounted to two Protestants shot dead by Army marksmen, and a large number injured.

Edward Bawman, a 32-year-old plumber's mate, was one of the injured. Bawman and two friends were among those accused in court of disorderly behavior. An Army sergeant said that he had seen three men throwing stones: when they flew down a side street, he was ordered to pursue and arrest them.

Bawman said in court that he and the other two had been talking outside his house when soldiers charged down the street. They fled indoors to avoid trouble. Seconds later the soldiers burst in, and the evidence of violence was not arguable: Bawman had a broken arm, and at the hearing another was still in hospital with a fractured skull.

"They beat us and beat us and beat us," he said. The case against Bawman and his friends was dismissed because the magistrates could find no clear pattern in the evidence, except that violence had clearly been used and the accused men had been the recipients.

The ruggedness of the military approach to law and order was one thing. There were also signs that its application might be arbitrary: a point which can be made by looking at some of the cases in which evidence was given by Sergeant William Power of the Third Battalion, Light Infantry.

Sergeant Power, clearly an outstanding soldier, won the BEM for his courage during the Shankill riots. He gave evidence in at least a dozen cases—mostly charges of disorderly behavior—arising from them. In four, convictions were overturned on appeal, when striking inconsistencies emerged from Army evidence.

THE ARMY GETS DOWN THE BARRICADES

There was the case of Cyril Brinkley, a labourer aged thirty-one. Sergeant Power said that about midnight he saw Brinkley come forward from a crowd of about 800 and throw a petrol bomb. Power said he had then dashed forward and arrested Brinkley.

Brinkley told, in detail, a different story which the magistrate did not believe but the higher court did:

After watching Match of the Day on television, I was out for a walk about midnight when I head someone say that a man had been shot. I went to Mansfield Street, where I saw man who I knew lying on the ground. I took a white cloth and eventually reached the Shankill Road, where I went up to a military barricade and asked if I could phone for an ambulance . . . I was told to shut up. The next thing I knew I was lying on the ground. My face was busted, also my right eye. . . . The nearest I ever got to a petrol bomb was seeing them on TV.

When we subsequently checked the Army log for that night, October 11/12, we found corroboration for Brinkley's story.

Such incidents do not remotely justify Ian Paisley's claim at the time that the British Army was emulating the SS. They do not show that Sergeant Power was deliberately lying. What they do support is the reasoned complaint of a senior police officer that "the Army quite often had no idea who they had arrested, when or where."

This is scarcely surprising, for soldiers are not trained to make arrest and note evidence. As a result, the Army can be used for community pacification only with certain clear risks to relations between the community and the Executive, something that few people in or out of Whitehall had taken on board in 1969. Mr. Enoch Powell emphasized the point in a speech yesterday, but even now it sounds perverse.

In 1969 the relations thus put at risk were between the Protestant and the ruling power. It was not until the start of this year that the corrosive impact of the Army began to bear upon the Catholics.

The British Army is composed of decent, honourable and well-trained men, but given this intrinsic unsuitability for the job it is irrelevant to say that "no other army could have shown such restraint," or to compare it favourably with American behaviour in Vietnam. Towards the end of 1969 there were several behind-the-scenes disputes about this basic question, between General Freeland and Sir Arthur Young, the City of London policeman sent out, after the Hunt Report, to take over the RUC from Anthony Peacocke and civilianise it.

Freeland's original orders in August had been "to command and task" the RUC as well as the Army. Young, when he arrived, got that changed, though he had to threaten resignation, and Freeland's responsibility became to "co-ordinate" Army and police. Young and Freeland did not always see eye to eye on what this means, but there was no direct way to resolve conflicts, because the British Government was similarly divided. Healey ran the Army, Callaghan ran the police, and Callaghan, jealous of the Home Office's role, saw to it that plans for a joint Ulster Department were scrapped.

In theory, difficulties should have been solved at Stormont's Joint Security Committee, chaired by Robert Porter, with Freeland and Young as its most powerful members. But Freeland had been given sole charge of "security operation" by the Downing Street Declaration, and he felt that this entitled him to mount road-blocks, searches, vehicle curfews and the like without necessarily consulting the committee.

In September the Army had a signal victory in its volatile relations with the Catholics. It got the barricades down—by talking with the IRA, still in its peaceful posture.

The Unionists complained furiously, and accurately, that the Army was negotiating with the IRA. But there was very little choice about this, unless the Army wanted to fight its way in and destroy the barricades itself (which was just what the Unionists wanted to see).

In negotiating to get the Falls barricade down, Freeland's chief of staff, Brigadier Tony Dyball, had a certain number of contacts to work through. On the Belfast "Peace Committee," he had met a Falls Road priest named Fr Patrick Murphy, who had close contacts with the CCDC, which was largely dominated by Jim Sullivan of the IRA.

On Saturday, September 6, Freeland himself went to the upstairs room of St. Peter's Presbytery on the Falls Road to meet Fr

Murphy, a businessman named Tom Conaty (another Peace Council contact), Jim Sullivan himself and what Murphy called "six or eight good men and true," who accompanied Sullivan.

Disastrously, in the Army view, news of the meeting reached Tony Geraghty of The Sunday Times, and next day we carried a report that the Army was negotiating with the IRA. It was one of those hard cases where a true report has unhappy consequences. That night, there was a Protestant riot in Belfast, and on Monday, September 8, Chichester-Clark had to go on television and say that the barricades were an act of defiance, and must come down in twenty-four hours.

Both Army and Catholic leaders were horrified, and everyone began to play for time. The idea came up of a delegation to Callaghan, and after hasty factional debate, a formidable team was assembled: Conaty and Murphy of the Peace Council; Paddy Devlin and Paddy Sullivan, both MPs in the Catholic minority at Stormont; Gerry Fitt, a colleague at Stormont and also the Westminster MP for Belfast West; Jim Sullivan from the CCDC (or the IRA) and a lawyer named Jim McSparren. Callaghan agreed to see this gathering at 2 pm on Thursday, and in the meantime the threat of barricade removal was held over.

The meeting lasted seven hours. Callaghan said that he couldn't see Sullivan, because of the rumpus over the Sunday Times story, so Sullivan and Paddy Kennedy repaired to the Irish Club. (According to Conaty, they later came back secretly to meet Callaghan in his ante-room.) Agreement was reached, with Callaghan's personal assurance that if the barricades came down there would be soldiers at each end of every street to prevent Protestant incursions.

The weekend was spent trying to sell this deal to the rest of the CCDC, in the face of obstruction from men like Billy McKee and Francis Card, who were soon to emerge as leaders of the Provisional IRA. On Monday, when the Army was getting desperate, Fr Murphy had to call in his bishop, Dr Philbin, to work over the CCDC leadership.

Just before midnight, Brigadier Dyball rang Murphy, and the priest said it looked all right for Tuesday morning, but not too early for God's sake. Murphy still needed time to explain things, to get some sleep, and get back on the street for the demolition.

They agreed on 11 am. Then Dyball called back to suggest 9 am. Murphy said it was too early—even when the Bishop called, at Freeland's instigation, also to ask for 9 am. Murphy fell into bed at 5:30, to be awakened at 8:30 with the news that the Army had arrived.

When Murphy refused to come out, the Army waited patiently till 11 am, when Dr. Philbin turned up and the demolition began. In front of the TV cameras, the Bishop received a long denunciation from one of the future Provisionals, but all the barricades were down by Wednesday morning.

Ten days later, three Catholic houses were burnt, and the barricades went up again. This time Murphy negotiated direct with Freeland, and once more they were removed.

That such a raw-edged relationship between the Army and the Catholics should have survived through the autumn and into 1970 was an amazing feat of human relations. But the underlying danger remained—the fact that no Army, however well it conducts itself, is really adapted for police work.

Arthur Young, the police chief, continued to argue that the presence of the Army on the streets kept the tension screwed up and made it virtually impossible to get any civilian policing under way.

"My task," Young used to say, "is to talk the police back into the Falls," a piece of shorthand for a complex political problem.

The Unionist, and the general Protestant position was that when the Army had arrived in August and separated the two communities, it had "expelled" the police from the Catholic areas. These were the famous "no-go" areas behind the barricades, with which Ian Paisley made such play.

Since the Army had expelled the police from the Falls, said the Unionists, the Army must somehow put them back. The truth was that the RUC had not patrolled the Falls area for five years, except in pairs of armed Land Rovers—indeed, in the days of Home Affairs Minister Craig they had closed a station in the Falls, just as in the Bogside of Derry. But although Freeland, Young and Porter all knew this, none of them could say it publicly.

The first task was to somehow win the Catholics' confidence, and Young's policy was simply to talk to anyone. Seated beneath tricolour flags, listening to beery Republican songs, Young got an ovation from the Central Citizens' Defence Committee above a bar in the Lower Falls, and if he heard the sound of previous RUC chiefs revolving in their graves he gave no sign.

The method scarcely commended itself to Protestant opinion, and in mid-October, 1969, with Young in London for the day, Porter announced that the police were going back into the Falls—if necessary, with military backing. Porter was under immense back-bench pressure at the time, because this was just after Lord Hunt's verdict on the B-Specials.

Trying to repair the damage, Young spent the next day touring the Falls. Unfortunately, television cameras caught him talking to Jimmy Sullivan, the CCDC and IRA leader. Protestant outrage was little soothed by the fact that the IRA had still not yet made a single aggressive move.

What drove Young to such risks was shortage of time. He knew the "honeymoon" with the Catholics could not last while executive power lay with Protestant Stormont, and in November he proposed a bold solution to Freeland. The basic riot squad, he suggested, should be 100–200 soldiers armed only with batons, plus 100 policemen similarly equipped.

Porter seized on the idea. He wanted unarmed troops—"batons and gym shoes"—to accompany RUC men on patrols into Catholic areas. Gradually, he believed, it would be possible to withdraw the soldiers.

In retrospect it looks a risk worth the taking: it might just have appeased Porter's back-benchers without alarming the Catholics.

Freeland's reaction, however, to both original idea and elaboration was outright refused. "Soldiers in riot situations," Freeland told the Joint Security Committee, "must carry guns, and show they mean business." A man with a gun, of course, means only one kind of business—but in the end, that is the business the Army is in.

Granted, Freeland has plenty to go on apart from military convention. There was a question whether the RUC was yet fit for such a task. Young had arrived to find a force which was not only partisan and disposed to violence (he once defined a baton charge, in RUC terms, as "each policeman drawing his baton, and striking the nearest member of the public") but also under strength, out of date, and demoralised by having been placed under Army command.

It was easy enough to restore formal independence, and with a little more difficulty the RUC was persuaded to drop the distinction of being the only armed police force in Britain.

But to get the force back in charge of the streets was another matter. Here, Freeland effectively had the final say, and he neither agreed with Young's optimism about the RUC changes, nor saw the argument that the Army's presence on the streets actually hindered further RUC improvement.

The Army thought RUC staff work semi-literate ("You couldn't get them to number paragraphs," said one of Freeland's officers, "because they used to write like Mark Twain—start a new paragraph when you feel like a drink"), and they thought its intelligence was years out of date. But bascially they considered the RUC as not really a police force at all, but an undisciplined paramilitary body.

The impression had been first created when Army officers discovered how the RUC had used their armoured cars on the Falls Road. And it was strengthened when, at Young's request, they cleared the RUC armoury at Sprucefield. "We took enough out of there to equip a division," said an officer.

If the RUC cut loose again, Freeland feared, the Army's own knife-edge relationship with the Catholic minority would be imperilled.

1970—And the Calm Is Deceptive

As 1969 drew to a close, the Labour Government still managed to maintain a confident demeanour. This was largely because of Callaghan's deftness.

Ulster dropped out of the headlines, but the quiet was dangerously deceptive—and perilous in itself, for it induced a false sense of security in the British Government and in British public opinion. Whitehall was congratulatng itself on the excellence of the troops' relations with the Catholic population—which was, of course, a simple inverse product of the fact that relations were at that stage bad between the Army and the Protestants.

And nobody appreciated that relations with the Catholics could not for much longer be maintained by friendly soldiers while the mechanism of Unionist supremacy remained.

The Downing Street Declaration of August, 1969, had committed both governments, in theory, to a series of reforms. These took in all the demands of the Civil Rights movement, all the more of the concessions O'Neill had made: fair housing practice, new boundaries and adult suffrage in local elections, fair employment laws, the disarming of the RUC, the setting up of an ombudsman system and a civilian police council. But these were, of course, exclusively legislative reforms, which were—hopefully—to be passed by an unreformed Stormont.

In Ulster, where a sectarian block vote has given permanent power to a single party, there has always been a strong case in Ulster for proportional representation. One academic who, at this time, passed on to Labour the tip that even the IRA might consider this a major concession, was given a cool reception by Callaghan's understudy, Shirley Williams. "Think what Jeremy Thorpe and the Liberals would make of it," he was told.

Labour began to lose its sense of urgency, and with it a grasp of the scale of change needed. Callaghan himself was affected by the mood.

One of his first acts after the troops went in had been to instigate the setting-up of reform working parties. By the end of 1969 a small group under the Ulster Attorney-General, Basil Kelly, had spent four months examining the Special Powers Act—the keystone of the system of supremacy.

Perhaps surprisingly, Kelly's group reported in the early days of January, 1970, that it was time to make an end of Special Powers, at least in the form in which it stood.

The Act, they said, was demonstrably despotic, and much of it meaningless, or unenforceable, or both. Some especially useless additions had been made during the Craig regime: membership of "Republican clubs" had been made illegal, and the sale of the IRA paper, the United Irishman, had been proscribed.

The first was unenforceable, there being no sensible way of defining a Republican club. The second was bigotry, since on the whole the United Irishman (the voice of the

Official, or "political" IRA) was scarcely more inflammatory than such Protestant journals as the Newsletter, Belfast's respectable morning paper.

(An anecdote illustrates the flavour of Newsletter thought: the paper was, and is, fond of advocating "firm measures" to deal with Catholic disorder. One day, a high-ranking British officer was sufficiently annoyed to get the editor, Cowan Watson, into a conversational corner and make him reveal just what "measures" he had in mind. At last, the astounded officer understood Watson to suggest that perhaps a few Catholic hostages could be taken, and if necessary shot. Confirming this to us later, Watson said that he thought the context might be that "by trying to be more humane now, one was leading to greater inhumanity later.")

Attorney-General Kelly's working party advised that out of the Special Powers Act, only the power of internment should be kept—but instead of being dependent upon the signature only of the Minister of Home Affairs, it should, under a new Act, become possible to introduce it only with the prior consent of Parliament. Virtually everything else, such as the right to suspend inquests, and the police right to hold a man indefinitely on suspicion, should be scrapped.

Apparently, Kelly and his colleagues feared that Labour would want to repeal the Special Powers Act entire: therefore, this large series of concessions was offered to preserve the internment power in a usable form. If so, they overestimated Labour's reforming zeal.

So extensive a remodelling of the Act required Westminster approval: and this Callaghan refused to give. He was confronted with a golden opportunity to make a gesture to the Catholics which the Protestants would accept. Incredibly, he turned it down: Rather than drafting a new Act, he said, would it not be better to "let the old Act fall into disuse?"

It must have been a rosy future James Callaghan saw, in which Special Powers could "fall into disuse."

Any instant of calm in Ulster is enough to generate hundredweights of official optimism. People discover that the worst is over or—more recently—that the gunman is being mastered. One of the clearer voices raised in this cause during the peaceful early days of 1970 was that of Oliver Wright, the diplomat who had been serving as Harold Wilson's representative in Ulster. As Wright's tour of duty ended in March, he gave an ebullient Press conference.

"Cheer up!" was his message. "Things are better than you think." He was, of course, mistaken. But Britain was preoccupied with the June 18 General Election campaign, and its sequel in a new Tory Government, as the balance of tension began to change dramatically in Ulster.

Wright's successor, Ronald Burroughs, saw at once that danger sprang from the new series of Protestant marches due to start in June and the trouble began with great promptitude on June 3, 1970, when one of the first of the marches was making its way back from the City Centre along the Crumlin Road.

The route's march would take it right along the southern boundary of the Ardoyne, an isolated but therefore militant Catholic sector. Indeed, the march was heading for two sensitive spots: the mouth of Hooker Street, full of burnt-out houses, and the Ardoyne Catholic Church, which is cut off from its parish by the width of the Crumlin Road.

The colonel locally in charge got his first intimation when he saw the march coming up the Crumlin Road—somehow, the police had not told him of the route. Improvising, he tried to divert the marchers at Cambrai Street, a couple of hundred yards before the Ardoyne—and found himself with two nights of Protestant rioting.

A deeply worried Joint Security Committee met at Stormont on Wednesday, June 24, to consider the next weekend's Protestant marches. Proposed routes went past just too many predictable trouble spots. For example, one was along Cupar Street, which forms the northern boundary of the Catholic Clonard. This would take it right past Bombay Street, burnt out in 1969. It would inevitably cause fighting—but the routes of Ulster marches are difficult to change, because each one is based on a set of closely-argued territorial precedents.

Ronald Burroughs and Arthur Young of the RUC thought that the only course was to ban the marches. Both had excellent Catholic contacts, and had been warned that if the Protestants were allowed to march over the ground of their previous 'victories," there would be attempts to repel them. Brigadier Hudson, Freeland's new Chief of Staff, seems to have inclined to this view. But the Prime Minister, Major Chichester-Clark, maintained, exactly as he had the previous year, that his followers would destroy him if the marches were banned.

Freeland made the vital contribution. He said that the Protestants would march whether legally or not. Legal marches would simply be easier to control, and according to one account he told the Committee: "It is easier to push them through the Ardoyne than the Shankill." In other words, if the Catholics don't like it, they must lump it.

Freeland's attitude was that, in the end, the Army must show who was boss. Burroughs, as a diplomat, was more conciliatory. He knew that technically the Catholics had no legal right to try to repel Protestant marchers, but he also understood that fear is stronger than respect for legal technicality.

Next evening, after a dinner at the Wellington Park Hotel, Burroughs took the Catholic leader, Tom Conaty, aside in the car park and told him of the Security Committee's decision. Conaty, who was by now chairman of the CCDC (an organisation he had originally been shy of because of its "Republican" connections) knew that this meant illegal "defenders" (i.e., IRA men) would offer their services to the Catholic ghetto-dwellers: it was a point which Burroughs also understood.

Burroughs told Conaty that he would do all he could to get the decision changed, and would use his personal access to the British Prime Minister. At midnight, Burroughs got a call through to Edward Heath, who had then been in Downing Street just eight days.

Burroughs told Heath that bloodshed over the weekend was now inevitable—unless Heath stepped in and banned the Protestant marches. Heath listened coldly, and said that he would consult the new Home Secretary, Reginald Maulding. They decided to do nothing.

Early on Saturday thousands of Orangemen made their way in groups across the city towards the Shankill Road, where the major Orange parade was to begin. Most groups had their bands, and were singing Orange songs. (Orange songs vary from the traditional Boyne and the Sash, to more hair-raising freelance efforts, such as: "If guns are made for shooting, then skulls are made to crack/You've never seen a better Taig, than with a bullet in his back")

The first trouble was stoning between Protestant and Catholic crowds on the Catholic Springfield Road. This led into a battle on the nearby Ballymurphy estate between Catholic youths and the Army, who fired numerous CS canisters into the estate, but with relatively little effect. There was rioting, more or less severe, all over Belfast throughout the day: The Army was stretched perilously thin, and in all 276 people were injured.

But it was the two shooting affrays which were really serious. The first was in the Ardoyne, and it began when an Orange lodge marched up the Crumlin Road past the burnt buildings of Hooker Street. They then retreated a little way into Palner Street, on the Protestant side of the road, and stoning began between crowds on either side.

HEATH USHERS IN THE DAYS OF TORY SILENCE

Quite suddenly, gunfire broke out, and there were exchange for roughly thirty minutes. At the end, three Protestants lay dead. When five Ardoyne men were tried (and acquitted) on murder charges, the police gave evidence that a group of gunmen emerged suddenly from the mouth of Hooker Street and fired without warning into the Protestant crowd. The local IRA Provisional commander is equally adamant that the first shots came from the Protestant side.

The second engagement began in the East Belfast ghetto called the Short Strand, or Seaorde Street, which is even smaller and more exposed than the Ardoyne—one pocket of about 6,000 Catholics among 60,000 Protestants on the east side of the Lagan River. The key to this small area is St. Matthew's Church and churchyard, which stands on Newtownards Road facing a group of tough Protestant streets to the north.

One is Gertrude Street, whose Orange Band is famous for its zest and repertoire. As the band passed St. Matthew's on its way home, someone flaunted a Tricolour from Seaforde Street, and the stones began to fly. A few shots were fired, without anybody being hurt, and things died down quite suddenly. But the scene was set for a bloody night.

There was more shooting, again harmless, around 10 p.m. Shortly afterwards, a Protestant group tried to set fire to the church with petrol bombs: the sexton's house, near by, was set alight. By this time the Stormont MP, Paddy Kennedy, was there, and he went to the Mount Pottinger RUC station near by to ask for protection for the church. He was told that the Army was already overstretched on the west of the river, and nothing could be done.

Also on the scene were the Belfast brigade commander of the Provisional IRA, Billy McKee; the local batallion commander Billy Kelly and his followers; and some local freelancers with guns. At around the time that Kennedy went to the police station, Kelly says that he approached a group of policemen in the Newtownards Road and asked them to do something about protecting the church, but they refused.

Kelly goes on that he then approached the officer in charge of a small army patrol, but was told. "You can stew in your own fat." Whether all the details of these exchanges are accurate is hard to say, but whatever was the case in the Ardoyne earlier, the IRA men in the Short Strand enclave seem to have had only defensive intentions.

Around 11 pm, Protestant groups, under covering fire from the streets to the north, began to attack the church with petrol bombs. Kelly and his men, established among the gravestones, began to shoot back, and Billy McKee joined in the battle, over Kelly's strongly-voiced objections. (This was a breach of the rules by McKee: in any local situation, even the chief of staff is supposed to defer to the local commander.)

The shooting went on until 5 am, when the Army at last arrived. By then two Protestants had been killed; another two died later from their injuries, and several more were wounded. (As the attackers, the Protestants were the more exposed.)

McKee himself had also been seriously wounded; he and another Provisional called McIlhone suddenly came face-to-face with a Protestant gunman who had actually got inside the churchyard The man opened fire with a carbine, hitting McKee. McIlhone hesitated for a fatal moment. The Protestant

gunman had faster reflexes or fewer inhibitions. He shot McIlhone through the chest.

The fact that so long a gun-battle could go on was, of course, a simple failure by the Army in its basic task of getting in between the two sides. Catholic imagination soon added new dimensions: it was said in the Short Strand that the Army had sealed the bridges over the river, so that the attackers could finish the task at leisure. The truth was that, just as Kennedy had been told, the Army was just so busy in West Belfast that no one was spared to look the other way.

Surveying the wreckage of the weekend, which claimed six lives in all, and £500,000-worth of damage, Ronald Burroughs said to a friend: "That was the greatest miscalculation I have ever seen made in the course of my whole life." But there was worse to come, very shortly.

MAUDLING: WHAT A BLOODY AWFUL COUNTRY

The new Home Secretary, Reginald Maudling, had a chance to help retrieve things when he arrived in Belfast the following Tuesday, June 30, for a quick visit. But unlike Callaghan, Maudling could not even manage a helpfully emollient presence. "Tell me," said one of those who met Maudling, "is he really as innocent as he seems? He didn't appear to grasp the first thing of what was going on."

Maudling's own feelings were made clear as his plane gathered height on the way back to London. "For God's sake bring me a large Scotch," he said. "What a bloody awful country."

At about the time Maudling boarded his plane on July 1, a small group of men approached the occupant of 24 Balkan Street, a terrace house in one of the maze of streets threading the Lower Falls Catholic enclave in the centre of Belfast.

They were from the leadership of the "Official" wing of the IRA. (The Falls, the main Catholic ghetto, is the homeland of the Officials—the more aggressive Provisionals being dominant in the outlying areas.) The occupant of No. 24 was an "auxiliary," which is to say he was not a member of the "Officials" but that, in the aftermath of the burnings of August, 1969, he had volunteered to do some arms drill in case a Falls militia were needed.

The Officials asked this man to store a load of arms. The auxiliary was horrified. He had a wife and children; and this was more than he had bargained for. Reluctantly, he agreed—on condition that the arms stayed only 24 hours. The consignment was 15 pistols, a Schmeisser submachine-gun (a World War Two relic, minus magazine and assorted ammunition.

When the 24 hours were up, the Officials said there had been a mixup. On the morning of July 3, therefore, when the auxiliary left for work, his wife went once more to the Officials. They reassured her: the arms would be removed after dusk.

But the next visitors to No. 24 were not the IRA. Shortly after 4:30 pm a police car and four or five Army trucks roared into Balkan Street. While the Royal Scots soldiers sealed the street, the police began to search the house.

That account of the background to the Balkan Street arms haul—the biggest in the past two years—was pieced together later by a local priest. It fits in with the Army's subsequent analysis.

The information on Balkan Street came to the Army from three police raids in Hammersmith, London, on July 2, which had themselves produced four Bren light machine-guns, 12 rifles and 17,000 rounds of assorted ammunition. On July 3 the CID officer who had led the Hammersmith raids arrived in Ulster. The troops moved into Balkan Street only hours later.

No doubt they were glad to get a good tip about illegal arms. But it seems doubtful that anyone at Army HQ in Lisburn had considered the cumulative effect of arms raids on this most sensitive of Catholic areas only six days after the mayhem following the Orange parades, which it was known the Army had forced through. Against a background of open jubilation by the Stormont Unionists at the Tory election triumph in England, it did not need an overly paranoid Catholic to discern a political-military plot.

Ironically it is easier in retrospect to see the affair for what it was: not the result of new Tory pressure, but just the reverse—the lack of any political pressure at all. Under Labour scarcely a day had passed without, say, the Army Minister, Roy Hattersley, on the phone querying decisions as apparently trivial as the use of the water cannon. Freeland now had freedom and liked it: "Not so many backseat drivers," he said approvingly.

But the Tory silence, if it pleased Freeland, fretted some of his colleagues. "When you're in unknown territory, it is useful to have native guides" is how it was put by General Anthony Farrar-Hockley, Commander Land Forces under Freeland. Possibly, the Labour Cabinet would have banned the Orange marches—anyway, some members now say they would have. Almost certainly, they would have played Balkan Street more circumspectly (and the whole issue, of course, would have looked different in their hands).

If Balkan Street was stamped with political naivety, however, the dizzy escalation of the search into a two-day curfew over the whole Falls area was a series of straight-forward military misadventures.

The Balkan Street search was completed by about 5.45: the troops were leaving. But crowds had inevitably gathered all over the Falls. As the last truck drew away, it was stoned.

Where trouble is brewing, the Army stays around, on the theory that military presence damps it down. The practice, at least as often than not, is that the military presence both increases the tension and provides a handy target. Anyway, when the stones hit the last truck, its troops dismounted—and once more faced the crowd.

The only distinct thread in the subsequent confusion is that the Army over-reacted. Local residents say CS gas was used in two streets almost immediately, though the Army log puts the first canisters at around 7 pm. When it came, the gas terrified people. The Army were using new multiple dischargers to clatter clusters of canisters—some with such force that they soared over the roofs into neighbouring and relatively peaceful streets.

The tiny houses provided no refuge from the choking clouds. The Army added to the panic by pouring in troops to reinforce the original beleaguered lorry-load.

A shipment of raw troops had just arrived in Belfast and were waiting in lorries for dispersal. They were sent in—"and they were absolutely terrified," the Chief of the Brigadier Staff, Brigadier Hudson, admitted later.

Until about 7 pm things remained more or less under control, because Brigadier Hudson was directing events from a helicopter. Suddenly, Hudson and pilot heard a loud clang in the airframe and the pilot, thinking it might be the impact of a bullet, put the machine down in the grounds of the Royal Victoria Hospital.

By the time Hudson was on the move again, things were out of control, with confused troops crowding into the area, bumping into each other and firing more and more CS gas.

The inhabitants, alarmed at such disorganised behaviour, took it for an invasion. By 8:30, nail bombs and petrol bombs were being thrown, and two, perhaps three grenades were thrown, injuring five of the Royal Scots. Shooting also began—and some of it seems to have been random shooting by the soldiers.

By 10 pm Freeland believed that the only way to stop widespread bloodshed was to get everyone off the streets. He declared a curfew over the whole Falls area, and he did not lift it until Sunday morning, 35 hours later.

The decision was entirely Freeland's own. He did not consult the rest of Stormont's Security Committee, let alone Westminster. Had Young, the police chief, been consulted, he could only have said, anyway, what was soon all too clear—which was that Freeland did not have the legal authority to impose a curfew. (For this reason, none of the Falls people arrested for curfew-breaking were prosecuted.)

But while the curfew lasted, the Army took the opportunity to conduct a house-to-house search of the whole area—and this obvious military course also contained some slight political element. Freeland was under numerous pressures from Chichester-Clark, and insofar as Maudling's brief visit had dealt with policy matters at all, it had been to suggest that the Army might do a little more to make Chichester-Clark's life easier.

Area searches were a device close to Chichester-Clark's heart: normally, the military refused to consider them on the grounds that the opprobrium incurred out-weighed any advantage. But since they had incurred the opprobrium anyway, Chichester-Clark might as well be given a leg up. Just as the soldiers had always prophesied, the returns were not large—especially if it was considered as the arsenal of 30,000 people supposedly bent upon violent conspiracy.

For this haul, the Army paid a very high price. Four civilians were dead; one run over by the Army, and three shot. None of the dead was alleged to be connected with the IRA, but it is perhaps fortunate, in view of the volume of fire, that more people did not die.

Illegal confinement, summary search and exposure to unprecedented amounts of CS gas outraged large sections of the Falls Road population.

But on top of this, men from two of the regiments involved, the Black Watch and the Devon and Dorsets, were accused of smashing up and sometimes looting the houses they searched. General Farrar-Hockley, after a rigorous inquiry, came to the conclusion that this had indeed happened, even though he could not get the evidence to justify charges. (He found that although the Falls Road citizens wanted to vent their wrath against the Army, they would not identify individual soldiers, out of a traditional distaste for "felon-setting" and informing.)

The writer Conor Cruise O'Brien was in the Falls Road when the confined people came boiling out of their homes on Sunday morning. An Army helicopter was cruising by, with a British officer calling through a loudspeaker: "We are your friends, we are here to help you." Men and women alike shook their fists, and hurled stones impotently at the machine.

Father Murphy saw an abrupt change in many of his parishioners. "Women who had been giving soldiers cups of tea, those very same women, were now out on the streets shouting: 'Go home, you bums, go home'."

It was not quite the end of relations between the Army and the Catholics, but was the decisive change. From then on, it was all, or nearly all, downhill. Brigadier Hudson, who saw all too clearly what had happened, called a meeting of community leaders on the day the curfew was lifted. "Let's keep talking," he said.

"What's the use?" he was asked.

Not everybody in Ulster was upset and angry, though. As the Falls Road arms haul was displayed in the yard of Terence Street police station, the Stormont Home Affairs Minister, William Long, squeezed the arm of a young constable. "It's a grand day for us," he said.

It was indeed: the Army had been "turned round." The next development was to draw

the Army itself into the corrupt mechanism of the Orange supremacy.

NORTH AND SOUTH: TWO STATES BORN OUT OF BICKERING

The province of Ulster has had points of difference from the rest of Ireland ever since its Iron Age inhabitants were slow in succumbing to the northward-moving Celts. The Celts similarly resisted the Normans, who were, of course, Catholics; and the Catholic faith resisted the northward advance of Protestantism under Henry VIII and Elizabeth I.

After the province had been subdued by Elizabeth and planted with Scottish and English settlers by James I. Ireland was run as a unit, largely by a Protestant aristocracy and the Government in London; and from 1800 on (after a brief and promising experiment with a nominally independent Parliament in Dublin) the country had no other Parliament than Westminster.

But Ulster and the rest of Ireland gradually drew apart from one another again under the influence of different ancestries, different faiths, and different degrees of prosperity (Ulster, already a producer of linen and soon of ships, escaped the worst of the potato famine in 1845–49). After long and sometimes bloody bickering, Westminster made Ireland into two separate states by the Government of Ireland Act, 1920.

The Lloyd George Government of the day did not intend the settlement, or even the line of the border, to be final: there was provision for a boundary commission, and for an all-Ireland Council above the two regional Parliaments, as a means towards later reunification. But the North rejected the boundary commission, and the South rejected the parliamentary arrangements, becoming successively a dominion and a republic.

The Northern Parliament is subordinate to, and financed by, Westminster. In 1949, under Section 1(2) of the Ireland Act, the Attlee Government affirmed that "in no event will Northern Ireland or any part thereof cease to be part of His Majesty's dominions and of the United Kingdom without the consent of the Parliament of Northern Ireland."

The Parliament, called Stormont, has substantially more powers than a county council. The (Protestant) Unionists have a three-to-one majority in it over various fragmented (Catholic) Opposition parties, who are not now attending. The first Catholic Cabinet member was appointed last month from outside Parliament.

MEN AT THE CENTRE

Brian Faulkner: Prime Minister of Northern Ireland since March, 1971. A 1969 resignation helped bring Terence O'Neill down. Widely regarded as last credible PM and has used this reputation to press security demands. Astute but lacks the confidence of either community.

Lord O'Neill: Prime Minister of Northern Ireland from 1963 till May, 1969, when he was forced out by the Unionists after announcing reforms in housing, investigation of grievances, local government, franchise and special powers. Artistocrat now totally sidelined.

Ian Paisley: Chaplain to the Protestant backlash, founder and head of Free Presbyterian Church of Ulster. MP since April, 1970, at Stormont and since June, 1970, at Westminster. Co-founder of a new Democratic Unionist Party. Surprising sense of humor, good political brain.

William Craig: Authentic voice of hardline Unionism. As Home Affairs Minister in the O'Neill Cabinet, until dismissed in 1968, insisted on regarding demands for Catholic civil rights as subversion. Has just formed ginger group called Unionist Vanguard. Resolutely ambitious.

Sir Arthur Young: Inspector General of the RUC as a Callaghan appointee from October 1969 till November 1970, when he returned to his old job as Commissioner of the City of London Police. Found RUC to be intractable.

John Hume: Leading theorist among (now abstentionist) Stormont Opposition MPs. As a civil rights leader played a pacifying role in August 1969 and later Derry disturbances. Now believes Stormont system permanently finished.

Lord Moyola: As Major Chichester-Clark was Prime Minister after O'Neill from May, 1969, to March, 1971, when Unionist pressures and office weariness impelled him to resign. Soldierly, generally trusted, finally unpersuasive. Now farming sheep.

Sir Robert Porter: Home Affairs Minister March 1969 to August 1970, since when the job has been combined with the Prime Minister's. Gentle, academic lawyer and reluctant minister, known to his colleagues as Beezer. Has returned to the Bar.

General Freeland: Appointed GOC Northern Ireland, as his last command, in July, 1969, the month before the arrival of British troops. Abused by Unionists as an enemy of the state, retired in February, now lives in Norfolk.

General Tuzo: GOC Northern Ireland since February, 1971. Oxford-educated Gunner. Diplomatic in his dealings with politicians, which may explain conflicting beliefs about his advice on internment.

Gerry Fitt: De facto leader of the Social Democratic and Labour Party, main Opposition grouping. Voluble, tireless member of Westminster Parliament, Stormont and Belfast City Council.

John Taylor: In charge of Home Affairs as Minister of State (while Premier doubled as the full Minister) since August, 1970. Youngish, burly, authoritarian advocate of expedients like cratering border roads.

NO WORLD COURT FOR GENOCIDE

Mr. PROXMIRE. Mr. President, article VI of the Genocide Convention, in addition to stipulating that persons charged with genocide are to be tried by a court in the country where the crime was committed, says that the accused may be tried—

By such international penal tribunal as may have jurisdiction with respect to those Contracting Parties which shall have accepted its jurisdiction.

There has been some confusion about this point. Some opponents of the convention have held that it creates a "World Court" to which the Federal Government will be obligated to send American citizens for trial without any of the guarantees of the Bill of Rights. This is not the case. The language of this clause is conditional. The Genocide Convention does not create a "World Court." Such a court must await future international action, and, of course, such action would be subject to further ratification by the Senate.

In the 22 years that the Genocide Convention has been in force it has been ratified by 75 nations. If article VI creates a "World Court," then where is that court? It does not exist. It does not exist because this treaty does not establish it.

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

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

Mr. NELSON. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate.

The PRESIDENT pro tempore. The bill will be stated by title.

The legislative clerk read as follows:

Calendar No. 428, 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. Without objection, the Senate will resume the consideration of the bill.

Under the previous order, the first amendment is amendment No. 697, offered by the Senator from Wisconsin. The amendment will be stated.

The legislative clerk read as follows:

On page 36, line 11, it is proposed to strike "20" and insert in lieu thereof "10".

UNANIMOUS-CONSENT AGREEMENT

Mr. BYRD of West Virginia. Mr. President, will the Senator from Wisconsin yield?

Mr. NELSON. I yield.

Mr. BYRD of West Virginia. Mr. President, with approval of the distinguished majority leader, and after having cleared the request with the assistant Republican leader and the distinguished manager of the bill; the Senator from Georgia (Mr. TALMADGE); and the Senator from Utah (Mr. BENNETT), I ask unanimous consent that on amendment No. 688, offered by the Senator from Oregon (Mr. PACKWOOD), there be a limitation of 30 minutes, the time to be equally divided between the mover of the amendment and the Senator from Georgia (Mr. TALMADGE), and that on any amendment in the second degree thereto, motion, or appeal, except nondebatable motions, there be a limitation of 20 minutes, to be equally divided between the mover of such and the Senator from Georgia (Mr. TALMADGE), and that Senator PACKWOOD's amendment be called up immediately upon the disposition of the Hansen amendment, No. 693.

Mr. PERCY. Mr. President, reserving the right to object, the distinguished Senator from Oregon (Mr. PACKWOOD) spoke to me about his amendment last night. He will not be here today. I wonder if he has discussed it with the distinguished assistant majority leader.

Mr. BYRD of West Virginia. No; he did not tell me that he would not be here today.

Mr. PERCY. Which amendment is that?

Mr. BYRD of West Virginia. It would provide for a domestic tax credit to apply to foreign as well as to domestic capital goods.

Mr. PERCY. Did he agree to the limitation?

Mr. BYRD of West Virginia. He did. He agreed to a 30-minute time limitation.

Mr. PERCY. He will not be here today. He has a longstanding commitment in Oregon. He asked that I take it up if the Senate were to finish all other amendments. If it is the desire of the majority leader to bring up all amendments that

fall in the same category, I shall be happy to bring it up.

I would rather that the amendment come at the tail end, rather than at the beginning, so that if all other amendments are not called up, this one might go over until Monday, when there is a possibility that the Senator will be here.

Mr. BYRD of West Virginia. Mr. President, I ask that the time consumed during this colloquy not be charged to the time on the amendment of the distinguished Senator from Wisconsin.

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

Mr. BYRD of West Virginia. Mr. President, if all the amendments scheduled were to be taken up, there would be five amendments. Actually, six are scheduled. One of them may not be brought up. The Senator from Wisconsin (Mr. NELSON) has two amendments; the Senator from Missouri (Mr. EAGLETON) has one amendment; the Senator from Arkansas (Mr. FULBRIGHT) has one amendment—which may not be called up; the Senator from Wyoming (Mr. HANSEN) has one amendment; and the Senator from New Hampshire (Mr. COTTON) has one amendment.

Mr. PERCY. If all amendments in that particular category were called up, so that one of them would be held over until Monday, I would call up Senator PACKWOOD's amendment. It would not be the desire of the Senator from Oregon to hold up the business of the Senate at all. However, if some of the amendments were to go over until Monday, I should prefer that his also be held over so that he could handle the amendment.

The PRESIDENT pro tempore. Does the Senator wish the unanimous-consent request to be acted upon?

Mr. BYRD of West Virginia. Mr. President, I may withdraw the unanimous-consent request.

We anticipate completing action on all six amendments today. If agreeable to Senators, the Packwood amendment will follow the Hansen amendment. Six amendments are already scheduled for today. It is very important that we dispose of as many amendments to the bill as possible, and as soon as possible, because when we come in on Monday we will go immediately to the Pastore amendment.

Mr. PERCY. I agree with the distinguished assistant majority leader. I will not pursue the matter any further.

Mr. TALMADGE. Mr. President, I agree with the course of action followed.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that on amendment No. 688, by Mr. PACKWOOD—an amendment to provide that the investment tax credit apply to foreign as well as to domestic capital goods—there be a limitation of 30 minutes, to be equally divided between the Senator from Illinois (Mr. PERCY) and the distinguished Senator from Georgia (Mr. TALMADGE); provided further, that the time on any amendment to the amendment, motion, or appeal, with the exception of nondebatable motions, be limited to—perhaps we had better say 30 minutes, and if it is not used it can be yielded back—30 minutes, to be divided in the same way.

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

Mr. BYRD of West Virginia. Mr. President, I have one final request.

I ask unanimous consent that on amendment No. 706 by Mr. PACKWOOD——

Mr. PERCY. Mr. President, if the Senator will yield, the Senator from Oregon did not discuss that amendment with me, but I know it is his desire to move along on these amendments. I will examine it and talk with his staff, and if they feel I should bring it up, I shall.

Mr. GRIFFIN. Mr. President, will the Senator yield?

Mr. BYRD of West Virginia. I yield.

Mr. GRIFFIN. May I say to the distinguished acting majority leader that I assumed when he talked with me about this amendment that he had also discussed it with the sponsor of the amendment (Mr. PACKWOOD) but apparently he had not.

Mr. BYRD of West Virginia. The Senator from Michigan assumed who had discussed it with the Senator from Oregon?

Mr. GRIFFIN. The distinguished acting majority leader.

Mr. BYRD of West Virginia. I did. The Senator from Oregon asked me to make the request.

Mr. GRIFFIN. I thought that was the case, but the Senator from Oregon will not be here.

Mr. BYRD of West Virginia. Yes; he was very desirous, I thought, of having his two amendments brought up upon the disposition of the first six amendments.

Mr. GRIFFIN. I assumed that was the case.

Mr. PERCY. It may be that he discussed it with some other Senator.

Mr. BENNETT. Why not get the unanimous-consent agreement on the second amendment? Then, if necessary, it could be lifted.

Mr. BYRD of West Virginia. Yes. I thank the Senator.

Mr. President, I ask unanimous consent that on amendment No. 706 there be a limitation of 30 minutes, to be divided between the Senator from Illinois (Mr. PERCY), who will offer the amendment on behalf of the Senator from Oregon (Mr. PACKWOOD), and the distinguished Senator from Georgia (Mr. TALMADGE), the acting manager of the bill; provided further, that any amendment in the second degree, motion, or appeal, with the exception of nondebatable motions, be limited to 30 minutes, the time to be equally divided and controlled between the mover of such and Mr. TALMADGE.

The PRESIDING OFFICER. Is there objection?

Mr. HANSEN. Mr. President, will the distinguished majority whip yield for a question?

Mr. BYRD of West Virginia. I yield.

Mr. HANSEN. I would like to ask the distinguished Senator from West Virginia if there would be a chance of having the amendment of the Senator from Texas (Mr. TOWER) called up earlier today. I believe it is listed in the RECORD as being my amendment. Both the Senator from Texas and I will have to be gone later this afternoon, and we would be most grateful if that could be done. According to the calendar, our amendment is scheduled for final action, sixth on the list.

Mr. BYRD of West Virginia. I would be glad to talk with the Senator from Missouri (Mr. EAGLETON) and the Senator from New Hampshire (Mr. COTTON) about that, but we could take it up only with their permission because their amendments are scheduled ahead of that one.

Mr. HANSEN. If I may make one further inquiry, I would like to inquire of the Senator from Texas if it is not possible that less time than the 30 minutes might be required on each side.

Mr. TOWER. I think it could be 15 minutes to a side.

Mr. HANSEN. That would be helpful.

Mr. BYRD of West Virginia. I understand the Senator from Arkansas (Mr. FULBRIGHT) is not here. In the event he has not asked other Senators to call up his amendment, there would be a 30-minute slot into which the amendment of the Senator from Wyoming could be worked if agreement by parties concerned can be reached. I will do my best to see if that is possible.

Mr. HANSEN. I thank the majority whip.

Mr. GRIFFIN. Mr. President, in fairness to the Senator from Wisconsin, I have a further inquiry. May we have unanimous consent that the time now being consumed not be charged to the time of the Senator from Wisconsin?

Mr. BYRD of West Virginia. That has already been given.

Mr. GRIFFIN. I wish to address an inquiry to the acting majority leader.

Mr. BYRD of West Virginia. Yes.

Mr. GRIFFIN. It is clearly understood, so far as the unanimous-consent agreement arrived at last night is concerned, that upon the disposition of the Pastore amendment at or about 5 o'clock on Monday, the bill itself will be open to further amendment, and that no time limitation has been agreed to with respect to any further amendment. Is that correct?

Mr. BYRD of West Virginia. That is correct.

Mr. GRIFFIN. I want to indicate, at the request of several Senators on my side, that no unanimous-consent request which would further limit debate with respect to any amendment to the bill thereafter be made, and I am sure it would not be made without the minority leader and the assistant minority leader being here; but also we will have to check and get agreement with a number of Senators on our side who have specifically said they would not agree to such a request without being notified in advance. I would like to serve that notice on the acting majority leader.

Mr. BYRD of West Virginia. The Senator has that assurance.

Mr. GRIFFIN. I thank the Senator.

Mr. BYRD of West Virginia. Mr. President, I thank the Senator from Wisconsin for his patience and his courtesy in yielding to me at this time.

The PRESIDENT pro tempore. Is there objection to the unanimous-consent agreement? The Chair hears none, and it is so ordered.

Who yields time?

Mr. NELSON. Mr. President, I yield myself whatever time I may need.

The PRESIDENT pro tempore. The Senator has 15 minutes.

AMENDMENT NO. 697

Mr. NELSON. Mr. President, this amendment would cut back the administration's ADR system of depreciation.

This proposal would save the Federal Treasury more than $10 billion over the next 10 years. These funds could be used to stimulate consumer spending in the short run; and to fund high priority programs—such as welfare reform, health care, and fiscal relief for State and local governments—later on.

In January, the Treasury issued new regulations governing the depreciation of plant and equipment. The major change was a 20-percent shortening of guideline lives. Thus, an asset which previously had a guideline life of 10 years could now be depreciated over 8 years.

This amendment would limit taxpayers to a 10-percent speedup of their depreciation schedules.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing the distribution of the Federal revenue loss resulting from the Revenue Act of 1971.

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

TABLE I.—DISTRIBUTION OF FEDERAL REVENUE LOSS, REVENUE ACT OF 1971 (H.R. 10947)

[Billions of dollars]

Calendar year	Business				Individuals					
	ADR	7-percent investment credit	DISC	Total business	Personal exemptions	Standard deductions	Low-income allowance	Total individuals	Excise [1]	Total revenue loss
1971	$0.7	$1.5		$2.2	$0.9		$0.4	$1.3	$0.9	$4.4
1972	1.7	3.6	$0.1	5.4	1.9	$0.3	1.0	3.2	2.6	11.2
1973	2.4	3.9	.2	6.5			1.1	1.1	2.3	9.9
1974	2.9	4.2	.2	7.3			1.1	1.1	2.2	10.6
1975	3.5	4.5	.2	8.2			1.2	1.2	2.3	11.7
1976	3.7	4.8	.3	8.8			1.2	1.2	2.4	12.4
1977	3.4	5.1	.3	8.8			1.3	1.3	2.5	12.6
1978	3.1	5.5	.3	8.9			1.3	1.3	2.0	12.2
1979	3.1	5.8	.4	9.3			1.4	1.4	1.6	12.3
1980	3.0	6.2	.4	9.6			1.4	1.4	1.2	12.2
Total	27.5	45.1	2.4	75.0	2.8	.3	11.4	14.5	20.0	109.5

[1] These estimates reflect revenue changes over those which would have occurred under existing law.

Sources: U.S. Treasury, Joint Committee on Internal Revenue Taxation.

Mr. NELSON. Mr. President, table I shows the distribution of the Federal revenue loss resulting from the Revenue Act of 1971 as passed by the House. The total comes to an annual average of $11 billion over the next 10 years. And the Senate has added over $5 billion a year in tax cuts. So the average annual cut in the Senate bill is about $16 billion.

With all of our any unmet domestic needs, this is hardly the time to be giving away so much Federal revenue.

Moreover, the House-passed bill is badly out of balance as between tax cuts for consumers and tax cuts for business. Adding the new depreciation rules to the investment credit and DISC, it adds up to about $8 billion a year over the next 10 years. Meanwhile, the bill gives the consumer about $1.5 billion annually. And as far as 1972 is concerned, the individual tax cuts will be almost wholly canceled out by a $3-billion social security tax increase.

This distribution of tax cuts is unfair.

It is also bad economics. With industry operating at 73 percent of capacity, businessmen have little incentive to expand plant and equipment. Therefore, the corporate tax cuts will have little effect on investment, and instead will increase corporate cash reserves. Meanwhile, consumer spending will continue in its depressed state until consumers regain their confidence, or until something is done to stimulate their spending.

Economists—whether supporting or opposing the new depreciation rules—have agreed that their effect on investment will come very slowly. Dr. McCracken, Chairman of the Council of Economic Advisors, described the new regulations in this way:

> The impact here will build fairly slowly. It takes time for these [investment] decisions, of course, to be changed.

Many businessmen agree with the economists. As Chairman John Roche of General Motors said recently:

> It should be understood that most companies of any size determine their purchases of equipment by the needs of the business and not by any short-term tax advantages.

Mr. Roche went on to say that what mattered was consumer purchasing power:

> It must be noted that the tax credit and accelerated depreciation applies only after equipment is purchased and put to use. This, like the other elements of the program, means very little unless we can achieve the improved economy the President has called for.

Mr. Roche's argument has been supported by numerous surveys. The Wall Street Journal reported on one of these in a story headlined: "Easing of Depreciation Rules Won't Spur Capital Spending Flood, Survey Indicates." Business Week—January—reported:

> Scant evidence that liberalizing depreciation at this time will induce many companies to change investment plans.

The evidence through 1971 has been unambiguous. As Walter Heller told the Joint Economic Committee:

> That depreciation provision . . . is not having much stimulative effect on investment.

And—as might be expected—corporate cash reserves are now jumping to historical highs.

The administration also maintains that the depreciation speedup is needed to preserve the international competitiveness of American firms.

In his testimony before the Finance Committee, Secretary Connally argued that income tax policies in the United States are less favorable to investment than in other industrial countries.

Mr. President, I ask unanimous consent to have printed in the RECORD a table which compares the effective corporate tax rates in certain major industrial countries.

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

TABLE 2.—*Estimated effective corporate tax rates in major industrial countries (1966)*

[In percent]

Italy	44.00
Canada	43.50
Germany	43.30
France	42.20
United States	42.10
United Kingdom	35.00
Netherlands	25.60
Japan	24.00

Mr. NELSON. Mr. President, table 2 compares the effective corporate tax rates in certain major industrial countries. These effective rates take into account accelerated depreciation, percentage depletion, and other special tax rules affecting corporations.

Table 2 shows that the taxation of corporate income in the United States does not differ substantially from that in other major industrial countries. The United States is above the United Kingdom, the Netherlands, and Japan, but below Italy, Canada, Germany, and France.

Secretary Connally's data are presented in table 3, which I ask unanimous consent to have printed in the RECORD.

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

TABLE 3.—COMPARATIVE COSTS OF CAPITAL AS INFLUENCED BY INCOME TAX POLICIES AND REAL GROWTH RATES OF GNP AND EXPORTS, 10 INDUSTRIAL COUNTRIES

	Comparative capital costs of manufacturing machinery and equipment as influenced by income tax policies	Percentage growth in GNP (constant prices)			Percentage growth in exports 1960–68 (constant prices)
		1960–68	1968–69	1969–70	
United Kingdom	79.1	26	1.6	1.7	37
Japan	81.1	129	12.1	11.2	198
Italy	81.9	55	5.9	5.1	161
West Germany	82.8	40	8.1	4.9	59
Sweden	83.0	41	5.0	4.4	62
Belgium	84.7	42	6.5	5.5	86
France	89.7	65	8.0	6.0	81
Netherlands	94.1	55	4.6	4.1	56
Canada	97.2	50	5.1	3.3	105
United States	100.0	45	2.8	−1.0	70

MR. NELSON. Mr. President, they supposedly demonstrate that the cost of capital is higher in the United States than in other industrial countries.

The only witness who commented on these figures in the Finance Committee hearings—Paul Taubman, Professor of Economics at the University of Pennsylvania and a widely respected expert—condemned them as faulty and grossly misleading.

But even if they are accepted at face value, their significance is very much in question.

Table 3 shows that there is no discernable relationship between Secretary Connally's capital cost index and the growth rates of GNP in the different countries. Nor is there any relationship between this index and the growth rate of exports.

Indeed the United Kingdom which has the lowest capital cost figure also has the lowest GNP growth rate, and the lowest growth rate of exports.

The fact is that these relatively small differences in the tax treatment of capital play a minor role in determining a country's international competitiveness. Wage rates play a much larger role, as do differing rates of inflation.

The United States today is faced with serious competition from abroad. But the way to adjust to this competition is through exchange rate realinement, not special tax subsidies, import surcharges or export rebates. These measures may be needed on a temporary basis. But the long-term solution to an international economic imbalance is revaluation.

Our Nation is now in the middle of a wholesale realinement of foreign currencies in relation to the dollar. This realinement, together with removal of trade restrictions elsewhere and a resharing of defense burdens should bring about the needed turn-around in our balance of payments. Of course, we can not predict the final shape of these changes. But as Stanley Surrey, Assistant Secretary of the Treasury under Presidents Kennedy and Johnson has said:

> We and the rest of the world know already that the end result is bound to be a real improvement in the United States Trade position.

This—and not excessive tax incentives—is the way to cope with international competition.

Tax policies toward consumption and investment should be made on the basis of our domestic needs, not the practices of other countries. We cannot allow fundamental decisions regarding our tax structure to be made in Japan or West Germany. Because one or another of these nations has decided to pursue policies favoring very rapid capital growth does not mean that we have to, or ought to.

Aside from everything else, the effort to meet foreign competition through tax subsidies is bound to fail. U.S. Steel received $207 million in tax subsidies in the period 1962–1970, and it is certainly less competitive today than it was in 1962.

The relative burden of taxation on wages and profits represents a basic decision about national priorities. And most Americans today must surely question whether a 20-percent corporate tax cut—as called for in the administration tax package—is what this Nation needs.

A large number of economists believe that the new depreciation guidelines should be withdrawn. They have argued that the investment credit and the depreciation speedup together represented an excessive corporate tax cut. This position was taken by most of the witnesses in the recent hearings before the Joint Economic Committee. Senator PROXMIRE chairman of the committee, stated:

> They [the witnesses] agreed that if there is to be an investment credit, then the ADR should be withdrawn.

This amendment is much more modest than that. It does not remove the ADR system. It merely limits the degree to which depreciation can be accelerated. Moreover, under it, businessmen would still receive most of the tax relief provided, by the full 20-percent speedup. Thus, whereas the full 20-percent speedup would give business $11.2 billion in tax relief over the next 5 years, the 10-percent speedup would grant relief of $7 billion.

Mr. President, I ask unanimous consent to have printed in the RECORD a tabulation of revenue loss to the Treasury resulting from speedup in depreciation schedules of 10 percent and 20 percent.

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

REVENUE LOSS TO TREASURY RESULTING FROM SPEED-UP IN DEPRECIATION SCHEDULES OF 10 AND 20 PERCENT

(Dollars in billions)

Calendar year	Speed-up of Depreciation Schedules of—	
	10 percent	20 percent
1971	$0.4	$0.7
1972	1.1	1.7
1973	1.5	2.4
1974	1.8	2.9
1975	2.2	3.5
Total 1971–75	7.0	11.2

Mr. NELSON. Mr. President, the Senate has already added large tax cuts to the administration bill: $1.1 billion in 1971, and about $5.2 billion annually thereafter.

Many of these additions have been desirable; many have received support from both sides of the aisle.

But those who have supported these new tax cuts should be willing now to join in the effort to recapture some of the lost revenues through reductions elsewhere.

Reducing the depreciation speedup to 10 percent is an act of fiscal responsibility. It would represent a small step away from further erosion of the Federal tax base. It would greatly increase the chances that the conference bill would contain some of the additions approved by the Senate. And it would bring a measure of economic justice to a tax package that is badly in need of it.

Mr. President, the Senate has already voted twice on the ADR system: This amendment would cut back ADR from 20 percent to 10 percent. It would save the Federal Treasury more than $10 billion over the next 10 years. The 20 percent acceleration of depreciation in the bill before the Senate would cost the Treasury $700 million in 1971; the 10 percent would cost $400 million. In 1972 the 20 percent accelerated depreciation would cost $1.7 billion; and 10 percent would cost $1.1 billion.

This issue has now been debated on the floor of the Senate twice and voted on twice. The first proposal was to eliminate the ADR entirely. That lost by 2 votes. The second was to reduce it by 5 percent. That lost by one vote. This proposal is to limit it to 10 percent.

I do not think there is any necessity for engaging in a prolonged discussion of this issue. Everyone is familiar with it.

The PRESIDENT pro tempore. Who yields time?

Mr. BENNETT. Mr. President, will the Senator from Georgia yield?

Mr. TALMADGE. I yield such time as the Senator from Utah may desire.

The PRESIDENT pro tempore. The Senator from Utah is recognized for 15 minutes.

Mr. BENNETT. Mr. President, as the sponsor of the amendment indicated, we have been around this track twice. Now we are playing the numbers game. They could not win on lower numbers, so they are raising the ante a little to see if they can gain one or two converts. I am not going to repeat all that has been said on this basic principle, but there is one point I would like to make because it becomes more important as these figures go up.

The new class life depreciation system is designed to achieve a massive simplification of the tax treatment of depreciation. Any such simplification will greatly benefit small firms relative to large firms. Typically, it is only the larger companies who find it economical to employ the specialists in law and accounting, whose services are essential to effective business planning in the face of a complicated tax law. This is clear from the infrequency with which small firms used the old Kennedy-sponsored guideline lives because those guidelines required the use of a complicated reserve ratio test which the ordinary small businessman could not understand.

In 1963, under those provisions, 10 percent or fewer of those corporations with assets of less than $100,000, and no unincorporated businesses, used the guideline life because they could not calculate it. On the other hand, 50 percent of businesses with assets of more than $250 million took depreciation deductions under the guidelines and got benefits of the guidelines.

As for the benefits of greater depreciation deductions, it is relevant that the ability to take depreciation deductions is more important for small businesses. A study using 1966 data shows that corporations with assets of less than $500,000 took depreciation deductions of $5.3 billion, or 14 percent of the total corporate depreciation deductions of $37 billion. Yet these small firms had only 7 percent of total corporate assets, 10 percent of corporate net worth, and 11 percent of the income of corporations with positive net income. In other words, the opportunity to take depreciation is worth twice as much to a small business as it is to a large business.

The reason is that very small businesses have to depend on internally generated funds for their cash flow. Large businesses have access to capital markets for their sources of money. When markets are tight, large businesses, with the added clout they have with their lenders, can get money, then small businesses are turned away.

So it is particularly important that we give small business the opportunity to generate funds internally through the use of the most favorable depreciation schedules.

For firms with total assets under $50,000 in 1968, depreciation allowances provided 25 percent of their internal funds. In 1963 the proportion was 43 percent. In 1958 it was 35 percent. By contrast, for firms with assets of $1 million to $5 million, depreciation allowances constituted less than 10 percent of their internally generated funds.

Depreciation is obviously a far more significant source of funds for small firms than for large firms. It is equally clear that the new class life depreciation system, which provides more favorable, and more realistic, tax treatment of depreciation, will convey particularly greater benefits to small firms.

There is one matter the Senate should clearly understand. The depreciation system contained in the bill is not the ADR system originally adopted by the Treasury by administrative action and proposed for legislative validation. Congress has eliminated one of the two major elements in the ADR system, the so-called special first year convention which allowed extra depreciation in the first year an asset was placed in service. This feature was in addition to the 20 percent shortening of depreciation of lives. The first year convention did little more than duplicate in part the purpose of the 7 percent investment credit. By eliminating this feature from the system, the revenue loss from the system for the 3-year period 1971 through 1973 was reduced from $10.1 billion to $4.8 billion. Thus, it was a major cutback in the system.

Furthermore, the new class life system incorporates the old guideline system of depreciation adopted in 1962 and makes other changes in the Treasury-adopted ADR system. It is a different, and much-improved, depreciation system which has been adopted by both the House and the Senate Finance Committees.

The House Ways and Means Committee and the Finance Committee studied this problem carefully and both came to the conclusion that a 20-percent range was needed. There is no evidence that we will be able to do the job needed to generate the necessary cash flow for small business if the range is reduced to 10 percent. The Senate should not gut the effectiveness of this fine new system by adopting the Nelson amendment.

May I say again that we have already voted twice on amendments making changes in the new class life depreciation system, and we have rejected them. I hope, for the benefit of small businessmen in our country, we will reject this third attempt.

I yield back my time.

Mr. NELSON. Mr. President, I yield myself 3 minutes.

Mr. President, Mr. Thrower, ex-Commissioner of the Internal Revenue Service, and a Republican appointee, has said that a 10-percent speedup in depreciation is all that is needed for simplification—to give businessmen an initiative to adopt the guidelines.

The only issue here is whether we ought to save the Treasury an average of $1 billion a year by allowing a depreciation speedup of 10-percent instead of 20 percent. That is the only thing at stake here.

I am rather surprised that the Republicans, who talk so much about a balanced budget, do not seem to be concerned that we are giving away to business, an extra $10 billion by insisting on 20-percent acceleration instead of 10 percent.

As I said earlier, this issue has been discussed several times. Everybody knows what is involved. I am prepared to yield back the remainder of my time if the Senator from Utah is ready to do so.

Mr. TALMADGE. Mr. President, at least one Senator has asked to yield him some time briefly.

I now yield 2 minutes to the distinguished Senator from Arizona (Mr. FANNIN).

Mr. FANNIN. Mr. President, we have gone over this question again and again.

Mr. President, the United States invests a substantially smaller proportion of its gross national product in business-fixed investments annually than do its principal foreign competitors. The percentage of GNP represented by gross private investment in the years 1968 through 1970 averaged 13.7 percent. This compares with the 18.3 percent for the United Kingdom, and 30 percent for Japan. In Western Germany, while the only years available were 1968 and 1969, the average is 28.7 percent.

In considering these figures, it should be recognized that, although the percentage of the U.S. gross national product so invested is low, it would be still lower but for the liberalization of depreciation rules and the enactment of the investment tax credit in 1962.

Not only is our investment-to-GNP ratio not improving anywhere near rapidly enough when compared to foreign countries, our absolute dollar levels of investment are also discouraging. The annual dollar outlay for manufacturing plant and equipment was about $28 billion from 1966 to 1968. It moved up to just over $31 billion from 1969 to 1970, and planned 1971 expenditures have fallen to $30.1 billion. However, after adjusting for price inflation since 1966, the real manufacturing capital expenditures planned for 1971 are $22.5 billion, or 12 percent below the 1966 level.

Similarly, obsolescence, as measured by the average age of equipment installed in the United States, indicates a need for greater stimulus for replacement activity. The upward trend in the average age of equipment, which reversed itself soon after the changes in depreciation and the enactment of the investment tax credit in 1962, has again shown signs of a reversion toward a higher average age of equipment.

One survey undertaken in the last quarter of 1970 showed that U.S. business considers 12 percent of its facilities technologically obsolete, and estimates that it would have to spend $144.5 billion for their replacement by the best available new plant and equipment.

It is true that a portion of U.S. plant and equipment is currently idle. But, as indicated above, a large part of this is obsolete and becoming more so. Critics have said that this so-called excess capacity shows a lack of need for a tax credit and depreciation reform.

In my view, in the present circumstances it shows the opposite. Not until we again achieve leadership in productivity will we be able to increase output and employment and thus absorb the capacity that we have the power to employ for the benefit of the consuming sector of the economy. Past experience indicates that when production of equipment increases, jobs also increase. For example, in the 1960's producers durable equipment increased by over 10 percent per year and employment in the economy as a whole increased by 2.8 million.

Prompt action must be taken to reestablish incentives for capital investment. If new jobs are to be created, if productivity is to be increased, and if our high standard of living is to be extended to all citizens without inflationary results, American business must be

encouraged constantly to improve and modernize its plant and equipment. New jobs result only from greater productive activity. Higher wages result only from: First, reduced profits; second, higher selling prices; and third, increased productivity. Profits are already at unusually low levels. Higher prices can compound inflation. Thus, the only acceptable route to higher wages is through greater productivity, and the key to this is new investment.

Mr. President, the ADR system is a logical culmination of the guideline system of depreciation initiated in 1962. The guidelines were adopted to provide flexibility, to bring depreciation lives closer to reality, and to reduce the area for taxpayer/IRS dissension.

These objectives continue to be served by the ADR system. The optional 20-percent shortening or lengthening of lives gives added flexibility, makes the system suitable to a greater range of taxpayers, and provides a useful incentive to taxpayers to elect to use the systems. The elimination of the reserve ratio test removes an unnecessary and highly complex hazard to use of this depreciation system. The test was unnecessary because excessive depreciation is recoverable under section 1245 when sale occurs, and its complexity challenged even the most sophisticated tax experts. The "repair allowance" concept of ADR is highly significant in narrowing the area of dispute between taxpayers and IRS in distinguishing capital expenditures from deductible repairs. It is clearly uneconomic for both industry and the Government to have protracted disputes over such matters, which generally involve difficult conceptual questions but are productive of little revenue. The first year averaging convention should be retained at 75 percent rather than being reduced to 50 percent since it constitutes an additional investment incentive.

In terms of export capability and our ability to compete against imports, the investment incentives offered by other industrialized nations are highly significant. We have been behind for some time. We will continue to be behind even if the investment credit and ADR provisions as proposed by the Finance Committee are enacted.

If the capital cost of manufacturing machinery and equipment in the United States in 1970, as influenced by income tax polices, is expressed as 100 percent, the comparative cost in other countries is as follows:

[In percent]

United Kingdom	79.1
Japan	81.1
Italy	81.9
West Germany	82.8
Sweden	83.0
Belgium	84.7
France	89.7
The Netherlands	94.1
Canada	97.2

Without ADR, we were behind every other industrialized nation. With ADR and the level 7-percent credit proposed by the House, the U.S. figure would be 87.1, placing it behind six nations and ahead of only France, the Netherlands, and Canada. If ADR were not modified, the U.S. figure with a 7-percent credit would be 86.2, which is still lower than six major nations. Only with the full ADR system and a 10-percent credit do we move to 82.1 and fourth place.

Mr. TALMADGE. Mr. President, I yield 2 minutes to the distinguished Senator from North Carolina.

Mr. JORDAN of North Carolina. I thank the Senator very much.

Mr. President, following up the information which the distinguished Senator from Arizona just gave us about foreign competition and their depreciation rates as against those allowed in the United States, it happens that I know a considerable amount about that situation, because I have studied it over a number of years. I have been to a good many foreign plants and have checked what their depreciation is. Some of them have 25 percent. In 4 years they can get their whole cost back and can then put in up-to-date, high-speed, modern equipment, which we cannot compete with unless we can do the same or close to the same thing.

This does not reduce the tax receipts to the Federal Government in any way whatsoever, except that it accelerates them in the beginning period instead of over the long-haul period of time. Suppose a man buys some equipment that costs $100,000; he has a depreciation rate of 10 years. He would take off $10,000 a year. Under this measure, during the first four years he could accelerate that, which would help him, because if he had to borrow the money—and a great many of them do have to borrow the money—he could pay back the first loan or partial loan much more quickly than he could otherwise, and come nearer to getting the money when needed.

This would stimulate the purchase of new equipment, new buildings, and everything else it takes to put people back to work and to relieve unemployment, which is a serious problem in this country today. The biggest problem we have and the biggest cause of the serious crisis we are in, is that so many people are out of work; and more are being put out of work every day instead of being put back to work. Anything we can do to stimulate the purchase of new equipment and the acquisition of new plants means putting more people back to work. This amendment would have the opposite effect, and should certainly be defeated.

Mr. TALMADGE. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator has 5 minutes remaining.

Mr. TALMADGE. Mr. President, the thrust of this tax bill is twofold: First, to get the economy of this country moving, to reduce unemployment, to put people back to work; and second, to try to make American industry more competitive in the world market.

We have been outtraded and outsold throughout the world for more than 20 years. We have had only two or three favorable balances of payments in the last two decades. We have had a deficit in our balance of trade, contrary to the statistics coming from the Department of Commerce, for the last 5 years.

There are many reasons for that, Mr. President, but one of the principal reasons is the less favorable recovery of the cost of capital expenditures on plant and equipment in our country's tax system vis-a-vis those of our principal competitors.

What are the facts? Virtually every industrialized nation in the world at the present time has a greater advantage on depreciation and capital recovery than the United States of America. The House Ways and Means Committee and the Senate Finance Committee considered these facts carefully, after hearing expert witnesses, to try to do something to restore our competitive situation in this country.

The Committee on Ways and Means changed the Treasury Department's asset depreciation range provisions by eliminating the so-called three-quarter year convention. The Senate Finance Committee also looked into the matter and concurred with the House bill with respect to ADR. The bill we have before us has a combination of an investment tax credit with a depreciation schedule that gives American business certain recovery of their investments.

If the two of them are combined, what is the situation? In the United States, we still have to spend 87 cents for every $1 of capital investment. That is over a long period of time. What is the situation in our principal competitive countries that we are going to trade with?

In the United Kingdom, it will be 79 cents on the dollar as against our 87 cents. In Japan it will be 81 cents on the dollar as against our 87 cents. In West Germany it will be 83 cents as against our 87.

Thus, Mr. President, even if the amendment of the distinguished Senator from Wisconsin is defeated, which I hope it will be, the United States of America, on a comparative test for recovery of capital investments, will still be in worse shape than our principal competitors.

For that reason, I think it is vital that the amendment be rejected. Since we are being swamped now with foreign goods in our own domestic market, we have ceased to be competitive on a worldwide basis.

I yield my remaining time to the distinguished Senator from Illinois.

Mr. PERCY. Mr. President, I fully concur with what has just been said. Together with the distinguished Senator from Utah and a very few other Members of the Senate, I have spent a majority of my life in manufacturing—about 25 years.

I can simply say it is very disheartening indeed for American manufacturers to see the way we treat investment in capital equipment, as against all other industrialized nations of the world. We call ourselves a capitalistic country, and yet we discourage capital investments, by our tax rules, more than any other modern nation in the world today. It is very discouraging indeed to be in a highly competitive business and find that you are competing against Japan, which encourages——

The PRESIDENT pro tempore. The time of the Senator from Georgia has expired.

Mr. PERCY. Will the Senator yield me 5 additional minutes?

Mr. TALMADGE. My time has expired.

Mr. PERCY. I ask my distinguished friend from Wisconsin if he can spare any time. If he intends to yield any time back, I would very much appreciate it. Otherwise, I do not ask him for any.

Mr. NELSON. Mr. President, we have already been through these arguments on two previous occasions. I question whether it serves any purpose to go through them all again. I yield back the remainder of my time.

The PRESIDENT pro tempore. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Wisconsin.

Mr. NELSON. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

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

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

The question is on agreeing to the amendment of the Senator from Wisconsin. 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 Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Indiana (Mr. HARTKE), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Louisiana (Mr. LONG), the Senator from Washington (Mr. MAGNUSON), the Senator from Montana (Mr. METCALF), and the Senator from Maine (Mr. MUSKIE) are necessarily absent.

I further announce that, if present and voting, the Senator from Minnesota (Mr. HUMPHREY) and the Senator from Arkansas (Mr. FULBRIGHT) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Nebraska (Mr. HRUSKA), the Senator from New York (Mr. JAVITS), the Senator from Oregon (Mr. PACKWOOD), the Senator from Alaska (Mr. STEVENS), and the Senator from Ohio (Mr. TAFT) 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.

The Senator from Maryland (Mr. BEALL), the Senator from New Jersey (Mr. CASE), the Senator from Kentucky (Mr. COOPER), and the Senator from South Carolina (Mr. THURMOND) are detained on official business.

If present and voting, the Senator from Kentucky (Mr. COOPER), the Senator from Nebraska (Mr. HRUSKA), and the Senator from South Carolina (Mr. THURMOND), would each vote "nay."

The result was announced—yeas 25, nays 55, as follows:

[No. 370 Leg.]

YEAS—25

Bayh	Hart	Nelson
Bentsen	Hollings	Pell
Burdick	Hughes	Proxmire
Cannon	Jackson	Stevenson
Chiles	McGee	Symington
Church	McGovern	Tunney
Cranston	McIntyre	Williams
Eagleton	Mondale	
Harris	Moss	

NAYS—55

Aiken	Eastland	Pastore
Allen	Ellender	Pearson
Allott	Ervin	Percy
Anderson	Fannin	Randolph
Baker	Fong	Ribicoff
Bellmon	Gambrell	Roth
Bennett	Goldwater	Schweiker
Bible	Griffin	Scott
Boggs	Gurney	Smith
Brock	Hansen	Sparkman
Brooke	Hatfield	Spong
Buckley	Inouye	Stafford
Byrd, Va.	Jordan, N.C.	Stennis
Byrd, W. Va.	Jordan, Idaho	Talmadge
Cook	Mansfield	Tower
Cotton	Mathias	Weicker
Curtis	McClellan	Young
Dole	Miller	
Dominick	Montoya	

NOT VOTING—20

Beall	Humphrey	Muskie
Case	Javits	Packwood
Cooper	Kennedy	Saxbe
Fulbright	Long	Stevens
Gravel	Magnuson	Taft
Hartke	Metcalf	Thurmond
Hruska	Mundt	

So, Mr. NELSON's amendment was rejected.

Mr. TALMADGE. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. BENNETT. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 544

The PRESIDENT pro tempore. The next amendment is No. 544 of the Senator from Wisconsin (Mr. NELSON).

Mr. NELSON. Mr. President, I send to the desk a technical modification of this amendment changing certain page and line references.

The PRESIDENT pro tempore. The amendment with its modification will be stated.

The assistant legislative clerk proceeded to read as follows:

On page 123, beginning with line 3, strike out all through line 8 on page 176.

The PRESIDENT pro tempore. Who yields time?

Mr. NELSON. Mr. President, I yield myself 5 minutes.

The PRESIDENT pro tempore. The Senator from Wisconsin is recognized for 5 minutes.

Mr. NELSON. Mr. President, on behalf of the Senator from Oklahoma (Mr. HARRIS), the Senator from Michigan (Mr. HART), the Senator from Indiana (Mr. HARTKE), the Senator from Minnesota (Mr. MONDALE), and myself, I call up amendment No. 544.

This amendment would remove the DISC proposal from the bill.

The DISC proposal seeks to expand exports by providing special tax advantages to a new kind of corporation—Domestic International Sales Corporation—which is involved only in exporting.

American manufacturers producing for export would channel their exports through a DISC. The DISC's profits would be subject to reduced income tax if they are used for "export-related activities." In the bill before us, 50 percent of all DISC earnings would be free from tax.

The version of DISC adopted by the Finance Committee is much less expensive than that recommended by the administration: it is much simpler and more equitable than the House version.

Nevertheless, even in this form, the DISC proposal has little merit; it should be rejected.

Initially, Treasury estimated that DISC would increase exports by $1 billion, while costing $600 million in Federal revenues. The Congressional Joint Committee on Internal Revenue Taxation has questioned this $1 billion estimate of increased exports, and placed the true figure at closer to $300 million. But even accepting the Treasury estimates, DISC turns out to be a very expensive proposition: every dollar of increased exports costs the Treasury 60 cents. In effect, the Treasury would be subsidizing over half the cost of new exports.

The modified DISC approved by the Finance Committee is relatively less costly than the administration version. Nevertheless, it would still cost almost $1 billion during the first 4 years, and $400 million annually by 1978. Moreover, to the extent that the revaluation of currencies currently underway leads to a major increase in exports, the cost could be much greater. At the same time, the Treasury has given us no estimates of the new exports that DISC—as modified by the Finance Committee—would generate. If the original proposal would have increased exports by $300 million to $1 billion, one must conclude that the Finance Committee version would result in a much smaller increase.

I ask unanimous consent to have printed in the RECORD, the Finance Committee DISC figures.

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

Finance Committee DISC

[Cost in millions]

1972	$100
1973	170
1974	240
1975	300

Mr. NELSON. With one minor exception, Treasury has provided Congress with no serious studies nor solid evidence to support DISC. The only available study—performed by the Congressional Joint Committee on Internal Revenue Taxation—raises serious questions regarding its desirability.

On October 15, I wrote Assistant Secretary Volcker requesting any studies or other evidence supporting the DISC proposal. On October 20, I received a letter from Assistant Secretary Petty. Attached to Mr. Petty's letter were copies of two letters—from Union Carbide and Hewlett-Packard. Mr. Petty pointed to the data in these two letters as evidence of how U.S. companies would increase their exports under DISC.

These are the only specific, detailed statistics that Treasury has come up with in support of DISC.

The data in these two letters have been analyzed by the staff of the Joint Committee on Internal Revenue Taxation. The conclusions of the staff study lend little support to DISC. For instance, with respect to Hewlett-Packard:

> The original data presented suggests that it would be more advantageous to the company to retain the additional funds provided by a DISC corporation rather than to expand exports. The revised data made available this last October suggests that the necessary [export] promotion expenses are small enough so that incurring of additional export expenses (with the resulting increase in exports) would appear attractive whether or not the DISC proposal were to be adopted.

In other words, in the first case, the company would have larger profits under DISC if it did not increase its exports; in the second case, it has an incentive to increase exports even without DISC.

Given the absence of any solid evidence in support of DISC, it is hardly surprising that this proposal was vigorously opposed by almost every economist who testified before the Finance Committee in the recent hearings. It has been strongly opposed by Stanley Surrey, Assistant Secretary of the Treasury under Presidents Kennedy and Johnson. The Wall Street Journal has attacked it editorially as a "tax gimmick"; the AFL–CIO has called it a "tax giveaway." Significantly, the President's Commission on International Trade and Investment Policy—the Williams Commission—refused to recommend DISC in its recent report.

Support for DISC might be justified even without strong empirical evidence if the logic of the proposal were self-evident. But the opposite is the case.

Treasury states that DISC profits—to remain tax-exempt—must be used in "export-related activities." But there is no requirement in the legislation that DISC earnings be traced to facilities or equipment actually used in production for export. As a result, DISC earnings can be used for almost any form of domestic investment. The funds can be used by large manufacturing companies, who are presently exporters, for purely domestic activities where the favored companies are able to compete with tax-free DISC money against companies not so favored.

According to Treasury, DISC would exempt some portion of export profits from taxation. In fact, however, under the formula used for determining export profits, much—in some cases all—manufacturing profits would be included as well.

The formulas define DISC export earnings as 50 percent of the difference between cost and sales price, or 4 percent of the sales price, whichever is greater. In many cases—particularly in industries with low rates of return on sales—the 4 percent of sales price could place the entire profit on the sales within DISC export earnings, and thus subject to 50 percent tax exemption.

In arguing for DISC, the Treasury points out that taxation of U.S. foreign subsidiaries is "deferred," and that DISC is required to prevent domestic exporters from going overseas to obtain this tax advantage. This overlooks the fact that U.S. foreign subsidiaries pay foreign income taxes which in many cases are close to—or more than—our's. Table I shows comparative corporate tax rates in major industrialized countries. The United States is close to the middle, and only Japan is significantly lower. Table II shows estimated effective corporate tax rates in major industrial countries. These effective rates take into account such special provisions of the tax laws as accelerated depreciation and percentage depletion.

I ask unanimous consent to have the table printed in the RECORD.

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

COMPARATIVE CORPORATE TAX RATES IN MAJOR INDUSTRIAL COUNTRIES

Canada, 51.41 percent.
Germany,[1] 51.00 percent.
France,[2] 50.00 percent.
United States, 48.00 percent.
Netherlands, 47.38 percent.
Italy, 45.20 to 37.80 percent.
United Kingdom, 45.00 percent.
Japan,[1] [2] 35.00 to 26.00 percent.

Mr. NELSON. Table II shows that the United States is in line with most of our trading partners. Only Japan and the Netherlands are significantly lower, and Italy, Canada, Germany and France are higher.

Mr. President, I ask unanimous consent to have the table printed in the RECORD.

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

TABLE II.—Estimated effective corporate tax rates in major industrialized countries—1966

[In percent]

Italy	44.00
Canada	43.50
Germany	43.30
France	42.20
United States	42.10
United Kingdom	35.00
Netherlands	25.60
Japan	24.00

Mr. NELSON. Moreover, if deferral for our foreign manufacturing subsidiaries is a material inducement to invest abroad, the obvious course is to end the deferral and leave the U.S. tax system neutral between investment abroad and investment at home. Instead, Treasury says we must keep our inducements to foreign investment, and we must exempt export income because of these inducements to foreign investments. This makes no sense. And it would leave a gaping hole in the income tax.

There are numerous other objections to DISC.

It is extremely complex. Prof. Stanley Surrey has written that:

> Its weaknesses and further loophole potential will be fertile hunting ground for tax avoiders.

It is likely to cause foreign retaliation and emulation which would only hurt our trade position. This is particularly so inasmuch as we have already imposed a 10-percent surcharge on our trading partners.

And it represents another tax break for the largest corporations. The study by the Joint Committee on Internal Revenue Taxation stated:

> The major impact of the revenue loss from DISC would, of course, be concentrated among the major exporting companies. The Commerce Department estimates that roughly 100 of the largest U.S. firms account for the majority of our exports, more than 50 percent, although this is a rough guess. They would presumably receive approximately their proportionate share of the tax reduction.

Maybe DISC made some economic sense when it was first proposed. Nothing was being done at that time to cope with the fundamental imbalance in our international position.

But today, with the President's new economic plan, we are taking direct steps to deal with our balance of payments problem. Tax gimmicks like DISC should be put aside in favor of the new measures.

The United States is now in the middle of a wholesale realinement of foreign currencies in relation to the dollar. This realinement, together with removal of trade restrictions elsewhere and a resharing of defense burdens should bring about the needed turnaround in our balance of payments. Of course, we cannot predict the total effect that these changes will have on our trade. But even so, this is hardly the time to institute a permanent tax gimmick like DISC. We should at least await the outcome of these international developments to see what further steps, if any, are needed to assist our exporters.

Finally, the DISC proposal violates the most basic standards of fairness. According to Professor Surrey:

> When the questions are asked why is our tax system so unfair, why are there such gross escapes for some from the tax burdens borne by others, why do we have so much difficulty in focusing our scarce funds on pressing needs, the DISC proposal is a sharp and bitter answer.

And the Wall Street Journal:

> The result [of proposals like DISC] is a sense of unfairness and ill will among taxpayers, which is the first step towards wide scale efforts at evasion.

DISC would simply add a new loophole to a tax system that already has too many. It is inconsistent with a sound trade policy; it is inconsistent with tax simplicity; and it is inconsistent with the view that the tax system must deal justly and evenly with all members of the society.

Mr. President, I ask unanimous consent that there be printed in the RECORD a letter I wrote to the Assistant Secretary of the Treasury and the response to that letter; a letter and an analysis of DISC prepared by the Joint Committee on Revenue Taxation, with accompanying charts and documents; an editorial from the Wall Street Journal which analyzes the DISC proposal and identifies it as a tax gimmick; an article by Harvard Law School Prof. Stanley Surrey, who was Assistant Treasury Secretary for Tax Policy during the Kennedy and Johnson administrations.

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[1] A lower rate of tax applies to distributed earnings.

[2] Figures shown do not include substantial provincial taxes.

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

OCTOBER 15, 1971.

Mr. PAUL VOLCHER,
Assistant Secretary of the Treasury, Department of the Treasury, Washington, D.C.

DEAR MR. VOLCHER: In the Finance Committee hearings of October 1, you may remember that I questioned you concerning the DISC proposal.

One of my questions concerned previous documentation of economic studies of just how and to what extent and for what good this proposal would increase our exports. You answered that you were relying on "extensive talks and studies not only within the Treasury but with private companies concerned."

I realize that you cannot relate to me all these conversations with businessmen. I also understand that in the nature of things, the effects of DISC are somewhat speculative. But I would like to study whatever evidence does exist on this proposal. If some of this has been presented before and is a matter of public record, I would be glad to have the references.

I appreciate any help you can give me on this matter. Since the Committee hearings are fairly well along, I hope you will be able to respond expeditiously.

With best regards,

Sincerely yours,

GAYLORD NELSON,
U.S. Senator.

THE DEPARTMENT OF THE TREASURY,
Washington, D.C., October 20, 1971.

Hon. GAYLORD NELSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR NELSON: In response to your request of October 15 to Under Secretary Volcker for supporting material concerning the DISC proposal, I am glad to enclose several documents. The first contains answers to several frequently asked questions about the DISC. In particular, the answer to question 2 summarizes our conclusions about how, when and by what amount DISC will stimulate U.S. exports.

The enclosed copies of two letters—from Union Carbide Corporation and Hewlett-Packard—are good examples of how DISC will fit into the export sales planning of many corporations. With regard to other company responses to the DISC proposal I refer you to pages 31–35 of the Senate Finance Committee Hearings on the Trade Act of 1970 and Social Security Amendments of 1970 (Part 1 of 2 Parts), October 9 and 12, 1970.

In addition to enclosing the material noted above, I would like to emphasize the following points. In order to achieve the increase in exports which we have projected, the DISC incentive must apply to all exports and again and again by the heads of companies with whom we have discussed some form of tax incentive to exports over the past few years. As regards permanency, no company management is willing to undertake a substantial shift of company resources into export operations—which we expect the DISC to encourage—without assurance that the benefits of DISC will continue into the future. We are not aiming for a short-term stimulus to U.S. exports through the DISC proposal but for a permanent reorientation of business attitudes towards export business.

As regards the application of DISC to all exports rather than to incremental exports only, one third of our hundred largest exporters have had a declining or indefinite export trend in recent years. Reversing downtrends or, at least, preventing further erosion of particular exports will contribute as much to restoring our trade balance as increasing other exports.

I am glad to provide the enclosed material. If you should have any questions, members of Treasury staff will be glad to discuss them with you at your convenience.

Sincerely yours,

JOHN R. PETTY,
Assistant Secretary.

CONGRESS OF THE UNITED STATES,
Washington, D.C., October 20, 1971.

Hon. GAYLORD NELSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR NELSON: I am replying to your October 14 request for a staff evaluation of the data provided by Union Carbide and Hewlett-Packard concerning increased exports which might arise as a result of the use of a DISC corporation. I asked an economist on the staff to evaluate the data in the information supplied by these two companies.

The analysis prepared by the economic staff in the case of Union Carbide suggests that for the DISC type operation to result in increased exports the unit production costs with respect to the additional units produced must be relatively low or the promotion expenses necessary to obtain the export expansion must be relatively low if the DISC operation can be expected to appreciably expand exports in this case. The information supplied is not sufficient to show whether either of these two conditions exists. To the extent that these conditions exist, it is not clear why an export expansion would not occur under existing law.

With respect to the Hewlett-Packard Company, the original data presented suggests that it would be more advantageous to the company to retain the additional funds provided by a DISC corporation rather than to expand exports. The revised data made available this last October suggests that necessary promotion expenses are small enough so that incurring of additional export expense (with the resulting increase in exports) would appear attractive whether or not the DISC proposal were to be adopted.

It is, of course, difficult to provide any conclusive information in cases of this type since so much depends upon the evaluations of the executives in the firms involved. The analysis made by my staff economist, however, indicates what would apparently be the decisions made strictly on the basis of the economics involved in these cases.

Sincerely yours,

LAURENCE N. WOODWORTH.

ANALYSIS OF DATA SUBMITTED BY UNION CARBIDE AND HEWLETT-PACKARD CONCERNING INCREASED EXPORTS IN RESPONSE TO GREATER PROMOTIONAL EFFORT UNDER DISC [1]

SUMMARY

The data submitted by Union Carbide and Hewlett-Packard indicate that in some cases it may be more profitable for an exporter to maintain his present level of exports under DISC rather than incur additional promotional expenses to increase his exports and in other cases, it would be profitable to increase exports even without DISC. The precise result depends basically on the cost of the promotion expenses per dollar of increased exports.

In the Union Carbide presentation, increased profits resulting from greater promotional effort and higher exports depends on a reduction in unit production costs. More precisely, they depend on the relationship between the decrease in unit production costs ($.02 per unit) and increased promotional costs ($.03 per unit). If unit production costs do not decline or additional promotional expenses are $.05 or more per unit, it would be more profitable not to incur additional promotion expenses to increase exports according to the Union Carbide data. This is not to say that their estimates are wrong, but to point out that there may be a rather narrow range of circumstances where it is more profitable to incur additional promotion expenses and increase exports than to maintain the present level of exports under DISC.

The Hewlett-Packard data submitted on November 11, 1970, indicate that it would be more profitable not to incur additional promotional expenses to increase exports under DISC. Basically, their data show that gross profit without regard to additional promotion expenses would be $21 million higher in 1971 through 1975 if these expenses were incurred and exports increased but the additional export promotion expenses would be $36 million. Thus, before-tax profits would be about $15 million higher if no additional export promotion expenses were incurred to expand exports. After-tax profits under DISC would be about $9 million higher over the period if these expenses were not incurred and exports increased.

The revised data submitted by Hewlett-Packard on October 8, 1971, shows a much lower cost of export promotion expense per dollar of increased exports than the November 1970 data. The latter indicates that a 5-percent increase of exports would require additional export promotion expenses equal to 15 percent of additional exports whereas the latter indicates the 5-percent export increase would require promotion expenses equal to 3 percent of additional exports. On the basis of their October 1971 estimates, an increase of exports of $142 million over the period 1972 to 1976 would require $10 million of export promotion expenses (compared to the previous estimate of $36 million). On this basis, gross profits before taxes without regard to export promotion expenses would be $22.5 million higher if these expenses were incurred and net profits after these expenses would be $12.5 million higher. These profit figures are without regard to DISC and, if correct, raise the question of why exports would not be increased via higher promotion expenses under present law even though they would result in a lower than average return on sales.

UNION CARBIDE DATA

The data on unit cost and profit presented by Union Carbide for its "Class B" exports, those which would respond to increased selling effort, is as follows:

	Present	With increased sales effort— Without DISC	With increased sales effort— With DISC
Unit selling price	$1.00	$1.00	$1.00
Production cost	.79	.77	.77
Overhead	.12	.15	.15
Profit before tax	.09	.08	.08
Income tax [1]	.045	.04	.02
Profit after tax	.045	.04	.06
Net return on sales (percent)	4.500	4.00	6.00

[1] 50 percent under present law and 50 percent on ½ of profits on 25 percent under DISC.

The example provided and the data for this class of exports indicate that the increased profits resulting from greater promotional effort depends on a reduction in production costs as a result of increased exports. If unit production costs do not go down as a result of increased sales due to greater promotional effort, the company would earn a greater total profit and a higher rate of return on sales under DISC by not incurring the promotional expense and not increasing exports. Alternatively, if export promotion expenses go up by $.05 per unit rather than $.03 (shown as an increase in overhead from $.12 to $.15 per unit), the company would also earn a greater profit under DISC by not increasing exports.

These relationships for the 1970 level of

[1] This analysis covers the data submitted by Union Carbide on July 2, 1970, and by Hewlett-Packard on November 11, 1970, and the revised data it submitted on October 8, 1971.

exports (which also applies to the entire period) are as follows: Estimated total exports in 1970 are $235 million; Class B exports are about 10 percent or $23.5 million. They estimate that increased promotional effort would increase exports $65 million over the 10-year period or $6.5 million per year. The net rate of return on sales after taxes under DISC if no increase in exports took place would be 6.75 percent (the 9.0 percent before tax return shown in the "present" column minus the tax of 2.25 percentage points, a 50 percent rate on half the profits). Total profits for 1970 would be $23.5 million x 6.75 percent, or $1.59 million. With increased sales effort under DISC, sales for 1970 would be $30 million at 6 percent or total profits of $1.80 million.

If production costs do not decrease, the figures are:

Increased sales effort and present production costs under DISC

Unit selling price	1.00
Production cost	.79
Overhead	.15
Profit before tax	.06
Income tax	.015
Profit after tax	.045
Net return on sales (percent)	4.50

Under this assumption, profits would be 4.50 percent on $30 million of sales which is $1.35 million, or $0.45 million less than if no promotion expenses are incurred and export expenses are not increased.

Their figures may well be correct and it may be more profitable to incur additional exports promotion expenses. The above analysis points out, however, that the tax saving from DISC is not sufficient to cover increased promotion expenses (in their case) and lower unit production costs are necessary to make such expansion profitable. This combination of increased promotion costs and lower unit production costs which make expansion profitable may not exist generally. Lower unit production costs for expanded output imply either excess capacity or the ability to acquire new, more efficient facilities. Note, however, that if production costs decrease by $0.3 per unit (rather than the $0.2 they indicate) as a result of expansion, then the export expansion yields the same rate of profit on sales as the present situation (4.5 percent after taxes) without DISC.

HEWLETT-PACKARD DATA

Hewlett-Packard data submitted in November 1970 projects their exports over the period 1971 to 1975 at $880 million without DISC. (This data and the data discussed below is shown in Table 1.) Their estimated profit rate of 15 percent yields a before-tax profit of $132 million and an after-tax profit of $66 million on these exports. Their projections under DISC show exports of $1,020 million over this period, an increase of $140 million, in response to additional export promotion expenses. Before-tax profits at the 15-percent rate without regard to additional export promotion expenses would be $153 million. Additional export promotion expenses are given as $36 million over the period. Net profit before taxes would therefore be $117 million. After-tax profits under DISC would be $84.4 million. Tax deferral under DISC would be $26 million.

Based on the same figures, if there were no additional export promotion expenses, exports would be $880 million and before-tax profits would be $132 million. After-tax profits under DISC would be $93.5 million which is $9 million or 10.6 percent higher than if exports were increased by additional export promotion expense. Tax deferral would be $27.5 million.

In effect, the Hewlett-Packard original presentation is saying that export promotion expenses of $36 million would increase exports by $140 million on which a profit of $21 million would be earned before taking account of export promotion expense. After export promotion expense, there would be a loss of $15 million on the transaction but the tax deferral under DISC still makes an increase in after-tax profits possible compared to present law. This is not the relevant comparison, however, as the higher after-tax profits under DISC without increased export promotion expenses indicates.[2]

Hewlett-Packard's data submitted on October 8, 1971, differs from the November 1970 data principally in the substantially lower estimated cost of export promotion expense per dollar of increased exports. The two estimates are shown below. The aggregate export promotion expenses necessary to increase exports by approximately $140 million over a five-year period were estimated at $36 million in the 1970 data and at $10 million in the 1971 data.

Percentage increase in exports	Estimated promotion expenses as a percent of additional sales— 1970 estimate	1971 estimate
0 to 5	15	3
6 to 10	16	5
11 to 15	18	7
16 to 20	20	10

The 1971 data is more comprehensive with respect to the use of DISC income, the pattern of dividend payments, etc. The question of the use of the DISC income is not considered here, however, because it is secondary to the question of whether DISC would increase exports.[3] In this connection, their gross profits before the additional export promotion expenses would be $22.5 million higher if these expenses were incurred and exports increased than if they were not. Net before-tax profits after the $10 million of export promotion expenses would therefore be $12.5 million higher.

This raises the question of why they would not incur these expenses and increase before-tax profits under present law. The Hewlett-Packard analysis indicates that they would not incur these promotion expenses without DISC, however, although it would increase total profits because it would result in a lower than average return on sales. This line of reasoning appears to attribute too much impact on exports to DISC because it says that exports which require higher than average promotion expenses will take place only with DISC.

[2] The $36 million of export promotion expenses can also be viewed as financed by $26 million of tax deferral from DISC and roughly $9 million of lower after-tax profits compared to DISC and no export promotion expenses.

[3] Their data shows that the net tax deferral after payment of dividends by the DISC to the parent would be $10 million over the period. This is equal to export promotion expenses and implies that they will incur such expenses only if the Federal Government finances them.

TABLE 1.—COMPARISON OF PROFITS UNDER DISC WITH AND WITHOUT EXPORT EXPANSION BASED ON HEWLETT-PACKARD DATA SUBMITTED, NOV. 11, 1970

[Amounts in millions of dollars]

	Case I—DISC and increased export promotion expenses						Case II—DISC and no additional export promotion expense					
	1971	1972	1973	1974	1975	Total	1971	1972	1973	1974	1975	Total
Projected exports	130.0	161.8	203.8	241.7	282.5	1,020.0	130.0	150.0	175.0	200.0	225.0	880.0
Gross profits (15 percent)	19.5	24.3	30.6	36.3	42.4	153.1	19.5	22.5	26.2	30.0	33.8	132.0
Export promotion expense	1.9	4.8	7.3	10.5	11.5	36.0						
Net profit [1]	17.6	19.5	23.3	25.8	30.9	117.1	19.5	22.5	26.2	30.0	33.8	132.0
Manufacturing net profit [2]	8.6	9.3	10.9	11.9	14.4	55.0	9.75	11.25	13.13	15.00	16.88	66.0
Tax (50 percent)	4.3	4.65	5.45	5.95	7.20	27.5	4.88	5.63	6.56	7.50	8.44	33.0
Manufacturing after-tax profit	4.30	4.65	5.45	5.95	7.20	27.5	4.87	5.62	6.56	7.50	8.44	33.0
DISC net profit [3]	9.0	10.2	12.4	13.9	16.5	62.0	9.75	11.25	13.13	15.00	16.88	66.0
Tax [4]	2.25	1.28	1.55			5.08	2.44	1.41	1.64			5.5
DISC after-tax profit	6.75	8.92	10.85	13.90	16.50	56.92	7.31	9.84	11.49	15.00	16.88	60.5
Total after-tax profit	11.05	19.12	16.30	19.90	23.70	84.42	12.18	15.46	18.05	22.50	25.32	93.5
Tax deferral	2.25	3.82	4.65	6.95	8.25	25.9	2.44	4.22	4.92	7.50	8.44	27.52

[1] This presentation excludes the R. & D. expenses and depreciation on fixed assets acquired from producers' loans under DISC in the Hewlett-Packard analysis for simplicity since those amounts relate to the use of tax savings under DISC rather than the basic profitability in the 2 cases. Nor does it include any dividend payment.

[2] One-half of net profit less 10 percent of export promotion expenses. These amounts differ slightly from those in the Hewlett-Packard data which incorrectly adjusted for export promotion expenses. This also applies to footnote 3.

[3] One-half of net profit plus 10 percent of export promotion expense.

[4] 25 percent in 1971, 12.5 percent in 1972 and 1973 and zero thereafter.

TABLE 2.—COMPARISON OF PROFITS UNDER PRESENT LAW WITH AND WITHOUT EXPORT EXPANSION BASED ON HEWLETT-PACKARD DATA SUBMITTED OCT. 8, 1971

[Amounts in millions of dollars]

	Case I—Present law and no export promotion expense						Case II—Present law and additional export promotion expense					
	1972	1973	1974	1975	1976	Total	1972	1973	1974	1975	1976	Total
Projected exports	130.0	147	170.0	197.0	225.0	869.0	136.9	169.3	207.9	237.5	267.5	1,019.1
Gross profit (15 percent)	19.5	22	25.5	29.5	33.8	130.3	20.5	25.4	31.2	35.6	40.1	152.8
Export promotion expense							.6	1.9	2.2	2.5	2.8	10.0
Net profit	19.5	22	25.5	29.5	33.8	130.3	19.9	23.5	29.0	33.1	37.3	142.8
Tax (50 percent)	9.75	11	12.75	14.75	16.90	65.15	9.95	11.75	14.50	16.55	18.65	71.40
After-tax profit	9.75	11	12.75	14.75	16.90	65.15	9.95	11.75	14.50	16.55	18.65	71.40

[From the Wall Street Journal, Sept. 30, 1971]

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 disappears 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 "DISCs," 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 toward 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 towards 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 year, 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.

DISC: A BILLION-DOLLAR TAX LOOPHOLE HIDDEN IN NEW ECONOMIC POLICY

(By Stanley S. Surrey)

The President's speeches on the New Economic Policy do not mention the "DISC proposal, and so it receives almost no notice in the daily press discussions.

This silence cloaks the efforts of the Treasury Department once again to slide the DISC proposal into the tax law. Last year the attempt was made as part of the Trade Bill, when the fierce legislative battle waged over import restrictions permitted the DISC proposal to pass through the House, almost unnoticed and unseen and certainly not understood. Fortunately, the Senate Finance Committee then viewed the proposal with suspicion and it died at the end of the session.

There is good reason to keep the DISC proposal out of the spotlight. The proposal opens up a billion-dollar loophole in the income tax, through permitting U.S. exporters—especially our largest corporations—to escape that tax.

It would be a cruel irony to have the first significant technical income tax legislation to pass the Congress after the 1969 Tax Reform Act—the kind of legislation that only technicians and experts can follow—open up one of the largest tax escapes ever legislated by the Congress. Yet we find the Treasury Department being the moving force behind this attempt.

A DISC—Domestic International Sales Corporation—would be a new type of corporation conjured forth by this change in the tax law designed to "defer" the income tax on the "export profits" received by a domestic corporation engaged solely in the export trade. The quotation marks are used because the words they enclose turn out, as is so often the case in tax legislation, to have a significance far beyond their normal usage.

American businesses manufacturing goods that are sold abroad would be expected to organize DISCs—which need be only paper subsidiaries—through which their present exports would be channeled. The profits of a DISC from its export sales would not be subjected to income tax if the profits are used in export activities of the DISC or loaned to the parent-manufacturer corporation for "export-related activities"—again the significant quotation marks. This is the way the Treasury describes the proposal.

But under the terms of the actual legislation, it turns out that "deferral" would in practice become exemption; that "export profits" would very often include manufacturing profits; that "export-related activities" of the parent-manufacturer becomes activities having nothing to do with exports, extending even to investment for manufacture abroad; and that the references in title and description to "domestic" export subsidiaries cloak in practice an inducement to form foreign subsidiaries and, moreover, to form them in tax-haven countries, thus bringing back a pattern of abuse against which Congress legislated in 1962.

These are aspects that the Treasury does not talk about when it urges the proposal. For example:

1—The Treasury stresses in urging DISC that only a deferral of tax is involved, in terms that imply deferral is really not much—the tax is not paid now but must be paid a bit later on. Indeed, "deferral" for most Congressmen is a word that lulls them into believing very little is being given away. But the Treasury and corporate controllers know better. Thus, a high Treasury official, in talking recently to a professional group on aspects of accounting, said:

"I need not tell this group that tax deferral is the name of the game. A tax deferred one, two, or several years is simply a lower amount of tax on those who achieve such deferral—a burden that must be assumed by all other taxpayers."

For a profitable company, the present value of 15 years deferral—at the least the period the Treasury and business have in mind under DISC; indeed the deferral for many will be indefinite—is just about worth the amount of the tax itself, which makes deferral the equivalent of exemption. The reason is that the deferred tax-money that a company keeps over such a period (in effect an interest-free loan for that period) can be put to work earning additional money. In a typical case, the real cost to a profitable company for each $100 in deferred taxes would only be $18 to $20.

2—The Treasury stresses that domestic subsidiaries will be used and that this is helpful to unsophisticated businesses. But the tax experts who study the technical details know that the arrangement which gives the greatest tax windfall under the proposal is to combine DISC with a foreign tax haven subsidiary—a Swiss or Panamanian company. In 1962 the Congress rightly legislated against tax haven abuses. Now in 1971 under the cloak of a few technical words in the DISC proposal, the Treasury is sweeping away that legislation and directly legalizing and encouraging the widespread use of these tax havens.

3—The Treasury stresses that the profits of a DISC, freed from taxes, will be used to promote export activities. But the tax experts who study the technical details know that these tax-free funds can be used for activities that have nothing to do with exports.

Thus, the funds can be used by large manufacturing companies, who are presently exporters, for purely domestic activities where the favored companies are able to compete with tax-free DISC money against companies not so favored. They can be used even to build manufacturing plants abroad—and thus reduce the export trade of the United States. The DISC money is simply made available to the companies and the Treasury will ask no questions on how it is so used.

The purpose claimed for this proposed tax-favored treatment of our exporters—exempting an entire activity from the income tax—is that it will stimulate our export trade and thereby help our balance of payments. But the revenue loss in the billions occurs even if not a single dollar of new exports occurs. Moreover, no one—not even the Treasury—has offered any public documentation and serious economic study of just how and to what extent and for what goods this windfall to exporters will increase our exports. On the contrary, most economists believe just the opposite, that the change will have only a slight effect on our exports out of all proportion to the revenue loss involved. No other country, even among those most incentive-minded, has adopted such a sweeping tax escape from its income tax.

When the questions are asked why is our tax system so unfair, why are there such gross escapes for some from the tax burdens borne by others, why do we have so much difficulty in focusing our scarce funds on pressing needs, the DISC proposal is a sharp and bitter answer.

Some corporations are of course pushing for the legislation, as are some law firms

which see profits for them in reorganizing the business structures of their clients to fit DISC into the corporate organization charts. But to their credit, many a business concern and its executives, as well as their tax advisers, know the proposal is wrong—wrong for them because it means a windfall received which will not materially affect their level of exports and wrong for the country in terms of our national priorities. But it comes hard not to offer support when the Treasury pushes for their backing of the proposal.

In fact, I suspect almost everyone concerned knows DISC to be a bad tax provision. Surely the House Ways and Means Committee which initiated the tax reform legislation in 1969 should know better. One can believe that it does know better—after all, a dissenting report filed last year by some committee members explained in detail how the proposal was seriously wrong and had no place in our tax system. One suspects also that the Treasury tax experts know better. Nevertheless, the proposal has found a place in the New Economic Policy of the President.

One suspects a cultural lag. Last year, pushed by Commerce, the Treasury came up with the DISC proposal to show it was trying to "do something" about exports. This year in August, however, the Treasury moved directly to get at the crux of our trade imbalance—the unfairness to our trade that resulted from the relationship of our dollar to foreign currencies—and is now seeking a realignment of those currencies. It is also using a temporary device—the 10 percent surcharge on imports—to emphasize the need for currency adjustments and other trade related changes such as removal of unfair restrictive practices in other countries.

But the DISC proposal, which will not really help our exports and instead will create a large tax escape, was left around from the earlier blueprints. It is now being quietly carried along as a windfall to business, even though we have a new set of blueprints really designed to do the job that must be done to improve our trade position.

The DISC proposal should simply be dropped as a bad idea—a major loophole if viewed as a tax provision; utterly in conflict with our national priorities if viewed as an expenditure device; ineffective and now supplanted by meaningful, direct steps if viewed as a trade measure.

Mr. TALMADGE. Mr. President, recent history of our exports shows that they are going down, down, down. Recently history of our imports shows that they are going up, up, up. Recent history of our balance of payments shows that the deficits get greater and greater and greater.

Recently, we have had many American companies move overseas and incorporate there to do business because the tax costs overseas were more favorable than in this country. This means that we are exporting American jobs whenever a plant moves overseas.

One of the reasons that it is difficult to compete with our competitors overseas is the fact that many nations of the world provide, as in the Western European countries, as part of their tax system, a value-added tax. When they export their commodities, the value-added tax is rebated.

This means that their commodities go into the world market at a much cheaper rate than ours do, because the tax in that particular country has been rebated. Thus, the tax is not reflected in the price of the commodity when it reaches the American market.

Our country is in a dangerous economic situation. In the third quarter of 1971, the deficit of our balance of payments for that quarter alone were $12,100,000,000. The deficit for the entire year of 1970 was much less than that, or slightly less than $10 billion. If our deficit for the first three quarters of 1971 is put on an annual basis, it means that we will have a deficit this year of $31 billion in our balance of payments.

What about trade? That is equally alarming. There was a time when our trade surplus was huge year after year. However, that has been going down, down, down. Now we have a trading deficit. The truth of the matter is that on the CIF basis we have had a deficit for some 5 years.

This proposal is a modest attempt to try and make American goods more competitive in the world market. Admittedly, it will not do what the value added tax has done for the European countries, who are our principal competitors. But it will be a modest beginning to make American products more competitive on our world market.

The estimate for the first year cost by the Treasury Department is about $100 million. The Treasury Department hopes it will ultimately stimulate our export trade by $1.5 billion. Admittedly, these estimates are not conclusive because we do not have a track record to go by. We do not know what the ultimate result will be. The Committee on Finance does know we have to do something to make American commodities more competitive on the world market or we will export all our jobs, all the people of this country will be on welfare, and our dollars will be rolled around in wheelbarrows and not carried around in pocketbooks.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. TALMADGE. I will yield to the Senator for a question or a comment.

Mr. PASTORE. I would like to make a comment.

Mr. TALMADGE. I am happy to yield to the Senator from Rhode Island.

Mr. PASTORE. Mr. President, I want to say at the outset that I realize the motive for this amendment and I congratulate the Senator from Wisconsin. But we have to be a little realistic.

While we do not have a track record, we have a background on which this is predicated. I speak now of the textile industry. There was a time when 15 percent of the American textile production was being exported. Today it is almost zero. There is no country in the world, in the free world, that does not make concessions with reference to the goods they export from those countries. As a matter of fact they go even so far that in the purchase of basic raw materials they make concessions as to prices.

Not too long ago a cutlery manufacturer in the United States, incidentally it is the largest knife manufacturer in the world, told me that the steel being sold in Japan for purposes of export, is being sold cheaper than the steel being sold for domestic manufacture.

We have to face the facts of life. Unless we begin to do something to protect American industry, we are going to find that eventually we are going to extinguish all American manufacturing jobs and we are going to be confined to nothing but service operations. That will not help the security and the survival of the American economy.

I understand the nobility of purpose on the part of the sponsor of the amendment. If the Senator had to live with the situation we have endured over the past decade, he would see the need for the committee proposal. I am going to vote against the Senator's amendment. I do it reluctantly, but I do it because it is necessary.

Mr. TALMADGE. Mr. President, I yield 2 minutes to the Senator from Arizona.

The PRESIDING OFFICER (Mr. SPONG). The Senator from Arizona is recognized.

Mr. FANNIN. Mr. President, I concur with the statement by the distinguished Senator from Rhode Island. We are not just talking about increased exports; we are talking about saving the companies that are exporting and keeping them from losing what they now have in the way of exports.

Mr. President, there is no question about the need to increase exports—there has been plenty of talk about it. Government has urged business to enter the export field and to expand its exports. However, what we need is action—not talk—the removal of penalties and the enactment of incentives to help U.S. manufacturers to overcome the obstacles with which they must contend in selling U.S. goods in foreign markets. These obstacles include—but are not limited to—ever-higher U.S. labor costs per unit of production, transportation costs to overseas markets, and increased foreign taxes.

Since 1962, the U.S. income tax law has penalized exports of U.S. products. The 1962 U.S. income tax measures directed against foreign trade have helped to wipe out our favorable balance-of-trade position and to increase our terrible balance-of-payments deficits.

To be effective, any tax incentive must confer a real benefit. DISC would not reduce the amount of tax payable on the entire profit realized from the export of U.S. products, but would permit deferral of the time of payment of the tax on a portion of such profits. The U.S. manufacturer would be required to report a fair share of the income realized on exports through a DISC, and the DISC would be allowed to defer the tax on a portion of such income as long as the funds representing that income continued to be employed in the export of U.S. products. This seems to be fair to both parties—to the manufacturer that risks loss of capital as well as income in exporting or expanding the volume of its exports, and fair to the Government that defers tax on a portion of that income as long as the resulting profits are being used to produce more export income.

The Senate has heard theoretical arguments against DISC. Do those who spin these theories know what they are talking about—that is, business?

American manufacturers have demonstrated the requisite skill and organizing ability to sell great volumes of U.S. products abroad, in the face of many obstacles and keen competition.

Theorists will not and cannot produce the increased exports we need. Only competent business organizations can produce that result.

Opponents of DISC say it would exempt from U.S. tax all income from exports. This is false.

DISC would not exempt from tax one penny of income. If that were true, it would, indeed, rapidly and greatly increase the export of U.S. products. However, it is false—DISC does not provide any exemption from tax. It does postpone the time for payment of tax, but on only a portion of the income from exports, and only so long as the DISC earns 95 percent of its income from exports and 95 percent of its assets are employed in exporting and export-producing assets.

Other statements by the opponents of DISC, while misleading and believed to be unjustified, can not be branded as false, since they are only opinions, guesses and predictions—not asserted as facts.

The opponents of DISC say that it would be ineffective in increasing U.S. exports, and they say it would lead to retaliation against U.S. goods entering foreign markets. If DISC—as originally proposed—would not be effective in increasing U.S. exports, would European governments and industrialists be so concerned about it? The New York Times—September 17—reports from Paris that DISC "Is seen as an essentially powerful stimulus that would intensify U.S. competition in the European market." This clearly indicates that those most concerned and in a position to know, are convinced that DISC would be effective in increasing exports of U.S. products.

Those with knowledge and experience in the field of international business know that DISC would increase U.S. exports—quickly, in the case of smaller U.S. manufacturers that have not hitherto made much, if any effort to export, and more gradually but in vastly greater volume in the case of larger U.S. manufacturers already selling widely in foreign markets.

Mr. President, in other words, we are not talking about something that is a giveaway program but something that is very much needed if we are going to compete with other countries of the world and keep jobs in America. We have worked hard to work out a system that will do this. I hope we can realize the position we are in this country and try to help keep these jobs in America.

Mr. TALMADGE. Mr. President, I yield 2 minutes to the distinguished ranking minority member of the committee, the Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. BENNETT. Mr. President, we have discussed this at length in considering an earlier amendment which the Senate rejected. It is tempting to go back and refute statement by statement the claims made in defense of the amendment, but I think we should be concerned with the overall problem which both of the preceding speakers against the amendment have brought up.

We are face to face with the necessity of preserving the jobs in American industry—in the American manufacturing industry. We are face to face with the situation that if we go on as we have done for the past few years we will not generate enough money from our exports to even balance the imports that have been flooding in on us.

I can understand that consumers may be more interested in prices than in the sources of production.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. TALMADGE. Mr. President, I yield 1 additional minute to the Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah is recognized for 1 additional minute.

Mr. BENNETT. Mr. President.

Mr. NELSON. Mr. President, has the time for debate been extended?

The PRESIDING OFFICER. No.

Mr. NELSON. I thought I heard the Chair state that the 15 minutes had expired.

The PRESIDING OFFICER. No. The Chair said that the 2 minutes that had been yielded to the Senator from Utah had expired.

Mr. NELSON. I thank the Presiding Officer.

Mr. BENNETT. Mr. President, there also are people who are persuaded this is a tax windfall for business. I would point out that, actually, unless a business does export, unless the products it makes go into the export market, it cannot take advantage of the minor benefit of this provision.

Mr. President, the Senate must reject this amendment, which would have catastrophic adverse effects on U.S. industry and U.S. employment.

At a time when our balance-of-payments deficit has reached the rate of $31 billion per year, the worst deficit in U.S. history, 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 U.S. exports and thus increase our balance of trade and U.S. production. DISC is designed to keep jobs and production 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 the investing of any 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 a meaningful way with our present balance-of-payments emergency.

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. It balances our tax system to permit our companies to compete more effectively against foreign owned enterprises that are favored by the export promotion laws and policies of their governments. The DISC 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.

The Senate rejected a previous attempt to strike the DISC provision out of the bill. I hope it will be wise enough to reject this one.

Mr. TALMADGE. Mr. President, unless the distinguished Senator from Wisconsin wishes to debate the matter further, I am prepared to yield back our time.

Mr. NELSON. Mr. President, I am prepared to yield back the remainder of my time.

Mr. President, I ask unanimous consent that a summary explanation of DISC and foreign country practices be printed at this point in the RECORD.

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

SUMMARY EXPLANATION OF DISC AND FOREIGN COUNTRY PRACTICES

The DISC proposal provides for tax deferral only on the income deemed allocable to the selling of U.S. products abroad. The amount deemed allocable to the foreign selling activity may be an amount up to 50% of the combined income from the manufacture of the product in the U.S. and the sale abroad. Thus, 50% of such combined income is deemed allocable to the U.S. manufacturing activity and would be currently taxed in full in the United States.

The DISC is proposed in the form of a domestic corporation, incorporated under the laws of the United States. As will be explained, the same tax deferral benefit may be obtained in many cases under present law by using a *foreign* subsidiary. If such benefits are to be available, there is no good reason to require that they be obtained by using a *foreign* corporation rather than a domestic corporation, with all the attendant added legal and accounting costs. However, the availability of the benefit through use of a domestic corporation is not essential to the proposal.

An understanding of the background of the DISC proposal requires some historical perspective. In 1961, the United States, alone among developed countries of the world, enacted legislation seeking to tax foreign sales companies currently on their income. No developed country has adopted comparable taxing provisions within the 10 years that have passed since that legislation. Ironically, even the United States law provided escape mechanisms for (1) certain United States exports sold through foreign based companies under severe limitations, and (2) a major escape mechanism known as "minimum distributions" which has the effect of permitting deferral in foreign sales subsidiaries where the United States corporate investor has substantial manufacturing activities outside of the United States.

For some years a policy has been advocated that the United States should be a model for other countries by fully taxing its export income. This position becomes increasingly more difficult to maintain when its effect is the erosion of production in the United States and the transfer of jobs to foreign manufacturing in those cases in which tax factors influence decisions on the source of production. After a decade the United States as a model of leadership has no followers. Developments within the last two years are instructive. During this period foreign sales company legislation was proposed in the Canadian White Paper on tax reform and in "tax haven" legislation proposed by the German Government.

1. *Canadian Proposal.* The White Paper proposed that shareholders of controlled foreign subsidiaries would be subject to tax on the holding company investment income of the subsidiary and on income from the "trans-shipment" of products in sales transactions. This appeared to include base company sales income. The final Canadian Government proposal eliminated the "transshipment" income from the income subject to tax.

2. *German Legislation.* The German legislation, as originally proposed in 1970, included passive investment income and base company sales income. The rule had an objective test based upon the amount of sales company income. The revised proposal issued in the spring of 1971 substantially eliminates the tax haven sales company income provision. It provides that the income is taxable to the shareholders only if it is not earned in a commercial activity of the sales company. The German reasoning has been as follows: they are imposing, for the first time, a strict inter-company pricing rule on sales income. It is possible that some income would always be attributable to the wholesale function, even if the base company had no substance. Therefore, they have included in their tax haven rule a rule of substance requiring that the base company must perform a normal commercial activity. Clearly, this permits the continued use of intermediary subsidies in low tax countries where there is a significant sales function actually being rendered. In addition, the German rule has no application to sales by base companies on behalf of manufacturing companies controlled by Germans but producing in countries other than Germany.

In the world today, there is no effective limitation on sales by domestic manufacturers through low tax countries in Australia, Belgium, Canada, France, Germany, Japan, Italy, the Netherlands, Switzerland, Sweden, or any other developed country. If the DISC were a foreign sales subsidiary, it would correspond to foreign sales subsidiaries owned by shareholders in any of those countries.

In administrative practice, no other country exercises the surveillance on allocation of income between a manufacturing company and a related selling affiliate to the extent this surveillance is exercised by the United States. No other country has had the tendency to restrict exports by complicated inter-company pricing rules. Because of lack of manpower and/or conscious decisions to promote export activities, general rules of thumb permit allocations of income comparable to the DISC rules for allocating income between a manufacturer and its related subsidiary. For example:

"Incentive Exception For Exports. The exemption from the French corporation income tax of the income of a foreign branch, when earned and when remitted (11/2.5c), and of the income of a foreign subsidiary until remitted (11/2.5d), may put a great strain on the definition of foreign income, especially in the case of export sales. It may be to the fiscal advantage of a French exporter to make sales to a foreign branch or subsidiary at low prices in order to divert income abroad, but this diversion may run afoul of Code article 57.

"The French government has had to weigh its interest in the proper allocation of income against its growing desire to increase exports (10/9.3). The interest in exports has won out. In 1959, the tax administration announced that "too strict" an application of Code article 57 might interfere with the establishment and operation of foreign sales branches or subsidiaries that might develop French exports "to the maximum." As a result, the administration announced that it would take into consideration all commercial conditions surrounding the operation of such overseas enterprises before it decided to apply the reallocation-of-income rules; especially in the case of a French firm whose volume of exports qualified it for an "exporter's card" (7/3.3e, 10/9.3c), the administration would not apply the reallocation rules if the French firm could demonstrate that it had made export sales to an affiliated foreign enterprise at "prices close to cost" out of commercial necessity rather than out of a desire to transfer profits beyond the reach of the French tax system." Source: Taxation—France, Harvard Law School International Tax Program, Commerce Clearing House, Inc. p. 787 (1966).

Other illustrative cases abound, such as a reported instance in which the subsidiary of U.S. corporation in a developed country sold to its foreign affiliates at such low intercompany prices that it impaired the capital of the subsidiary, without being subject to questioning by the local tax authorities. It is possible that multi-lateral agreement on principles of taxation applicable to foreign sales affiliates could permit uniform treatment of such income. Such agreement should also cover situations where tax holidays are granted by countries to induce the location of foreign manufacturers who will export from the country granting the tax holiday or other financial and tax inducements to locate in the country. Such inducements may include reduced tariffs on the import of raw materials, government loans on favorable terms, development of industrial zones, etc. When faced with a critical problem of exporting from the United States, it is not possible to act as if the rest of the developed countries do not create a stimulus for their exports and in many cases for the implantation of production in their countries by American companies.

PRESENT IMBALANCE FAVORING THE USE OF FOREIGN SUBSIDIARIES

The DISC proposal has been criticized as an incentive provision distorting economic activity. On the contrary, this proposal is intended to overcome a disadvantage for production in the United States and the export of United States products. The present tax structure favors international activity by our largest corporations, but even in this case depends upon foreign manufacturing and sales subsidiaries. This fact emerges from a complex web of taxing rules that are literally manipulated by large corporations with foreign subsidiaries and sophisticated tax computer planning. A summary of our rules throws considerable light on what in fact is happening.

U.S. TAXATION OF INCOME FROM DIRECT EXPORTS FROM THE UNITED STATES

A corporation incorporated under the laws of the United States, other than a Western Hemisphere Trade Corporation, and corporation subject to section 931 of the Internal Revenue Code, is subject to full current U.S. corporate income taxes on all of its income from the manufacture and sale or purchase and sale of property produced in the United States and sold by such corporation abroad.

U.S. TAXATION OF INCOME FROM FOREIGN OPERATIONS

A United States corporation is not subject to current U.S. income tax on income realized in the following circumstances:

1. *Foreign manufacturing.* If the U.S. corporation creates a foreign manufacturing subsidiary, the income realized by that subsidiary on its sales, wherever they are made, is ordinarily not subject to current U.S. income tax on its non-U.S. source income, either directly or on the basis of a deemed distribution. See IRC sections 881, 882, and 951 *ff.* Only when such income is distributed as a dividend by the subsidiary to the U.S. corporation does the U.S. corporation have taxable income. At the time of distribution, a foreign tax credit is given by the United States (up to the full amount of the U.S. income tax on the dividend) for any foreign income taxes imposed on the income of the

subsidiary out of which the dividend is paid and for the foreign withholding taxes imposed on the dividend itself.

2. *Foreign sales intermediary.* If the United States corporation creates a foreign subsidiary, which handles the sales of products or commodities that were manufactured or produced by a related company in the United States or in a foreign country, the sales income received by such subsidiary on such products is not taxed currently by the United States if any of the following rules apply:

A. the sales are made in the country of incorporation of the subsidiary (IRC Section 954(d));

B. the manufacturing or production occurred in the country of incorporation of the sales subsidiary (IRC Section 954(d));

C. the sales of such products are made out of the country of incorporation of the subsidiary and the gross income from such sales (and other foreign base company income) is less than 30 percent of the subsidiary's gross income (IRC Section 954(b)(3)(A));

D. the subsidiary qualifies as a foreign Export Trade Corporation with 75 percent or more of its gross income from the sale of property grown, extracted, produced or manufactured in the United States, and the deferred income does not exceed the lesser of 1½ times the export promotion expenses of the export trade corporation, or 10 percent of its gross receipts for the year, to the extent the income is invested in "export trade assets" (IRC Section 970).

3. *Minimum distributions—combining foreign manufacturing and a foreign sales intermediary.* If a U.S. corporation establishes a manufacturing subsidiary or subsidiaries in one or more countries with relatively high foreign tax rates, the products of such corporations and those of the U.S. parent corporation may be sold through a foreign sales intermediary based in a jurisdiction with minimal local income taxes. If the rate of foreign taxes on the combined manufacturing and sales operations approximates 90 percent of the U.S. tax rate, U.S. corporate tax on the sales company income is deferred until its ultimate distribution. IRC Section 963. The considerable utility of this provision was summarized by corporate tax counsel in a professional tax publication as follows:

"U.S. companies that at present do not have foreign subsidiaries operating in low-tax-rate countries can now consider creating such companies, certain in the knowledge that they will be shielded from current U.S. tax, even if these companies earn substantial Subpart F income, so long as the requirements of this section are met. U.S. companies which presently have foreign companies of this nature can now consider creating additional companies of this type. "How to Determine Eligibility and Claim Exception for Minimum Distributions," in *Practical Problems of Taxation of Foreign Income,* published by the *Journal of Taxation Inc.* p. 120 (1965).

4. *Inter-company pricing.* Regulations under section 482 of the Internal Revenue Code apply a strict standard for arm's length inter-company pricing on sales by United States exporters to foreign affiliates, thus limiting the advantages of a foreign sales intermediary used for the distribution of U.S. exports. In comparison, inter-company sales between foreign manufacturing affiliates and related foreign sales companies are subject to foreign inter-company pricing rules which are often less strict than the U.S. section 482 regulation. The comparatively lenient foreign rules in combination with the rules discussed above, and the possibility of organizing a sales company in a low tax country, provide an additional impetus for foreign manufacture by U.S. companies.

SUMMARY—EFFECT OF DISC

The DISC proposal is simply an effort to cut through all this maze of complexity and provide, in forthright fashion, the opportunity for tax deferral by use of a *domestic* corporation, rather than a foreign subsidiary. A firm inter-company transfer pricing rule is provided comparable to that applied in other countries (the prices may be established so that DISC earnings may amount to a maximum of 4% of its export sales or 50% of the combined income from manufacture and sale of the products (as previously explained), whichever is higher, plus 10% of its export promotion expenses). This is entirely reasonable, straight-forward tax deferral treatment for export income, not unlike tax deferral benefits for export income granted by other countries.

Proposals to impose higher taxes on U.S. affiliates abroad, or to deny foreign tax credits for foreign taxes imposed on such affiliates, do not affect the problem of U.S. producers competing in foreign markets with producers controlled by foreign owners and who are able to take advantage of policies of their countries favoring export activity. Higher current U.S. taxation would have the practical effect of foreign countries obtaining the revenues, either by increasing their taxes to match the U.S. rate, or through withholding taxes, since U.S. companies would tend to distribute the income to obtain tax credits and reinvest it by way of capital contributions. Moreover, indiscriminate, punitive tax measures, such as denying tax credits and creating double taxation, could result in U.S. companies abandoning foreign markets altogether.

Tax factors are by no means the sole reason for foreign investment. There is a wide range of factors affecting a decision to invest abroad. In some cases local trade barriers may effectively prevent exporting to the country; in other cases shipping costs are a barrier to exporting. To eliminate foreign investment by indiscriminatory tax measures is too blunt an instrument of policy. The DISC proposal is merely intended to eliminate preferential tax treatment of production abroad relative to production in the U.S.

PRACTICES IN OTHER COUNTRIES

Th material which follows describes certain provisions in foreign tax systems that affect export transactions in various countries of the world.

PROVISIONS IN FOREIGN DIRECT TAXATION LAWS AFFECTING EXPORT ACTIVITIES

On May 12, 1970, during the Treasury Department's presentation of its proposal for the Domestic International Sales Corporation to the House Ways and Means Committee, the Treasury Department was requested to submit information regarding the income tax laws and practices of other nations which operate to the advantage of export activities. The following description of foreign income tax law and practices is confined largely to other industrialized countries. It should be noted that in many foreign countries tax treatment favorable to export activities is frequently accorded on an informal administrative basis and may, therefore, be difficult to identify.

This memorandum is intended to suggest some of the income tax provisions and administrative practices that can affect the export of products from various foreign countries. Some of the most significant provisions that would affect tax-planning for export sales were not intended as export incentives when adopted but evolved from traditional theories of tax jurisdiction and taxation of foreign source income.

Devices having the effect of export incentives range well beyond income tax measures, including, among others, direct grants, government credit facilities, interest subsidies, insurance, guarantees, internal shipping subsidies, exchange control privileges, and tax measures other than those affecting income taxes. Some forms of government assistance may be available ostensibly for domestic as well as export activities, making it difficult to classify them solely as export incentives.

Rebates of value-added and other turnover taxes provide an export inducement to exporters in countries having such sales tax systems.

The following summary is not exhaustive nor has it been verified by counsel in each of the countries. It is nevertheless believed to to accurate and, except where specifically indicated, evident. The summary consists of a list of seven specific types of provisions. Attached to the list are individual country summaries for 17 countries. It should be recognized that numerous U.S. corporations have established foreign subsidiaries which have benefited from the favorable treatment discussed in many of these countries.

The various laws and practices are as follows:

1. *Taxation of Foreign Source Income.* Unlike the United States, many industralized countries impose income taxes on a territorial basis, which means that foreign source income is often wholly or partially tax exempt. Such exemption may apply not only to income from direct investments abroad, but also to foreign sales of domestically-produced products either through a foreign subsidiary or through a branch or dependent or independent agent.

In the case of most developed countries, exports can be made through controlled sales companies organized in low tax jurisdictions with a consequent tax shelter for the sales profits. For example, a manufacturing corporation. A, in country X, which may or may not be a subsidiary of a U.S. corporation may make its export sales through a related sales corporation. B, located in country Y where corporate taxes are minimal. To the extent Corporation B makes part of the profit that Corporation A would have made in direct sales, the tax burden is reduced.

While most countries have protective provisions in their tax laws that permit the local tax authorities to reallocate income between related entities, different countries have different rules as to such allocations, and considerable flexibility is often found in inter-company pricing. In at least some cases (as indicated below) it is understood that no reallocation would result from the prices charged by Corporation A to B as long as Corporation A earned at least one-half of the combined profits.

In some cases foreign sales corporations can establish purchasing and coordinating branches in the manufacturer's home country without affecting the income tax exemption of the foreign sales corporation, while facilitating exports through the sales corporation.

2. *Specific Exports Income Exemptions.* Some countries, such as Ireland, have income tax exemptions for export sales. Such exemptions are sometimes limited to products produced in free-trade zones or depressed areas. As indicated below some countries extend income tax exemptions or other benefits to companies locating in depressed areas, but in practice the benefits are offered largely to companies with a high export or import substitution potential.

3. *Accelerated Depreciation.* Several countries (e.g., Japan, France) permit or have permitted accelerated depreciation allowances for assets used in export production.

4. *Special Reserves (Market Development, Bad Debt).* Several countries, (e.g., Australia, France, Japan, Spain) have permitted special deductions for export market development or special bad debt reserves in connection with export credits.

5. *Special Deductions, Rate Reductions or Credits Related to Exports.* Australia reduces payroll taxes by an amount related to export increases. New Zealand permits a deduction from income taxes of 15 percent of increased export receipts. France permits deductions for the expenses of establishing foreign sales offices although income from such offices may subsequently be exempt.

6. *Favorite Inter-company Pricing Rules.* Either express rules or administrative practices frequently provide an additional incentive for export transactions through related foreign subsidiaries. In some countries, administrative practice permits considerable flexibility in inter-company pricing rules. In some jurisdictions, rule-of-thumb allocations permit 50–50 divisions of taxable income, even in cases where the foreign subsidiaries perform minimal functions.

7. *Discriminatory Allocation of Benefits Based on Exports Production.* In addition to provisions related formally or informally to exports, there are often benefits (tax holidays, capital grants, investment allowances, interest subsides, etc.) designed to attract new investment which are not always tied to exports in the legislative enactments, but potential exports are an important factor in the granting of such benefits. In some cases, the import substitution effect is also of importance in granting such benefits.

Not only are each of the devices listed above employed by one or more foreign countries, but the cumulative effect of these devices used by certain individual countries should not be overlooked. Thus, for example, Japan uses the following in combination:

1. Accelerated depreciation based upon export performance;
2. A deductible reserve for the development of overseas markets;
3. Special deductions for a variety of activities producing foreign exchange;
4. Liberal entertainment expenses to promote export sales.

AUSTRALIA

Foreign source income

Income derived by a resident Australian company from foreign sources is exempt from Australian income tax provided that it is not exempt from tax in the country of origin. The income earned by a foreign sales subsidiary of an Australian company is not subject to Australian income tax until distribution to Australian shareholders.

Export market development rebate

Australian law provides a tax rebate (credit) of 42.5 percent of an expenditure incurred for export market development and also permits the full deduction of the expenditure incured. The combined effect, as computed under the tax laws, permits a total tax saving of 87.5 cents for each dollar of expenditure. Qualified expenditures include among others: market research, overseas advertising, certain travel expenses, labels and packaging for export, protection of property rights, the preparation of tenders or quotations, and the supplying of technical data.

Payroll tax

A refund of payroll taxes is made in the event of an increase in export sales over a base period.

BELGIUM

Foreign establishments and subsidiaries

Income from a foreign establishment of a Belgian company is taxed at a reduced income tax rate equal to one-fourth of the ordinary rate; provided the income was generated and taxed abroad.

The income of a foreign sales subsidiary is not taxed until dividends are distributed. Upon distribution, the net dividends received (after deduction of foreign tax) are subject to a 10% tax withheld by the paying agent in Belgium. The amount remaining after the foreign tax and 10% Belgium tax is entitled to a 95 percent exemption in determining the Belgian company tax. The company income tax therefore applies to an amount equal to 5% of the net foreign source dividends.

Development subsidies

The Belgian government provides incentives for investment in certain areas of Belgium. The current provisions have a termination date of June 30, 1970. However, a new law to extend the provisions has been proposed. The incentives currently offered consist of interest subsidies, loan guarantees, capital, allowances (with tax exemption for such allowances), and exemption from the registration tax. It is understood that export projections are included in the criteria for determining the granting of such incentives.

CANADA

Foreign subsidiaries

Canada does not presently tax currently the undistributed earnings of foreign sales subsidiaries. Dividends from a nonresident foreign corporation acting as a foreign sales subisidiary are exempt from Canadian income tax if more than 25 percent of the share capital is owned by the Canadian corporation receiving such dividends. A tentatively proposed Canadian tax reform would limit such exemption to foreign corporations in countries with which Canada has entered into income tax treaties.

Grants

Canada offers grants to companies, domestic or foreign, to locate in slow growth areas. These incentives are not expressly tied to export sales or import substitution. Most of the provinces also offer grants and loans to achieve the same desired objectives. The Province of Quebec has, however, an incentive program which is designed to aid companies who use "advanced technology" and "who are in position to supply world markets." Grants are also available to Canadian companies to encourage scientific research and development in Canada. To qualify for such assistance, recent amendments have required Canadian companies to be prepared to exploit the results of such research in Canada's export markets as well as in Canada. The grants are not available to companies excluded from selling to major export markets.

DENMARK

Foreign permanent establishment; sales subsidiaries

Where a resident Danish company has income from a foreign establishment, the proportion of total Danish tax payable with respect to such income is reduced. The reduction amounts to 50 percent of the Danish income tax applicable to the before tax net income of the foreign branch or other establishment.

A foreign sales subsidiary is not taxed currently on its sales profits. Dividends paid to a Danish corporation owning 25 percent or more of the shares of the subisidiary are taxed at a reduced rate of application for a refund with the reduction being computed in a manner comparable to the reduction for foreign branch income above.

FRANCE

Export sales

Profits on sales of goods which are manufactured in France and shipped abroad by a French company are taxed only to the extent that they are realized through the allocable to operations in France ("entreprise exploitée en France"). Profits are treated as foreign source income and not subject to current French income tax where they are: derived from establishments abroad (Conseil d'Etat. March 9, 1960); derived from operations abroad of dependent agents (Conseil d'Etat. June 5, 1937); derived from operations abroad which constitute a complete commercial cycle ("cycle commercial complet") (Conseil d'Etat. February 14, 1944).

The territorial exception applies to the foreign source profits when earned and when remitted to the French company.

Foreign sales subsidiary

Profits earned by a foreign sales subsidiary of a French company are not taxed currently in France. Upon distribution of a dividend from a foreign subsidiary to a French company, there is a 95% inter-company dividends received deduction. To obtain such deduction the parent must have a minimum of 10% in the equity capital of the subsidiary or the cost acquisition of the participation must have been at least 10 million francs.

The 5 percent taxable portion of the dividends represents a lump sum deduction to cover business expenses attributable to the exempt dividends.

Distribution of foreign source income to French shareholders

The tax exempt foreign source income of a French corporation, including income exempt under the territorial rules or under the 95 percent intercompany dividends received deduction is not taxed until a distribution to shareholders. Upon distribution a French company must make a supplementary tax payment (*precompte*) equal to one-half of the dividend to the French Treasury with respect to profits that did not bear the normal 50 percent French corporate tax rate.

At the shareholder level, the shareholder is entitled to a credit equal to one-half the dividend, which is applied against his personal tax on the dividend grossed up by the credit.

Inter-company pricing

Article 57 of the *Code General des Impots* provides that profits indirectly transferred to controlled enterprises outside of France through inter-company pricing are to be reallocated and that such adjustments may be based on comparison with the operations of similar enterprises operating normally. However, it is understood that, under administrative interpretation. Article 57 is not employed where exporting enterprises can establish sales made by a parent French corporation to foreign subsidiaries at prices approximating cost do not have as their objective the shifting of income but are due to "commercial requirements."

Specific export incentive provisions

1. A 1950 reform law provided that depreciable assets (other than immovables) purchased or manufactured between January 1960 and January 1965, were entitled to special accelerated depreciation in the case of "exporting enterprises." The accelerated depreciation is equal to the straight-line depreciation multiplied by 150 percent of a fraction, the numerator of which is the export production and the denominator of which is total production. (Article 39A *Code General des Impots*).

2. French enterprises are allowed a special deductible reserve for middle terms (2–5 years) loans extended to foreign customers (Article 39–1–5 *Code General des Impots*). The reserve allowance is more generous than normal bad debt reserves.

3. Expenses for establishing and operating foreign sales offices during their first three years of operation may be deducted against domestic income, even though future profits may be tax exempt. (See Article 39 *Code General des Impots;* Article 31 of the Law of July 12, 1965).

GERMANY

A resident German corporation is taxed on its worldwide income.

When business profits are derived through a foreign "business establishment" they are deemed to be from a foreign source. This rule is applied to any fixed installation or facility which serves the business activity of the Germany enterprise. A permanent representative (whether dependent or independent) is included in this concept whether physical facilities are present or not. Broadly speaking, a foreign business connection is generally sufficient to create foreign source income.[1] Some German commentators have stated that domestic source income is limited to profits derived from deliveries of goods to foreign countries by German enterprises which have no business connection whatsoever in the foreign country concerned.

Foreign tax credit or reduced rate

Where a German company has foreign source income under the above rule, a tax credit is available for foreign income taxes imposed upon such income. As an alternative, German law authorizes the tax authorities to grant reductions of the German corporate tax with respect to foreign source income. A decree promulgated in 1959 provides for a flat rate of 25 percent on qualifiying foreign source income. (Decree of July 9, 1959, BStB1 1959 11 132.) Sales profits derived through a foreign establishment qualify as foreign source income under this rule. This relief measure is applicable on request of the taxpayer and may be elected for specific foreign countries.

Exemption

Under its tax treaties, Germany ordinarily exempts the foreign source income allocable to a foreign permanent establishment as defined in the applicable treaty. Presumably such establishments have borne local corporate taxes. Recent amendments of the regulation permit foreign losses to be deductible from taxable income despite the potended exemption of future profits.

Foreign subsidiaries

A German corporation may establish a foreign sales subsidiary and will not be subject to current taxation on the income of the foreign sales subsidiary, whether incorporated in a high or low tax jurisdiction. Dividends received from the foreign subsidiary are includable in the taxable profits of the German parent corporation. The parent may elect to have the dividends taxed at a flat 25 percent rate. Under certain circumstances, losses in foreign subsidiaries may be deducted by the German parent corporation.

Where a tax treaty is applicable Germany ordinarily exempts the dividend income received by the German parent corporation from German tax. A 25 percent stock ownership is ordinarily required for such exemption.

IRELAND

Export exemption

A corporation, whether or not incorporated in or managed in Ireland, having a manufacturing operation in Ireland can obtain a 15-year exemption from Irish corporate taxes on all export sales, plus a reduced rate of tax for a further 5 years. Dividend distributions out of such profits are themselves exempt from all Irish income taxes. Cash grants of up to 50% of capital costs of plant and machinery are also available.

There is a separate scheme for the Shannon Airport area, including tax exemptions for the importing, handling, and reexporting of goods.

ITALY

Foreign branches and subsidiaries

Foreign source income of an Italian company is exempt where allocable to a foreign branch having separate management and accounting.

A foreign sales subsidiary of an Italian company is not subject to current income taxation in Italy. A branch of such a corporation may be maintained in Italy if it does not sell in Italy. The non-Italian source profits of such a branch would not be subject to Italian income taxation.

JAPAN

Direct income tax incentives relating to exports fall under four general categories:

1. Accelerated depreciation
2. Reserve for development of overseas market
3. Export allowancs, and
4. Entertainment expenses.

Accelerated Depreciation in Case of Export Sales

A. A corporation is allowed a tax deduction for accelerated depreciation based on export sales made in the immediately preceding year. The amount of additional depreciation is computed by applying the ratio of export sales over total sales to maximum ordinary depreciation available. In other words, if export sales are 30% of total sales, ordinary depreciation is increased by 30%. Ordinary depreciation is at generous rates in the first place.

B. The aforementioned increase in ordinary depreciation is further increased by 80% if the company is recognized as a type "A" export contributing corporation or 30% if a corporation is recognized as a type "B" export contributing corporation.

If a corporation satisfies both of the following two conditions, such a corporation will be recognized as an "A" export contributing corporation if condition (1) is satisfied, but (2) is not, the corporation will be recognized as a "B" export contributing corporation:

(1) The first condition is that export sales for the immediately preceding year increased 1% or more over export sales for the year immediately prior to that year.

(2) The second condition is that the ratio of export sales to total revenue for the immediately preceding year exceeds such ratio for the year immediately prior to that year, or the increase in exports as a percentage exceeds ⅔ of the nation's increase in exports, also stated as a percentage.

In other words, the factor used to establish whether or not a company is entitled to the extra depreciation over and above that provided by merely having exports includes consideration for both the amount of the increase in exports and the ratio of exports to total sales.

For example: Assuming a percentage of export sales against total revenue of the preceding year of 80%.

	Rank of corporation		
	(A)	(B)	Other
Maximum ordinary depreciation	100,000	100,000	100,000
te of accelerated depreciation			
Ration (percent)	128	101	80
Accelerated depreciation	[1] 128,000	[2] 104,000	80,000
Total	228,000	204,000	180,000

[1] 160 percent multiplied by 80 percent.
[2] 130 percent multiplied by 80 percent.

The "special depreciation reserve" must be restored to taxable income in each of the next succeeding ten years at a minimum rate of 10% of the amount credit to the reserve. Thus, the relief is a deferral of taxes and increased cash flow.

Reserve for Development of Overseas Markets

A. A corporation is allowed a tax deduction for a reserve for development of overseas markets to the extent of 1.5% (in case export of goods purchased from other, 1.1% if capital is more than ¥100 million) of export sales in the immediate preceding year. The rates are increased from 1.5% to 2.4% for a type "A" export contributing corporation, and to 1.95% for a type "B". The same conditions as those mentioned previously govern the type "A" or "B" classification.

There is a decrease in these rates if the export is of goods purchased from others and an increase if the corporation is capitalized at less than ¥100 million.

B. The reserve is required to be restored to income, for tax purposes, at the rate of 20% of the amount originally provided, in each of the next succeeding five years. Thus, this provision represents a tax deferral mechanism. This reserve is not deductible for enterprise tax purposes.

Export Allowance

A corporation may take an income deduction to the extent of the amount computed by applying various percentages to certain consideration earned in foreign currency during each qualified current accounting period. In most cases, the maximum deduction is 50% of taxable income for the period.

A. 20% of the consideration for rendering services regarding survey, and/or research, planning, advice, drawings, supervision or inspection for construction of manufacturing facilities, etc., which require scientific technical knowledge.

B. 30% of the consideration for transfer of motion picture films, copyrights and 30% of motion picture distribution revenue earned abroad.

C. 70% of the consideration for transfer and/or supplying of industrial technology, know-how, etc., created by a corporation.

D. 3% of the consideration for freight revenue on certain overseas export ship operations and repairing, processing or construction services.

Although deduction is not allowed for enterprise tax purposes, this item represents a permanent tax savings.

Export related entertainment expenses

There is a generally severe limitation on the deductibility of entertainment expenses for tax purposes in Japan. Ordinarily a deduction is limited to about $11,000 per corporation plus ¼ of 1% of capital. The deduction for entertainment expenses in excess of this is liimted to 40% of the expenditure. However, a reasonable amount of overseas and/or domestic travel and hotel expenses in Japan paid for non-resident visitors and entertainment expenses incurred abroad in connection with export transactions are not treated as entertainment expenses for purposes of determining the deductible amount of entertainment expenses, and are fully deductible for corporate income tax purposes.

THE NETHERLANDS

Foreign establishments and subsidiaries

Tax relief is granted to Dutch companies for certain foreign source income, including income derived through foreign branches and dependent agents and subject to foreign taxes. No minimum functions or payroll is required for the foreign establishment and the rate of foreign tax on such income is immaterial.

The undistributed income of a foreign sales subsidiary is not subject to Dutch tax currently. Dividends received from such subsidiaries are exempt in the Netherlands where the Dutch company owns at least 25 percent of the paid-in-capital of the foreign subsidiary.

NEW ZEALAND

Special export deductions

Certain expenditures incurred in promoting the export of goods and services, rights in patents, trademarks and copyrights, in addition to being an ordinary business deduction, qualify in certain circumstances for a further deduction of 50 percent additional to the actual cost.

In addition, 15 percent of the increase in a firm's exports of manufactured goods over a previous base period can be deducted from gross revenue for corporate tax purposes.

[1] Where there is no foreign connection, full German tax rates (without foreign tax credits) apply.

NORWAY

Foreign branches and subsidiaries

Income from operation of a permanent establishment abroad is reduced by 50 percent for purposes of Norway's income tax. The income of a foreign sales subsidiary is not taxed until distributed to Norwegian shareholders. A special election provision permits Norwegian shareholders to be taxed currently on 50 percent of the earnings of a foreign subsidiary with the dividends from such subsidiary being exempt from Norwegian tax.

Export market development reserve

A tax-free reserve of up to 20 percent of taxable income each year may be established for purposes of future market development abroad to assist Norwegian exports. No similar reserve is allowable for domestic market development. The taxpayer must show evidence to the authorities that the allocated amount has been used for approved measures within 5 years from the date of allocation.

SOUTH AFRICA

Foreign source income

Foreign Source income from a foreign permanent establishment or foreign subsidiary is exempt when received by a South African corporation.

Exporters allowance

An extra deduction from income of a percentage of market development expenditures is permitted for exporters. The percentage varies from 50 percent to 75 percent. Qualifying expenditures include market research, advertising, solicitation of orders, providing samples and technical information, preparing tenders and quotations and to certain sales commissions and fees. The foregoing expenditures are entitled to deduction as ordinary expenses and the additional percentage is also permitted as a deduction whether or not there were any exports; if the current year's exports exceed those of the preceding year, the percentage is increased.

EXPORTERS' ALLOWANCE PERCENTAGES

[In percent]

Tax year	If current year's export turnover exceeds preceding year's turnover—		
	If no increase in turnover	By more than 10 but not more than 25 percent	By more than 25 percent
1967	25	37½	50
1968	37	50	62½
1969	50	62½	75
1970	50	62½	75

SPAIN

Export reserve

Spain permits the creation of an export reserve to which between 30 percent and 50 percent of the profits derived from exports may be transferred. Income taxes on such reserve are deferred as long as the amount is invested in machinery and equipment and other assets and activities related to exports.

SWITZERLAND

Foreign subsidiaries and establishments

The earnings of foreign subsidiaries of Swiss companies are not subject to current income taxation and dividend distributions are exempt from Swiss Federal income tax and from most cantonal and local income taxes.

A foreign branch of a Swiss company is also exempt from Swiss Federal income taxation on income allocable to such branch, although the rate of tax is determined on the basis of the total profits of the company including its foreign branches.

Cantonal arrangements

Certain cantons offer export incentives under their cantonal tax laws and certain cantons offer export trading companies reduced tax rates on a negotiated basis. Intercompany pricing arrangements are also subject to agreement on a basis favorable to exporters. As a result, Switzerland has become a leading center for export sales companies which are subject to nominal taxes on export income.

UNITED KINGDOM

Foreign sales subsidiaries

The income of foreign sales subsidiaries of U.K. companies is not taxed until distribution to a resident U.K. shareholder.

Investment grants

Under the Industrial Development Act of 1966 cash grants are made in respect of capital expenditure on new plant or machinery for use in Great Britain in the manufacturing, extractive and construction industries. The rate of grant is 20 percent. If the investment is in a "development area" the rate becomes 40 percent. The investment grant scheme is administered by the Board of Trade, which may accord additional incentives for industry in the designated "development areas." Tax exempt grants have been received by U.K. manufacturing affiliates of U.S. companies presumably manufacturing for sale not only in the U.K. but in the EFTA trade area and elsewhere.

Overseas Trade Corporation (1958–66)

In 1958, the U.K. adopted an Overseas Trade Corporation provision in its tax laws which exempted qualifying corporations, incorporated in and managed from the U.K. from tax on their retained "trading profits," as distinguished from investment profits. Essentially, this provision was intended to defer the tax on earnings arising principally from export sales. Upon distribution to British shareholders, the profits were taxed in the same manner as other dividend profits. This legislation was repealed in 1966 as part of a general tax reform.

VENEZUELA

Exemption of foreign source and export income

Foreign source income of a Venezuelan corporation is ordinarily exempt from income tax in Venezuela. Export sales of Venezuelan manufactured products may be exempted by agreement for a period of 10 years. To obtain such agreement, the exporter may be required to reinvest profits on such exports in Venezuela.

Rate reduction in exports of extractive industries

A special provision provides for a reduction of .25 percent of taxable income for each one-percent increase in gross income from the exportation of minerals or hydrocarbons and related products over the average of the preceding two years. This reduction is limited to a maximum of two percent of taxable income in any year, with a three-year carry forward.

Mr. TALMADGE. Mr. President, I am prepared to yield back the remainder of my time.

Mr. NELSON. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

The question is on agreeing to the amendment of the Senator from Wisconsin. The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Indiana (Mr. HARTKE), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Louisiana (Mr. LONG), and the Senator from Maine (Mr. MUSKIE) are necessarily absent.

I further announce that, if present and voting, the Senator from Minnesota (Mr. HUMPHREY) and the Senator from Arkansas (Mr. FULBRIGHT) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Nebraska (Mr. HRUSKA), the Senator from New York (Mr. JAVITS), the Senator from Oregon (Mr. PACKWOOD), the Senator from Alaska (Mr. STEVENS), and the Senator from Ohio (Mr. TAFT) 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) would vote "nay."

The result was announced—yeas 22, nays 65, as follows:

[No. 371 Leg.]

YEAS—22

Bayh	Hollings	Mondale
Burdick	Hughes	Montoya
Case	Kennedy	Moss
Church	Mansfield	Nelson
Cranston	McGee	Proxmire
Eagleton	McGovern	Stevenson
Harris	McIntyre	
Hart	Metcalf	

NAYS—65

Aiken	Dole	Pearson
Allen	Dominick	Pell
Allott	Eastland	Percy
Anderson	Ellender	Randolph
Baker	Ervin	Ribicoff
Beall	Fannin	Roth
Bellmon	Fong	Schweiker
Bennett	Gambrell	Scott
Bentsen	Goldwater	Smith
Bible	Griffin	Sparkman
Boggs	Gurney	Spong
Brock	Hansen	Stafford
Brooke	Hatfield	Stennis
Buckley	Inouye	Symington
Byrd, Va.	Jackson	Talmadge
Byrd, W. Va.	Jordan, N.C.	Thurmond
Cannon	Jordan, Idaho	Tower
Chiles	Magnuson	Tunney
Cook	Mathias	Weicker
Cooper	McClellan	Williams
Cotton	Miller	Young
Curtis	Pastore	

NOT VOTING—13

Fulbright	Javits	Saxbe
Gravel	Long	Stevens
Hartke	Mundt	Taft
Hruska	Muskie	
Humphrey	Packwood	

So Mr. NELSON's amendment was rejected.

Mr. TALMADGE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. BENNETT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, if I may have the attention of the Senate——

SEVERAL SENATORS. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will come to order. Senators will take their seats.

The Senator from Montana may proceed.

Mr. MANSFIELD. It is the intention to ask unanimous consent at this time to call up Calendar No. 476, H.R. 11341, an act to provide additional revenue for the District of Columbia, because of its dependence on the acceleration of the appropriation bill, and because it will not take long. I understand there is no opposition. There is one amendment, which will be accepted.

I do this with the concurrence of the distinguished minority leader, the distinguished Senator from Maryland, the ranking minority member of the District of Columbia Committee, and the chairman of the District of Columbia Committee, the distinguished Senator from Missouri (Mr. EAGLETON), and the distinguished Senator from Virginia (Mr. SPONG).

Mr. President, if unanimous consent is granted, as requested, for an 8-minute limitation on that measure, it is then the intention to return to the consideration of the pending business and call up amendment No. 693, by Senators ANDERSON and TOWER, with a 30-minute limitation; following that, amendment No. 687, by the Senator from Missouri (Mr. EAGLETON), with a 30-minute limitation; and following that, amendment No. 698, by the Senator from New Hampshire (Mr. COTTON), with a 1-hour limitation.

Mr. President, I ask unanimous consent that the order providing for the calling up of amendment No. 674 at this time be vacated.

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

ADDITIONAL REVENUE FOR THE DISTRICT OF COLUMBIA

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 476, H.R. 11341.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 11341) to provide additional revenue for the District of Columbia, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the District of Columbia with amendments.

The PRESIDING OFFICER. Without objection, rule XII will be waived.

Mr. EAGLETON. Mr. President, I yield myself 3½ to 4 minutes. We now have before us the District of Columbia Revenue Act of 1971 (H.R. 11341) as unanimously reported from the Senate Committee on the District of Columbia.

The major features of the Senate version of H.R. 11341 are as follows:

First. A Federal payment of 43 percent, which works out to $181,589,000. The House bill figure is $170 million, or 40¼ percent of general fund tax revenues.

Second. In addition to the House provisions on taxation, the bill includes an increase of $0.02 in the cigarette tax, which would generate revenues of $1.6 million a year.

Third. It also raises the business income tax an additional 1 percent, from 7 percent to 8 percent in 1975, to compensate for loss in revenues by the repeal of the inventory tax.

The Senate version of H.R. 11341 contains the following miscellaneous provisions:

First. A delegation to the City Council of authority of the Congress to tax the residents of the District of Columbia. There is a specific exception prohibiting the Council from levying a personal income tax on nonresidents.

Second. A delegation to the City Council of the right to grant tax exemptions from the real estate tax for individual organizations.

Third. A provision to allow the police to impound vehicles which have two or more warrants issued for outstanding vehicle violations. Under present law such vehicles can be impounded only if illegally parked when discovered by the police.

Finally, Mr. President, the Senate District of Columbia Committee deleted the following provisions from the House bill:

First. The provision regarding the withholding of rent from welfare payment recipients.

Second. The provision granting an absolute exemption from overtime to truckers in the District of Columbia.

Mr. President, I reserve the remainder of my time, and I yield to the Senator from Maryland.

Mr. BYRD of Virginia. Mr. President, will the Senator yield for a question?

Mr. EAGLETON. I yield.

Mr. BYRD of Virginia. Is the understanding of the Senator from Virginia correct that the committee has eliminated anything in regard to a commuter tax?

Mr. EAGLETON. Yes. There is a specific prohibition as to the imposition of a commuter tax, a reciprocal income tax, or any other tax on nonresidents of the District of Columbia.

Mr. BYRD of Virginia. I thank the Senator, and I thank the committee.

Mr. EAGLETON. Mr. President, I ask unanimous consent that the committee amendments be considered and agreed to en bloc, and that the bill as thus amended be regarded as original test for the purpose of further amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Missouri? The Chair hears none, and it is so ordered.

The amendments agreed to en bloc are as follows:

At the top of page 4, insert a new title, as follows:

TITLE II

AMENDMENTS TO DISTRICT OF COLUMBIA CIGARETTE TAX ACT

SEC. 201. Subsection (a) of section 603 of the District of Columbia Cigarette Tax Act (D.C. Code, sec. 47–2802(a)) is amended by striking out "4 cents" and inserting in lieu thereof "6 cents".

SEC. 202. (a) Except as otherwise provided, the amendment made by section 201 shall apply with respect to cigarette tax stamps purchased on or after the effective date of this title, which shall be the first day of the first month which begins on or after the thirtieth day after the date of the enactment of this Act.

(b) In the case of cigarette tax stamps which have been purchased prior to the effective date of this title and which on such date are held (affixed to a cigarette package or otherwise) by a wholesaler, retailer, or vending machine operator, licensed under the District of Columbia Cigarette Tax Act, such licensee shall pay to the Commissioner (in accordance with subsection (c)) an amount equal to the difference between the amount of tax represented by such tax stamps on the date of their purchase and the amount of tax which an equal number of cigarette tax stamps would represent if purchased on the effective date of this title.

(c) Within twenty days after the effective date of this title, each such licensee (1) shall file with the Commissioner a sworn statement (on a form to be prescribed by the Commissioner) showing the number of such cigarette tax stamps held by him as of the beginning of the day on which this title becomes effective or, if such day is a Sunday, as of the beginning of the following day, and (2) shall pay to the Commissioner the amount specified in subsection (b).

(d) Each such licensee shall keep and preserve for the twelve-month period immediately following the effective date of this title the inventories and other records made which form the basis for the information furnished to the Commissioner on the sworn statement required to be filed under this section.

(e) For purposes of this section, a tax stamp shall be considered as held by a wholesaler, retailer, or vending machine operator if title thereto has passed to such wholesaler, retailer, or operator (whether or not delivery to him has been made) and if title to such stamp has not at any time been transferred to any person other than such wholesaler, retailer, or operator.

(f) A violation of the provisions of subsection (b), (c), or (d) of this section shall be punishable as provided in section 611 of the District of Columbia Cigarette Tax Act (D.C. Code, sec. 47–2810).

On page 6, line 1, change the title number from "II" to "III"; at the beginning of line 3, change the section number ftom "201" to "301"; in line 19, change the title number from "III" to "IV"; at the beginning of line 21, change the section number from "301" to "401"; on page 7, at the beginning of line 21, change the section number from "302" to "402"; on page 8, line 1, change the title number from "IV" to "V"; in line 2, after the word "Corporate", insert "And Unincorporated Business"; at the beginning of line 4, change the section number from "401" to "501"; after line 7, strike out:

SEC. 402. The amendment made by this title shall apply with respect to taxable years beginning after December 31, 1971.

After line 10, insert a new section, as follows:

SEC. 502. Section 3 of title VIII of such Act (D.C. Code, sec. 47–1574b) is amended by striking out "6" and inserting in lieu thereof "7".

After line 13, insert a new section, as follows:

SEC. 503. Section 2 of title VII of such Act (D.C. Code, sec. 47–1571a) is amended by striking out "7" and inserting in lieu thereof "8".

After line 16, insert a new section, as follows:

SEC. 504. Section 3 of title VIII of such Act (D.C. Code, sec. 47–1574b) is amended by striking out "7" and inserting in lieu thereof "8".

After line 19, insert a new section, as follows:

SEC. 505. The amendments made by sections 401 and 402 of this title shall be applicable to taxable years beginning after December 31, 1971. The amendments made by sections 403 and 404 of this title shall be applicable to taxable years beginning after December 31, 1973.

On page 9, line 1, change the title number from "V" to "VI"; at the beginning of line 3, change the section number from "401" to "601"; at the beginning of line 7, change the section number from "502" to "602"; on page 10, after line 9, strike out:

TITLE VI

INCREASE IN AUTHORIZATION OF THE FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA

SEC. 601. Section 1 of article VI of the District of Columbia Revenue Act of 1947 (D.C. Code, sec. 47–2501a) is amended (1) by striking out "1971", and inserting in lieu thereof "1972", and (2) by striking out "$126,000,000" and inserting in lieu thereof "$170,000,000".

After line 17, insert a new title, as follows:

TITLE VII

FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA

SEC. 701. (a) Regular annual payments are hereby authorized to be appropriated from revenues of the United States to cover the proper Federal share of the expenses of the government of the District of Columbia, and such annual payments, when appropriated, shall be paid into the general fund of the District of Columbia.

(b) The annual payment so authorized shall be an amount which is equal to 43 per centum of all general fund revenues derived by the District of Columbia from taxes, and that part of the motor vehicle registration fees which is credited to the general fund. Such authorization shall be based upon the estimate of such revenues which the Commissioner of the District of Columbia determines will be credited during each fiscal year to the general fund of the District of Columbia, but excluding any amounts derived from grants and loans from the Federal government to the District of Columbia.

(c) The Commissioner of the District of Columbia shall annually compute the amount of the Federal payment authorized to be appropriated under this section, and the amount of such authorization so computed shall be submitted to the Office of Management and Budget with each regular budget of the District of Columbia, and, as approved by the Director of the Office of Management and Budget, shall be submitted to the Congress. Each such computation shall be determined on the basis of estimates of the revenues referred to in subsection (b) of this section which are expected to be credited to the general fund of the District of Columbia during the fiscal year for which the annual payment is being computed; except that the amount so determined shall be subject to review after such fiscal year, and if the Federal payment appropriated on the basis of the amount so determined differs from the amount determined on the basis of revenues actually received and credited to the general fund, the Federal payment authorization for the second year succeeding such fiscal year shall be adjusted to the extent of such difference.

(d) Any amounts authorized to be appropriated by this section shall remain available until expended, and any amounts authorized for any fiscal year under this section but not appropriated may be appropriated for any succeeding fiscal year.

(e) Article VI of the District of Columbia Revenue Act of 1947 (61 Stat. 361), as amended (D.C. Code, secs. 47–2501a and 47–2501b), is repealed.

(f) This section shall be effective with respect to the fiscal year ending June 30, 1972, and each fiscal year thereafter.

On page 12, line 17, change the title number from "VII" to "VIII"; at the beginning of line 19, change the section number from "701" to "801"; on page 13, at the beginning of line 22, change the section number from "702" to "802"; on page 14, at the beginning of line 5, change the section number from "703" to "803"; on page 15, after line 3, strike out:

SEC. 704. Section 16 of the District of Columbia Public Assistance Act of 1962 (D.C. Code, sec. 3–215) is amended by inserting "(a)" immediately after "SEC. 16.", and by adding at the end of the section the following:

"(b)(1) If a recipient fails to make his regular rental payment for a period of ten days after the date such payment was due then the lessor (including a sublessor) of such recipient may send written notice of such failure to the Commissioner. Upon receipt of such notice the Commissioner shall deduct from the monthly public assistance grant for such recipient for the next month following such notice an amount equal to the monthly shelter allotment for such recipient. Such deducted amount shall be disposed of by the Commissioner according to the following provisions of this subsection.

"(2) If it is determined that there is no legal basis for the recipient's failure to make such regular rental payment then the amount deducted and held by the Commissioner shall be paid to the lessor legally entitled to receive such payment. The Commissioner shall continue to deduct such amount from such grant for each month thereafter for so long as such recipient receives such grant, and to pay such amount directly to the lessor of such recipient.

"(3) If it is determined that there is a legal basis for the recipient's failure to make such regular rental payment then the Commissioner shall pay to the lessor legally entitled to receive such payment such part of the amount deducted and held by him as is determined to be owed to the lessor. The Commissioner shall restore to the monthly public assistance grant for such recipient such shelter allotment for each month thereafter for so long as the recipient receives such grant and makes his regular rental payments.

"(c)(1) If any lessor, receiving payments from the Commissioner under subsection (b) fails to maintain the premises of the recipient according to all applicable laws and regulations of the District of Columbia, then the recipient may send written notice alleging such failure to the Commissioner. Upon receipt of such notice the Commissioner shall suspend such payments for such recipient for each month thereafter, and shall hold and dispose of such amount according to the following provisions of this subsection.

"(2) If it is determined that there is no basis for such allegation by the recipient the Commissioner shall pay such amount to such lessor and continue to make such payments for such recipient.

"(3) If it is determined that there is a basis for such allegation by the recipient the Commissioner shall pay to the lessor such part of the amount suspended as is determined to be owed to him. The Commissioner shall restore to the monthly public assistance grant for such recipient the monthly shelter allotment for each month thereafter for so long as the recipient receives such grant and makes his regular rental payments.

"(d) Suspension of rental payments under subsection (b) or (c) above shall not be cause for eviction of any recipient.

"(e) For the purpose of any regulations of the Secretary of Health, Education, and Welfare, or of any other requirement of law, the total amount of assistance given to a recipient shall include that amount suspended and held, or paid by the Commissioner as authorized under subsections (b) and (c) Nothing in this section shall operate to deny to the District of Columbia any funds from any program of the Federal Government relating to public assistance which are paid to the District of Columbia on the basis of the funds appropriated directly to the District for programs administered under this Act."

On page 17, after line 20, insert a new section, as follows:

SEC. 804. Section 6 of the District of Columbia Traffic Act, 1925 (43 Stat. 1119; D.C. Code, sec. 40–603) is amended by adding at the end thereof the following new subsection:

"(k)(1) Any unattended motor vehicle found parked at any time upon any public highway of the District of Columbia against which there are two or more outstanding or otherwise unsettled traffic violation notices or against which there have been issued two or more warrants, may, by or under the direction of an officer or member of the Metropolitan Police force or the United States Park Police force, either by towing or otherwise, be removed or conveyed to and impounded in any place designated by the Commissioner, or immobilized in such a manner as to prevent its operation, except that no such vehicle shall be immobolized by any means other than by the use of a device or other mechanism which will cause no damage to such vehicle unless it is moved while such device or mechanism is in place.

"(2) It shall be the duty of the officer or member of the police force removing or immobilizing such motor vehicle, or under whose directions such vehicle is removed or immobilized, to inform as soon as practical the owner of an impounded or immobilized vehicle of the nature and circumstances of the prior unsettled traffic violation notices or warrants, for which or on account of which, such vehicle was impounded or immobilized. In any case involving immobilization of a vehicle pursuant to this subsection, such member or officer shall cause to be placed on such vehicle, in a conspicuous manner, notice sufficient to warn any individual to the effect that such vehicle has been immobilized and that any attempt to move such vehicle might result in damage to such vehicle.

"(3) The owner of such impounded or immobilized motor vehicle, or other duly authorized person, shall be permitted to repossess or to secure the release of the vehicle upon the depositing of the collateral required for his appearance in the Superior Court of the District of Columbia to answer for each violation for which there is an outstanding or otherwise unsettled traffic violation notice or warrant."

On page 19, at the beginning of line 10, change the section number from "705" to "805"; on page 20, at the beginning of line 20, change the section number from "706" to "806"; on page 21, after line 5, strike out·

SEC. 707. Paragraph (6) of section 4(b) of the District of Columbia Minimum Wage Act (D.C. Code, sec. 36–404) is amended to read as follows:

"(6) any employee with respect to whom the Secretary of Transportation has power to establish qualifications and maximum hours of service pursuant to the provisions of section 204 of part II of the Interstate Commerce Act (49 U.S.C. 304)."

After line 13, insert a new section, as follows:

SEC. 807. Paragraph (e) of section 1 of the Act entitled "An Act to define the real property exempt from taxation in the District of Columbia", approved December 24, 1942 (56 Stat. 1089), is amended (1) by inserting "(1)"

immediately after "(e)", and (2) by adding immediately after paragraph (e) the following:

"(2) Property exempted from taxation by the Commissioner of the District of Columbia pursuant to regulations promulgated by the District of Columbia Council."

At the beginning of line 23, change the section number from "708" to "808"; on page 22, after line 16, insert a new section, as follows:

SEC. 809. (a) Effective January 1, 1972, the District of Columbia Council, subject to the provisions of subsection (b) of this section, shall have the same legislative power to impose taxes in the District of Columbia as that exercised by the Congress in its capacity as a legislature for the District of Columbia, including legislative power to amend or repeal any Act of Congress which is restricted in its application exclusively in or to the District of Columbia and which relates primarily to the imposition of taxes therein.

(b) The District of Columbia Council shall have no authority to impose any tax on property of the United States or any of the several States, or upon the whole or any portion of the personal income, either directly or at the source thereof, of any individual not a resident of the District. For purposes of this section, the terms "individual" and "resident" shall have the same meaning as that provided for in section 4 of the Act of July 16, 1947 (61 Stat. 332).

On page 23, line 9, change the title number from "VIII" to "IX"; at the beginning of line 11, change the section number from "801" to "901"; at the beginning of line 16, change the section number from "802" to "902"; on page 24, at the beginning of line 3, change the section number from "803" to "903"; at the beginning of line 15, change the section number from "804" to "904"; after line 17, insert a new title, as follows:

TITLE X—ESTABLISHMENT OF THE DISTRICT OF COLUMBIA TRANSPORTATION TRUST FUND

BONDING AUTHORITY

SEC. 1001. (a) The District of Columbia is authorized to provide for the payment (1) of its share of the cost of the Adopted Regional System described in the National Capital Transportation Act of 1969 (83 Stat. 320), and (2) of cost incurred by it in carrying out the highway and street projects included in the District of Columbia Government Six-year Capital Improvements Program—Fiscal Years 1972–1977 (June 1971), by an issue or issues of negotiable obligations of the District of Columbia. Any such bonds so issued shall bear interest at such rate or rates as the Commissioner of the District of Columbia (hereinafter referred to as the "Commissioner") may from time to time determine are necessary to make marketable each such issue of obligations.

(b) The bonds of any authorized issue may be issued all at one time, or from time to time, in series and in such amounts as the Commissioner shall deem advisable. The Commissioner, in issuing any series of bonds, shall fix the date of the bonds of such series, and the bonds of each such series shall be payable in annual installments beginning not more than three years after the date of the bonds and ending not more than thirty years from such date. The Commissioner shall fix the amount of such series to be payable in each year so that, when the annual interest is added to the principal amount payable in each year, the total amount payable in each year in which part of the principal is payable shall be substantially equal. For purposes of this section, it shall be an immaterial variance if the difference between the largest and the smallest amounts of principal and interest payable annually during the term of the bonds does not exceed 3 per centum of the total authorized amount of such series.

(c) The Commissioner shall prescribe the form of the bonds to be issued pursuant to this title and the interest coupons pertaining thereto, and the manner in which such bonds and coupons shall be executed. Such bonds and coupons may be executed by the facsimile signatures of the officer or officers authorized by the Commissioner to sign the bonds, except that at least one signature shall be manual.

(d) Bonds issued pursuant to this title may be issued in coupon form in the denomination of $1,000, registerable as to principal only or as to both principal and interest, and if registered as to both principal and interest, such bonds may be issued in denominations of multiples of $1,000. Bonds issued pursuant to this title and the interest thereon may be payable at such place or places within or without the District of Columbia as the Commissioner shall determine.

(e) All bonds issued under this title shall be sold at public sale upon sealed proposals at such price or prices as shall be approved by the Commissioner after publication of a notice of such sale at least once not less than ten days prior to the date fixed for sale in a daily newspaper carrying municipal bond notices and devoted primarily to financial news or to the subject of State and municipal bonds published in the city of New York, New York, and in a newspaper of general circulation published in the District. Such notice shall state, among other things, that no proposal shall be considered unless there is deposited with the District as a downpayment a certified check or cashier's check for an amount equal to at least 2 per centum of the par amount of bonds bid for, and the Commissioner shall reserve the right to reject any and all bids.

(f) The full faith and credit of the District shall be and is hereby pledged for the payment of the principal of and the interest on all bonds of the District hereafter issued pursuant to this title whether or not such pledge is stated in the bonds.

(g) As soon as practicable following the beginning of each fiscal year, the Commissioner and the Comptroller General of the United States shall review the amounts of District revenues which have been set aside and deposited in the trust fund pursuant to this title. Such review shall be carried out with a view to determining whether the amounts so set aside and deposited are sufficient to pay the principal of, and interest on, bonds issued pursuant to this title, and the premium (if any) upon the redemption thereof, as the same respectively become due and payable. If the Commissioner and the Comptroller General determine that sufficient District revenues have not been so set aside and deposited, then an amount determined by the Commissioner and the Comptroller General as necessary to provide that sufficiency shall be credited to the trust fund from the Federal payment made to the District of Columbia for the fiscal year within which such review is conducted.

(h) Bonds issued by the Commissioner pursuant to this title and the interests thereon shall be exempt from all Federal and District taxation except estate, inheritance, and gift taxes.

(i) Notwithstanding any restriction on the investment of funds by fiduciaries contained in any other law, all domestic insurance companies, domestic insurance associations, executors, administrators, guardians, trustees, and other fiduciaries within the District of Columbia may legally invest any sinking funds, moneys, trust funds, or other funds belonging to them or under or within their control, in any bonds issued pursuant to this title, it being the purpose of this subsection to authorize the investment in such bonds of all sinking, insurance, retirement, compensation, pension, and trust funds. National banking associations are authorized to deal in, underwrite, purchase and sell, for their own accounts or for the accounts of customers, bonds issued by the Commissioner pursuant to this title to the same extent as national banking associations are authorized by paragraph 7 of section 5136 of the Revised Statutes (12 U.S.C. 24), to deal in, underwrite, purchase, and sell obligations of the United States, States, or political subdivisions thereof. All Federal building and loan associations and Federal savings and loan associations; and banks, trust companies, building and loan associations, and savings and loan associations, domiciled in the District of Columbia, may purchase, sell, underwrite, and deal in, for their own account or for the account of others, all bonds issued pursuant to this title; except that nothing contained in this subsection shall be construed as relieving any person, firm, association, or corporation from any duty of exercising due and reasonable care in selecting securities for purchase or investment.

(j) The District of Columbia may reserve the right to redeem any or all of its obligations under this title before maturity in such manner and at such price or prices as may be fixed by the Commissioner prior to the issuance of such obligations.

BOND REVENUES

SEC. 1002. (a) Revenues derived from the issuance of bonds pursuant to this title are hereby appropriated to the District of Columbia and shall be available for use until expended only for the following purposes:

(1) To provide for the payment by the District of Columbia of its share of the cost of the Adopted Regional System described in the National Capital Transportation Act of 1969 (93 Stat. 320);

(2) To provide for the payment by the District of Columbia of costs incurred by it in carrying out the highway and street construction and improvement projects included in the District of Columbia Six-Year Capital Improvements Program—Fiscal Years 1972–1977 (June 1971); and

(3) To provide, subject to the provisions of subsection (b) of this section, funding for programs of construction projects to meet capital needs for highways and streets in the District of Columbia which are not included within such capital improvement program referred to in paragraph (2) of this subsection.

(b) (1) No revenues derived from bonds issued pursuant to this title shall be expended for construction under paragraph (3) of subsection (a) of this section, unless such construction has been approved by resolutions adopted by the Committees on the District of Columbia of the Senate and House of Representatives, respectively. For the purpose of securing consideration of such approval, the Commissioner shall transmit to the Congress a prospectus of the proposed project including but not limited to—

(A) a description of the project to be constructed and the need therefor; and

(B) an estimate of the maximum cost of the project.

(2) The Committees on the District of Columbia of the Senate and the House of Representatives shall not approve any project under paragraph (3) of subsection (a) of this section if the total cost of such project exceeds $1,000,000, and in no event shall such committees approve, with respect to such project, expenditures of revenues derived from bonds issued pursuant to this title in an amount in excess of $500,000.

(c) No revenues derived from bonds issued pursuant to this title shall be expended in connection with any specific project or construction to meet capital needs for highways or streets in the District of Columbia except in accord wtih the applicable provision of title 23, United States Code, and the laws of the District of Columbia.

SEC. 1003. (a) There is established in the Treasury of the United States a trust fund to

be known as the "District of Columbia Transportation Trust Fund" (referred to in this title as the "trust fund"), which shall consist of the amounts set forth in subsection (b) of this section, together with any amounts credited pursuant to subsection (g) of section 901 of this title. The trust fund shall be available for the purposes set forth in subsection (d) of this section.

(b)(1) The following revenues accruing to the District of Columbia shall, in accordance with paragraph (2), be deposited in the trust fund:

(A) Revenues received by the District of Columbia from fees charged by the District of Columbia for the registration and titling of motor vehicles;

(B) Revenues received by the District of Columbia from excise taxes imposed by the District of Columbia on motor vehicles; and

(C) Revenues received by the District of Columbia from taxes imposed by the District of Columbia on motor vehicle fuels.

(2) Revenues referred to in paragraph (1) of this subsection shall be deposited in the trust fund as follows:

(A) With respect to revenues referred to in subparagraph (A) of paragraph (1) of this subsection accruing to the District of Columbia during fiscal years 1972, 1973, and 1974, 75 per centum of such revenues; and with respect to such revenues so accruing during fiscal year 1975 and each fiscal year thereafter, 100 per centum of such revenues;

(B) With respect to revenues referred to in subparagraph (B) of paragraph (1) of this subsection accruing to the District of Columbia during fiscal years 1974 and 1975, 50 per centum of such revenues, and with respect to such revenues so accruing during fiscal year 1976 and each fiscal year thereafter, 100 per centum of such revenues; and

(C) With respect to revenues referred to in subparagraph (C) of paragraph (1) of this subsection accruing to the District of Columbia during fiscal years 1974 and 1975, 25 per centum of such revenues, with respect to such revenues so accruing during fiscal year 1976, 35 per centum of such revenues, and with respect to such revenues so accruing during fiscal year 1977 and each fiscal year thereafter, 45 per centum of such revenues.

(c) All moneys deposited in the trust fund, including deposits pursuant to subsection (g) of section 901 of this title, are hereby appropriated to the District of Columbia and shall be disbursed in compliance with the provisions of this title for the purposes set forth in subsection (d) of this section.

(d) All necessary payments from the trust fund shall be made by the Secretary of the Treasury to the disbursing officer of the District of Columbia, upon requisition of the Commissioner of the District of Columbia, for such amounts as may be required from time to time for necessary disbursements in connection with the following:

(1) to pay the principal and interest on Treasury loans, outstanding on January 1, 1972, made to the District of Columbia for highway construction and the Adopted Regional System described in the National Capital Transportation Act of 1969 (83 Stat. 320),

(2) to pay the principal of and interest on bonds issued pursuant to this Act, and the premiums, if any, upon the redemption thereof, as the same respectively become due and payable, and

(3) to pay the principal and interest on loans made to the District of Columbia pursuant to section 904 of this title.

LOAN AUTHORITY

SEC. 1004. (a) The Commissioner is authorized to accept loans for the District from the United States Treasury, and the Secretary of the Treasury is authorized to lend to the Commissioner, such sums as the Commissioner may determine are required to complete payments on capital outlay contracts which have been awarded for highway construction not later than ninety days after the date of the enactment of this Act. In addition, such loans may include funds to pay the District's share of the cost of the Adopted Regional System specified in the National Capital Transportation Act of 1969 through the fiscal year ending June 30, 1972.

(b) In addition to the loan authority contained in subsection (a) of this section, the Commission is authorized to accept loans for the District from the Treasury, and Secretary of the Treasury is authorized, with respect to any project or projects the cost of which is authorized to be paid from revenues derived from bonds issued pursuant to this title, to lend to the Commissioner, such sums as the Commissioner from time to time determines are necessary to provide for the continuation of work on any such project or projects, pending the sale of an issue of District obligations. Any such loan shall be for such term as may be agreed upon by the Commissioner and the Secretary but in no event shall the term of any such loan extend for more than thirty days beyond the date on which proceeds from the sale of the District's obligations become available for the construction of such project or projects.

(c) Loans advanced pursuant to this section during any six-month period shall be at a rate of interest determined by the Secretary of the Treasury as of the beginning of such period, which, in his judgment, would reflect the cost of money to the Treasury for borrowing at a maturity approximately equal to the period of time the loan is outstanding.

(d) There are authorized to be appropriated such sums as may be necessary to make loans under this section.

REPEAL OF LOAN AUTHORITY

SEC. 1005. (a) Effective January 1, 1972, section 402 of title IV of the Act of May 18, 1954 (D.C. Code, sec. 7–133), authorizing loans from the United States Treasury for the District of Columbia highway construction program, is repealed.

(b) Nothing contained in this title shall be deemed to relieve the District of Columbia of its obligation to repay any loan made to it under the authority of such section 402, nor to preclude the District of Columbia from using the unexpended balance of any such loan appropriated to the District prior to the effective date of such repeal.

(c) The first section of the Act of April 23, 1924 (D.C. Code, sec. 47–1901), is amended by deleting "shall be deposited" and inserting in lieu thereof "shall, except to the extent otherwise provided in section 903(b) of the District of Columbia Revenue Act of 1971, be deposited".

ADDITIONAL BONDING AUTHORITY

SEC. 1006. On and after the date of the enactment of this title, the Commissioner is authorized to submit to the Committees on the District of Columbia of the Senate and the House of Representatives requests for authorization by the Congress to the District of Columbia for issuance by it of bonds, in addition to those authorized by this title, to finance capital outlays for additional transportation projects. Each such request shall include—

(1) a description of each such project for which authorization is requested;

(2) the maximum cost of each such project; and

(3) recommendations for additional sources of revenues to be deposited or paid into the trust fund, if necessary, to finance such additional bonds.

Mr. MATHIAS. Mr. President, I have technical amendments that I send to the desk.

The PRESIDING OFFICER. The amendments will be stated.

The assistant legislative clerk proceeded to read the amendments.

Mr. MATHIAS. Mr. President, I ask unanimous consent that further reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendments will be printed in the RECORD.

The amendments are as follows:

On page 31, line 19, strike out "section 901" and insert in lieu thereof "section 1001";

On page 33, line 10, strike out "section 901" and insert in lieu thereof "section 1001";

On page 34, line 6, strike out "section 904" and insert in lieu thereof "section "1004".

On page 36, line 12, strike out "section 903(b)" and insert in lieu thereof "section 1003(b)".

Mr. MATHIAS. Mr. President, these are typographical errors which appear in the bill. The chairman of the committee is familiar with them.

Mr. EAGLETON. I have no objection.

Mr. MATHIAS. Mr. President, I ask unanimous consent that the amendments be considered and agreed to en bloc.

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

The question is on agreeing to the amendments of the Senator from Maryland.

The amendments were agreed to.

Mr. MATHIAS. Mr. President, the committee report on H.R. 11341 unfortunately contains two typographical errors. I would like to note the corrections in the RECORD.

First, on page 3 of the report, section 701(b) is stated incorrectly as recommending a Federal payment equal to 40 per centum of general fund taxes. The correct figure as recommended by the committee is 43 per centum.

Second, on page 22, the report states that the authority to grant exemptions from the District's real property tax is transferred "to the Commissioner of the District of Columbia, or his representative." Section 807 actually transfers this authority to the District of Columbia Council.

Mr. President, in considering this legislation, we are fulfilling our constitutional obligation to provide for the government of the National Capital. The additional revenues authorized in this bill will enable the District of Columbia to meet the needs of its citizens, provide necessary services for millions of visitors, and strengthen its position as the vital center of a dynamic, fast-growing metropolitan area.

In addition to meeting the immediate financial needs of the Capital City, this legislation as reported by the Committee on the District of Columbia also enables the Congress to lighten its own burdens by transferring to the local government certain functions and responsibilities which can and should be within the province of the District Government. In so doing, we are advancing the principle summarized by President Nixon in his message to Congress on the District of Columbia on April 7: "The way to help local government become more responsible is to entrust it with more responsibility."

The most important general revenue item in this bill is a proposed increase in the annual Federal payment to the District, coupled with the shift of that payment from a flat dollar amount to a stated percentage of District general tax revenues. The committee has recommended a Federal payment of 43 percent

of local general tax revenues, or approximately $181.5 million in this fiscal year. The use of a formula, of course, gives the District Government an additional incentive to increase local taxation, such as the real property tax, to levels which will generate more revenues while remaining generally comparable to taxation in surrounding jurisdictions. At the same time, the level of the proposed payments does recognize the inescapable fact that the unique character of the Capital City places very real constraints on the city's ability to raise local taxation. The District cannot, for example, tax the property of the Federal Government and related institutions and organizations which occupy over half of the city's land and place heavy demands on city services.

The increased Federal payment also compensates for the Congress' refusal to permit the District to levy taxes on the income of nonresidents. While I believe that the Congress has acted properly in rejecting the city's proposal for a so-called reciprocal income tax, I also feel that the Congress has the responsibility to provide alternate revenues.

While this is not a modest bill, it is by no means an extravagant one. As Mayor Washington noted in his testimony before the District Committee this week, even the revenues herein authorized will barely meet the city's needs in vital areas such as law enforcement, corrections and education. For example, the city must provide for salary increases enacted by Congress, and must have additional funds to carry out the landmark court reform legislation approved last year. In fact, in light of the city's needs and the escalation in municipal costs across the country, this is really a very lean bill.

Of course additional economies in the District's operations should always be sought. The Nelsen Commission, on which I serve, will be submitting its comprehensive report and recommendations next March, and is likely to propose improvements in many areas of public management. I have recommended some steps, such as the creation of a youth commission to end the present fragmentation of youth programs. But at the same time we must recognize that the District, like all major American central cities, is caught in the spiral of inflation and soaring public needs for local services. We cannot afford to starve essential programs, for the long-term cost of false economy would be unbearable to the District and intolerable for the Nation as a whole.

One specific project which must be allowed to proceed without delay is the Metro system. I am very pleased that the committee adopted my amendment to this bill to establish the District of Columbia transportation trust fund and issue bonds to obtain funds to pay the local share of the Metro and approved highway projects between now and 1977. This legislation would place the District's contributions to Metro on a virtually automatic basis and would end the roadblocks, delays, and uncertainties which have brought this vital mass transit system to the current perilous point.

As President Nixon stated yesterday:

> Not only to delay in Metro work cost taxpayers heavily; they might even erode confidence and cooperation seriously enough to consign the entire project to an early grave, with all the sad consequences that could have for metropolitan development in the years ahead. I strongly urge the Congress, therefore, to take appropriate action at once to end the present delay and to prevent any more such derailments of Metro progress.

My amendment to this bill fills the President's prescription. It would enable the District of Columbia to obligate local revenues—not Federal funds, but the fruits of local taxation—to pay the District share of the Metro without delay. At the same time, it also insures that, as various essential highway and street projects are approved in accord with applicable laws, the funds for the local share of those projects will also be available. In short, this proposal gives us a new road to the balanced transportation system which the people of this region need and want.

As the President concluded,

> We have come to a critical juncture. Obedience to the law is at stake. A huge investment is at stake. The well-being of the capital area is at stake. It is time for responsible men to join in responsible action and cut this Gordian knot.

In conclusion, I want to congratulate the distinguished chairman of the District of Columbia Committee, the junior Senator from Missouri (Mr. EAGLETON), for the efficient and statesmanlike way in which he has managed this legislation and led the committee throughout this year. He has shown a real grasp of the problems of the District and the Washington area, and an openminded hospitality to many alternatives. The Senator from Hawaii (Mr. INOUYE) also deserves special praise for his willingness to assume the double burdens of serving on this committee and chairing the Subcommittee on Appropriations for the District of Columbia, a task which he is carrying through with great skill and perception. It is a pleasure to work with these gentlemen and the rest of the members of this panel.

I think this bill, in a reasonable but adequate way, meets the financial needs of the National Capital. I think it takes a farsighted approach to laying the foundation for some reasonable fiscal planning in the District which has been lacking for a long time.

Of most immediate concern, it provides an opportunity to get the Metro system underway after a long, long time of being stalled in the station. I hope the Senate will take advantage of this opportunity, because if we do not get the Metro moving now, it may never roll in our time and perhaps never in our children's time, nor in our grandchildren's time. This is almost the last chance to get on board. So I am hopeful that the Senate will support the proposed legislation, including the opportunity to save the Metro, and pass this measure today.

I yield to the Senator from Virginia.

Mr. SPONG. Mr. President, I commend the Senator from Missouri for the work he and the members of the committee have done on this revenue bill. I commend the Senator from Maryland for the unique approach he has taken in an effort to move Metro off dead center.

On Thursday, the President of the United States urged Congress to do whatever it could to get the Metro system underway. He said: "Obedience to the law is at stake."

I believe that is true.

Yesterday, I submitted an amendment, which I call up at this time.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. SPONG. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

> On page 24, after line 17, insert the following new section:
>
> SEC. 905. In granting its consent to the Washington Metropolitan Area Transit Authority Compact and enacting that compact for the District of Columbia, Congress declared the policy that, to the extent that costs of the regional transit project are not covered by user charges, such costs shall be equitably shared among the Federal, District of Columbia, and participating local governments in the transit zone. In the National Capital Transportation Act of 1969, Congress, in conformance with this policy, authorized the Commissioner of the District of Columbia to contract with the Transit Authority to make annual capital contributions to provide the District of Columbia's share of the cost of the regional transit project. Pursuant to this authorization, the District of Columbia has entered into a Capital Contributions Agreement with the Transit Authority and the political subdivisions in the transit zone to make the agreed upon annual contributions. It is the purpose of this section to reaffirm the aforementioned policy established by Congress with respect to the regional transit project and the contractual obligation of the District of Columbia to provide its share of the cost of the regional transit project.

Mr. SPONG. Mr. President, this amendment reaffirms the legal obligation of Congress to see that the District of Columbia participates in the Metro System. The communities of Virginia and Maryland have put up their money to build the system, and it is not right for the share of the District of Columbia to continue to be withheld. The matter of the Three Sisters Bridge is in the courts. It is a matter to be decided by the courts. It is not proper for Metro to be held as hostage for highway construction.

By adding this amendment and reaffirming the obligation that already exists to go forward with the transit system, we will be complying with the President's request, and we will be doing what we owe the citizens of Metropolitan Washington including the residents of Virginia and Maryland, who have participated heretofore in good faith.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Virginia.

The amendment was agreed to.

Mr. EAGLETON. Mr. President, I yield back the remainder of my time.

Mr. MATHIAS. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 11341) was passed.

Mr. EAGLETON. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. BYRD of West Virginia. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD subsequently said: Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical corrections in the engrossment of amendments to H.R. 11341.

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

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.

Mr. BYRD of West Virginia. Mr. President, did the distinguished majority leader get unanimous consent to call up at this time amendment No. 693?

The PRESIDING OFFICER. The Chair affrms that he did.

Mr. BYRD of West Virginia. Mr. President, did the distinguished majority leader get consent to cut the time in half on that amendment?

The PRESIDING OFFICER. Yes, he did.

Mr. BYRD of West Virginia. I thank the Chair.

AMENDMENT NO. 693

The PRESIDING OFFICER. The Chair lays before the Senate the amendment of the Senator from Texas (for himself, Mr. HANSEN, Mr. BELLMON, Mr. PEARSON, Mr. STEVENS, Mr. RANDOLPH, Mr. DOMINICK, and Mr. BENTSEN) which will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. TOWER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

In the table of contents on page 1, immediately below the item relating to section 109, insert the following:

"Sec. 310. Tax credit for expenditures made in the exploration and development of new domestic oil and gas reserves."

On page 40, after line 3, insert the following:

"SEC. 110. TAX CREDIT FOR EXPENDITURES MADE IN THE EXPLORATION AND DEVELOPMENT OF NEW DOMESTIC OIL AND GAS RESERVES.

"(a) Subpart A of part IV of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by renumbering section 41 as 42, and by inserting after section 40 (as added by section 701 of this Act) the following new section:

"'SEC. 41. EXPLORATION AND DEVELOPMENT EXPENDITURES FOR NEW DEPOSITS OF OIL AND GAS RESERVES AND EXPENDITURES FOR THE SECONDARY RECOVERY OF OIL AND GAS RESERVES.

"'(a) GENERAL RULE.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount (subject to the limitations of subsection (b)) equal to 7 percent of the amount of expenditures paid or incurred by the taxpayer during the taxable year for—

"'(1) the purpose of ascertaining the existence, location, extent, or quality of any domestic deposit of oil or gas, and paid or incurred before the beginning of the development stage of such deposit, or

"'(2) the development of a domestic deposit of oil or gas if the existence of oil or gas in commercially marketable quantities in such deposit is ascertained after the date of the enactment of this section, or

"'(3) the development of a domestic deposit of oil or gas on a secondary recovery basis if the recovery operations commence after the date of the enactment of this section.

For purposes of this subsection, a domestic deposit of oil or gas is a deposit located in the United States (within the meaning of section 638(1)).

"'(b) LIMITATIONS.—

"'(1) DURATION.—The credit allowed by subsection (a) shall apply to expenditures paid or incurred within the 10-year period beginning on the first day of January of the year in which this section is enacted.

"'(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), section 38 (relating to investment in certain depreciable property), and section 40 (relating to expenses of work incentive programs).

"'(e) CARRYBACK AND CARRYOVER OF UNUSED CREDITS.—

"'(1) ALLOWANCE OF CREDIT.—If the amount of the credit determined under subsection (a) for any taxable year exceeds the limitation provided by subsection (b)(2) for such taxable year (hereinafter in this subsection referred to as "unused credit year"), such excess shall be—

"'(A) an exploration or development credit carryback to each of the 3 taxable years preceding the unused credit year, and

"'(B) an exploration or development credit carryover to each of the 7 taxable years following the unused credit year, and shall be added to the amount allowable as a credit by subsection (a) for such years (determined before the application of this subsection), except that such excess may be a carryback only to a taxable year ending after the first day of January of the year in which this section is enacted. The entire amount of the unused credit for an unused credit year shall be carried to the earliest of the 10 taxable years to which (by reason of subparagraph (A) or (B)) such credit may be carried, and then successively to each of the other 9 taxable years to the extent that, because of the limitation contained in paragraph (2), such unused credit may not be added for a prior taxable year to which such unused credit may be carried.

"'(2) LIMITATION.—The amount of the unused credit which may be added under paragraph (1) for any preceding or succeeding taxable year shall not, when added to the amount of the credit under subsection (a) (determined before the application of this subsection), exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of—

"'(A) 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), section 38 (relating to investment in certain depreciable property), and section 40 (relating to expenses of work incentive programs); and

"'(B) the amounts which, by reason of this subsection, are added to the amount allowable for such taxable year and attributable to taxable years preceding the unused credit year.

"'(d) REGULATIONS.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the purposes of this section.'

"(b) The table of sections for such subpart A is amended by striking out the last item and inserting in lieu thereof the following:

"'Sec. 41. Exploration and development expenditures for new deposits of oil and gas reserves and expenditures for the secondary recovery of oil and gas reserves.

"'Sec. 42. Overpayment of tax.'."

Mr. COTTON. Mr. President, will the Senator yield?

Mr. TOWER. I yield 1 minute to the Senator from New Hampshire.

Mr. COTTON. I merely want to say that I agreed to defer the order in which my own amendment appears, both for this amendment and the amendment of the distinguished Senator from Missouri. One reason is that it is my understanding that the Senator from New York, who is opposed to my amendment, is on his way here from New York for the purpose of opposing it; and I have never been guilty of the kind of discourtesy that I would try to take advantage and push an amendment through when I knew a Senator was on his way to oppose it. The second reason is that I would like to accommodate Senators.

On the other hand, I hope that as many Senators as possible will remain here to vote on my amendment. I would like to get a reasonable hearing, with a reasonable number of Senators, so that it can have real consideration.

I thank the Senator.

Mr. TOWER. Mr. President, I have sent to the desk certain modifications of the amendment, which are simply technical and make the amendment consonant with other provisions of the bill. I ask unanimous consent that those modifications be printed in the RECORD.

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

The modifications are as follows:

On page 3, line 7, after "year" insert "following the year";

On page 3, line 9, after "exceed" insert "one half of";

On page 4, line 11, after "year" insert "following the year";

On page 5, line 1, after "exceed" insert "one half of".

Mr. TOWER. Mr. President, this amendment is designed to breathe new

life into the domestic oil and gas industry by allowing it a new incentive to discover oil and gas reserves or rework old fields to make them again economically viable. Those of us who are concerned with the domestic petroleum reserves have known for some time that a crisis was coming in this field. This fact, unfortunately, has largely been ignored by consumer groups. However, recently this problem has brought home all too graphically to those who live in the Washington, Maryland, and Virginia area. The Washington Gaslight Co. has recently announced that it will be unable to accept any new industrial customers due to the shortage of natural gas.

Correspondingly, I understand that gas companies in Baltimore are discouraging the installation of any new gas heat in homes, for the very same reason. When suppliers are refusing new customers, something is definitely wrong. As I will point out later, in a study recently completed compiling figures through 1970, the Chase Manhattan Bank reviewed 28 selected petroleum companies. The result of this study on the 28 companies, which I shall refer to as the group, is truly alarming. To quote from the report:

For the past decade the growth of the net income has lagged substantially behind the expansion of both end market and capital spending and in the last two years while the market for oil increased by more than 18 percent the Group's net earnings declined.

To illustrate this point the group's net income from domestic operation declined 4.4 percent between 1969 and 1970 and the rate of return on investment declined for the third consecutive year. The rate of return decreased to 12.6 percent in 1968, to 10.9 percent in 1969, and to 9.9 in 1970. Thus, correspondingly, the investment donated to the search for new petroleum reserves in the United States was at the lowest level in 1970 of any of the past 4 years. As I have said before, the decline in exploration and production in this vital industry means the loss of jobs throughout the Nation, jobs that we can ill afford to lose.

I have warned repeatedly during the past few years that this Nation would experience dangerous shortages of energy resources unless corrective actions were taken. Much to my regret and alarm, few such actions have been taken and these few have been inadequate. Consequently, we continue on a collision course with dangerous energy shortages.

The causes and dimensions of these shortages have been abundantly documented in numerous recent reports and statements by representatives of government and industry. Because of these reports, there has been a growing awareness that a serious national energy problem exists.

I would like to focus upon a particular consequence of our energy resource shortages which I find appalling. That is our increasing reliance upon Middle East sources of crude oil to make up the growing deficiency between our ability to produce and our consumer demand.

Estimates of the magnitude of our future reliance on Middle East sources vary. But, practically all the reports conclude that during the next 15 years we will be forced to rely increasingly upon imports of crude oil from the Middle East to meet larger portions of our burgeoning energy demands.

Secretary of the Interior Rogers C. B. Morton reached this conclusion in his June 15 testimony before the Senate Committee on Interior and Insular Affairs. He estimated that by 1985 our total oil consumption would approach 24 million barrels per day and that the United States could be forced to import approximately 12 million barrels of crude oil per day from Middle East sources. He concluded:

Unless a marked and early improvement occurs in exploration and discovery success and . . . investment in oil producing activities in the United States, there appears little chance that domestic production can keep up with the strong upward trend in demand.

He further predicted that by 1985 we will be forced to rely upon the Middle East for at least 45 percent of our supply of crude oil.

A more pesimistic view of our growing reliance on Middle East oil was presented by Mr. M. A. Wright, chairman of the board of Humble Oil & Refining Co. on May 17. He told the Florida Governor's Conference on the Big Swamp that—

After the next year or so, essentially all of the growth in U.S. petroleum demand will have to be met with imports from the Eastern Hemisphere. Unless we make a substantial effort to increase domestic supplies of all forms of energy, by 1985 foreign imports will supply over half our demand for petroleum and most of this will come from the Middle East.

He attached a chart to his statement which showed that by 1985 imports of liquid petroleum products could be 62 percent of our consumption.

I find these projections by the Interior Secretary and an eminent industrial leader most alarming. Unfortunately, these two projections cannot be considered to be either unique or without foundation.

Our national security objectives regarding supplies of crude oil were officially established in 1959 by Presidential Proclamation No. 3279. These criteria were reaffirmed by the President's Task Force on the Oil Import Question in February 1970, and more recently by the "Report on Crude Oil and Gasoline Price Increases of November 1970" issued by the Office of Emergency Preparedness in April 1971.

The criteria are as follows:

First. The need to guarantee supplies sufficient to meet the needs of U.S. military forces and defense industries.

Second. The need for a sufficient supply of crude oil and its derivatives to meet essential civilian demands, and sustain economic growth.

Third. The need to foster exploration and development so as to insure a depletion of reserves to an extent which would not jeopardize the capability of the petroleum industry to meet future demands, without undue reliance on foreign sources of questionable reliability.

The Cabinet task force report of 1970 also recommended that imports from Eastern Hemisphere sources not exceed 10 percent of our domestic consumption.

In summary, then, these objectives explicitly recognize that we must encourage continued exploration in order to insure sufficient producing petroleum reserves to meet both our military and essential civilian needs; that we should maintain a producing capacity sufficient to guarantee future economic growth; and that we should not become overly dependent upon foreign sources of questionable reliability.

These objectives were hammered out over an extended period of time. They have been honored by several administrations. They recognize that petroleum is a vital ingredient to our national defense and to our continued economic health.

I cannot stress strongly enough the importance I place upon the maintenance of these objectives. If the projections of the experts come true, we will have knowingly violated these national security and economic goals. Unless we act now to reverse the current trend, our military capability and our national economic health will be seriously jeopardized, perhaps irrevocably.

Perhaps the single most important development which highlighted the insecurity of Eastern Hemisphere oil was the dramatic display of bargaining strength and unity by the members of the Organization of Petroleum Exporting Countries in their recent negotiations with the oil company concessionaires. This organization is often referred to as OPEC, and is composed of the following countries: Abu Dhabi, Qatar, Kuwait, Saudia Arabia, Iraq, Iran, Algeria, Libya, Venezuela, Indonesia, and Nigeria.

This list includes practically all the major producers of crude oil in the free world besides the United States. The importance of this organization is exhibited by the fact that we presently draw 55 percent of our total imports, equivalent to about 11 percent of our total oil consumption, from these OPEC members.

The tough and unified bargaining stance taken by the OPEC countries represented a reversal of several of our traditional concepts concerning Middle East oil.

First, this was essentially the first time that these countries united to bargain for their common good. In the past, these countries had bargained on an individual basis, often exhibiting a lack of trust in each other. Their overall stance has made it relatively easy for the oil companies to bargain effectively with one at a time.

Second, the demands made by the OPEC countries and finally obtained by them were extremely tough. They extracted large percentage increases in their participation in the profits derived from the production and transportation of oil within their own countries.

Third, their main bargaining weapon was the threat of an embargo on all oil shipments from these countries. This was a most powerful and effective weapon. Until 1970, few believed that any Middle East country would voluntarily reduce or terminate its oil production. Most believed that none of these countries would deprive itself of the substantial revenues derived from the production. But in 1970, Libya stopped producing a sizable percentage of its oil, and the myth was shattered.

In order to appreciate the relative bar-

gaining strength of the OPEC, it is necessary to examine the increased reliance of Western Europe, Japan, and the United States on Middle East oil. In 1950, the primary source of energy for Western Europe and Japan was coal. Now over one-half of the total energy supplies of these large industrial nations is supplied by Middle East oil. As to the magnitude of this source, the 10 OPEC countries control over 80 percent of the known oil reserves in the world.

We presently import only 3 percent of our needs from Middle East sources. This figure, though small, is deceptive. Middle East oil constitutes 92 percent of the fuel oil consumed on the east coast of the United States. And I have already stressed the trend of increasing reliance upon imports from the Middle East to meet oil deficits. Some areas of the United States are already overreliant on Middle East oil, and it is now predicted that we shall become overreliant as an entire nation.

The result of the OPEC bargaining was that the balance of power tipped in favor of the oil exporting countries. Under the terms of the resulting contract, oil revenues to these countries will be increased by approximately $8 billion over the next 5 years. Large portions of this increase in cost to the oil companies will probably be passed to the consumers.

The critical aspect of these negotiations was the use of the threat of embargo on oil shipments from these countries. This threat can, and probably will be used again. Most of the oil-consuming countries will be powerless to do anything but to capitulate to the demands of the exporting countries.

The United States does not have to cower before threats of embargo. We have enough indigenous oil reserves to satisfy our needs for several decades to come at projected rates of consumption. It has been reliably estimated that there remains to be discovered more oil in the United States than we have yet discovered throughout our history. The U.S. Geologic Survey has estimated that approximately 430 billion barrels of recoverable oil await discovery in the United States. It has been estimated that we will consume an average of 21 million barrels of oil per day over the next 15 years. If this estimate is accurate, we will consume approximately 105 billion barrels of oil the next 15 years. So, we have adequate undiscovered reserves of oil to meet all our needs.

But, the mere possession of undiscovered oil reserves does not give us a viable alternative to increasing reliance upon Middle East oil. Our undiscovered reserves must be converted into producing oil fields.

Converting undiscovered reserves into producing reserves can be accomplished only through massive investments in exploration. Estimates of the required investments range into the tens of billions of dollars.

Yet, at the present time, our exploration investment is minimal and the level of our domestic exploration activity is at a 28-year low.

The reason for the depressed level of exploration activity can be attributed to the overall negative attitude of the public and Government toward the domestic petroleum industry. This negative attitude has been manifested by a combination of Government policies which appear to have been especially designed to inhibit and discourage domestic exploration activity rather than encourage it.

For example, the Tax Reform Act of 1969 reduced the depletion allowance from 27½ to 22 percent. It has been estimated that this placed an additional cost on the industry of approximately $700 million per year. Thus, at the very time when the oil industry desperately needed help, this tremendous tax burden was added. This dampened domestic exploration.

At this very time, our producing reserves are declining more rapidly than they are being supplemented. Our surplus producing capacity is now less than our imports. Therefore, our own producing reserves are no longer sufficient to sustain normal consumption should our imports be disrupted. Our energy-supply situation is bad and is worsening.

In providing policies designed to bring forth adequate supplies of this essential commodity, we must not be overly cautious. I am proposing today a tax-incentive program to encourage the domestic production of oil and to provide more jobs for this country.

Tax incentives encourage exploration. Our history has shown that this form of incentive works. We must devise new and imaginative tax incentives designed to stimulate exploration for new reserves of oil and natural gas.

In this connection, the measure I am proposing today would establish a 7-percent domestic exploration investment tax credit. This tax credit would reduce a year's income taxes by 7 percent of any money spent that year in exploring for or developing new domestic reserves of oil and natural gas. In addition, an identical 7-percent credit would be available for money spent to revitalize an old oil or gas field, where profitable production was the result. The tax credit would be a temporary one and would expire automatically 10 years from enactment of the bill.

This measure is similar to a bill that I had introduced on July 14 of this year, S. 2273, which is currently pending before this committee. The only difference between the two is that my original measure called for a 12½-percent credit and did not include the secondary recovery provisions of the current amendment. I have changed the 12½-percent figure to the general 7-percent figure already approved by the House and upon reflection have become convinced that secondary recovery must be included to have a well-rounded approach to our energy crisis.

The intent of this legislation is to stimulate investments for exploration of new domestic reserves of oil and natural gas. It is intended to help reverse the present dangerous trends which would result in our growing reliance upon insecure Middle East sources of crude oil and to guarantee the consumer the energy supplies he requires.

I urge the adoption of this proposal. We must act now to reverse the depressed level of domestic exploration activity so this Nation will not be dependent upon insecure Middle East sources for the bulk of our crude oil supplies which are so vital to our national security and our economic health.

Mr. President, I ask unanimous consent that the following Senators be made cosponsors of my amendment:

Messrs. HANSEN, BENTSEN, BELLMON, STEVENS, PEARSON, COOK, and RANDOLPH.

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

Mr. TOWER. Mr. President, two interesting articles were published in the Washington Post this morning. The thrust of my amendment is to back the 7-percent tax investment credit for new exploration in an effort to stimulate the finding of new sources of nonpolluted gas and petroleum to meet the energy demands of this country and to meet the danger of having to rely on foreign sources for oil. This is all pointed up in the two articles, one entitled "Stans Says U.S. May Buy Soviet Oil," and the other "Canadians Deny U.S. Gas Import Applications."

Secretary Stans says that the United States is interested in buying Soviet mineral products.

In the article from Ottawa, it states in the first paragraph:

> The National Energy Board announced today that Canada has no additional natural gas available for export to the United States and turned down applications to export 2.7 trillion cubic feet.

Mr. President, I ask unanimous consent to have the two articles printed in the RECORD.

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

STANS SAYS UNITED STATES MAY BUY SOVIET OIL

STOCKHOLM, SWEDEN.—U.S. Commerce Secretary Maurice Stans said today the United States was interested in buying oil from the Soviet Union.

Stans is scheduled to leave Saturday for trade talks in Moscow and other Soviet cities.

"We are interested in mineral products like oil and natural gas and in time possibly in manufactured products," Stans told newsmen. "I'm going over there to develop a shopping list. There are many possibilities."

Stans will meet Soviet Premier Alexei Kosygin and top officials during his 10-day stay, which could lead to American companies pouring millions of dollars into Soviet enterprises. The Stans party will go on to Poland for trade discussions there.

Stans said he hoped the trip would start a sequence of events "which may be very helpful to President Nixon." The American President visits Russia in May, and there are suggestions that he may conclude a trade pact in Moscow.

The commerce secretary had two days of talks in Stockholm with Swedish leaders. Sweden is reported on the verge of signing a natural gas pact with the Soviet Union, but Stans said there was no relation between that and his visit to Moscow.

He said the American balance of payments problem does not primarily stem from the Indochina war but from economic support to other nations and cited Marshall Plan aid to Europe after World War II and a deterioration in the terms of trade as two main factors.

CANADIANS DENY U.S. GAS IMPORT APPLICATIONS

OTTAWA.—The National Energy Board announced today that Canada has no additional natural gas available for export to

the United States and turned down applications to export 2.7 trillion cubic feet.

Since the decision came while energy talks between Canada and the United States were stalled, the announcement prompted speculation that Ottawa was using the issue as a lever in an attempt to gain exemption from U.S. surtaxes on imports.

Canada told the U.S. government early in the fall that it was too "preoccupied" with the new U.S. trade restrictions to continue the talks, which began in 1969.

The decision was expected to arouse strong protest from Alberta, where the Provincial Energy Board had already approved export of the gas from the province.

But the National Energy Board said Canadian supplies of natural gas as of June 30 were 1.1 trillion cubic feet less than reasonably foreseeable domestic needs in the next 25 years.

The board asserted that future discoveries could be expected to supply enough additional gas to meet these needs, but was not willing to predict enough discoveries to permit new exports.

A total of about 17 trillion cubic feet has already been authorized in previous decisions for export to the United States between now and 1995 on various contracts.

Currently, Canadian natural gas—piped mainly to the U.S. Pacific Coast and Middle West regions—accounts for about 3 per cent of total U.S. consumption. But several U.S. distributors are worried about future supply sources to meet growing demand.

Mr. TOWER. Mr. President, I yield to the Senator from Wyoming (Mr. HANSEN) such time as he may require.

Mr. HANSEN. Mr. President, I could not agree more with the distinguished Senator from Texas in his calling attention to the critical energy shortage that faces the United States today.

The approach suggested by the pending amendment is neither unique nor new. From time to time, the country has recognized the need for a certain commodity, a certain supply of some kind or another and, as a consequence, has used this device in order to encourage it. During World War II, we had a commodity price support program on wheat in order to give farmers the encouragement necessary to make certain that we had an adequate amount of grain in this country.

There is a very serious crisis facing the United States today. Just 2 or 3 days ago, Assistant Secretary of the Interior, Hollis Dole, in testifying before the Committee on Interior and Insular Affairs on the gasification of coal, in response to a direct question, made the statement that there are only two ways in which the United States can hope to solve its critical gas shortage. One was to give encouragement to industry to go out and search out and make the investment necessary in order to bring the new supplies of natural gas in, or to import liquefied natural gas from foreign countries.

That is exactly what we are doing. One of the insertions my distinguished friend, the Senator from Texas (Mr. TOWER), had printed in the RECORD would do just that.

There are reports today of negotiations which have been reported between the United States and Soviet Russia. I do not think that is the way that millions of Americans in this country would believe is a very acceptable manner to solve the energy crisis.

I hope very much that the amendment will be agreed to by the Senate today, because it is going to be important not only to those in excess of 40 million individual homes who depend upon natural gas for heating supply, but also to the very many industries that will have to close down this winter simply because there is not enough gas to go around.

Mr. President, I could not agree more with the remarks of the distinguished senior Senator from Texas and, like him, opposed the cut in depletion allowance in the Tax Reform Act of 1969.

As a result of that and other provisions of that act, the oil industry is now paying some $700 million more in Federal taxes at a time when natural gas reserves are declining and demand is increasing for this cleanest of all of our fuels.

We face unreasonable competition from imported fuels at the very time when our Nation is adopting drastic measures through this bill to bolster its balance of payments which reached a record deficit of $12.1 billion in the third quarter of this year and for the first three quarters stands at a deficit of $23.4 billion, far larger than any year in the Nation's history.

Already nearly a quarter of our petroleum supplies are imported and the percentage is rising, yet national measures which would increase our domestic oil and gas production are either denied or delayed. Today the United States is turning more and more to the politically unstable and often hostile Middle East and North Africa.

Even now, one company proposes to spend billions of dollars on gas liquefying facilities in Algeria and the specially built refrigerated ships to import this gas to the United States at prices more than double the delivered price of domestic gas to the same users.

Mr. President, the Algerians have already expropriated American oil company properties and made payments of something like 50 cents on the dollar. They now propose to sell back to another U.S. company the gas produced from expropriated U.S. properties. And it was the Algerians who cosponsored the move in the U.N. that defeated the United States on the China issue. The Algerians embraced one another over their victory. This is the area that controls three-fourths of the free world oil and gas reserves and on which we must depend more and more unless we take the sensible route and develop our own resources.

According to the most reliable sources the United States has within its boundaries all the energy resources it needs for any degree of self-sufficiency it chooses to maintain but their development will be more costly than purchasing our energy from abroad—that is at present costs.

But if the United States continues its trend and becomes excessively dependent on these sources, foreign oil prices may well rise to levels about those in the United States. By that time it would be too late, for the domestic industry would have lost its capability to respond quickly to increased demand. Time is of the essence and the natural gas shortage that is upon us will grow worse, even should we add these incentives now. And if we do not, then the cost of converting to other fuels and the risks involved in further dependency on foreign oil will far outweigh the cost of the tax incentive the able Senator from Texas and I propose.

For many years, the Chase Manhattan Bank has conducted a detailed study of the financial performance of a large number of petroleum companies. The companies included in the study, 28 of them, together account for more than three-fourths of the crude oil produced in the free world. And their gross fixed investment also represents more than 75 percent of the industrywide total.

The Chase Manhattan study says:

Obviously, The Group's ability to satisfy growing market demand depends upon a continuously expanding program of new capital investment. And, if it is to support such a program, The Group must, of course, have enough money to spend. For several years, however, The Group has failed to generate sufficient funds from its operations. And, consequently, it was forced to resort to borrowed capital to a growing extent. If the trends of the past decade continue, The Group will soon be borrowing more money than it generates internally. Such a development is highly unlikely, however. There are sound reasons for doubting that The Group will be willing—or even able—to incur such a high proportion of debt. Some force of correction, therefore, must soon be brought into play.

Among The Group's sources of capital funds, net income ranks as the most important. And net income necessarily must grow at a rate that is consistent with market expansion and the related need for new investment. But that has not happened. For all of the past decade, the growth of net income has lagged substantially behind the expansion of both markets and capital spending. And in the last two years—while the market for oil increased by more than 18 percent—The Group's net earnings actually declined.

The reason for the failure of The Group's net income to keep pace with its growing need for capital funds is readily apparent. As the financial measurements in this report clearly indicate, The Group has not achieved through its pricing mechanism a sufficient recovery of its costs. Some costs are controllable to a degree. And over the years The Group has aggressively sought to limit them. But there are other costs over which The Group has little or no control. Foremost among them are taxes.

Although all elements of cost have been rising for many years. The Group has managed to maintain a fairly stable relationship between the rise of operating costs and the expansion of gross revenue. Taxes, however, have increased much faster than revenue. In 1971, The Group's tax payments increased by 22 percent. Over the past two years—while The Group's net income declined—its taxes increased 40 percent. And in the past decade, taxes have risen by 258 percent compared with an increase of 89 percent for net income. Thus, for every dollar that net income increased, taxes rose by $2.30.

Unfortunately, there is a rather widespread notion that petroleum companies should absorb rising taxes—and other increasing costs—without passing them on to consumers through higher prices. But the proponents of that curious idea characteristically do not explain how such a feat of magic can be performed. In the long run, of course, all costs must eventually be recovered through adequate prices, if a business activity is to remain viable. There simply is no other alternative. But, as noted earlier, The Group has not achieved a sufficient recovery for many years. Indeed, despite rapidly rising taxes, The Group's average unit price was actually lower in 1970 than 1960.

And its poor earnings performance was the inevitable result.

Clearly, if The Group is to have enough money in the future to support a program of capital investment sufficient for expanding market needs, its earnings will have to grow at a substantially faster rate than in the past. And, to provide for that growth, its price structure will have to be adequate.

Mr. President, only last February, the 11-nation Organization of Petroleum Exporting Countries threatened to embargo oil shipments to the United States, Europe, and Japan unless their terms were met in higher crude prices and taxes. They were met by the companies in an agreement that the companies understood to include a 5-year pledge of price and supply stability. But now the OPEC nations are back demanding a 7 percent increase in prices retroactive to August 15 to offset losses they say resulted from de facto devaluation of the dollar. Also they are preparing a major campaign to begin obtaining control of the oil companies that operate on their soil. The first step is a demand for "effective participation" in ownership, management and staffing of the companies. Venezuela, our major supplier outside of the continent—Canada supplies about 700,000 barrels daily of our 14,000,000 barrels daily use—that is crude and imported residual and other refined products. And Venezuela has already announced her intentions of taking over the oil companies, mostly United States when their concessions expire.

So certainly it must be obvious to anyone that foreign oil will not stay cheaper than U.S.-produced oil for long. We found that they read English very well when the Oil Import Task Force recommended that the United States abandon its oil import program and substitute a tariff of some $1.35 a barrel on foreign oil. Their objective was to increase oil imports, enrich the Treasury, and force U.S. prices down. The President wisely rejected the ill-advised plan but the OPEC nations took the hint and joined solidly in raising their own prices—and have now come back in less than a year for another round.

Mr. President, we here in the Senate have the choice of reversing this suicidal course and can start by restoring some of the incentives we have taken away from the industry in added taxes.

We have the choice of maintaining U.S. self-sufficiency in energy and guaranteeing our national security and future economic progress as compared with the certainty of living under the threat of blackmail and embargo.

There are no alternatives. Solution of our energy problems, if we started today, will take some time. Coal gasification, oil shale, atomic energy—these are at least 10 years away.

Only oil and natural gas can be developed quickly and they would not be unless we make the political decisions here and now.

During the period between 1946 and 1961 the average wellhead price of gas increased from 5.3 cents per Mc.f. to 15.1 cents. During that time the number of gas wells drilled increased 56 percent and gas well footage drilled increased 147 percent.

However, between 1961 and 1970 the average wellhead prices of gas increased only from 15.1 cents per Mc.f. to 17.4 cents. During this latter period there was a 41-percent decrease in gas wells drilled and a 32-percent decrease in gas footage drilled.

The same situation has prevailed in oil well drilling as costs of steel, pipe, labor and all other cost ingredients skyrocketed while the price of crude oil and oil products remained relatively stable or rose at much lower rates.

Mr. President, the real and only solution to the energy crisis that threatens the Nation is in the hands of Congress.

Rather than an endless series of hearings in both the House and Senate—mostly intended and aimed at harassment and intimidation of the petroleum industry, Congress needs to unshackle the industry from needless and harmful regulation and price control and remove some of the tax burden imposed by the Tax Reform Act of 1969.

It is ridiculous to control the price of gas in interstate commerce at prices often 50 percent less than the same gas sold inside the State or to be spending billions of dollars on facilities for liquefying and transporting gas from insecure foreign sources to be sold at prices more than double that of domestic produced gas delivered to the same point.

Mr. President, we learn from history that Nero fiddled while Rome burned and we may soon see Washington freeze while Congress holds more hearings on the energy crisis.

We have an opportunity, Mr. President, to take the first step in reversing this suicidal trend by making investments in oil and gas exploration and development more attractive and provide the Nation with the fuel so essential to its national security and economic survival.

Mr. BENTSEN. Mr. President, will my distinguished colleague from Texas yield?

Mr. TOWER. Mr. President, I yield to my collegaue from Texas.

Mr. RANDOLPH. Mr. President, the amendment offered by the able Senator from Texas (Mr. TOWER), is joined in by others who understand the problem and who come from other States.

The PRESIDING OFFICER. Whose time is the Senator from West Virginia speaking on?

Mr. BENTSEN. Mine.

Mr. RANDOLPH. I am appreciative.

Mr. TOWER. That is quite all right. The Senator from West Virginia may proceed.

Mr. RANDOLPH. Mr. President, with reference to this amendment, West Virginia still is an oil and gas producing State, but in a lesser degree than former years. We understand the problems of exploration for oil and gas and realize the necessity that Congress act in a well-reasoned manner to help our country move forward with measures to avert a fuels and energy crisis in this country.

Yes, there is the potentiality of a fuels and energy breakdown in this Nation. The natural gas shortage already is very real. The administration has begun to move from the administrative level to take certain corrective actions, but, perhaps, not enough under the circumstances.

Also, the Senate approved the study resolution which I sponsored jointly with the distinguished Senator from Washington (Mr. JACKSON) and other colleagues. Accordingly, within the Interior and Insular Affairs Committee a national fuels and energy policy study is underway. Several important hearings, fundamental to that study were held recently.

Some members of that committee are on the floor at this time, including the Senator from Oklahoma (Mr. BELLMON), the Senator from Idaho (Mr. JORDAN), the Senator from Wyoming (Mr. HANSEN), and perhaps others. They are interested. They are knowledgeable men making helpful contributions to the search for solutions to our country's fuels and energy problems.

But we know that the problems are complex in some degree—but simple in other respects. Certainly more money needs to be made available for exploration—a venture in which the risk is great and, more frequently than not, the venture goes beyond being unprofitable and becomes a substantial loss.

So, Mr. President, I join in the expressions of approbation for the amendment of the Senator from Texas. I hope the amendment will have the support of the Senate.

Mr. TOWER. Mr. President, I yield such time as I have remaining to the Senator from Texas.

Mr. BENTSEN. Mr. President, I am a sponsor of the amendment to extend the 7-percent investment tax credit to all costs of exploration for domestic oil and gas reserves.

The first charge that will be made is that this is favoritism to a single industry. Mr. President, rather than favoritism, it is the application of a basic tax incentive to meet one of the most pressing problems that this Nation faces—and that is a crisis in the reserves of the energy resources to keep this Nation growing and expanding.

Only last week we read in the Washington papers that the utility here will no longer sign contracts to supply natural gas to commercial ventures, or even to commercial apartment structures, and that all future supply will be restricted to homes.

We read just today that Canada plans to limit its sale of gas to the United States. And in this morning's newspapers, Secretary of Commerce Stans is quoted as saying that he intends to explore the possibilities of purchasing gas and oil from the Soviet Union.

Mr. President, the point I am making is that finally the message of an energy shortage, particularly in natural gas, seems to be getting through to someone other than those in the industry. And one of the basic reasons that there is such a shortage of natural gas is that there has been no great inducement to go out and seek greater domestic supplies.

Further, we are becoming more and more dependent on foreign oil reserves for our energy needs. Unless we move to encourage our domestic producers to seek out reserves, then we can look forward to even greater dependence on foreign sources.

This bill will add part of the needed inducement to encourage greater exploration. In so doing, Mr. President, this

will further meet the purposes of this tax bill: create jobs and get the economy moving again.

The gap between the U.S. petroleum requirements and domestic oil production widened even further during the first 10 months of this year, and the trend is becoming critical. The daily demand for oil products from January through last month averaged almost 15 million barrels, an increase of over 3 percent compared to 1970.

Only three-fourths of that supply came from U.S. production, and during the period when demand rose over 3 percent, domestic production increased only 1.2 percent.

It does not take a college mathematics professor to see that this is a trend that must be reversed if we do not want to become more and more dependent on other sources of oil and gas.

Mr. President, this is an investment tax credit that will encourage greater exploration, and create more jobs in so doing. Most importantly, it will mean that our domestic industry will be encouraged to go out and find those reserves that are so critical to the future growth of the Nation.

The PRESIDING OFFICER (Mr. HUGHES). All time of the Senator from Texas has expired.

Mr. TALMADGE. Mr. President, I yield 2 additional minutes to the Senator from Texas.

Mr. CHILES. Mr. President, will the Senator yield?

Mr. BENTSEN. I yield.

Mr. CHILES. Mr. President, would the 7-percent investment tax credit be in lieu of the depletion allowance?

Mr. BENTSEN. That would not be in lieu of the curtailed depletion allowance that is now in effect.

The PRESIDING OFFICER. Who yields time?

Mr. TALMADGE. Mr. President, I yield myself such time as I may require.

The PRESIDING OFFICER. The Senator from Georgia is recognized.

Mr. TALMADGE. Mr. President, there is an admitted gas shortage in this country. A further erosion of tax resources would not solve this problem. I think the problem of the shortage of gas lies primarily with our regulatory agencies and the ratemaking agencies.

The effect on the revenue would be to reduce our tax revenue $100 million a year.

What would it do? Among other things, it would authorize a 7-percent investment credit for drilling expenses of oil or gas wells. At present those expenses are already 100-percent tax deductible. If one drills for a well and gets a dry hole, it is 100-percent deductible. If he gets an oil or gas well, it is still 100-percent deductible. This means a savings of $325 million a year to the oil industry of this country at the present time.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. TALMADGE. I yield.

Mr. KENNEDY. Mr. President, is there any other industry in this country that has that kind of tax break?

Mr. TALMADGE. It is one of the two most favored areas in the tax laws of America at the present time. The provision I had reference to is not even subject to the regular tax law.

Mr. President, this would create an entirely new precedent. It would create an investment tax credit for a service rendered rather than for the purchase of equipment.

If we are going to extend it for services rendered, why limit it to oil drilling? Why not make it available for haircuts? Why not make it available for a shoe shine? Why not make it available for any other service that is rendered in the United States?

Mr. President, I hope that the Senate will reject the amendment, because I think it is uncalled for in view of the fact that the oil industry in this country has the highest degree of tax preference present time.

Mr. HANSEN. Mr. President, will the Senator yield for a question?

Mr. TALMADGE. Mr. President, I yield for a question.

Mr. HANSEN. I would like to ask my distinguished colleague from Georgia if he supported the act passed during World War II to place price supports on wheat to encourage the production of wheat at that time?

Mr. TALMADGE. I was not in the Senate during World War II. I was in the South Pacific. But I do support price supports on wheat. If oil gets too much below the cost of production, I might support price supports on oil, but not a tax credit for drilling a hole in the ground that is 100-percent deductible the year it is made.

Mr. HANSEN. Mr. President, will the Senator yield for one further question?

Mr. TALMADGE. I yield.

Mr. HANSEN. I would like to ask this question: Was it not the purpose of the Price Support Act passed in World War II to make certain that by virtue of going as far as the Government could go in guaranteeing a profit on investment we would guarantee an adequate supply of wheat for the country?

Mr. TALMADGE. The Senator is correct, and I would like to point out there is no investment tax credit for planting wheat, for planting cotton, or for planting corn, or any other agricultural commodity in America; and there is no percentage depletion in any of those commodities, as the Senator knows.

Mr. HANSEN. Is it not true that none of those commodities is in short supply?

Mr. TALMADGE. No.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. TALMADGE. I yield.

Mr. COTTON. I think my colleague may want to say something about this, but it occurs to me that the Senator raised the query, if we are so apprehensive of the failure of local oil supplies, why the oil companies persist in their opposition in allowing oil-starved New England to receive some imported oil to help our power and heating problems?

Mr. TALMADGE. Unfortunately, the Senator from Georgia cannot respond to that question.

Mr. COTTON. The Senator might be sympathetic to that.

Mr. TALMADGE. I am. We are short of oil at times, also.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 9 minutes remaining.

Mr. McINTYRE. Mr. President, will the Senator yield for a question?

Mr. TALMADGE. I yield for a question.

Mr. McINTYRE. I want to ask: Did the committee consider this amendment?

Mr. TALMADGE. Yes, the committee considered this amendment, as I recall, and tabled it. I believe the Senator from Wyoming remembers that.

Mr. McINTYRE. I want to pay my respect to the Senator from Georgia because he is alerting us to what we in the Northeast feel is favoritism toward this industry. Is it not true this industry already has a depletion allowance, an intangible property deductible, and some tax credits, and here they are now asking for an additional $100 million to be subtracted from the revenue? Is that correct?

Mr. TALMADGE. Yes, $100 million.

Mr. McINTYRE. Has a rollcall vote been requested on the amendment?

Mr. TALMADGE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. TALMADGE. Mr. President, I yield such time as he may desire to the distinguished ranking minority member of our committee, the Senator from Utah, and then the Senator from Oklahoma (Mr. BELLMON) had requested time, if he is available I will be glad to yield to him.

Mr. BENNETT. Mr. President, the Senator from Utah is in a rather difficult position because oil is produced in my State, but I agree with the distinguished manager of the bill that under the circumstances it would be very hard to defend the proposal to provide additional tax benefits that go beyond complete relief from cost in order to provide an initiative for further oil field development. So reluctantly I must vote against the proposal.

The PRESIDING OFFICER. Who yields time?

Mr. TALMADGE. I yield to the Senator from Texas for 2 minutes.

The PRESIDING OFFICER. The Senator from Texas is recognized for 2 minutes.

Mr. TOWER. Mr. President, I think our friends from New England are abusing themselves when they oppose anything that is designed to stimulate the domestic exploration and recovery of oil and gas.

I have just placed a report from today's paper in the RECORD that Canada has refused to sell us any more gas. Where are those in New England going to get gas if not from Canada? We do not have a sufficient supply now in this country to meet our domestic needs.

The people in New England recently asked the domestic refineries to come up with additional refining facilities for fuel because they discovered their foreign sources of fuel oil are inadequate; and when they come under the mercy of OPEC countries, the oil exporting countries, they are going to have to pay a much higher price for fuel, so they better

get behind domestic programs to develop new sources in order that they may have a reliable supply of very important heating fuel.

The more they rely on sources from areas which are so unstable politically, the worse off they will be. Maybe they will learn their lesson this winter. I hope they do not have to, but maybe they will.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. TALMADGE. I yield 3 minutes to the Senator from Massachusetts.

Mr. KENNEDY. Why does the Senator not let New Englanders speak for themselves? Why do not our good friends from oil-producing States abide by the report of the President's task force that said we should abolish the oil import quota system?

It is so interesting that here we have the Senator from Texas speaking for the people of New England. We can speak for ourselves. When the President's task force made its report they recommended abolishing all the present import quotas system.

Why are we not permitted to import the oil we need for New England when a high percentage of the Nation's total consumption of home heating oil is located there? It is as indispensable in our part of the country as food and clothing. Yet we are forced to subsidize the oil companies while they refuse to raise prices above the world market price. We have to pay 20 percent of the oil import quota cost. And whenever we demand additional imports we are told that it would threaten our national security. The President's task force concluded that the present system, in no way, I repeat, in no way, is necessary to assure our national security. The real reason it remains is because oil companies are able to raise their profits at will under it.

If we are concerned about national security then, I say it is better to preserve the oil in strategic reserves in this country and utilize the sources outside.

I challenge the Senator from Texas to deny that the boards studying the problem under this administration, as well as previous administrations, have recommended we abolish this oil import quota system, a system that is imposed by the oil industry of this country to the disadvantage of millions of people in New England.

Mr. HANSEN. Mr. President, will the Senator yield?

Mr. TALMADGE. I yield 1 minute to the Senator from Massachusetts so that he may yield to the Senator from Wyoming for a question.

Mr. KENNEDY. For a very brief question.

Mr. HANSEN. I would like to ask my friend, the Senator from Massachusetts, if he is saying that the considered consensus of advisers of this administration are still saying we should abolish the mandatory——

Mr. KENNEDY. I am saying what was said by the report of the committee established by this administration, the task force report——

Mr. HANSEN. The task force report itself suggested, contrary to most reports on it, that we impose a high variable tariff on oil imports except for shipments from the Middle East, where the report recommended a quota. So the report recognized the national security need for an oil import program, but suggested the need could be met by a variable tariff and quota scheme rather than by a straight quota. The Senator from Massachusetts would be interested in knowing that Mr. Lincoln, the Director of the Office of Emergency Preparedness, told the Finance Committee that a high tariff on oil imports would cost the New England consumer more than the present quota scheme. So I think the Senator is misstating the task force's conclusions.

Mr. KENNEDY. The Cabinet task force report. I am referring to the Cabinet task force report. What did that recommend? That recommended we abolish the oil import quota system and then that report, like every other report—and it goes back to Democratic administrations just as well—disregarded the report. The oil import system was first put on by a Republican administration—and this Republican President's task force recommended we abolish the oil system and start to look elsewhere.

But what happened to that report? The President did just what was done with every other report, he rejected its conclusions and the consumers of New England are paying for that decision.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the amendment of the Senator from Texas. 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 Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Indiana (Mr. HARTKE), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Louisiana (Mr. LONG) and the Senator from Maine (Mr. MUSKIE) are necessarily absent.

Mr. GRIFFIN. I announce that the Senators from Nebraska (Mr. CURTIS and Mr. HRUSKA), the Senator from Oregon (Mr. PACKWOOD), the Senator from Alaska (Mr. STEVENS) and the Senator from Ohio (Mr. TAFT) 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. CURTIS) would vote "nay."

If present and voting, the Senator from Nebraska (Mr. HRUSKA) would vote "yea."

The result was announced—yeas 22, nays 65, as follows:

[No. 372 Leg.]

YEAS—22

Baker	Eastland	Randolph
Bellmon	Ellender	Sparkman
Bentsen	Fannin	Stennis
Bible	Goldwater	Thurmond
Burdick	Hansen	Tower
Cook	Mansfield	Young
Dole	McGee	
Dominick	Pearson	

NAYS—65

Aiken	Fong	Mondale
Allen	Gambrell	Montoya
Allott	Griffin	Moss
Anderson	Gurney	Nelson
Bayh	Harris	Pastore
Beall	Hart	Pell
Bennett	Hatfield	Percy
Boggs	Hollings	Proxmire
Brock	Hughes	Ribicoff
Brooke	Inouye	Roth
Buckley	Jackson	Schweiker
Byrd, Va.	Javits	Scott
Byrd, W. Va.	Jordan, N.C.	Smith
Cannon	Jordan, Idaho	Spong
Case	Kennedy	Stafford
Chiles	Magnuson	Stevenson
Church	Mathias	Symington
Cooper	McClellan	Talmadge
Cotton	McGovern	Tunney
Cranston	McIntyre	Weicker
Eagleton	Metcalf	Williams
Ervin	Miller	

NOT VOTING—13

Curtis	Humphrey	Saxbe
Fulbright	Long	Stevens
Gravel	Mundt	Taft
Hartke	Muskie	
Hruska	Packwood	

So Mr. TOWER's amendment (No. 693) was rejected.

Mr. TALMADGE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. McINTYRE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 687

Mr. EAGLETON. Mr. President, I call up my amendment No. 687.

The PRESIDING OFFICER. The Senate will be in order. The amendment will be stated.

The legislative clerk read as follows:

PROPERTY TAX CREDIT FOR THE ELDERLY

(a) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by renumbering section 40 as 41, and by inserting after section 39 the following new section:

"SEC. 40. RESIDENTIAL REAL PROPERTY TAXES OR EQUIVALENT RENT PAID BY INDIVIDUALS WHO HAVE ATTAINED AGE 65.

"(a) GENERAL RULE.—In the case of an individual who has attained the age of 65 before the close of the taxable year, there shall be allowed as a credit against the tax imposed by this chapter the amount of real property taxes paid by him during the taxable year which were imposed by a State or political subdivision thereof on property owned and used by him as his principal residence, or the amount of rent constituting such taxes, as defined in subsection (c) (6).

"(b) LIMITATIONS.—

"(1) IN GENERAL.—The credit under subsection (a) for any taxable year shall not exceed $300 ($150, in the case of a married individual filing a separate return).

"(2) ADJUSTED GROSS INCOME OVER $6,500.—The credit otherwise allowable under subsection (a) for any taxable year (determined with the application of paragraph (1)) shall be reduced by an amount equal to the amount by which the taxpayer's adjusted gross income for the taxable year exceeds $6,500 ($3,250, in the case of a married individual filing a separate return).

"(3) JOINT OWNERSHIP.—In the case of property owned and used by two or more individuals (other than a husband and wife), as their principal residence, the limitations provided by paragraphs (1) and (2) shall, under regulations prescribed by the Secretary or his delegate, be applied collectively to such individuals.

"(4) APPLICATION WITH OTHER CREDITS.—The credit under subsection (a) for any taxable year shall not exceed the tax imposed by this chapter reduced by the credits allowable under sections 33, 35, 37, and 38 for the taxable year.

"(c) SPECIAL RULES.—

"(1) HUSBAND AND WIFE.—In the case of a husband and wife who file a single return jointly under section 6013, the age requirement contained in subsection (a) shall, with respect to property owned jointly and used by them as their principal residence, be treated as satisfied if either spouse has attained the age of 65 before the close of the taxable year.

"(2) PROPERTY USED IN PART AS PRINCIPAL RESIDENCE.—In the case of property only a portion of which is used by the taxpayer as his principal residence, there shall be taken into account, for purposes of subsection (a), so much of the real property taxes paid by him on such property as is determined, under regulations prescribed by the Secretary or his delegate, to be attributable to the portion of such property so used by him. For purposes of this paragraph, in the case of a principal residence located on a farm, so much of the land comprising such farm as does not exceed 40 acres shall be treated as a part of such residence.

"(3) COOPERATIVE HOUSING.—For purposes of subsection (a), an individual who is a tenant-stockholder in a cooperative housing corporation (as defined in section 216(b))—

"(A) shall be treated as owning the house or apartment which he is entitled to occupy by reason of his ownership of stock in such corporation, and

"(B) shall be treated as having paid real property taxes during the taxable year equal to the portion of the deduction allowable to him under section 216(a) which represents such taxes paid or accrued by such corporation.

"(4) CHANGE OF PRINCIPAL RESIDENCE.—If during a taxable year a taxpayer changes his principal residence, subsection (a) shall apply only to that portion of the real property taxes or rent paid by him with respect to each such principal residence as is properly allocable to the period during which it is used by him as his principal residence.

"(5) SALE OR PURCHASE OF PRINCIPAL RESIDENCE.—If during a taxable year a taxpayer sells or purchases property used by him as his principal residence, subsection (a) shall apply only to the portion of the real property taxes with respect to such property as is treated as imposed on him under section 164(d), and, for purposes of subsection (a), the taxpayer shall be treated as having paid such taxes as are treated as paid by him under such section.

"(6) RENT CONSTITUTING PROPERTY TAXES.—The term 'rent constituting property taxes' means an amount equal to 25 percent of the rent paid during a taxable year by a taxpayer for the right to occupy his dwelling during that year, exclusive of any charges for utilities, services, furnishings, or appliances furnished by the landlord as a part of the rental agreement.

"(d) ADJUSTMENT FOR REFUNDS.—

"(1) IN GENERAL.—The amount of real property taxes paid by an individual during any taxable year shall be reduced by the amount of any refund for such taxes, whether or not received during the taxable year.

"(2) INTEREST.—In the case of an underpayment of the tax imposed by this chapter for a taxable year resulting from the application of paragraph (1), no interest shall be assessed or collected on such underpayment if the amount thereof is paid within 60 days after the taxpayer receives the refund of real property taxes which caused such underpayment.

"(e) DEDUCTION NOT AFFECTED.—The credit allowed by subsection (a) shall not affect the deductions under section 164 for State and local real property taxes."

(b) The table of sections for such subpart A is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 40. Residential real property taxes or equivalent rent paid by individuals who have attained age 65.

"Sec. 41. Overpayments of tax."

(c) The amendments made by subsections (a) and (b) shall apply to taxable years beginning after the date of the enactment of this Act.

The PRESIDING OFFICER. On this amendment, there are 30 minutes, to be equally divided.

Mr. EAGLETON. Mr. President, I yield myself 5 minutes.

I ask unanimous consent that my legislative assistant, Miss Suzanne Murray, have the privilege of the floor during the debate and vote on this amendment.

Mr. TALMADGE. Mr. President, what was the Senator's request?

Mr. EAGLETON. That my legislative assistant be permitted the privilege of the floor.

I ask unanimous consent that the names of the following Senators be added as cosponsors of my amendment: The Senator from Kansas (Mr. PEARSON), the Senator from California (Mr. TUNNEY), the Senator from Texas (Mr. BENTSEN), the Senator from Virginia (Mr. SPONG), and the Senator from Minnesota (Mr. MONDALE).

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

Mr. EAGLETON. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. EAGLETON. Mr. President, my amendment would provide a Federal income tax credit for those 65 and over for property taxes or rent constituting property taxes paid on their residences.

Approximately two-thirds of all persons 65 and over own their own homes. Home ownership among elderly couples runs as high as 75 percent.

Many of these people would like to remain in their homes. It may well be the only home they have known during their married lives. They have raised their children there. They have worked and saved to pay off the mortgage. It is a familiar place in a familiar neighborhood among old friends, and they would like to spend their last years there.

Other elderly people may be literally trapped in a home that represents their entire life's savings. In a deteriorating neighborhood with declining property values, they either cannot sell or cannot afford to sell. In any case, other decent but inexpensive housing is often not available to them.

For elderly homeowners of moderate means, the costs of owning and maintaining a home are becoming intolerable. Housing is the single largest expense for the elderly—constituting 34 percent of the Bureau of Labor Statistic's budget for a retired couple.

The costs of home ownership have risen even more rapidly in recent years than have prices generally. In many communities, property taxes have doubled or even tripled in the past 10 years. And understandably so, since the property tax is the source of 85 percent of the revenues raised by local governments for schools, police, fire protection, and other essential services.

Because the property tax is based on the value of the property rather than on the income of the owner, retired homeowners with reduced incomes pay a disproportionately large percentage of their income for property taxes.

Even those elderly people who rent do not escape, since landlords inevitably pass property tax increases on to their tenants.

At best, older citizens find themselves in the unhappy position of having to choose between their own financial survival and the welfare of their community when new school taxes or bond issues are proposed.

Some are forced to liquidate other assets to pay the taxes on their home—assets that they should have in reserve to provide for other necessities and emergencies of old age.

At worst, many must finally give up the homes they have worked a lifetime to provide for their retirement years, and then join the competition for an inadequate supply of decent rental housing.

Home ownership is not simply an economic matter. It is also a crucial element in the ability of older people to retain a sense of independence. Loss of independence and the dignity that it confers frequently leads to declining health and morale, and then in many cases to institutionalization.

What can we do to help the elderly retain their homes and prolong their independence?

In my view, the responsibility for removing the property tax burden from the poorest of the poor—those who do not pay a Federal income tax—lies primarily with the States.

More than half of the States now provide some measure of relief to elderly homeowners through either the homestead exemption or circuit-breaker plans. I am hopeful that the forthcoming White House Conference on Aging will provide the impetus for laws providing adequate tax relief for the elderly in every State.

In the meantime, and in addition to action by the States, I believe the Federal Government should act to ease the property tax burden on those elderly persons of moderate means who pay a Federal income tax.

Under my amendment this would be accomplished by means of a tax credit of up to $300 against property taxes paid on an owner-occupied residence or against 25 percent of rent paid on a personal residence. This tax credit would be available to those 65 or over who have adjusted gross incomes of $6,500 or less.

Federal law now permits all taxpayers to deduct real property taxes from their gross income. But this relief is available only to those who itemize their deductions. In 1969, 7.2 million tax returns were filed by persons 65 or over. Of these, only one-half itemized their deductions. Therefore, 3.6 million elderly households received no benefit from this deduction.

There is now of course no Federal tax relief at all for those elderly people who rent their residences—although they may actually be in greater need of relief than homeowners.

My amendment would provide Federal tax relief to all elderly people of moderate means who pay property taxes or

rent their residences. The Treasury Department estimates that this relief would total approximately $225 million a year.

The people who would benefit from this tax credit have been paying taxes—Federal, State and local—for more than 40 years. I believe the Federal Government can afford to give them this measure of relief from the burden of taxation on their homes during their retirement years.

Finally, let me add, Mr. President, that last week the distinguished Senator from South Carolina (Mr. HOLLINGS) had printed in the RECORD an interesting memorandum prepared by a Columbia University law professor. That memorandum showed that in 1968, the Federal Government spent over $7 billion in tax expenditures to support private housing through deductions for mortgage interest and property taxes and exclusion of rental value of owner-occupied houses. Of that amount, 77 percent, or more than $5 billion, went to persons with incomes of over $10,000 a year; $2 billion of it went to persons with incomes of over $20,000.

Mr. President, if we can spend $2 billion to subsidize housing for the affluent, we can surely afford to spend $225 million to help the moderate-income elderly.

Mr. President, I am pleased to yield 1 minute to the Senator from Kentucky.

Mr. COOK. Mr. President, will the Senator from Missouri honor me by making me a cosponsor of his amendment?

Mr. EAGLETON. Mr. President, I ask unanimous consent that the name of the Senator from Kentucky (Mr. COOK) be added as a cosponsor of the amendment.

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

Mr. EAGLETON. Mr. President, I ask unanimous consent that the names of the following Senators be added as cosponsors of the amendment: The Senator from Rhode Island (Mr. PASTORE), the Senator from Nevada (Mr. BIBLE), the Senator from Alabama (Mr. ALLEN), the Senator from Indiana (Mr. BAYH), the Senator from Oklahoma (Mr. HARRIS), and the Senator from Idaho (Mr. CHURCH).

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

Mr. COOK. Mr. President, in essence, this can wind up, believe it or not, as being of tremendous benefit not only to people over 65 but also to the respective State governments. If a State government has an income tax and if it allows a deduction of the Federal income tax before the State tax is computed, this will mean less of a deduction for Federal income tax on the tax return of the individual so filing, and it will increase their State income tax. So it will be of tremendous benefit to the State at the same time it gives a tremendous credit to people who are 65 years of age and older who rent or own their residences.

So, in essence, this can work as a revenue-sharing measure with the States in reverse, by giving a credit to people 65 years of age and older and allowing less Federal deduction of income tax on the State income tax return, thus resulting in an increased State tax that the States need very badly.

The PRESIDING OFFICER. Who yields time?

Mr. BAYH. Mr. President, will the Senator yield?

Mr. EAGLETON. I yield 2 minutes to the Senator from Indiana.

Mr. BAYH. Mr. President, I have not had the opportunity to study the ramifications of this amendment in the detail that the Senator from Missouri has, but it would seem to me that perhaps one of the most salient selling points of this amendment would be that, at a time when we need not only the help for the individuals involved but also at a time when the economy needs a shot in the arm, these people, in their later years of life, when income has fallen off, who are hard pressed and must tighten their belts, are going to have increased purchasing power. Thus, this will be a shot in the arm for the economy from those in the greatest need. I salute the Senator from Missouri for this double-barreled benefit.

Mr. EAGLETON. I could not agree more with the Senator from Indiana. We can be certain that such benefits as will accrue from this amendment to taxpayers 65 and over will find its way into the economy very quickly. These are not people who are going to sit on another $300. They have to spend every dime they have in the bank now, and this $300 will work its way promptly into the economy; and it will have, as the Senator has said, a double-barreled effect.

Mr. TALMADGE. I yield myself such time as I may require.

Mr. President, under this bill those over 65 years of age already receive a double $800 exemption and a 15-percent credit on up to $3,048 of retirement income. This gives a married couple over 65 free income up to an income level of $7,548. I repeat: A married couple 65 years of age or older can have tax-free income, under our Federal tax structure, of $7,548.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. TALMADGE. I yield.

Mr. BENNETT. In addition, if they have social security income, that is all tax free.

Mr. TALMADGE. The Senator is correct.

Mr. BENNETT. So if they have anything approaching the maximum social security income, that $7,500 rises above $10,000.

Mr. TALMADGE. The Senator is correct.

This amendment allows a tax credit for property taxes on the principal residence of those over 65. The credit is for taxes paid up to $300, and it is available for those with income up to $6,500, with some advantage up to $6,800. So it would be of rather limited benefit.

If the 65-year old individal has a wife who is younger than 65, it may be of some benefit to him; or if he is single, it may be of some benefit to him. But if it is a married couple 65 or older, the tax laws already give them such large benefits that they would not benefit from the Senator's amendment.

It was interesting to listen to the viewpoint of the distinguished Senator from Kentucky, the idea being, "Let's look into the Federal Treasury and roll out money. Give it to them and let the local governments and the State governments raise the tax rates." That is not my idea of equity, particularly at a time when we cannot balance our budgets.

I think States and local governments ought to be encouraged to grant tax benefits to our elderly citizens. Many States are doing that. They are giving tax advantages in the way of homestead exemptions or credits under the State income tax to some of our elderly people. But the argument of the Senator is that we should discourage that and encourage the States to raise their taxes on these old folks and we will give it to them out of the Treasury, on money that we have to borrow from the folks before we give it away. That is the policy and tenor of the Senator's argument.

It is interesting, also, that the Senator's amendment would grant both a tax credit and a tax deduction. In other words, it gives it to them both ways. If they pay some property tax, first they can deduct it; then they turn around and take it as a tax credit. A tax credit, as Members of the Senate know, is subtraction from taxes, not a deduction.

So that is the situation with reference to this amendment. It also provides for the return of a portion of rent paid, an estimate of property taxes paid by the renter, equal to 25 percent of the rent paid. It also says that a residence shall be not only the residence but also that 40 acres of a farm may be treated as part of a residence. One could have a residence in town with 40 acres of land, worth $10,000 an acre—$400,000—and under the Senator's amendment, that would be tax exempt. They would get a double deduction and, in addition to a double deduction, they would get a tax credit on both.

It is difficult to argue against amendments that would help old folks. I have supported the elderly all my life. I doubled their welfare benefits when I was Governor of Georgia. Every time I have had an opportunity in the U.S. Senate, I have voted to increase their social security benefits. I voted for medicare. I voted for medicaid.

But the Senator's amendment is not thought out very well. I would hope that he would reconsider and withdraw it, because it would give benefits that I am sure the Senator never considered or intended. I ask the Senate to reject the amendment.

I yield to the Senator from Arizona such time as I have remaining.

Mr. FANNIN. Mr. President, I commend the distinguished Senator from Georgia. We are opposing a proposal that would aid the elderly, and of course that is always unpopular—if it really aids the elderly.

When proposed legislation is being considered that does not accomplish the proposed objectives, I think it is fair that we bring out to the Members of this body the facets of the amendment that are not favorable.

The amendment is poorly designed to

assist the needy. Sixty percent of the aged own their own homes, and most of them own their own homes, mortgage free. The financial stress of housing costs is far less among the aged than among younger couples who are still financing homes or saving for the education of their children. We should put the money where it is most needed.

This, too, has been referred to as a revenue sharing device. As a revenue sharing device, the amendment should not be considered as part of this tax bill, but should be considered within the context of the revenue-sharing program now being considered by the Congress.

Furthermore, the Committee on Finance has not had hearings on this matter. It should be set aside until such time as it can be given adequate consideration by the Finance Committee.

Let me point out some of the problems I see with the amendment.

First. This amendment can be compared with competitive programs of aids and reliefs for the many deserving groups of the population, including the urban low-income population, generally, the rural poor and the disabled, as well as the aged.

Second. Many aged homeowners and renters who live alone share their housing with boarders. To the extent that the real property tax is shifted to the boarders, then property tax relief becomes a windfall.

Third. Homeowners can currently obtain a deduction for real estate taxes paid. Under the amendment aged homeowners would also obtain a 10-percent credit subject to limitations. This means that the aged homeowner would get at least 114-percent credit for every dollar of property tax paid.

Fourth. The aged homeowner who has income below the nontaxable Federal level would receive no benefit under the amendment. As a consequence, those who need the relief most are not helped at all. Under present law, an aged single person is nontaxable if his income is $2,500 plus social security benefits. He may be nontaxable if his income is $4,024 if he receives no social security benefits. Similarly, a married couple is nontaxable if its income is $4,500 plus social security benefits or $6,786 without social security benefits. Obviously, the many aged with incomes below these nontaxable levels would receive no benefit whatever from the amendment.

Fifth. The aged now receive substantial tax benefits which make their incomes nontaxable at higher levels than other taxpayers. In fact, the aged will benefit more than others by the tax bill provisions now passed by the Senate and the House-passed H.R. 1. For example, the $800 exemption passed by the Senate—which is really $1,600 for those over 65—plus the $1,300 minimum standard deduction, plus the retirement income credit liberalization in the House-passed H.R. 1 will permit a single aged person to have as much as $5,400 tax free and an aged couple as much as $8,250 tax free. Certainly, this relief is much beyond the phaseout levels in the amendment and strongly suggests that the tentative reliefs already provided are quite generous.

It has been brought out by the Senator from Georgia that we have given many tax benefits to the elderly in the bill.

Mr. President, certainly I am very much for assisting the elderly, but when we start to talk about something that is not equitable, it is as wrong if it pertains to the elderly as it is wrong if it pertains to anything else.

Sixth. The amendment has a serious inequity because above the phaseout level it treats persons with social security benefits more generously than those who have other forms of retirement income. This arises from the fact that social security is not included in the definition of income for the purpose of determining the phaseout.

Seventh. The amendment would create monstrous compliance and administrative problems. It will be difficult to determine "rent constituting property taxes" which must exclude the value of utilities, services, furnishings, and appliances. How can the allocation of rent for these purposes be determined reliably and equitably?

Eighth. The rental credit is arbitrary. What reason is there for believing that 25 percent of rent represents property tax. It is impossible to know whether the correct proportion is 0 or 5 or 50 percent.

Ninth. The amendment would make it attractive to localities to increase their reliance on the property tax—a vehicle which has come under increasing fire for placing heavier burdens on the poor than on the rich.

Tenth. A combination of Federal and State property tax reliefs will cause a multitude of problems. It would not be a simple substitution of Federal relief for State and local relief because the forms of relief at the State and local level differ materially. In some cases, it may be difficult to determine what form of real estate tax paid is eligible for Federal relief if the structure of the local relief is such that definitions of income and eligible taxes differ, income phaseout levels differ, proportions of rents attributable to property tax differ, and so forth.

Mr. President, this amendment does not accomplish the goals stipulated by the distinguished Senator from Missouri (Mr. EAGLETON), and it has many problems. I urge the Senate to reject it.

Mr. BENTSEN. Mr. President, I rise as a cosponsor and a strong supporter of the Eagleton amendment to the Revenue Act.

It is very clear that older Americans in this country have suffered severely from the ravages of inflation. Far too few can look forward to retirement as a period of ease and comfort. Because of many interrelated and complex factors, too often aging is a time of need—need for food, need for work, need for financial security, and need for friendship.

The cruel fact is that over one-third of today's 20 million older Americans are either in poverty or being threatened by it.

Many are living in substandard housing because they cannot afford to buy or rent a decent place on fixed incomes.

Malnutrition and lack of adequate medical care is common to many who have passed the age of 65.

And isolation and idleness is prevalent among many who desire stimulating and rewarding work.

In the near future, I will be offering a detailed summary of my own thoughts on how we can provide more aid to our forgotten generation of older Americans.

For the present, let me say that the Eagleton amendment offers us a chance to attack the most fundamental problem facing the elderly: economic insecurity.

A recent report of the Senate Special Subcommittee on Aging notes that the average urban household pays about 4 percent of its total income for property taxes. It goes on to say that older homeowners with markedly reduced incomes in retirement pay a disproportionately large percentage of their total income for property taxes.

In Wisconsin, more than 8,000 aged homeowners living on less than $1,000 a year paid about 30 percent of their total family income for property taxes; 30 percent.

It is estimated that elderly households with family income below $5,000 pay about $1.5 billion in local property taxes.

The Eagleton amendment is directed to remedying that situation. It would allow a tax credit to individuals with an adjusted gross income less than $6,500. The credit could not exceed $300—or $150 in the case of a married person filling a separate return—for the amount of State and local real property taxes paid on an owner-occupied principal residence or for the amount of rent constituting property taxes.

Mr. President, it is true that Federal tax law allows individuals to deduct real property taxes, provided they itemize their deductions. But this offers slight relief to low-income elderly persons, since their income is frequently so low that the relief offers them little benefit. In fact, much of the benefit goes to aged property owners in the middle and upper income brackets.

Mr. President, tax relief from State resources for older homeowners and centers does not appear to be economically feasible because of the severe financial straits in which most States find themselves.

But we must have relief, for if we do not, the elderly will find their retirement incomes dwindling faster and faster.

The Eagleton amendment offers us a beginning. I urge its adoption.

Mr. PEARSON. Mr. President, it is with great pleasure that I have cosponsored this amendment with the distinguished Senator from Missouri (Mr. EAGLETON). In addition, I would like to congratulate the Senator for offering this amendment at this time, as I believe it will certainly help underscore the plight of many older Americans today.

Last May 4, I introduced a bill very similar to the amendment now under consideration. At that time, I commented that the median income of older persons living in retirement is approximately $2,000. With this income, a senior citizen is guaranteed precious little security to assure a retirement of ease and enjoyment.

One of the few material satisfactions many older Americans have is ownership of their homes. Nearly 70 percent of all people over 65 own and occupy

their homes. Yet a recurring fear is the prospect that someday rising prices and taxes may force them to give up their hard-won homes.

Mr. President, in this wealthy and prosperous Nation, I feel that such fears and realities should not exist. Clearly, we owe senior citizens, who have worked throughout their lives to better themselves and their communities, a great measure of our gratitude and respect. That they will be forced to sell their homes and take up residence in accommodations more within the means dictated by their shrinking budgets is, I believe, a disheartening comment on our society and our times.

For these reasons, there are many measures which need to be approved. The amendment we offer today is one of them. Under this proposal, a tax credit not to exceed $300—or $150 in the case of a married person filing a separate return—would be granted to any American 65 years or older earning an adjusted gross income of $6,500 or less.

There is another facet of this measure which, in my judgment, enhances the merits of this proposal. If approved, the amendment would also grant a tax credit of 25 percent of the rent older Americans pay for their residences. Since over 20 percent of the Nation's 20 million senior citizens rent their homes or apartments, I feel that this particular proposal is extremely beneficial, and I congratulate Senator EAGLETON for including it in this amendment.

Mr. President, with the upcoming White House Conference on Aging, it would be particularly appropriate for us to express our concern for the plight of the elderly by approving this measure today. One of the goals of this conference will be to find ways to insure that all retired citizens remain in the mainstream of American life. If we are to achieve the means whereby an active, useful, and rewarding retirement can be assured, it must surely be acknowledged that our aging Americans deserve the benefit of knowing that no Federal, State, or local government shall contribute to the loss of their home.

Mr. SPONG. Mr. President, I am pleased to cosponsor and support the amendment offered by the Senator from Missouri (Mr. EAGLETON), to provide a tax credit against their Federal income taxes for certain persons over 65 years of age for local real estate taxes paid on owner-occupied homes and for that portion of rent which results from local property taxes.

Those of our elderly citizens who live on social security, pensions and other fixed incomes are particularly affected by the inflation and continuing rises in the cost of living which seem to plague our economy.

Faced with limited resources, inability to work or restricted opportunity for employment, and often with high medical bills, these persons find the local property taxes particularly burdensome. The cost of maintenance, taxes, and insurance on a home, which generally pose no problem for these people while they are working, become a major and growing expense.

The alternative is often to cut on certain items, perhaps food, or to move to another usually smaller and less convenient area—to leave behind the home they bought and paid for and in which they have invested their time and efforts, to leave the neighbors and neighborhoods they have known for years, to give up the security of familiar surroundings.

I believe our Nation can and should assist these persons. These are people who worked long and hard for many years and who paid their taxes—Federal, State, and local—for perhaps three or four decades.

I hope the Senate will act to help our elderly citizens with one of their most difficult problems by accepting this amendment.

Mr. KENNEDY. Mr. President, I rise to support the amendment offered by the Senator from Missouri, who is chairman of the Senate Subcommittee on Aging, and who has long sought to relieve the poverty and isolation that accompanies the aging process for too many Americans.

Today, there are some 20 million elderly Americans and 1 of every 4 is living in poverty. Older Americans are the only group in this society which has been getting poorer during the past decade while the rest of the Nation was getting richer. Ten years ago, only 15 percent of the total number of poor in the Nation were over 65. Today 20 percent of the poor are elderly.

In the past 2½ years, unemployment has risen over the 5.5 million mark, the older American has been the first to be fired and the last to be hired.

No wonder that today only 26.7 percent of the men over 65 years of age are even counted in the work force, and only 9.7 percent of the women over 65 are in the work force.

Yet these are men and women who want to work. They want to work, they are physically able to work, but we have arranged it so that no one wants them and they have to exist during these years of forced retirement on the most meager of incomes.

That is why this amendment, which would provide a tax credit for the amount of State and local property taxes paid by low- and moderate-income elderly is so important.

When the median income for the 5.7 million elderly Americans who live alone is $1,855, it becomes clear that a tax credit as proposed by this amendment is really a very modest attempt to relieve the economic burden borne by older Americans.

It would provide a tax credit of up to $300 to cover property taxes on either an owner-occupied home, or up to 25 percent of the rent paid by elderly persons whose incomes are less than $6,500.

Mr. President, in my own State of Massachusetts, where some 11.4 percent of the total State population is over 65, we have ever-present knowledge of the tragic circumstances in which so many of our senior citizens are forced to live.

To a degree, Massachusetts has sought to meet this problem with a variety of programs for the elderly. Strong advocates of the interests of the elderly such as the Massachusetts Council of Elders have played an important role in communicating the special needs of the elderly.

In Massachusetts, there is a limited exemption available for relieving citizens of property tax burdens. But as in most of the other 21 States where similar exemptions have been enacted, there is no adequate provision to relieve the economic burden on the elderly renter who pays his property tax through his monthly rent.

In fact, across the Nation, only three States, Wisconsin, Minnesota, and Vermont, have provided any relief to the elderly person who pays taxes. In Wisconsin, that relief was passed after it was found that more than 8,000 aged homeowners living on less than $1,000 a year paid nearly 30 percent of their total family income for property taxes.

Across the Nation, it is estimated that elderly households with family income below $5,000 pay some $1.5 billion in local property taxes.

Mr. President, if we want to show the Nation's older Americans who are to be represented by delegates to the upcoming White House Conference on Elderly that we recognize their needs, approval of this amendment would be an excellent way of doing that.

Mr. BAYH. Mr. President, I am pleased to cosponsor this amendment which can help restore a bit of financial security to older Americans who find that social security and private pensions are not enough to keep pace with the cost of living. This amendment recognizes the terrible burden skyrocketing property taxes have placed on senior citizens living on fixed incomes.

This is a straightforward proposal with a number of points to recommend it.

Senior citizens with an annual income of $6,500 or less will be able to reduce their Federal income tax payments by the amount of their property taxes with a maximum credit of $300.

This is not another deduction whose dollar value is often less than it first appears. This is a direct credit against taxes due; it is a true out-of-pocket savings.

By setting a maximum income for eligibility at $6,500, the amendment aids those who truly need the assistance—the senior citizens living on a tight, fixed income.

There can be no question about the fact that the persistent inflation of the last 7 years has been particularly severe in its impact on the elderly. These are the golden-age Americans who, after decades of hard work, have justly retired to enjoy the fruits of their labor. What a terrible irony it is for them to find that the value of the dollar has shrunk to the point where social security and private pensions barely provide the basic necessities of life.

These are the people who worked and saved, who paid social security and contributed to private pension plans; these are the people who dream of secure retirement years in which they would not be a burden on their families or on society. They deserve that right.

Of these senior citizens, two-thirds own their own homes; 80 percent of those have paid off their mortgages. And despite substantial equity—more than $25,000 for half of this group—many are forced to give up their homes because

of the inability to meet soaring property taxes while on a fixed income.

Inflation is undermining the security which these Americans worked so hard to create for themselves. This amendment provides one step in the direction of a solution and I am proud to cosponsor it. I commend the distinguished Senator from Missouri (Mr. EAGLETON) for introducing it.

But our efforts must not rest here. We must remain diligent until all senior Americans have realized the basic right to enjoy a minimum standard of living. This is why I cosponsored S. 1645 introduced by the Senator from Idaho (Mr. CHURCH) to guarantee every American over the age of 65 a minimum income of $1,852, or $3,328 for a married couple. The passage of this legislation would be evidence of our commitment to the principle that no senior citizen should be forced to live on an income defined by the Federal Government as a poverty-level income.

If we are ever to have a bill of rights for the elderly, the hallmark of that bill of rights will be the right not to live in poverty.

Another fundamental right is the right to the best possible medical care regardless of financial means. This was our aim when we established medicare 6 years ago, and we must not back down from this goal.

But all of our efforts for the senior citizens of this Nation will prove futile if the administration refuses to meet its responsibilities. I refer specifically to the cynical cutback in the Administration on Aging established in 1965 to coordinate Federal programs for the elderly.

While every independent study has recommended strengthening the Administration on Aging, the Nixon administration has refused to request even the most minimal budget for this valuable program. While requesting billions of dollars for unnecessary programs of questionable worth, the administration has requested only $29.5 million for the Administration on Aging for the current fiscal year, or a mere 28 percent of the amount authorized by the Congress.

What a foolish and cruel economy measure to deny the very slight funding needed to sustain the Administration on Aging. The refusal to adequately fund programs for the elderly has required these cutbacks:

The staff of the Administration on Aging has been reduced from 80 to less than 30.

The community services program has been emasculated, with the administration proposing to spend only a third of what was spent 4 years ago.

The Foster Grandparents program was made voluntary, taken away from the Administration on Aging, and the minimal reimbursement needed by participants was denied.

It is all too clear that the Administration on Aging is facing a deliberate and systematic attack by the same Nixon administration which is going into a White House Conference on the Aging without having met some of the long-standing needs of the elderly established at the last conference 10 years ago. Conferences are fine, as far as they go. But if they fail to lead to positive action—which was the failure of the White House Conference on Food, Nutrition, and Health—then they are a waste of time and a waste of money.

The senior citizens of this Nation need much more than cheap rhetoric. They need help; they need specific programs and the funding to make them work.

For my part, Mr. President, as a cosponsor, I shall support the pending amendment for the property tax credit as one part of a program in which promises are met and commitments honored.

The PRESIDING OFFICER (Mr. HUGHES). Who yields time?

Mr. EAGLETON. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Six minutes remain to the Senator from Missouri.

Mr. EAGLETON. I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Missouri is recognized for 3 minutes.

Mr. EAGLETON. Mr. President, this amendment has been criticized by the distinguished Senator from Georgia (Mr. TALMADGE) and the distinguished Senator from Arizona (Mr. FANNIN). Some of the criticism relates to the fact that this amendment does not go far enough; namely, recitation was made of the people who will not benefit from the amendment. It is faulted for being too meager. With that latter criticism I have to at least in part subscribe. I consider this to be a first important step—but only a first step in the direction of adequate tax relief for the elderly.

I accept the criticism that it does not go far enough. I also accept the criticism that my amendment is too fiscally responsible.

Mr. TALMADGE. Will the Senator from Missouri yield at that point?

Mr. EAGLETON. I yield.

Mr. TALMADGE. Those were criticisms that did not occur on the Senate floor. To whom is the Senator referring?

Mr. EAGLETON. The Senator from Arizona (Mr. FANNIN) referred to the people who would receive no benefits from the amendment.

Mr. FANNIN. Mr. President, I stated that it would be unfair and inequitable to other groups of people who are more in need of relief. I believe in relief for the elderly but it is not possible to provide relief to every conceivable group of taxpayers in this one bill.

Mr. EAGLETON. I thank the Senator from Arizona for his clarification.

Mr. President, the second criticism I heard of the amendment, mostly from the Senator from Georgia (Mr. TALMADGE), was that would add to, or duplicate, the amendment the many tax benefits that older people now have.

Mr. TALMADGE. Will the Senator from Missouri yield at that point?

Mr. EAGLETON. I do not yield at this moment. I will, after I have finished this comment.

The Senator from Georgia failed to point out what I tried to emphasize in my initial remarks. We can talk about all the deductions in the world, but the stark truth is that one-half of all elderly taxpayers do not itemize their deductions. They take the standard deduction. Thus, they do not get all the juicy benefits, mentioned by the Senator from Georgia.

Under the tax credit system in my amendment, those elderly persons will also get benefits, as much as $300, money they so desperately need.

Would anyone argue that the elderly of this country are so well off and so prosperous and so much in command of their own financial destiny that they do not need this relief. Countless task forces, committees, and commissions have documented the precarious economic situation in which a majority of our older citizens live.

I will not take the time of the Senate to itemize the relief given already in this bill to big corporations, to big this, and to big that. I believe we can afford to provide this $225 million in property tax relief which the elderly so desperately need.

I yield back the remainder of my time.

Mr. TALMADGE. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. HUGHES). All time on the amendment has now been yielded back.

The question is on agreeing to the amendment of the Senator from Missouri (Mr. EAGLETON).

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 Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Indiana (Mr. HARTKE), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. LONG), the Senator from Maine (Mr. MUSKIE), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that, if present and voting, the Senator from Minnesota (Mr. HUMPHREY), and the Senator from Arkansas (Mr. FULBRIGHT) would vote "yea."

Mr. GRIFFIN. I announce that the Senators from Nebraska (Mr. CURTIS and Mr. HRUSKA), the Senator from Oregon (Mr. PACKWOOD), the Senator from Alaska (Mr. STEVENS), and the Senator from Ohio (Mr. TAFT) 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.

The Senator from Arizona (Mr. GOLDWATER) is detained on official business.

If present and voting, the Senators from Nebraska (Mr. CURTIS and Mr. HRUSKA) would each vote "nay."

The result was announced—yeas 65, nays 19, as follows:

[No. 373 Leg.]

YEAS—65

Aiken	Brooke	Cotton
Allen	Burdick	Cranston
Baker	Byrd, W. Va.	Dole
Bayh	Cannon	Eagleton
Beall	Case	Fong
Bentsen	Chiles	Gambrell
Bible	Church	Griffin
Boggs	Cook	Gurney

Harris	McGovern	Ribicoff
Hart	McIntyre	Roth
Hatfield	Metcalf	Schweiker
Hollings	Miller	Scott
Hughes	Mondale	Sparkman
Jackson	Montoya	Spong
Javits	Moss	Stafford
Jordan, N.C.	Nelson	Stevenson
Kennedy	Pastore	Symington
Magnuson	Pearson	Thurmond
Mansfield	Pell	Tunney
Mathias	Percy	Weicker
McClellan	Proxmire	Young
McGee	Randolph	

NAYS—19

Allott	Cooper	Jordan, Idaho
Anderson	Dominick	Smith
Bellmon	Eastland	Stennis
Bennett	Ellender	Talmadge
Brock	Ervin	Tower
Buckley	Fannin	
Byrd, Va.	Hansen	

NOT VOTING—16

Curtis	Humphrey	Saxbe
Fulbright	Inouye	Stevens
Goldwater	Long	Taft
Gravel	Mundt	Williams
Hartke	Muskie	
Hruska	Packwood	

So Mr. EAGLETON's amendment was agreed to.

Mr. EAGLETON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. SPARKMAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. EAGLETON. Mr. President, will the majority leader yield to me so that I may propound a unanimous-consent request?

Mr. MANSFIELD. I yield.

Mr. EAGLETON. Mr. President, I ask unanimous consent that Senators HATFIELD, RANDOLPH, HOLLINGS, MONTOYA, MOSS, PERCY, BYRD of West Virginia, RIBICOFF, CANNON, and JAVITS also be listed as cosponsors of my amendment.

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

The PRESIDING OFFICER (Mr. STEVENSON). The Chair recognizes the Senator from New Hampshire.

Mr. MANSFIELD. Mr. President, may we have order in the Senate so that the Senator from New Hampshire, who has been most patient, can be heard.

The PRESIDING OFFICER. The Senate will be in order.

AMENDMENT NO. 698

Mr. COTTON. Mr. President, I call up my amendment No. 698.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. COTTON. Mr. President, I ask unanimous consent that the further reading of the amendment be dispensed with. I can explain it fully and quickly.

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:

At the end of the bill insert the following:

TITLE X—PROTECTION OF AMERICAN INDUSTRY AND LABOR

SEC. 1001. AUTHORIZATION FOR IMPOSITION OF QUOTAS OR OTHER BARRIERS

(a) IMPOSITION OF RESTRICTIONS.—Whenever the President finds that—

(1) the importation of any commodity from a foreign country is at such levels so as to disrupt the domestic market or is causing injury to industries, firms, or workers in the United States, or adversely affecting the balance of payments of the United States, and

(2) the foreign country producing such commodity is imposing restrictions (by means of quotas, import licenses, tariffs, taxes, or otherwise) against the importation into such foreign country of articles produced in the United States,

he is authorized, by proclamation, to impose such quantitative limitations and such other restrictions as he determines necessary on the importation into the United States of articles produced in such foreign country.

(b) TERMINATION OF RESTRICTIONS.—In any case in which the President has imposed restrictions under subsection (a) on the importation of articles produced in any foreign country, whenever the President determines that the restrictions imposed by such foreign country on the importation into such country of articles produced in the United States no longer exist, he shall, by proclamation, terminate the restrictions imposed under subsection (a) on the importation of articles produced in such foreign country.

Mr. JAVITS. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. COTTON. Certainly. I yield to the Senator from New York.

Mr. JAVITS. Mr. President, who controls time in opposition?

The PRESIDING OFFICER. The opposition is controlled by the manager of the bill.

Mr. RIBICOFF. Mr. President, in view of the fact I will vote for the Cotton amendment, I would be pleased to place the time in opposition in the hands of the Senator from New York.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. BENNETT. Will the Senator place that time in my hands?

Mr. RIBICOFF. I beg the Senator's pardon.

Mr. President, I place the time in opposition in the hands of the Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah will control the time in opposition.

Mr. COTTON. Mr. President, before I ask for the yeas and nays, I desire to modify the amendment and send the modification to the desk.

Mr. President, in line 1, I desire to modify the title of the amendment. Changes have taken place since this same amendment was adopted by the Senate in December, 1969, causing the title to be a misnomer.

Therefore, Mr. President, I ask unanimous consent to modify the amendment in lines 1 and 2, as follows:

Promotion of Reciprocal Trade and Protection of American Jobs.

In addition, I ask unanimous consent to modify the amendment in lines 3 and 4 on page 1 to read:

Authorization for imposition and removal of quotas or other trade barriers.

The PRESIDING OFFICER. Without objection, the modification of the amendment will be made.

The amendment as modified reads as follows:

At the end of the bill insert the following:

TITLE X—PROMOTION OF RECIPROCAL TRADE AND PROTECTION OF AMERICAN JOBS

SEC. 1001. AUTHORIZATION FOR IMPOSITION AND REMOVAL OF QUOTAS OR OTHER TRADE BARRIERS.

(a) IMPOSITION OF RESTRICTIONS.—Whenever the President finds that—

(1) the importation of any commodity from a foreign country is at such levels so as to disrupt the domestic market or is causing injury to industries, firms, or workers in the United States, or adversely affecting the balance of payments of the United States, and

(2) the foreign country producing such commodity is imposing restrictions (by means of quotas, import licenses, tariffs, taxes, or otherwise) against the importation into such foreign country of articles produced in the United States,

he is authorized, by proclamation, to impose such quantitative limitations and such other restrictions as he determines necessary on the importation into the United States of articles produced in such foreign country.

(b) TERMINATION OF RESTRICTIONS.—In any case in which the President has imposed restrictions under subsection (a) on the importation of articles produced in any foreign country, whenever the President determines that the restrictions imposed by such foreign country on the importation into such country of articles produced in the United States no longer exist, he shall, by proclamation, terminate the restrictions imposed under subsection (a) on the importation of articles produced in such foreign country.

Mr. COTTON. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator is recognized for 10 minutes.

Mr. COTTON. Mr. President, I hope that we will be able to dispose of this amendment without using all of the time which has been allotted.

This is a simple amendment. I think it is clear and understandable without much discussion. I offered the amendment to the tax bill in December, 1969, and it was agreed to by a vote of 65 to 30 in this body. It was thrown out in conference because at that time the House conferees did not consider that it was really germane to that particular tax bill.

It certainly is more germane to this bill because this tax bill recites as one of its purposes the creation and encouragement of jobs and employment.

The amendment provides that whenever the President finds that:

(1) the importation of any commodity from a foreign country is at such levels so as to disrupt the domestic market or is causing injury to industries, firms, or workers in the United States, or adversely affecting the balance of payments of the United States, and

(2) the foreign country producing such commodity is imposing restrictions (by means of quotas, import licenses, tariffs, taxes, or otherwise) against the importation into such foreign country of articles produced in the United States,

he is authorized—

Not directed and not compelled, but he is authorized—

by proclamation, to impose such quantitative limitations and such other restrictions as he determines necessary on the importa-

tion into the United States of articles produced in such foreign country.

(b) TERMINATION OF RESTRICTIONS.—In any case in which the President has imposed restrictions under subsection (a) on the importation of articles produced in any foreign country, whenever the President determines that the restrictions imposed by such foreign country on the importation into such country of articles produced in the United States no longer exist, he shall, by proclamation, terminate the restrictions imposed under subsection (a) on the importation of articles produced in such foreign country.

Mr. President, I say now as I said 2 years ago, but I can say it now with greater emphasis, that this is not a protectionist measure. This is a free trade measure in the fullest sense of the word because it calls for true free trade in that there must be a two-way street.

As far as the authority granted the President in the first part of the amendment, it probably does not grant him any more authority than he already has because he has exercised authority under the Reciprocal Trade Act of 1962, I believe, and also by reason of an act in 1917 he exercised the authority to impose the 10-percent surtax arbitrarily, and he might or might not be sustained by the courts in that.

But it does make clear his authority and it also attaches a definite right. When this amendment was debated before the Senate in 1969, it was opposed by the Department of Commerce.

At that time Secretary Stans was engaged in negotiations in the matter of textiles with Japan and other countries—negotiations, by the way, which came to naught, but he was engaged in those negotiations. He and the Department of Commerce—and I assume they represented the administration—objected to this measure because they felt it would be taken as a provocation by other nations and might make their negotiations all the more difficult and might start a trade war.

It is not opposed now because the administration and the Commerce Department have now gone far in advance, and the President has imposed, as we all know, the 10-percent surcharge, which will presumably, if we are worried about trade wars—I am not worried about them, but if we are worried about trade wars—will prove more provocative than anything that is in this amendment.

Indeed, I wish to assert and argue to the Senate that this is a measure which should be reassuring to other nations, because it declares a policy that, even though other countries are producing cheaper products because of low wages and even though other countries have many advantages, this Nation is ready and willing to meet them on even terms in free competition without asking protection because of differences in wage scales or any other differences. All we ask—and it is our proclaimed policy—is that free trade shall be a two-way street and that we may be permitted to try to produce and try to sell in other countries just as they will be permitted to produce and sell to us.

If there is anything in that declaration—particularly since the developments that have taken place in the time that has elapsed since 1969—and if there is anything in this amendment that is provocative, that is protectionist, that would promote a trade war and discourage reciprocal trade, it is very difficult for me to find it.

Mr. President, I remember when we debated this matter before that they talked about automobiles. They said it was true that the Japanese were flooding our country with shoes and electronic products and textiles—other countries were, not just the Japanese—but that our trade balance, however, on the whole was advantageous, and they recited again and again automobiles.

Now we have a situation in which German and Japanese automobiles are flooding this country. Germany has a tariff of up to 16 or 17 percent, I believe. Japan for practical purposes does not let automobiles into that country. The Toyota is selling in California for about $2,000, but the Vega, if that is the General Motors product of the size of the Toyota, if it gets into Japan—and then only in limited quantities—sells for $4,000, just double the price.

I visited Spain not too long ago, and the commercial attaché of our Embassy told me that the Spanish people have a tremendous desire, a great yen, to buy American-produced electrical household appliances like toasters and other appliances, but that they cannot get them because only a limited quantity of licenses was granted by the Government to import these appliances, and the quantity was so restricted that only one in 3 or 4 hundred people in Spain had an opportunity to purchase the American-made product.

I do not wish to prolong this debate. I simply direct attention to the fact that it is only optional with the President if he is to place restrictions, but it is mandatory in this amendment that if foreign countries remove their restrictions he shall remove ours. That is why I call the amendment an amendment for the promotion of reciprocal trade as well as for the protection of American jobs. That is why I feel it clarifies——

The PRESIDING OFFICER. The Senator's time has expired.

Mr. COTTON. I yield myself 1 minute more.

It clarifies and at the same time it establishes a policy which is, I assert, completely fair not only to this Nation but to every other nation on earth.

I reserve the balance of my time.

The PRESIDING OFFICER. Who yields time?

Mr. BENNETT. Mr. President, I yield 10 minutes to the Senator from New York.

Mr. JAVITS. Mr. President, first let me thank the Senator from New Hampshire (Mr. COTTON) personally for having delayed the presentation of this amendment until I could arrive in Washington, knowing that I wished to oppose it.

I oppose the amendment because I believe it only pyramids the mistakes we and the administration have already made, and having made them—to wit, the inclusion of title VI in this bill—this particular amendment is far less specific and far less artful in its design. In addition, it has no date of expiration, whereas title VI of the bill does have a date. The authority expires in 1974.

It is true, as the Senator from New Hampshire says, that he is giving a grant of authority to the President. The grant of authority to the President is, on the part of the President, optional—he may or he may not exercise it—but the giving away of authority by the Congress is absolute and final, and it is that that I object to.

Deeply believing in international trade as I do, I do believe we have many problems which require a reshaping of American trade policy, but the reshaping must be done not with a cutlass but with a scalpel, because the reshaping will have to take into account a new situation in the world in which we can do more harm by this type of legislation than the benefit we could possibly derive therefrom.

What I object to in this amendment are the following four matters: One, it is less refined and particularized than title VI, which has already been sustained by the Senate, notwithstanding the efforts of the Senator from California (Mr. CRANSTON), myself, and other Senators to strike it out. Second, it has no terminal date. Third, it gives to the President, in a kind of broad sweep, all the powers which we ourselves must carefully examine and husband in order to reshape the international economic policies of the United States. Fourth, it like title VI is not germane to tax legislation and I remind my colleagues that this germaneness rule was used and very wisely used in 1969 to strike this exact amendment from another tax bill.

Now, lest the Senate believe that I am just making a general statement, I beg Senators to examine title VI, which is headed, "Protection of Balance of Payments." It deals with, first, the date: The exercise of the authority is limited to up to December 31, 1974. That was the successful Fulbright amendment.

Second, Mr. President, it limits the authority of the President to using it when he declares a balance-of-payments emergency, and that term, balance-of-payments emergency, is defined.

In addition, Mr. President, it deals with the problem of both the surcharge which the President has imposed and whatever restrictions he places on imports of particular goods, and limits the aggregate figure to 15 percent.

These are only some of the requirements which are introduced into title VI.

We already know that in the other body there will be great effort to develop comprehensive trade legislation. Indeed, the Mills bill, which failed last year, as we all know, because it became a Christmas tree, specifically dealt with this area with the greatest refinement, and hopefully will again, Mr. President.

So artlessly drawn is this amendment—and I am not complaining about it, because I believe it ought to be struck down altogether, so I am not giving that as the reason why Senators should vote against it—that while, for example, it is by now deeply rooted in the law that only such importations as can cause "serious injury," and that is the specific term by law, should call for some redress by the United States, this particular amendment goes back to the old use of the word "injury," which was found very

inadequate for the policy of our country.

Another artless point, Mr. President, is where it says "is causing injury to industries, firms, or workers now." It does not even call for industries, firms, or workers in a competitive industry. Any industry, firm, or worker would be eligible.

I repeat, I am not trying to call those things to the attention of the Senate by way of a decisive argument to defeat the amendment. I only call attention to them to show we are laying on with the cutlass in a very critical area instead of laying on with the scalpel, especially as we now have in the bill a designed measure, to wit, title VI, which gives the necessary authority to the President as the Senate now wishes to sustain it; and I think it would be very unwise, in essence, to give another authority which is far broader, thereby, in effect, canceling out title VI.

I also wish to point out that the administration decision to support title VI, I have subsequently found out, caused enormous dissension within the administration as well it should since it is a double-edged sword that could cut both ways in our relations with the rest of the free world.

Moreover, the President has recognized that we are in a new situation, involving new alinements of currencies as well as the effect of currencies realinements upon capitalization; and finally the fact, which I think is undeniable, that the United States has to, because of its own financial situation, review the situation of multinational corporations, which there is a good deal of complaint.

My feeling is, instinctively as well as from what I have seen, that we can show a heavy balance of benefit to all the people of the United States from the operations of the multinational corporations as a group, up to now. But that is still sub judice. The whole subject needs to be looked into dealt with, and proved. The recent votes of the Senate clearly indicate that the multinational corporation has not made its case sufficiently, with the Congress.

I agree with the President when this is the policy of the United States when he stated:

> We cannot remain a great Nation if we build a great wall of tariffs and quotas around the United States, and let the rest of the world pass us by. We cannot turn inward and we cannot drop out of competition with the rest of the world.

This, it seems to me, is valid, and it must encompass the real possibility that as we act so will other nations react in kind with quotas or import licenses, tariffs, taxes, or otherwise, which may restrict our market access to their markets. If the criterion in the bill are the only criterion for the President's action, forget about criteria; just write him a letter and tell him:

> Do anything you please respecting the foreign economic policy of the United States; we sign off.

That is all we are doing. We are totally abdicating the constitutionally defined congressional role in codetermining the trade and monetary policy of the United States.

And again this abdication is taking place at the most crucial time in our economic relations with the free world since the end of the Second World War.

Mr. President, I warn that we are reaching a watershed in our economic relations with the free world—with our allies in the free world. If the pendulum swings too far and it has swung too far in the Senate, the consequences for the free world's economy and our national security could be enormous.

I find it tragic that at the very time we are seeking new markets in the Soviet Union, at the same time that we are opening the door for American investment in Yugoslavia and Rumania, we are jeopardizing our traditional trading and investment relations with our allies in the free world.

Clearly, Mr. President, we need to design a new policy. The growth of protectionism among American labor, which I decry, is nonetheless real. We cannot avoid it. The drastic impact of Japanese concentrated imports within a short time on a given business—how much more time do I have?

The PRESIDING OFFICER. The Senator's time has expired.

Mr. JAVITS. May I have 1 more minute to finish?

Mr. BENNETT. I yield the Senator 1 minute.

Mr. JAVITS. Finally, Mr. President, I urge the Senate not to adopt this amendment, in view of the fact that there is a far more refined instrument already in the bill, which has been sustained by the Senate, and that, from our point of view, this is an absolute grant of power to the President. Until a time when we have to deal with this whole issue in a very refined way, we should not strip ourselves of that authority and give it totally to the President to use at his discretion.

Mr. BENNETT. Mr. President, I yield 5 minutes to the Senator from Illinois.

Mr. PERCY. Mr. President, I fully recognize the vigilance of the distinguished Senator from New Hampshire in promoting industry in his own State and his own region of the country, which has been subjected to competition within our country and drainage of plants moving south, and also by foreign competition. The Senator is vigorously attempting to protect in every way he legitimately can the economic interests of his area. I honor him for those attempts.

I regretfully will have to oppose the amendment, for a number of reasons.

First, I think it gives too great a new grant of authority to the President to impose import quotas. It is almost another Gulf of Tonkin resolution in the area of foreign economic policy.

We have pursued a policy of liberalizing trade in order to expand markets ever since the disastrous days of the Smoot-Hawley Tariff. This has been true of all Presidents and all administrations since the 1930's. I would hate to see us take a step that would imbue the President with power that I feel confident he does not want and does not intend to use, but which would symbolize to the world that somehow we are reversing a course of action that the country has taken for many, many years.

Second, I would point out that this present bill already provides a good deal of additional authority to impose protective trade measures and already this additional authority is giving cause for alarm to many of our friends and trading partners. It grants the authority for a new surcharge of 15 percent. It provides for discriminatory treatment of foreign capital equipment; and it provides for the ability to reimpose excise taxes on imported cars and trucks.

So there are protective and protectionist measures already enunciated, which are already causing considerable alarm.

Third, I say, therefore, that the amendment as now offered is really a case of overkill. I simply cannot conceive that we would be willing to move in such a direction, offering such vague powers that would cause tremendous international concern—powers that I feel the President would simply not use, because he fundamentally has always been a believer in the concept of freer trade.

Next, I would point out that the world economy is right now in a state of shock. There is the possibility of worldwide recession. There is a recession now in certain European countries. Though we have unemployment in this country, our good trading friends in Canada have more unemployment, and they and others are deeply concerned with the current 10-percent import surcharge, the discriminatory application of the investment tax credit, and the additional protectionist measures in the Senate bill.

Every measure that we take to try to protect certain industries in this country is a way of insuring that someone retaliates against us, which hurts some other industry in this country which depends upon export markets. We are in a very precarious and delicately balanced position right now with respect to other world economies, which have depended for their growing prosperity upon the relatively free movement of goods between the free countries of the world. If we start, step by step, to impair that progress just in order to give a little bit of protection here and a little bit of protection there, everyone else is going to give a little protection here and a little protection there. It is pretty hard to be a little pregnant—and it is very difficult to just keep moving in the direction that will reverse the course this country has been taking for many years.

Last, I would oppose the amendment because I am deeply concerned about the vague wording. I am not really sure what "injury" means and what "destruction of domestic markets" means. It is a terrible disruption to a manufacturer and an industry in this country—say it is American Motors—if General Motors puts out a car that competes effectively with the models they have out now. Are we to protect every business in America from disruption or from injury? They are injured every day. Every time someone makes a competitive advantage through research, through lowered cost, through greater efficiency, through greater output, through better marketing—whatever it may be—someone is injured, because we are not always expanding every market. Someone in the competitive system has to give a little; that makes him work harder.

If we provide a little degree of protection against disruption in the domestic market or against injury because some-

body imports a product that the American consumer really wants, it is going to make us relatively inefficient with respect to world markets. I would hate to see the day in this country when we decided to forgo the markets of 3 or 4 billion people abroad and just kept selling to the 200 million people in this country. It would mean increasingly higher prices and less efficiency. This would be real isolationism, and the person who would pay the hardest would be the consumer and the taxpayer.

For these reasons, I must oppose the amendment, though I respect fully the spirit in which it is offered by my valued colleague.

Mr. BENNETT. I yield myself such times as I may use.

Mr. President, I want to summarize the things that have been said.

I have been in business all my life. I am completely in sympathy with the objective of the Senator from New Hampshire, but I am very much afraid that his proposal will not accomplish the real objectives we should have in trying to solve this problem.

In the first place, let me repeat that the President now has this authority. This amendment would not give him any new authority that he does not now have. But with respect to the part of the amendment that would require him to lift restrictions when our trading partners might do something on their side of the bargain, we would be limiting his authority.

The problem we face is not basic authority. It is the question of programs and procedures under which the authority should be used. We in the Finance Committee have the responsibility for supervising, from the legislative point of view, our trade policies. We have become very much aware that there are policies in these practical fields. The members of the committee have made one trip to Europe. We have had hearings. We will have many more hearings in the months ahead.

We wrote some necessary procedures into the Trade Act of 1970, and they had to be dropped because we were so late in the year that we could not get the act through. I would hope that the Senate would give the Finance Committee and its Special Trade Subcommittee an opportunity to give the study to this problem that is needed, the study that it intends to give.

A point has already been made with regard to the question of retaliation, the question of the psychological effect of the passage of another restricted protectionist amendment on this bill. The President, the Secretary of the Treasury, and the Secretary of Commerce and their resources are trying to work out the multitude of problems that exist between us and our trading partners, which are different with respect to each country and our relations with them. Another expression of protectionism in this bill would make their task very much more difficult.

So, since the President already has the authority, since the committee is determined to do what it can to solve some of the practicable problems involved in the basic underlying problem, and since we have this delicate balance between us and the rest of the world as we try to work out these various imbalances one at a time, country by country, I hope we will reject this shotgun approach.

Mr. PASTORE. Mr. President, will the Senator from New Hampshire yield me time?

Mr. COTTON. How much time does the Senator want?

Mr. PASTORE. Two minutes.

Mr. COTTON. I yield 5 minutes to the Senator.

Mr. PASTORE. Mr. President, this is not a new idea. This matter came before the Senate once before, and it was overwhelmingly adopted by the Senate.

The Senator from Rhode Island has been somewhat disturbed in recent years by what has been happening to our economy insofar as it is affected by this international trade. All my life I have been an internationalist, and I have been a free trader. I have not been a protectionist. I have always voted for the Trade Expansion Act, no matter who the President was. I have said that before. But I have learned that there is not a country in the free world that does not have a limitation against some importation of American goods. Why we have tolerated this over the years is beyond my understanding.

Here we have John Connally being characterized and criticized by our allies—nations whom we have lifted, indeed, from economic frustration. Mr. Connally is being criticized for being a little too tough on this question, that he wants these governments to remove restrictions against the importation of American goods.

Do you know that you cannot sell an American camera to Japan? Watch the photographers around here. Everyone of them has a Japanese camera. They bought them in America. If you can buy a Japanese camera in America, ask the Japanese why can you not buy an American camera in Japan? Do you know what they tell you? "We cannot import your cameras because that would disrupt our economy." Well, how about the disruption of the American economy? Who is going to worry about us?

I realize that the President has certain powers in this area. I regret very much that they have not been employed up to now. My friends here said the other day, "Well, we are giving too much power to the President of the United States"—and that was said by Republicans. I have always said that the only place you can resolve these international questions is in the Oval Room of the White House.

My good friend, the Senator from Utah, tells us that the President has that power. Well, it took a long time before it was exercised, and this happened only a few months ago. Why was it done then? Because the integrity of the American dollar had been damaged all over the world. Imagine an American businessman going to a hotel cashier in Geneva to pay his bill and being told that they would not take the American dollar. That is what happened to us.

Mr. COOK. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. COOK. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. PASTORE. I know that this amendment is not going to survive in conference, no more than the other did, and perhaps this may be an exercise in futility. But I think that if we adopt it in the Senate, it will have a good psychological effect. It would strengthen the hand of John Connally and it would strengthen the hand of the President of the United States. It would make the entire world know that we have problems too. The difficulty is, we always recognize and understand the problems of other people but those people never seem to understand ours.

I remember several years ago, when Canada determined that there were too many publications coming into Canada from the United States, so what did they do? They slapped a limit on it. That was the end of it.

Denmark, only a short while ago, placed a surtax on American imports into that country.

Every time we would try to do something like that, we would be misunderstood by our friends. After all, who are our friends? Is it the people that would like to see us die on the vine, or those who understand our problems? That is what this amendment is all about. We want them to understand our problem.

I repeat, perhaps the amendment goes a little bit too far. I know that it is not going to be accepted in conference any more than the last one, but it is going to do PASTORE and Connally a lot of good to see it passed.

Mr. COTTON. Mr. President, there are some Senators who have to leave shortly, and I do not want to prolong this debate, but merely wish to say that there have been some inconsistent statements made in opposition to the amendment.

The opponents have asserted that this would give the President too much power. They also assert that it would not give him enough power.

I was rather startled with the opposition of my good friend from Utah because he voted for this very same amendment in 1969. He has since found that it is bad.

The assertion is made that the President has already got the power to impose surcharges and limitations. If that is true, then why did the committee find it necessary in title VI expressly to confer on the President that power?

Mr. BENNETT. If the Senator will yield on that point, what the committee did in title VI was to increase the ranges of the power. It did not confer on the President any power that he did not already have.

Mr. COTTON. Mr. President, I am only a country lawyer. Every time we have this kind of debate, my good friend from New York talks about "words of art" and "artless"; nevertheless, it is my fixed belief that even though the President has imposed a surcharge claiming that power under the acts of 1962 and 1917, I mentioned earlier, I still think there is some question here.

I am not so pessimistic about the amendment's going out in conference, because title VI in the bill is infinitely more

drastic. This amendment declares a policy that is eminently fair. We do not need to worry about the President's overexercising his authority. Every Senator who remembers past history knows that every President of the United States since I have been around here—and I have been here 25 years—whether a Democratic or a Republican President, has been so much influenced by the State Department—particularly the State Department, but sometimes by the Department of Commerce—that they have leaned over backwards to sacrifice the interests of the American worker to aid our foreign policy. This President has indicated the same thing himself. So that the danger of a President's becoming arbitrary in this matter is extremely limited.

I notice that my friend from New York complains about the form of the amendment—I did not ask for the yeas and nays at the outset and if he wants to place a terminal date, I think that is more or less his objection—an arbitrary objection—he could have suggested that change. This is a simple declaration of policy, as a result of which I predict it will have more of a chance to survive in conference, than the more rigid provision of section VI.

I am perfectly willing to surrender my time to any other Senator who wishes to speak at this time.

Mr. JAVITS. Mr. President, I think the critical point here, which is being emphasized all over the place, is the very generality of the amendment as a complete grant of power by Congress on a tax bill, without the basis of trade hearings as to the new competitive situation, the new situation of multinational corporations, and so forth. That is why I used the word "artless," because we are depriving ourselves of authority that we may want to use tomorrow, yet here it is connected in some way to a peripheral amendment which is not even germane.

Mr. COTTON. Mr. President, I ask unanimous consent to have printed in the RECORD an article published in the November 16, 1971, Washington Post, showing that our balance-of-payments deficit is now the highest in history.

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

U.S. PAYMENTS GAP LARGEST IN HISTORY—THIRD QUARTER DEFICIT HIT $12.1 BILLION

(By Carole Shifrin)

The United States recorded its greatest balance of payments deficit in history in the third quarter, the government reported yesterday.

The Commerce Department said the deficit—the difference between what the country takes in and what it spends overseas—doubled from the second quarter to the third to a whopping $12.1 billion after seasonal adjustment.

The deficit, measured in terms of foreign official holdings of dollars, thereby reflecting immediate exchange pressure on the dollar, was $2.3 billion greater in the third quarter than the $9.8 billion deficit for 1970 as a whole.

The $23.4 billion payments deficit for the January–September period "far surpasses" any yearly deficit in the nation's history, a Commerce official said, and is the equivalent of an annual rate of $31 billion for 1971 as a whole.

The huge outflow of dollars represented in the deficit was one of the major reasons for President Nixon's decision announced on Aug. 15 to suspend the convertibility of the dollar into gold and to impose a 10 per cent surcharge on imports, Harold Passer, Assistant Secretary of Commerce for Economic Affairs, said. Both actions are designed to restore a trade surplus and to strengthen the balance of payments.

It is still too soon to assess the impact of the import tax, Commerce noted. Imports may have been restrained by the imposition of the tax on goods shipped after Aug. 15, the department said, but the small amount of tax collections in September suggested that a large part of the imports that month were still exempt, probably goods already in transit when the tax was announced.

Another measure of the balance of payments, called the "net liquidity" balance (it includes all transactions with foreigners, both private and official) was a record $9.3 billion in the red in the third quarter after seasonal adjustment, a deterioration of more than $3.5 billion from the second quarter.

Passer said most of the third quarter outflow of dollars occurred in July and early August when the dollar was under severe pressure in foreign exchange markets. In the first six weeks of the quarter, the department noted there were growing expectations that a number of leading currencies would appreciate in value vis a vis the dollar.

Contributing to the official balance deterioration was a large increase in net outflows of liquid private capital. Commerce said there was a $2 billion shift in liquid liabilities to foreign commercial banks, mostly those of American banks' main offices to their foreign branches. In addition, there was an unfavorable shift of $580 million in liquid claims reported by U.S. banks and corporations.

All figures are preliminary and subject to later revision.

The department said "massive accumulations" of dollars by foreign central banks "mirrored" the record payments deficits in the third quarter. Gains tapered off "markedly" in September, the department said, but still there was a record jump of more than $11 billion in U.S. liquid liabilities to foreign official reserve agencies.

U.S. official reserve assets dropped to $1.2 billion, seasonally adjusted, with almost all the loss occurring before Aug. 15.

In discussing the substantial worsening of the "liquidity" deficit, the Commerce Department report said that "both U.S. residents and foreigners evidently contributed to the outflow, involving transactions ranging from speculative dollar sales to leads and lags in commercial and financial payments and receipts."

The department said that the trade deficit—what the United States imports over what it exports—narrowed in the quarter.

Also helping to offset the adverse shift in the balance of payments were an increase in net foreign purchases of U.S. securities and a reduction in net U.S. purchases of foreign securities.

Most of the improvements occurred in the latter part of the quarter after the new economic policy was announced.

Most of the other major industrial countries allowed their currencies to fluctuate in some degree in the exchange markets after Aug. 15, with some imposing exchange restrictions designed to limit the appreciation of their currencies or additions to their official reserves. According to Commerce, from April 30 to the end of September, the German mark had appreciated by about 10 per cent against the dollar in foreign exchange markets, the Japanese yen by about 8 per cent, the British pound sterling by about 3 per cent, and the French franc (commercial) was unchanged.

Mr. COTTON. Mr. President, let me conclude by saying that I am not terrified by the word "artless." The amendment may be artless but it is clear, plain, fair, a declaration of policy which is fair to other nations, and fair to us.

Through all the years that I have served in the Senate, every time we tried to get a measure through to protect textiles, shoes, electronics, and so forth, when we got down to brass tacks we were overwhelmed by the very same people who say that this amendment is too general.

I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. STEVENSON). All time on the amendment has been yielded back.

The question is on agreeing to the amendment of the Senator from New Hampshire (Mr. COTTON).

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 Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Indiana (Mr. HARTKE), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Louisiana (Mr. LONG), the Senator from Maine (Mr. MUSKIE), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that, if present and voting, the Senator from Minnesota (Mr. HUMPHREY) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Delaware (Mr. BOGGS), the Senators from Nebraska (Mr. CURTIS and Mr. HRUSKA), the Senator from Oregon (Mr. PACKWOOD), the Senator from Alaska (Mr. STEVENS), and the Senator from Ohio (Mr. TAFT) 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.

The Senator from Arizona (Mr. GOLDWATER) and the Senator from Maryland (Mr. MATHIAS) are detained on official business.

If present and voting, the Senator from Delaware (Mr. BOGGS) and the Senators from Nebraska (Mr. CURTIS and Mr. HRUSKA) would each vote "yea."

The result was announced—yeas 57, nays 26, as follows:

[No. 374 Leg.]

YEAS—57

Allen	Ellender	Nelson
Allott	Ervin	Pastore
Anderson	Fannin	Pearson
Baker	Fong	Pell
Beall	Gambrell	Randolph
Bellmon	Gurney	Ribicoff
Bentsen	Hansen	Roth
Bible	Hollings	Schweiker
Brock	Jackson	Scott
Brooke	Jordan, N.C.	Smith
Byrd, W. Va.	Jordan, Idaho	Sparkman
Cannon	Magnuson	Spong
Chiles	Mansfield	Stafford
Cook	McClellan	Stennis
Cotton	McGee	Symington
Dole	McGovern	Talmadge
Dominick	McIntyre	Thurmond
Eagleton	Montoya	Tower
Eastland	Moss	Weicker

NAYS—26

Aiken	Cranston	Metcalf
Bayh	Griffin	Miller
Bennett	Harris	Mondale
Buckley	Hart	Percy
Burdick	Hatfield	Proxmire
Byrd, Va.	Hughes	Stevenson
Case	Inouye	Tunney
Church	Javits	Young
Cooper	Kennedy	

NOT VOTING—17

Boggs	Hruska	Packwood
Curtis	Humphrey	Saxbe
Fulbright	Long	Stevens
Goldwater	Mathias	Taft
Gravel	Mundt	Williams
Hartke	Muskie	

So Mr. COTTON's amendment (No. 698) was agreed to.

Mr. COTTON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. TALMADGE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

PROGRAM

Mr. SCOTT. Mr. President, I ask unanimous consent that I may proceed for 1 minute, without the time being taken from either side in order that I might ask the majority leader a question.

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

Mr. SCOTT. Mr. President, I would like to ask the distinguished majority leader what other votes, if any, he expects today.

Mr. MANSFIELD. Mr. President, it is my understanding that the distinguished Senator from Illinois (Mr. PERCY) is going to call up two amendments.

Will there be rollcall votes?

Mr. PERCY. No; and I can dispose of this in just a moment.

Mr. MANSFIELD. Fine.

Mr. PERCY. In view of the fact it is now quite clear that the Senator from Oregon (Mr. PACKWOOD) will be able to call up his own amendments after disposal of the Pastore amendment at 5 o'clock on Monday, I ask unanimous consent that the unanimous-consent agreement we entered into on amendments 688 and 706 be vacated.

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

Mr. MANSFIELD. Then, it is the intention of the joint leadership to call up Calendar No. 437, Senate Joint Resolution 176, a joint resolution to extend the authority of the Secretary of Housing and Urban Development with respect to interest rates on insured mortgages. The distinguished Senator from Massachusetts has an amendment, which I understand will be accepted, and I will have a brief colloquy with the chairman of the committee. There will be no rollcall votes on the joint resolution unless somebody asks for one.

Mr. BYRD of West Virginia. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. MANSFIELD. Then, it is the intention to call up Calendar No. 489, S. 2878, a bill to amend the District of Columbia Election Act, which likewise is noncontroversial.

So on the basis of what the distinguished Senator from Illinois said, there will be no further rollcall votes this afternoon, and I anticipate the Senate should be out no later than 2 o'clock.

Mr. SCOTT. Mr. President, will the Senator yield further?

Mr. MANSFIELD. I yield.

Mr. SCOTT. I just wish to serve notice I will call up a noncontroversial amendment which has been cleared with both sides and on which we need no rollcall vote.

I am glad we will be able to adjourn today, Saturday because there is a saying, Dies dominicus non est juridicus, meaning legal proceedings may not be transacted on a Sunday.

Mr. MANSFIELD. Well, may I say that any credit for this early adjournment of the Senate on this Saturday goes entirely to the Republican leadership and our Republican colleagues who were so gracious yesterday in helping us to arrive at an agreement.

Mr. SCOTT. We always have been.

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. SCOTT. Mr. President, I send to the desk an amendment of a technical nature, which I ask the clerk to state.

The PRESIDING OFFICER. The amendment will be stated.

The amendment was read as follows:

On page 79, line 3, strike out all through line 6 and insert in lieu thereof the following:

"(c) EFFECTIVE DATE.—The amendments made by this section shall be applicable only with respect to reorganizations and other changes in ownership occurring after the date of enactment of this Act pursuant to a plan of reorganization or contract entered into on or after September 29, 1971."

Mr. SCOTT. Mr. President, this amendment, in the technical nature, would correct an injustice which would occur under the pending legislation as it is now drafted.

Section 302 of the bill denies certain surviving corporations in certain reorganizations the opportunity to use the full amount of carryovers of unused investment credits of the merged corporation. The provision would be effective upon approval of this act. An inequity arises, however, where parties to a reorganization have executed contracts prior to the effective date, but because of Federal governmental delay in processing the merger application, have not consummated the reorganization.

A case in point is the pending merger of Allegheny and Mohawk Airlines. Although these parties entered into reorganization contracts before any action was taken on the pending legislation, the governmental approval necessary for consummation of the reorganization has not been finalized.

My amendment merely allows parties who have executed contracts prior to September 29, 1971, the date on which the Ways and Means Committee reported this legislation, to complete their reorganization under the tax laws in effect at that time.

I have discussed my amendment with the distinguished chairman of the Senate Finance Committee, Senator LONG, and the distinguished ranking member of that committee, Senator BENNETT. Both have indicated agreement with this amendment. In addition, I have received a letter from John S. Nolan, Deputy Assistant Secretary of the Treasury indicating their support of this amendment. I ask unanimous consent that this letter be printed at the conclusion of my remarks.

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

DEPARTMENT OF THE TREASURY,
Washington, D.C., November 17, 1971.

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

DEAR SENATOR SCOTT: It has been brought to our attention that Allegheny Airlines and Mohawk Airlines entered into a plan of reorganization pursuant to contracts executed prior to any action on H.R. 10947, the proposed Revenue Act of 1971. The parties will be adversely affected by section 302 of the bill, which denies to a surviving corporation in certain reorganizations the opportunity to use the full amount of carryovers of unused investment credits of the merged corporation where less than a 20 percent interest in the surviving corporation is received by the shareholders of the merged corporation in the reorganization.

The reorganization has not been completed pending approval by the proper government agencies and probably cannot be consummated before the date of enactment of the Revenue Act of 1971.

In the Allegheny-Mohawk case, the parties had no reason to expect this type of limitation on the use of unused investment credit carryovers when the agreement and plan of reorganization were entered into. The provisions of the bill would change the tax consequences on the basis of which the commitments of the parties were made, and the availability of these unused carryovers would ordinarily be a material factor in determining the relative value of the assets of the two companies and hence the stock exchange ratio to which the parties agreed.

Under these circumstances, the Treasury Department would support a change in the effective date provision so that the new provision will not be applicable with respect to reorganizations after the date of enactment of the bill if the plan of reorganization was adopted pursuant to contracts entered into prior to September 29, 1971. The latter date is the date the House Ways and Means Committee reported this bill and the nature of this special limitation first became generally known.

Sincerely yours,

JOHN S. NOLAN,
Deputy Assistant Secretary.

Mr. TALMADGE. Mr. President, I have examined the amendment. It is a binding contract amendment. I recommend its approval.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. SCOTT. I thank the distinguished Senator from Georgia.

Mr. TALMADGE. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read the amendment, as follows:

On page 83, strike out line 18 and all that follows through line 2 on page 84 and insert in lieu thereof the following:

"(2) MULTIPLE LEASES OF SINGLE PARCEL OF REAL PROPERTY.—If a parcel of real property of the taxpayer is leased under two or more leases, paragraph (1)(A) shall, at the election of the taxpayer, be applied by treating all leased portions of such property as subject to a single lease.

On page 85, strike out line 3 and all that follows through line 11 and insert in lieu thereof the following:

"(A) if a parcel of real property of the taxpayer is leased under two or more leases, paragraph (4)(A)(i) shall, at the election of the taxpayer, be applied by treating all leased portions of such property as subject to a single lease; and

Mr. TALMADGE. Mr. President, I have consulted with the distinguished ranking minority member of our committee, as well as the chairman of the Finance Committee. It remedies an action that we thought the committee took in executive session, and the committee report so states, but the language does not make it quite clear.

The amendment would allow taxpayers to aggregate all their leases on a parcel of real property and treat the leases as a single lease for purposes of determining whether in the aggregate the real property is subject to a net lease and thus is considered investment property, or, on the other hand, is to be considered as business property.

Accordingly, my amendment would allow taxpayers who have a parcel of real property which is subject to two or more leases to aggregate the leases and treat the property as if it were subject to just one lease for purposes of determining whether the property is to be considered subject to a net lease.

I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Georgia.

The amendment was agreed to.

Mr. HARRIS. Mr. President, we have spent a great deal of time over the last week debating the Revenue Act of 1971. I am of the opinion that the bill is blatantly biased in favor of big corporations. Another very real problem in our tax system, however, is loopholes for the superrich. The Tax Reform Act of 1969 was supposed to take care of some of the larger loopholes for rich individuals and big businesses who grew even richer by avoiding legitimate taxation.

I want to call attention to an article by Sylvia Porter, in the Evening Star of November 16, 1971, in which she brings us up to date on those wealthy persons who do not pay their share of income taxes. Her conclusion is that they still do not pay. What she is implying is that what is really needed in this country is comprehensive and effective tax reform. Instead, we are getting piecemeal bills which open new loopholes and make it even harder to collect those taxes to which the Treasury is entitled. I ask unanimous consent that the article be included at this point in the RECORD.

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

[From the Washington Star, Nov. 16, 1971]

NO TAXES PAID BY SUPERRICH

(By Sylvia Porter)

Whatever happened to the 154 Americans who had incomes of $200,000 to $1,000,000 and more in 1966 on which they paid not a penny in federal income taxes—and who thereby kicked off what was to become the historic Tax Reform Act of 1969?

They grew.

The 154 increased to 301 in 1969, the latest year for which we have statistics on individual income tax returns.

The 18 with "nontaxable" adjusted gross incomes of $1,000,000 or more in 1966 expanded to 56.

A new tax law will be on our statute books in a matter of days under which taxpayers in all income groups are getting some immediate tax reductions. Actually, the tax cuts were written in basic form in the 1969 act but they weren't slated to go into effect until 1972 and later. The 1971 law is accelerating part of the cuts into this year to help lift our economy out of its sluggishness—which has forcibly reminded me of that massive mismash of tax legislation in 1969, that monstrosity which was impelled into being by the disclosure of the 154 super-rich nontaxables.

Of course, the 1969 act is now making it much harder for millionaires to pay no income taxes at all. There is now a 10 percent minimum tax on a specified list of deductions (called Tax Preferences) which demands at least a limp salute.

But you still can invest your entire fortune—millions of dollars—in tax-exempt bonds at today's high interest rates and receive the entire interest income tax-free. Just to suggest what tax-free bonds can mean to the wealthy, in the 50 percent tax bracket a tax-free rate of 5 percent equals a taxable interest rate of 10 percent, and in the 60 percent bracket 5 percent tax-free is the equivalent of 12.5 percent taxable interest.

You can still incur deductible intangible drilling costs for gas and oil wells in whatever amounts you think you need to reduce your current taxable income to the level you wish. This is the tax shelter the oil industry battled to protect intact and it achieved its goal; the reduction in the depletion allowance won by the reformers never was of prime importance to the oil industry's leaders.

These were and still are the two most popular tax shelters. They weren't even touched by the 1969 law. Nor does the minimum tax of 10 percent bar, limit or tax these breaks in any way. In fact, in some ways the two shelters have become more valuable than they were when they were being so widely publicized and denounced.

What's more, the 1969 act added several new tax breaks for the shrewd and sophisticated. Businessmen can now amortize and deduct over a 60-month period the cost of railroad rolling stock and certain anti-pollution facilities. If you invest in low and middle-income housing, you may be able to defer your tax on the gain from sales of this type of housing if you reinvest the proceeds in similar housing. Corporations can now use their appreciated assets to buy back their stock in certain situations without paying tax on the appreciation. And so it goes.

As the statistics on individual tax returns beginning in 1970 become available, it is to be hoped that few, if any, of the super-rich are getting away with paying zero.

Still, it is certan that a hefty percentage of the superrich will be paying a mere pittance—say, a few thousands of dollars on incomes of hundreds of thousands, or payments at tax rates far, far below the levels at which most of us pay.

In sum, the Reform Act of 1969 never was, is not and will not ever be the "reform" most people have assumed. And it will be a long time before Congress dares tackle that subject again.

Below are some figures from the latest official tax tables.

Adjusted gross income 1969	*Individuals paying no tax*
$1,000,000 or more	56
$500,000 or more	117
$200,000 or more	301
$100,000 or more	761
$50,000 or more	2,180
$30,000 or more	4,374
$25,000 or more	5,264
$20,000 or more	8,264

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, are there further amendments to be offered to the pending business?

AMENDMENT OF THE DISTRICT OF COLUMBIA ELECTION ACT

Mr. MANSFIELD. Then, Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 489, S. 2878.

The PRESIDING OFFICER. The clerk will read the bill by title.

The legislative clerk read the bill by title, as follows:

A bill (S. 2878) to amend the District of Columbia Election Act, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. EAGLETON. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92-502), explaining the purposes of the measure.

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

PURPOSES OF THE BILL

The purpose of the bill is to amend the D.C. Election Act (Act of August 12, 1955 (69 Stat. 699) as amended, D.C. Code, sec. 1–1100 et seq.), and for other purposes, in several aspects so as to update and reform the election laws.

In particular, the bill would redefine qualifications for qualified electors, increase the compensation for members of the Board of Elections, provide for referendums, advisory elections and community elections on the ballot, establish a presidential preference primary and establish procedures for electing delegates to political party national conventions, change the residency requirements for candidates for office, provides requirements for reporting campaign funds, allows a credit on D.C. income tax for campaign contributions, and includes the District of Columbia in the definition of state in the Federal Corrupt Practices Act.

The bill would also make the present election laws consistent with the Federal Voting Assistance Act, the D.C. Delegate Act and other laws through several technical amendments.

PROVISIONS OF THE BILL

1. Definition of qualified electors

The District of Columbia Election Act provides in part that a qualified elector—that is, one who is qualified to register and

vote—must be a U.S. citizen who has resided or has been domiciled in the District of Columbia continuously since the beginning of the 1-year period ending on the day of the next election.

This 1-year residency requirement has been part of the election law since 1955, and until at least recently, has been considered to apply to voting in all elections.

During recent years, the durational residency requirements for voting have been shortened in a number of jurisdictions throughout the country, sometimes by legislative action and sometimes by court action.

In June 1970, the Congress in Public Law 91-285, determined, in effect, that in the case of presidential elections, a durational residency requirement of more than 30 days was constitutionally abhorrent. In that legislation, Congress directed that each State provide by law for the registration of its duly qualified residents at any time up to 30 days before a presidential election.

That legislation specifically included the District of Columbia in its definition of the word "State"; and so there is at the very least a clear congressional statement of policy that the 30-day residency requirement should be applicable in the case of presidential elections.

The statute was, of course, national in scope; but its precise language leaves considerable doubt as to whether in the case of the District of Columbia is was in fact entirely self-implementing, since the statute did not either specifically amend the District of Columbia Election Act or delegate regulatory authority to any District of Columbia agency to shorten the residency period.

Legislative clarification of this point in the case of presidential elections in the District is therefore important, and the matter should be put to rest well before next year's presidential election.

The applicability of the 1-year residency requirement in the case of elections for the District of Columbia's Delegate to the House of Representatives was also challenged in 1970, in this case by court action. Last November, a three-judge Federal court struck down as unconstitutional the 1-year residency requirement in the case of persons who had resided here for less than 1 year and who wished to vote in the elections of the Delegate to the House.

This case, *Lester* v. *Board of Elections* (319 F. Supp. 505 D.C. 1970), was by its terms applicable only to the election of Delegate to the House of Representatives.

The District Government requested the court in *Lester* to clarify the scope of its opinion and order, in an effort to get a ruling as to whether its decision applied to other elections; but the court, in denying the District government's motion, stated that it had "held only that the District of Columbia 1-year durational residency requirement applied to elections for nonvoting Delegate to the House of Representatives (citations omitted) was unconstitutional."

The court in the *Lester* case specifically upheld as constitutional other provisions in the District of Columbia Election Act which prohibited registration for any 30-day period prior to an election.

The *Lester* case was decided in November of 1970, and was applicable to the initial party primary elections for District of Columbia Delegate held in January 1971, and to the initial general election for District of Columbia Delegate held in March 1971, for the short initial congressional term which ends in January 1973.

As a result of *Lester*, a number of people registered here who had lived here less than a year before one or the other of these Delegate elections. Many of these people had not resided here for a full year by this November, at which time the District held regularly scheduled Board of Education elections.

Since the *Lester* case quite clearly does not rule on the residency requirements for Board of Education elections, voting by those registered voters who were here less than a year but who nevertheless were able to vote in January and in March for the elections for Delegate to the House of Representatives was either forbidden or allowed as a challenge ballot which was not counted.

A possibly even more confusing residency problem will arise in connection with the party elections on May 2, 1972. On that day there will be two different closed party elections, and unless the residency period is changed by statute, there will be two sets of residency requirements for all persons who have lived here less than a year.

There will be a closed party primary election under the 1970 act to choose party candidates for Delegate to the House of Representatives—to which the 30-day residency requirement will apply under the authority of the *Lester* case.

On the same day there will be closed party elections also under the original 1955 Election Act for candidates for delegate to the presidential nominating conventions, for national committeemen and national committeewomen and members of local political parties, as well as voting on the so-called party questions.

The statutory 1-year residency requirement would appear to apply to this second group of elections, unless the period were amended by legislation.

In view of this confusing situation in regard to the durational residency requirements for qualified electors in the District of Columbia and because of the difficulty in administering the elections in November, the bill establishes a 30-day residency requirement.

The bill also changes the minimum age for voter qualification in the existing D.C. Election Act (D.C. Code, sec. 1-1102(2)(b)) from 21 to 18 years of age.

The 26th Amendment to the U.S. Constitution, which was implemented by S.J. Res. 7 of the 92nd Congress, ratified promptly by the requisite 38 states, and certified on July 5, 1971, provides that any U.S. citizen who is otherwise qualified may vote in any state or political subdivision in any election if he is at least 18 years of age. Hence, the provision referred to above in the 1955 D.C. law is no longer valid, and the change made by this provision of H.R. 10784 is merely a matter of conforming the D.C. Election Act to the 26th Amendment to the Constitution.

The bill further enfranchises a felon who has been pardoned or is no longer subject to the jurisdiction of any court. In recent years, not only has the whole issue of disenfranchisement of former felons been challenged in the courts, but also several jurisdictions have moved toward restoration of the right to vote. To enable the ex-offender to participate in meaningful community activities and to not foster his sense of estrangement, the bill moves toward this restoration.

2. Increased compensation for members of the Board of Elections

Under the present law, members of the Board of Elections are compensated at the rate of $50 per day, with a maximum of $2500 a year. This has served to either limit a Board member's participation to 50 days or else force him to contribute his time to Board matters. The $50 rate has also created the anomalous situation of the Board being able to pay consultants more than the members themselves. This bill would provide for compensation at the rate of $75 per day, with a limit of $11,250, or the equivalent of 150 days.

3. Presidential preference primary and part delegates

The bill establishes a presidential preference primary election during May of each presidential election year. This primary will allow the qualified electors of the District of Columbia to indicate their preference among the candidates for nomination for President. The bill also allows for four categories of delegates to a particular political party national convention: slates of delegates committed to the support of a particular candidate for nomination for President, slates of delegates uncommitted to any particular nominee, individual delegates committed to the support of a particular candidate for nomination for President, and uncommitted individuals. The ballot shall have the names clearly indicated on the ballot of which slates or individuals support which candidates for nomination for President so that the voter's choice is clear.

4. Records and reporting of campaign funds

The bill considerably strengthens the requirements for keeping records and reporting campaign funds. Every political committee is required to maintain an address in the District of Columbia and register with the Board of Elections. Such committee is also required to file between 3 and 5 days before an election and 30 days after an election a complete accounting of contributions, expenditures, debts and obligations. Such statements are to be made part of the public records of the Board of Elections open to public inspection.

Failure to file such statements requires the Board to publish an announcement that such statements were not filed by a candidate in violation of law and the candidate cannot be certified as having been elected to office.

5. Credit for campaign contributions

The bill provides a tax credit of up to $20 per individual for 50% of any campaign contribution to any candidate to any office covered by the D.C. Election Act. The committee feels that this will encourage campaign contributions from a broader number of citizens and thus eliminate the necessity for a candidate having to rely on large private contributions. It is hoped that this will make government more responsive to the changing needs of the people.

6. Federal Corrupt Practices Act

The District of Columbia was not included in the definition of the word "State" in the Federal Corrupt Practices Act when it was passed, an omission which has persisted until today. Thus, when a "political committee" includes committees which accept contributions or make expenditures in two or more states, operation of such committee in the District of Columbia has not affected its status as far as reporting requirements. This bill would include the District of Columbia in such definition of State.

HEARINGS

Public hearings on these and other amendments to the D.C. Election Act were held on August 24, 1971, and October 11, 1971. Testimony was received from members of Congress and from spokesmen for the District of Columbia Government, the D.C. Board of Elections, the D.C. Republican Committee, the D.C. Democratic Central Committee, and the Statehood Party of the District of Columbia, as well as from private citizens.

CONCLUSIONS

The Committee is of the opinion that the provisions of this bill will amend and update the D.C. Election Act of 1955 in several important aspects which are timely and in the public interest. For these reasons, the Committee urges prompt and favorable action on this bill.

The PRESIDING OFFICER. The bill is open to amendment.

If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 2878

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the District of Columbia Election Act (D.C. Code, sec. 1–1100 et seq.), is amended as follows:

(1) The first section of such Act (D.C. Code. sec. 1–1101), is amended (A) by inserting "(a)" immediately after "That", (B) by striking out in clause (3) thereof the words "at large", (C) by striking out in clause (2) thereof the final "and", and (D) by redesignating clause (3) as clause (4), (E) by adding a new clause (3) as follows:

"(3) Alternates to the officials referred to in clauses (1) and (2) above, where permitted by political party rules; and",

and, (F) by adding at the end thereof the following new subsection:

"(b) Candidates for office participating in an election of the officials referred to in clauses (2) and (3), or designated pursuant to clause (4), of subsection (a) of this section may be elected or designed, as the case may be, at large or by precinct or ward."

(2) Subsection (2) of section 2 of such Act (D.C. Code, sec. 1–1102), is amended to read as follows:

"(2) The term 'qualified elector' means any person (A) who, for the purpose of voting in an election under this Act, has resided or has been domiciled in the District continuously during the thirty-day period ending on the day of such election, (B) who is a citizen of the United States, (C) who is, or will be on the day of the next election, at least eighteen years old, (D) who has never been convicted of a felony in the United States, or if he has been so convicted, has been pardoned or is no longer subject to the jurisdiction of any court with respect thereto, (E) who is not mentally incompetent as adjudged by a court of competent jurisdiction, and (F) who certifies that he does not claim, and has not, within thirty days immediately preceding the day of the election, claimed the right to vote or voted in any election in any State or territory of the United States (other than the District of Columbia)."

(3) Subsection (4) of section 2 of such Act (D.C. Code, sec. 1–1102) is amended by deleting "a school" and by inserting the word "an" in lieu thereof.

(4) Subsection (b) of section 4 of such Act (D.C. Code, sec. 1–1104), is amended by striking "$50 per day, with a limit of $2500 per annum" and inserting "$75 per day with a limit of $11,250 per annum" in lieu thereof.

(5) Paragraph (2) of subsection (a) of section 5 of such Act (D.C. Code, sec. 1–1105), is amended by inserting immediately before the semicolon a comma and the following: "including, upon approval by majority vote of the City Council, referendums, advisory elections, and other community elections such as those for model cities programs, as part of any regular election".

(6) Paragraph (3) of subsection (a) of section 5 of such Act (D.C. Code, sec. 1–1105), is amended by striking "official" and inserting "sample" in lieu thereof.

(7) Paragraph (4) of subsection (a) of section 5 of such Act (D.C. Code, sec. 1–1105), is amended by deleting the word "school".

(8) Paragraph (6) of subsection (a) of section 5 of such Act (D.C. Code, sec. 1–1105) is amended (A) by striking "paragraphs (1), (2), (3), or (4)" and by inserting "paragraphs (1), (2), or (3)" in lieu thereof, and (B) by inserting after "(69 Stat. 584)" the words "as amended."

(9) Section 5 of such Act (D.C. Code, sec. 1–1105), is amended (A) by redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively, and (B) by adding after subsection (a) the following:

"(b)(1) The Board shall, on the first Tuesday after the first Monday in May of each presidential election year, conduct a presidential preference primary election within the District of Columbia in which the registered qualified voters therein may express their preference for candidates of each political party of the District of Columbia for nomination for President.

"(2) No person shall be listed on the ballot as a candidate for nomination for President in such primary unless there shall have been filed with the Board no later than forty-five days before the date of such presidential primary election a petition on behalf of his candidacy signed by the candidate and at least one thousand qualified electors of the District of Columbia who are registered under section 7 of this Act, and of the same political party as the nominee.

"(3) Candidates for delegate and alternates where permitted by political party rules to a particular political party national convention convened to nominate that party's candidate for President shall be listed on the ballot of the presidential preference primary held under this Act as:

"(A) slates of candidates for delegates supporting a candidate for nomination for President: *Provided,* That there shall have been filed with the Board, no later than forty-five days before the date of such presidential primary, a petition on behalf of such slate's candidacy signed by the candidates on the slate, the candidate for nomination for President supported by the slate, and by at least one thousand qualified electors of the District of Columbia who are registered under section 7 of this Act, and of the same political party as the qualified voters of such slate;

"(B) as slates of candidates for delegates not committed to support any named candidate for nomination for President: *Provided,* That there shall have been filed with the Board, no later than forty-five days before the date of such presidential primary, a petition on behalf of such slate's candidacy, signed by the candidates on the slate and by at least one thousand qualified electors of the District of Columbia who have registered under section 7 of this Act, and of the same political party as the qualified voters and such slate;

"(C) as an individual candidate for delegate supporting a candidate for nomination for President: *Provided,* That such candidate for delegate shall have complied with subsection (a) section 8 of this Act (D.C. Code, sec. 1–1108) and the petition referred to that subsection is signed by the candidate for nomination for President supported by such candidate for delegate, and

"(D) as an individual not committed to support any named candidate for nomination for President: *Provided,* That such candidate for delegate shall have complied with subsection (a) section 8 of this Act (D.C. Code, sec. 1–1108).

"(4) The Board shall (a) arrange the ballot for the presidential preference primary so as to enable each voter to indicate his choice for presidential nominee and for the slate of delegates and alternates pledged to support that prospective nominee with one mark, and provide an alternative to vote for individual delegates or uncommitted slates of delegates and (b) clearly indicate on the ballot the candidate for nomination for President which a slate or candidate for delegate supports.

"(5) The delegates and alternate delegates, of each political party within the District of Columbia to the national convention of that party convened for the nomination of the candidate of that political party for President, elected in accordance with this Act, shall be obligated to vote for the candidate for nomination who received at least a plurality of the votes cast in the presidential preference primary for all such candidates of that party for President held in the District of Columbia at which such delegates were elected on the first and second ballots cast at that convention for nominees for President, or until such time as such candidate receiving a plurality of such vote cast in the presidential preference primary withdraws his candidacy, but on subsequent ballots so cast each such delegate shall be free to cast his ballots in his discretion without restriction.

"(6) The Board shall by regulation specify such additional details as may be necessary and proper to effectuate the purposes and provisions of this subsection."

(10) Subsection (d) of section 5 of such Act (D.C. Code, sec. 1–1105) is amended by striking "persons not absent from the District but who are physically unable", and inserting "either persons temporarily absent from the District or persons physically unable" in lieu thereof.

(11) Subsection (a) of section 7 of such Act (D.C. Code, sec. 1–1107) is amended by striking in the second sentence "person" and inserting "qualified elector".

(12) Paragraph (1) of subsection (d) of section 7 of such Act (D.C. Code, sec. 1–1107), is amended (A) by striking from clause (A) the words "odd-numbered calendar year and of each presidential year" and inserting "even-numbered year" in lieu thereof, and (B) by striking from clause (B) the words "presidential election" and inserting "even-numbered" in lieu thereof, and (C) by inserting in clause (c), after the word "special", the words, "or runoff."

(13) Subsection (a) of section 8 of such Act (D.C. Code, sec. 1–1108) is amended to read as follows:

"(2) Candidates for offices referred to in clause (1) of the first section of this Act and for offices designated pursuant to clause (3) of such section shall be the persons registered under section 7 who have been nominated for such office by petitions prepared and presented to the Board in accordance with rules prescribed by the Board, but not later than forty-five days before the date of the election, and signed by the following minimum number of qualified electors duly registered under section 7 of the same political party as the nominee:

"(1) in the case of petitions nominating candidates for offices referred to in clause (1) of the first section of this Act and of petitions nominating candidates designated for election at large pursuant to clause (3) of such section, signatures of at least two hundred such electors;

"(2) in the case of petitions nominating candidates for offices designated for election from a ward pursuant to clause (3) of such section, signatures of at least fifty such electors residing in such ward, or one-half of 1 per centum of the registered electors of such party residing in such ward, whichever is less; and

"(3) in the case of petitions nominating candidates for the office of Delegate and for member of the Board of Education, they shall be accompanied by a guarantee of $200 in the form of currency, surety or a bond, at the choice of the candidate. Such guarantee shall be forfeited by the candidate in the event he fails to receive at least 5 per centum of the vote cast in the election for which he has presented a petition to the Board. In the event such candidate received at least 5 per centum of the vote cast, the guarantee shall be returned in full."

(14) Subsection (b) of section 8 of such Act (D.C. Code, sec. 1–1108) is amended to read as follows:

"(b) No such person shall hold elected office pursuant to this Act unless—

"(1) he has been a bona fide resident of the District of Columbia since the beginning of the one-year period ending on the date of the election in which he was elected to such office; or

"(2) in the case of a person elected from a ward, he has been a bona fide resident of the District of Columbia since the beginning of the one-year period ending on the date of the election in which he was elected to such office, and a bona fide resident of the ward from which he was elected since the beginning of the six-month period ending on the date of such election;

and is a qualified elector registered under section 7 of this Act."

(15) Subsection (c) of section 8 of such Act (D.C. Code, sec. 1–1108) is amended to read as follows:

"(c)(1) In each election of officials referred to in clause (1) of the first section of this Act, and in each election of officials designated for election at large pursuant to clause (3) of such section, the Board shall arrange the ballot of each party to enable the registered voters of such party to vote separately for each official duly qualified and nominated for election to such office; and

"(2) In each election of officials designated, pursuant to clause (3) of the first section of this Act, for election from a ward, the Board shall arrange the ballot of each party to enable the registered voters of such party, residing in such ward, to vote separately for each official duly qualified and nominated from such ward for election to such office from such ward."

(16) Subsection (f) of section 8 of such Act (D.C. Code, sec. 1–1108), is amended by striking "August 15" and inserting "the third Tuesday in August" in lieu thereof.

(17) Subsection (l) of section 8 of such Act (D.C. Code, sec. 1–1108), is amended to read as follows:

"(l) Each candidate in a primary election for the office of Delegate shall be nominated for such office by a petition (1) filed with the Board not later than the forty-fifth day before the date of such primary election; (2) signed by qualified electors registered under section 7 of this Act equal in number to 1 per centum of the total number of such electors in the District of Columbia who are of the same political party as the nominee, as shown by the records of the Board as of the ninety-ninth day before the date of such primary election, or by two thousand of such qualified electors who are of the same political party as the nominee, whichever is less; but in no case less than one hundred qualified electors. A nominating petition for a candidate in a primary election for the office of Delegate may not be circulated for signature before the ninety-ninth day preceding the date of such election and may not be filed with the Board before the sventieth day preceding such date. The Board may prescribe rules with respect to the preparation and presentation of nominating petitions. The Board shall arrange the ballot of each political party in each such primary election so as to enable a voter of such party to vote for any one duly nominated candidate of that party for the office of Delegate."

(18) Paragraph (1) of subsection (j) of section 8 of such Act (D.C. Code, sec. 1–1108), is amended to read as follows:

"(j)(1) A duly qualified candidate for the office of Delegate may, subject to the provisions of this subsection, be nominated directly as such a candidate for election in the next succeeding general election for such office (including any such election to be held to fill a vacancy). Such person shall be nominated by a petition (A) filed with the Board not less than the forty-fifth day before the date of such general election; and (B) signed by duly registered voters equal in number to 1½ per centum of the total number of registered voters of the District, as shown by the records of the Board as of the ninety-ninth day before the date of such election, or by three thousand persons duly registered under section 7 of this Act, whichever is less but in no case less than one hundred such duly registered voters. A nominating petition for such a candidate for the office of Delegate may not be circulated for signature before the ninety-ninth day preceding the date of such election and may not be filed with the Board before the seventieth day preceding such date. The Board may prescribe rules with respect to the preparation and presentation of such nominating petitions.

(19) Subsection (m) of section 8 of such Act (D.C. Code, sec. 1–1108) is amended to read as follows:

"(m)(1) Designation of offices of local party committees to be filled by election pursuant to clause (3) of the first section of this Act shall be effected, in accordance with the provision of this subsection, by written communication signed by the chairman of such committee and filed with the Board not later than ninety days before the date of such election.

"(2) Such designation shall specify separately (A) the titles of the offices and the total number of members to be elected at large, if any, and (B) the title of the offices and the total number of members to be elected by ward, if any.

"(3) In the event that a party committee designates members to be elected by ward pursuant to clause (B) of paragraph (2) this subsection, the number of such officials to be elected from each of the wards shall be based on the relative numerical strength of such party in such ward, as compared with the total numerical strength of such party in the District, in each case as measured by the total number of registered votes of such party residing in each ward (as shown by the records of the Board as of one hundred-twenty days before such election) based on the method known as the method of equal proportion, with no ward to elect less than one member. The Board shall by regulation specify such additional details as may be necessary and proper to effectuate the purpose of this subsection."

(20) Paragraph (1) of subsection (n) of section 8 of such Act (D.C. Code, sec. 1–1108), is amended by striking "qualified electors" and inserting "duly registered voters" in lieu thereof.

(21) Subsection (o) of section 8 of such Act (D.C. Code, sec. 1–1108), is amended to read as follows:

"(o) Each candidate in a general election for members of the Board of Education shall be nominated for such office by a petition (A) filed with the Board not later than the forty-fifth calendar day before the date of such general election; and (B) signed by at least two hundred persons who are duly registered under section 7 of this Act in the ward from which the candidate seeks election, or in the case of a candidate running at large, signed by at least fifty persons in each ward of the District who are duly registered in such ward, and such additional number of persons duly registered under section 7 of this Act, without regard to ward, as may be necessary for such petition to contain not less than one thousand persons. A nominating petition for a candidate in a general election for members of the Board of Education may not be circulated for signatures before the ninety-ninth day preceding the date of such election and may not be filed with the Board before the seventieth day preceding such date. The Board may prescribe rules with respect to the preparation and presentation of nominating petitions. In a general election for members of the Board of Education, the Board shall arrange the ballot for each ward to enable a voter registered in that ward to vote for any one candidate duly nominated to be elected to such office from such ward, and to vote for as many candidates duly nominated for election at large to such office as there are Board of Education members to be elected at large in such election."

(22) Subsection (q) of section 8 of such Act (D.C. Code, sec. 1–1108) is amended by inserting the words ", or slates of candidates" after the word "candidates".

(23) Section 8 of such Act (D.C. Code, sec. 1–1108), is amended by adding at the end of that section the following:

"(r) Any petition or other document required to be filed under this Act by a particular date must be filed no later than 5 o'clock post meridian on such date."

(24) Subsection (l) of section 8 of such Act (D.C. Code, sec. 1–1108), is repealed.

(25) Subsection (c) of section 9 of such Act (D.C. Code, sec. 1–1109), is amended to read as follows:

"(c) Any candidate or group of candidates may, not less than two weeks prior to such election, petition the Board for credentials authorizing watchers at one or more polling places and at the place or places where the vote is to be counted for the next election during voting hours and until the count has been completed. The Board shall formulate rules and regulations not inconsistent with this Act to prescribe the form of watchers' credentials, to govern the conduct of such watchers, and to limit the number of watchers so that the conduct of the election will not be unreasonably obstructed. Such rules and regulations should provide fair opportunity for watchers for all candidates or groups of candidates to challenge prospective voters whom the watchers believe to be unqualified to vote, to question the accuracy in the vote count, and otherwise to observe the conduct of the election at the polling places and the counting of votes."

(26) Paragraph (1) of subsection (a) of section 10 of such Act (D.C. Code, sec. 1–1110), is amended to read as follows:

"(a) (1) The elections of the officials referred to in clauses (1), (2), and (3) of the first section and of officials designated pursuant to clause (4) of such section and the presidential preference primary under section 5(b) of this Act shall be held on the first Tuesday after the first Monday in May of each presidential election year."

(27) Section 10(a)(7)(A) of such Act (D.C. Code, sec. 1–1110), is amended (A) by striking out "a majority" and inserting "at least 35 per centum" in lieu thereof and (B) by striking out "on the twenty-first day following such election" and inserting "either on the twenty-first day following such election or, in exceptional circumstances determined by the Board to make such date impracticable, not less than two weeks nor more than six weeks after the date on which the Board has determined the results of the preceding general election. At the time of announcing such determination the Board shall establish and announce the date of the runoff election, if one is required."

(28) Section 10(a)(7)(B) of such Act (D.C. Code, sec. 1–1110), is amended by striking out "a majority" and inserting "at least 35 per centum" in lieu thereof.

(29) Paragraph (8) of subsection (a) of section 10 of such Act (D.C. Code, sec. 1–1110), is amended by striking "less than a majority" and by inserting a period instead.

(30) Subsection (a) of section 11 of such Act (D.C. Code, sec. 1–1111), is amended by inserting immediately before the last sentence thereof, the following new sentence: "In no case, however, shall the petitioner be required to pay the cost of any recount in any such election if the difference in the number of votes received by the petitioner in connection with any office and the number of votes received by the person certified as having been elected to that office, in the case of an election from a ward, is less than 1 per centum or fifty votes whichever is less, or in the case of an election at large, is less than 1 per centum or two hundred votes, whichever is less."

(31) Subsection (b) of section 13 of such Act (D.C. Code, sec. 1–1113), is amended by striking "or" immediately before "delegate"

and inserting "or alternate," immediately after "delegate".

(32) Subsection (d) of section 13 of such Act (D.C. Code, sec. 1–1113), is amended by striking "or" immediately before "delegate" and inserting ", or alternate" immediately after "delegate".

(33) Subsection (e) of section 13 of such Act (D.C. Code, sec. 1–1113), is amended to read as follows:

"(e)(1) Every independent committee or party committee which receives or expends funds on behalf of any candidate or group of candidates in an election for any office referred to in the first section of this Act, or in a primary election held under section 5(b) of this Act, shall have a chairman and a treasurer and shall maintain an address in the District of Columbia where notices may be sent. Every such committee shall register with the Board of Elections.

"(2) In any election held in the District of Columbia with respect to any office referred to in the first section of this Act, or with respect to a primary election held under section 5(b) of this Act, each candidate for election, and the treasurer of each independent or party committee, shall file with the Board of Elections not less than three nor more than five days before, and also within thirty days after, the date on which such primary or general election is held, an itemized statement, complete as of the day next preceding the date of filing, setting forth—

"(A) a correct and itemized account of each contribution received by such candidate or committee, or by any person for such candidate or committee with his or its knowledge or consent, from any source, for use in connection with such election, together with the name of the actual contributor;

"(B) a correct and itemized account of each expenditure made by such candidate or committee or by any person for such candidate or committee, with his or its knowledge or consent, in connection with such election, together with the name and address of the person to whom such expenditure was made, the date of such expenditure, and the purpose for which it was made; and

"(C) a correct and itemized account of any unpaid debts and obligations incurred by such candidate or committee with respect to such election, and the balance, if any, of such contributions remaining in the candidate or committee's possession.

"(3) A statement required by this subsection to be filed by a candidate or the treasurer of an independent or party committee shall be signed by the candidate or the treasurer of such committee, as the case may be, and shall be verified by the oath or affirmation of the person filing such statement, taken before any officer authorized to administer oaths. Such statement shall be deemed properly filed when deposited at the Board of Elections within the prescribed time. Such statement shall be preserved by the Board of Elections for a period of two years from the date of filing, shall constitute a part of the public records of such Board, and shall be open to public inspection.

"(4) In any case in which a candidate fails to timely file a statement required under this section to be filed prior to such election, the Board of Election shall, on the second day before such primary or general election in which such candidate is entered, cause to be published in one or more newspapers of general circulation in the District of Columbia an announcement stating that the candidate did not file a report of campaign expenditures as required by law. No candidate for election to any such office or participation in such primary shall be certified as having been elected to that office, or as a winner of any primary held pursuant to section 5(b) until all statements required to be filed by such candidate pursuant to this section have been filed. Any candidate or other person who wilfully violates this section shall be subject to imprisonment for thirty days or a fine of $5,000, or both."

SEC. 2. (a) Title VI of article I of the District of Columbia Income and Franchise Tax Act of 1947 (D.C. Code, secs. 47–1567—47–1567e), is amended by adding at the end of that title the following new section:

"SEC. 7. (a) CREDIT FOR CAMPAIGN CONTRIBUTIONS.—For the purpose of encouraging residents of the District to participate in the election process in the District, there shall be allowed to an individual a credit against the tax (if any) imposed by this article in an amount equal to 50 per centum of any campaign contribution made to any candidate for election to any office referred to in the first section of the District of Columbia Election Act, but in no event shall such credit exceed the amount of $20.

"(b) If the amount of credit allowed an individual by subsection (a) for a taxable year exceeds the amount of tax (computed without regard to such subsection but after allowance of any other credit allowable under this article) imposed under this article on such individual for such taxable year, a refund shall be allowed such individual to the extent that such credit exceeds the amount of such tax.

"(c)(1) A husband and wife filing separate returns for a taxable year for which a joint return could have been made by them may claim between them only the total credit (or refund) to which they would have been entitled under this section had a joint return been filed.

"(2) No individual for whom a personal exemption was allowed on another individual's return shall be entitled to a credit (or refund) under this section.".

(b) The table of contents of such article is amended by adding at the end of the part of such table relating to title VI the following:

"Sec. 7. Credit for campaign contributions.".

SEC. 3. Paragraphs (1), (2), and (3) of subsection (c) of section 2 of the Act entitled "An Act to fix and regulate the salaries of teachers, school officers, and other employees of the Board of Education of the District of Columbia", approved June 20, 1906 (D.C. Code, sec. 31–101 (c)), are amended to read as follows:

"(1) Each member of the Board of Education elected from a ward shall at the time of his nomination (A) be a qualified elector (as that term is defined in section 2 of the District of Columbia Election Act) in the school election ward from which he seeks election, (B) have, for the six-month period immediately preceding his nomination, resided in the school election ward from which he is nominated, and (C) have, during the one-year period next preceding his nomination, been an actual resident of the District of Columbia and have during such period claimed residence nowhere else. A member shall forfeit his office upon failure to maintain the qualifications required by this paragraph.

"(2) Each member of the Board of Education elected at large shall at time of his nomination (A) be a qualified elector (as that term is defined in section 2 of the District of Columbia Election Act) in the District of Columbia, and (B) have, during the one-year period next preceding his nomination, been an actual resident of the District of Columbia and have during such period claimed residence nowhere else. A member shall forfeit his office upon failure to maintain the qualifications required by this paragraph.

"(3) No individual may hold the office of member of the Board of Education and (A) hold another elective office other than delegate or alternate delegate to a convention of a political party nominating candidates for President and Vice President of the United States, or (B) also be an officer or employee of the District of Columbia government or of the Board of Education. A member will forfeit his office upon failure to maintain the qualifications required by this paragraph.".

SEC. 4. Subsection (i) of section 1 of the Act of June 25, 1910 (ch. 392, 36 Stat. 822), as amended (2 U.S.C. 241 (i)), and section 591, title 18, United States Code, are each amended by deleting the period at the end thereof and by inserting in lieu thereof a comma followed by the words "and the District of Columbia".

SEC. 5. The provisions of this Act and the amendments made thereby shall take effect as of January 1, 1972.

TEMPORARY EXTENSION OF CERTAIN HOUSING AND OTHER ACTS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 437, Senate Joint Resolution 176.

The PRESIDING OFFICER. The joint resolution will be stated by title.

The legislative clerk read as follows:

A joint resolution (S.J. Res. 176) to extend the authority of the Secretary of Housing and Urban Development with respect to interest rates on insured mortgages, to extend and modify certain provisions of the National Flood Insurance Act of 1968, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. SPARKMAN. Mr. President, the purpose of the resolution, Senate Joint Resolution 176, is to extend certain housing laws for temporary periods and to provide for certain exemptions now found in housing and other related laws.

The most important provision in the bill has to do with the interest rate ceiling on FHA and VA mortgages. Section 1 of the resolution would extend for a 6-months period the existing authority for the ceiling to be established by the Secretary of the Department of Housing and Urban Development. This authority expires on January 1, 1972, and the resolution would extend it to June 30, 1972. The committee expects to report a comprehensive housing bill to the Senate early next year and this matter will be fully debated and it is hoped a more constructive solution will be found to the interest rate question prior to the expiration date of June 30, 1972.

Section 2 of the resolution contains an extension of expiration dates applicable to the flood insurance program. Unless otherwise extended, certain authorities under the flood insurance program would cease as of December 31, 1971. The resolution before us would extend the date for 2 years—to December 31, 1973.

Section 3 of the resolution would suspend for a period of 2 years a requirement in existing law that Federal disaster assistance would not be available for a property owner located in an area that is eligible for flood insurance if the property owner has not taken advantage of the flood insurance. Because of the failure of the administration and others to notify properly such property owners, it is believed that the existing statute would work a severe hardship on

these families. The committee, therefore, is recommending that the property owners have an additional 2 years to fulfill the requirements of the law. Two years would also permit the Federal Insurance Corporation to work more closely with local governing bodies and private insurers to publicize the statutory requirements.

Section 4 of the resolution contains a provision which would remove the existing ceiling on FHA and VA mortgages to be purchased by the Government National Mortgage Association under its tandem plan. The existing ceiling of $22,000—or $24,500 for 4-bedroom or larger units—limits the application of this program only to about one-half of the States. The purpose of the program is to avoid raising the FHA and VA ceiling above 7 percent. With this purpose in mind, the committee felt that it would only be fair that the program apply to all FHA and VA mortgages and not just to those States where costs permit the financing of a home at a level below $22,000.

Because it is expected that interest rates will soon drop, to meet the purpose of this program the extension is limited to 6 months—to June 30, 1972.

Section 5 of the resolution would extend for 1 year the effective date of an amendment relative to the taxation of national banks by the States. A comprehensive tax law—Public Law 91-156—was approved by Congress in 1969 establishing for an interim period—expiring December 31, 1971—a State tax policy regarding national banks. The law also called for a study of the impact of this law on the banks and the Nation's credit system by the Federal Reserve Board. The Board sent a report to Congress requesting additional legislation be written before the permanent amendment became effective on January 1, 1972. Because of the time requirement for such legislation, the committee has recommended that the interim period be extended for 1 year—January 1, 1973.

Section 6 of the resolution contains a provision which would reduce the statutory requirement for insurance reserves held by the Federal Savings and Loan Insurance Corporation. Under existing law, the statute requires that the insurance reserves amount to 1¾ percent of the savings held by member associations. In view of the large volume of savings flowing into the associations this year, the addition to reserves necessary to meet the 1¾-percent requirement would work considerable hardship on the associations and would take away funds that otherwise would be available for mortgage purposes. The committee is recommending that the statutory percentage be reduced from 1¾ percent to 1⅗ percent and thus avoid the necessity for as much as $400 million being taken away from available resources for mortgage lending purposes.

I may say, Mr. President, that practically all of these provisions have been passed by the Senate at one time, but they were passed in individual bills, and to meet a situation which was involved in the House of Representatives' consolidating them, we are consolidating the bills and presenting them in one resolution.

Mr. BENNETT. Mr. President, representing the minority on the committee, I am happy to join in support of the program that has been laid out by the chairman of the committee, and, representing the Senator from Texas (Mr. TOWER), who is the ranking minority member of the committee, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk proceeded to read the amendment.

Mr. BENNETT. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 3, after line 21, add the following:

INCREASE OF AUTHORIZATIONS FOR COMPREHENSIVE PLANNING GRANTS AND OPEN-SPACE LAND GRANTS

SEC. 7. (a) The fifth sentence of section 701(b) of the Housing Act of 1954 is amended by striking out "$420,000,000" and inserting in lieu thereof "$470,000,000".

(b) Section 708 of the Housing Act of 1961 is amended by striking out "$560,000,000" and inserting in lieu thereof "$660,000,000".

Mr. BENNETT. Mr. President, Senator TOWER's amendment would authorize the appropriation of an additional $50 million for comprehensive planning grants under the 701 program and an additional $100 million for the open space land program. Each of these programs is administered by the Department of Housing and Urban Development.

Legislation identical to this proposed today was passed by the Senate on July 15 of this year as Senate Joint Resolution 52. That action had the effect of increasing the authorizations to the full amount requested by the President in his budget message to Congress for fiscal year 1972. Unfortunately, however, the House has not yet taken any action on these proposed increases.

With the adoption of this amendment by the Senate, we will be able to go to conference assured of House consideration of the proposal at that time, with the prospect of a supplemental appropriation at some point during the early months of next year.

Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the committee report which accompanied Senate Joint Resolution 52—No. 92-254—explaining the purpose of the amendment.

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

WHAT THE RESOLUTION WOULD DO

Senate Joint Resolution 52, would authorize the appropriation of an additional $50 million for the comprehensive planning grants (sec. 701(b) of the Housing Act of 1954) and an additional $100 million for the open space land program (sec. 708 of the Housing Act of 1961). This additional authorization would be provided by increasing from $420 million to $470 million the statutory limits on the amounts which may be appropriated for section 701(b) and would increase from $560 million to $600 million the amount which may be appropriated for the open space land program.

The President's budget program for fiscal 1972 proposes an appropriation of $100 million for the section 701 comprehensive planning grant program and an appropriation of $200 million for the open space land program. These program levels, which had not been formulated in time to be submitted during the consideration of the Housing and Urban Development Act of 1970, are an integral and important portion of the Department's activities in providing needed assistance to the communities of his Nation.

As the President indicated in his message of February 8, transmitting a program to save and enhance the environment, appropriations requested for the open space program would be used in connection with the program's new emphasis on the acquisition and development of additional park lands in urban areas, including the provision of facilities such as swimming pools to add to the use and enjoyment of these parks. The additional appropriations requested for the comprehensive planning program would be used to carry out the program's new objectives contemplated for 1972, which are designed to strengthen the executive and managerial capabilities of State and local governments.

Existing authorizations for these programs, as increased by the Housing and Urban Development Act of 1970, will fall short of providing the authority for the requested appropriation by $41 million in the comprehensive planning grant program and $91 million in the open space land program. The $41 million is the authorization needed to meet the President's budget request for the regular section 701 program independent of the approximate $26 million unused earmarked authority for community development districts. Because of the nature of the appropriations process, unless additional authorizations are enacted prior to the time the Appropriations Committee acts, consideration of these two requests would have to be split between the annual appropriation bill and a supplemental appropriation bill.

The committee reports the resolution at this time so that the Independent Offices and Department of Housing and Urban Development appropriations bill before the Senate can include the full amount requested in the President's budget program for fiscal 1972 for both comprehensive planning grant program and the open space land program. It is expected that this appropriation bill will be reported to the Senate within the very near future.

ELIMINATION OF REDTAPE AND DELAYS

In reporting Senate Joint Resolution 52, the committee is mindful of the testimony it has received concerning the delays and large amounts of unnecessary paperwork which has encumbered the program. The committee urges the Department of Housing and Urban Development to put into effect a plan which would drastically reduce paperwork required for 701 applications. To make this effective, the committee recommends that the Department work out self-imposed period of time for the Department to consider an application and to provide an answer to the applicant. One group of witnesses before the committee suggested that a reasonable time for such a period would be 60 days.

SUPPORT FOR STATE AND REGIONAL COUNCILS OF GOVERNMENT

Testimony submitted to the committee documented the increasing needs for 701 funds to assist the Councils of Governments in carrying out their project review and coordination responsibilities under existing law.

The State and regional project review functions are carried out in accordance with the requirements of the Intergovernmental Re-

lations Coordination Act of 1968. The actual review process which a State and regional Council of Governments is requested to follow is contained in the Office of Management and Budget Circular A–95, and the review is known as the A–95 process.

The A–95 review activity has proved extremely valuable in avoiding project duplication and project conflicts at the regional and State level. The Office of Management and Budget has documented that these review activities have, since the inception of the program, netted substantial savings to the government over the last few years. A more recent limited review conducted by the National Service to Regional Councils estimated these savings to be over $300 million. If properly supported, we are convinced that the State and Council of Governments review activities function as required under A–95 can reflect even greater savings to Government. We encourage HUD to use the increased funds to take whatever steps appropriate to help improve the project review process at the State regional level.

PROPOSED LEGISLATION

In urging the Senate to pass this bill, we do not wish to imply that we necessarily support the substance of the proposed title II of S. 1618, which would establish an executive management planning program to replace the existing 701 urban planning assistance program.

While we agree that the executive management planning functions as outlined in S. 1618, which HUD wants at the local mayor and State Governor level is important and is worthy of Federal aid, we do feel that the committee may want to set more refined procedures and objectives for the program when substantive legislation is recommended. HUD has had authority to fund mayors and Governors in this general manner for some time, but in the case of mayors and other elected local executives, the agency has never requested the additional funding required for this purpose.

DESCRIPTION OF THE COMPREHENSIVE PLANNING GRANT PROGRAM

The comprehensive planning grant program is authorized by section 701 of the Housing Act of 1954, as amended. Under this section, the Secretary is authorized to provide comprehensive planning assistance to State, areawide, and local public agencies. * * * for solving planning problems, including those resulting from the increasing concentration of population in metropolitan and other urban areas and the outmigration from and lack of coordinated development of resources and services in rural areas; to facilitate comprehensive planning for urban and rural development, including coordinated transportation systems, on a continuing basis by such governments; and to encourage such governments to establish and improve planning staffs and techniques on an areawide basis * * *.

Grants may be made for up to two-thirds of the total cost of planning work. However, grants may cover up to 75 percent of the planning costs for localities in designated redevelopment areas, in areas facing a substantial reduction in employment because of Federal Government action, in economic development districts (and cities, counties, and municipalities located in such districts) and for regional commissions established by the Appalachian Regional Development Act. The Housing and Urban Development Act of 1970, also authorized grants of not more than 75 percent of the cost of certain activities necessary to the development or implementation of plans and programs in areas whose development has significance for the purposes of national growth and urban development objectives.

The statute clearly sets forth comprehensive planning as a process to assist State and local elected officials in formulating and then implementing policies for growth and development. Comprehensive planning provides a framework for individual development and management decisions spanning a broad range of governmental activities, services, and investments. This framework guides the selection, sequence, and timing of specific functional planning and enhances coordination with comprehensive overall policies and objectives. This comprehensive scope of the program distinguishes it from the other Federal planning assistance programs that are limited to function interests.

DESCRIPTION OF THE OPEN SPACE LAND-GRANT PROGRAM

The open space land programs were authorized under title VII of the Housing Act of 1961, as amended. The original program elements were (1) Acquisition and development of undeveloped land; (2) urban parks; (3) urban beautification and improvement; (4) historic preservation; and (5) demonstrations, studies, and publications.

Title IV of the Housing and Urban Development Act of 1970 combined the former program elements, and clarified and broadened statutory authorities. The amended program provides for grants to States and local public bodies to acquire and develop open space land. In addition to providing parks and recreation areas, the program helps curb urban sprawl and prevent the spread of urban blight and deterioration, encourages more economic and desirable urban development, assists in preserving areas and properties of historic or architectural value, and helps provide necessary conservation and scenic areas.

As provided in the HUD Act of 1970, up to 50 percent grants may be made to help finance the acquisition of title or other interest in open space and the development of open space or other public land in urban areas, including development of publicly owned or controlled land. Grants of up to 75 percent may be made for the acquisition if interest in undeveloped or predominantly undeveloped land which would have special significance in helping to shape economic and desirable patterns of urban growth. Up to 50 percent of the non-Federal share of a project may be made up by donations of land or materials. Where appropriate, temporary use of leaseholds, with limited development activities, may be provided through the program. The cost of relocation payments and services shall be made as part of a project involving acquisition.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas (Mr. TOWER).

The amendment was agreed to.

Mr. MONDALE. Mr. President, I send to the desk an amendment, and ask unanimous consent that the reading of the amendment be waived.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment will be printed in the RECORD.

Mr. MONDALE'S amendment is as follows:

In sentence one, section 718(a) of the Housing and Urban Development Act of 1970 strike "State or local public body or agency" and insert in lieu thereof "State, local public body or agency, or other entity".

Mr. MONDALE. Mr. President, this was an amendment prepared by HUD. I do not believe there was any objection to it. It is designed to make nonprofit organizations eligible for supplementary grants as a part of the new community assistance program.

The present law makes public bodies eligible for supplementary grants, but inadvertently omitted nonprofit organizations as being eligible for such supplementary grants just as they are now eligible for regular grants for certain community assistance projects such as the Hill-Burton program concerning hospital and health services. The amendment would make nonprofit organizations eligible for supplementary grants in cases where they are now eligible for the regular grants for those new community assistance projects which the Secretary determines are necessary or desirable for a new community program.

I understand that the Department supports the amendment. I think it does fill a loophole that was inadvertent, and I would ask the floor manager if this amendment is acceptable to him.

Mr. SPARKMAN. Mr. President, I am willing to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota.

The amendment was agreed to.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MANSFIELD. I have a question I would like to address to my colleague from Alabama. There are a number of national banks located in Montana which are owned by a bank holding company located outside the State of Montana. Would the passage of Senate Joint Resolution 176, more specifically section 5, prohibit the State of Montana from levying a tax on those banks?

Mr. SPARKMAN. Definitely not. If the bank is organized under the laws of Montana and is located and does business in the State of Montana, it is subject to the same taxes that other banks in Montana pay regardless of the facts that it may be owned or controlled by a holding company located outside the State.

Mr. MANSFIELD. Is it correct that even with the passage of Senate Joint Resolution 176, a State may levy any taxes it wishes on a national bank located within its borders except a tax on intangible personal property?

Mr. SPARKMAN. That is correct. Public Law 91–156 which Congress approved approximately 2 years ago was designed to remove immediately all prohibitions on the taxation of national banks located in the taxing State, with the sole exception of a tax on intangible personal property. Senate Joint Resolution 176 does not alter the impact of Public Law 91–156 in that respect. Thus, a State may impose any form or forms of taxes it desires—except an intangible personal property tax—on national banks within its borders so long as they are imposed generally on a nondiscriminatory basis throughout the State.

Mr. MANSFIELD. Mr. President, I thank the distinguished Senator for answering the two questions which were uppermost in the minds of the administration of my State concerning this particular piece of legislation.

Mr. SPARKMAN. I appreciate the Senator's bringing this matter up. It is a matter that has been of concern to one or two other States, which brought up situations not identical, but somewhat similar.

The passage of this measure would not

interfere with what the Senator from Montana has in mind.

Mr. MANSFIELD. I thank the Senator.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. BROOKE. Mr. President, I send an amendment to the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. BROOKE. I ask unanimous consent that further reading of the amendment be dispensed with.

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

Mr. BROOKE's amendment is as follows:

At the end of the joint resolution insert the following:

PUBLIC HOUSING RENT REDUCTIONS

SECTION 1. Section 2 (1) of the United States Housing Act of 1937 is amended by adding at the end thereof a new paragraph as follows:

"Notwithstanding any other provision of Federal law or regulations thereunder, a public agency shall not reduce welfare assistance payments to any tenant or group of tenants in low-rent housing as a result of any reduction in rent resulting from the application of the rent limitation set forth in this paragraph (1) and required by such limitation."

Mr. BROOKE. Mr. President, this is a clarifying amendment intended to correct an oversight in our current housing laws. It applies to the so-called Brooke amendment of 1969, whereby public housing tenants were relieved of the burden of having to pay more than 25 percent of their adjusted income for rent. Unfortunately, it soon became apparent that those tenants receiving public assistance would, in most States, be denied the benefit of the amendment. Most of the States pay out assistance for rent on an "as-paid" basis up to a maximum. Thus, if the Brooke amendment were to be applied, their public assistance payments would be reduced accordingly with no benefit accruing to the tenants or their families.

Mr. President, you will recall that I introduced a similar amendment in the last Congress which, like the one I offer today, is designed to aid those tenants residing in federally assisted public housing projects who are receiving public assistance. It was reported favorably out of the Senate Committee on Banking, Housing and Urban Affairs and was passed by this body as a part of the Housing and Urban Development Act of 1970 on a vote of 59 to 2. However, when this amendment was considered in conference, we were asked by administration officials to refrain from immediate legislative action in this area so that a joint HEW–HUD task force could review the various alternatives in depth and provide us with their recommendations. Accordingly, and at the expense of the poorest of our poor in public housing, we refrained from providing them direct relief for the time being.

Since that time, I have maintained continuing contact with the progress of the task force. In addition, I recently spoke to the Secretary of Health, Education, and Welfare, Mr. Richardson, who was kind enough to draft a followup letter on this subject. From these three sources. I have been given every indication that the only realistic alternative we have before us is the amendment that I offered last year. It is also my understanding that the joint task force report will be forthcoming in the near future and will generally support this position.

The amendment that I offer today was thoroughly debated on its merits in committee and on the floor during the last session. The only question properly before us is whether there is any other viable solution. In my view, that question has been adequately answered in the negative.

I have spoken to the chairman, and he has indicated his support for this amendment.

Mr. SPARKMAN. Mr. President, the committee discussed this amendment by the distinguished Senator from Massachusetts, and agreed that we were willing to accept it, if the Senator would obtain certain information concerning its operation. He has done that, and we agreed at that time that we would handle it in this fashion on the floor of the Senate. We accept the amendment.

Mr. JAVITS. Mr. President, I just want to state my feeling that this is not only desirable, but essential to the true purpose and intent of what the committee did in the Brooke amendment, which has had remarkable effect other than for this problem, and I am very pleased that the Senator from Massachusetts and the committee have been able to work out this solution to that problem.

Mr. BROOKE. I thank my friend from New York.

Mr. SPARKMAN. This is really cumulative to the previous amendment that the Senator from Massachusetts offered and the Senate accepted.

Mr. JAVITS. That is right.

Mr. SPARKMAN. Which was adopted 2 years ago, in 1969.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts (Mr. BROOKE).

The amendment was agreed to.

The PRESIDING OFFICER. The joint resolution is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The joint resolution having been read the third time, the question is, Shall it pass?

The joint resolution (S.J. Res. 176) was passed, as follows:

S.J. RES. 176

Joint resolution to extend the authority of the Secretary of Housing and Urban Development with respect to interest rates on insured mortgages, to extend and modify certain provisions of the National Flood Insurance Act of 1968, and for other purposes

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

FLEXIBLE INTEREST RATE AUTHORITY

SECTION 1. Section 3(a) of the Act entitled "An Act to amend chapter 37 of title 38 of the United States Code with respect to the veterans' home loan program, to amend the National Housing Act with respect to interest rates on insured mortgages, and for other purposes", approved May 7, 1968, as amended (12 U.S.C. 1709–1), is amended by striking out "January 1, 1972" and inserting in lieu thereof "June 30, 1972".

EXTENSION OF PROVISION FOR EMERGENCY IMPLEMENTATION OF FLOOD INSURANCE PROGRAM

SEC. 2. Section 1336(a) of the Housing and Urban Development Act of 1968 (42 U.S.C. 4056(a)) is amended by striking out "December 31, 1971" and inserting in lieu thereof "December 31, 1973".

SUSPENSION OF THE REQUIREMENT PERTAINING TO THE AVAILABILITY OF FLOOD INSURANCE AS A CONDITION OF FEDERAL DISASTER ASSISTANCE

SEC. 3. The provisions of section 1314(a)(2) of the Housing and Urban Development Act of 1968 (42 U.S.C. 4021(a)(2)) shall not apply with respect to any loss, destruction, or damage of real or personal property that occurs on or before December 31, 1973.

TEMPORARY WAIVER OF CERTAIN LIMITATIONS APPLICABLE TO THE PURCHASE OF MORTGAGES BY THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

SEC. 4. The Government National Mortgage Association is authorized to issue commitments to purchase, and to purchase, mortgages under section 305 of the National Housing Act without regard to the limits set forth in clause (3) of the first sentence of section 302(b)(1) of such Act, if—

(1) the President declares such action is necessary to assure a greater availability of mortgage credit for federally insured or guaranteed mortgages without increasing the maximum interest rate then in effect; and

(2) the commitment to purchase is issued, or the purchase is made, prior to July 1, 1972.

Any commitment to purchase issued pursuant to this section prior to July 1, 1972, may be honored after such date.

EXTENSION OF DATES APPLICABLE TO CERTAIN PROVISIONS OF LAW RELATING TO THE TAXATION OF NATIONAL BANKS

SEC. 5. The Act entitled "An Act to clarify the liability of national banks for certain taxes", approved December 24, 1969 (83 Stat. 434), is amended by striking out "1972" in sections 2(b) and 3(a) and inserting in lieu thereof "1973".

REQUIREMENT AFFECTING THE PREPAYMENT OF PREMIUMS BY INSURED INSTITUTIONS TO THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

SEC. 6. Section 404(g) of the National Housing Act, as amended (12 U.S.C. 1727(g)), is amended by striking out "1¾" and inserting in lieu thereof "1⅞".

EXPANSION OF SUPPLEMENTAL GRANT ASSISTANCE UNDER NEW COMMUNITY ASSISTANCE PROGRAM

SEC. 7. In sentence one, section 718 (a) of the Housing and Urban Development Act of 1970 strike "State or local public body or agency" and insert in lieu thereof "State, local public body or agency, or other entity".

PUBLIC HOUSING RENT REDUCTIONS

SEC. 8. Section 2(1) of the United States Housing Act of 1937 is amended by adding at the end thereof a new paragraph as follows:

"Notwithstanding any other provision of Federal law or regulations thereunder, a public agency shall not reduce welfare assistance payments to any tenant or group of tenants in low-rent housing as a result of any reduction in rent resulting from the application of the rent limitation set forth in this paragraph (1) and required by such limitation."

INCREASE OF AUTHORIZATIONS FOR COMPREHENSIVE PLANNING GRANTS AND OPEN-SPACE LAND GRANTS

SEC. 9. (a) The fifth sentence of section 701 (b) of the Housing Act of 1954 is amended

by striking out "$420,000,000" and inserting in lieu thereof "$470,000,000".

(b) Section 708 of the Housing Act of 1961 is amended by striking out "$560,000,000" and inserting in lieu thereof "$660,000,000".

Mr. SPARKMAN. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. BENNETT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SPARKMAN subsequently said: Mr. President, I ask unanimous consent, in connection with Senate Joint Resolution 176, which the Senate has just acted on, that the Secretary of the Senate be authorized to make certain technical changes that may be required.

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

GRAYSON—A PRICE CZAR SHOULD BE SUBJECT TO SENATE CONFIRMATION

Mr. PROXMIRE. Mr. President, on Thursday morning the Chairman of the Price Commission, Jackson Grayson, appeared before our Joint Economic Committee.

He was impressive. He responded easily to complicated questions and he impressed members of the committee not only with his articulate intelligence, but with his disarming affability.

But, Mr. President, Jackson Grayson has become one of the three or four most powerful men in this Government.

If there ever was a case for Senate confirmation of a Presidential appointee we have it in the case of Mr. Grayson.

He has been referred to as a "price czar" and that is exactly what he is.

The Price Commission can flatly determine whether prices of American firms go up and how much they go up. That is literally a life or death power over business.

The complex regulations under which a firm may increase its prices are promulgated by the Price Commission. They decide what they are. They decide and interpret how they will be administered.

Now how much power does Mr. Grayson have on this Board?

After all, it is a seven man body. Does he not have just one vote out of seven?

The answer, Mr. President, is that Mr. Grayson will run that board about the way Lyndon Johnson as majority leader ran the U.S. Senate.

Here is what Mr. Grayson has said:

I will make most of the decisions on whether to allow price increases.

With advice from the staff, Grayson will determine which cases he will decide and which he will refer to the full commission or a panel of whatever three or four members of the seven-man commission he may choose.

Grayson has said that the great majority of cases must be decided by the chairman because the full commission probably will meet only once or twice weekly after the control program is launched.

Grayson has also said that it is his judgment that "at least theoretically" he as chairman has the right to make a final decision by himself—even if the other members want to participate.

Some Senators may argue that Mr. Grayson will never operate this way. He will not?

Consider what he has already done.

It has been reliably reported that on Wednesday, Grayson made the first big decision—that permitting American Motors to raise its prices 2½ percent on its 1972 models—on his own, and after consulting with exactly one other member, to wit, Robert F. Lanzilotti.

Mr. President, for the moment I am not proposing that the Senate should amend phase II control bill, which we will take up next week or shortly after, to specify how to limit the powers of the chairman. What I am suggesting is that the Senate should insist on confirming Mr. Grayson.

This Congress is giving Mr. Grayson immense power. He is exercising far more power than this Senator thought that he would exercise as chairman, and at the very least we should insist on Mr. Grayson going through the confirmation process.

Frankly, Mr. Chairman, I would be inclined to confirm him. I am impressed by his ability and character, but we should have a far clearer record of just how he intends to exercise the immense power he has assumed, and the full Senate should weigh Mr. Grayson's qualities; and in the hearing process, committee members should express to him any reservations we may have on the manner in which he exercises them.

Would an amendment to the phase II bill requiring confirmation for Mr. Grayson delay action by Mr. Grayson or the Price Commission? It would not.

Mr. Grayson could and would serve until the Senate acted on his confirmation. There would be no delay. And, frankly, this Senator would feel much better about the exercise of this immense power if this powerful chairman were acting with the knowledge that a Senate inquiry into his exercise of power and Senate confirmation action were forthcoming.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. SPARKMAN. Mr. President, I want to comment briefly on what the Senator has said. I heard over the radio what the Senator has referred to, about Dr. Grayson's statement to the effect that he was almost a one-man board. I am sure it was not the intention of the President, in setting up this Board—I know it would not be the thought or intention of our committee, and I do not believe it would be the intention of Congress—that this should be a one-man board.

I have been very impressed with Dr. Grayson. I think he is a man of great ability and diligence, and I have great confidence in him and in his performing the job with sincerity and with dedication to the idea of doing justice, equity, and fairness.

I like to think that the statement he made was more or less a slip of the tongue. He is a full-time man and he is there at work all the time, and I am sure that he probably has a better opportunity to make up his mind than the part-time members do.

Mr. PROXMIRE. The difficulty is that the President's order, as I understand it, gives the Chairman the authority to act for the Board; and the Chairman feels that because the other members of the Board are part time and because he understands that they will come in town only once or twice a week he must exercise this immense power. I am sure there will be hundreds of firms which will have to appeal for a price increase—it would take full-time attention on the Chairman's part, with only broad policies and very important decisions being referred to other members. Perhaps it has to be run that way. I agree wholeheartedly with the Senator from Alabama that it would be far better if it did not have to be. But I am not complaining about that as much as the necessity that in the case of a man with this immense power—I think the Senator from Alabama suggested that we might consider the confirmation of the chairmen of the two committees——

Mr. SPARKMAN. Yes, I did.

Mr. PROXMIRE (continuing). This might be a wise action on the part of the Senate.

Mr. SPARKMAN. I still think that, although he is working full time, some plan can be worked out whereby the board will be brought in when it is necessary to make an important decision, and at least have a meeting and discuss it. He might have three, four, or a half dozen problems that he will work out to the best of his own decision; but before making a final decision, let the board come in, lay it before them, let them say their piece; and, as a matter of fact, supply them with such facts and figures as may be necessary which they can be studying while they are back home. But at least have them present to discuss the matter and make the final decision.

Mr. PERCY. Mr. President, will the Senator yield for a question?

Mr. PROXMIRE. I yield.

Mr. PERCY. Is it clear before what committee Dr. Grayson would appear for such confirmation as envisioned by the amendment to be offered?

Mr. PROXMIRE. That is to be determined, I presume, by the Parliamentarian; but I think there is every likelihood that he would appear before the Committee on Banking, Housing and Urban Affairs, of which the Senator from Alabama is the chairman.

We were the committee responsible for providing the basic legislation that established the board. We are the committee that is responsible for the phase 2 legislation generally. So I would think it would be our committee.

Mr. PERCY. First, I should like to comment that I do not know of a better committee before which he could appear.

Mr. SPARKMAN. The Senator used to serve on it.

Mr. PERCY. As an alumnus of that committee, I can say so. I have had 4 years of very fine service on the committee.

I am pleased, indeed, to hear the chairman and such a ranking member as Senator PROXMIRE evidence such high

regard for Dr. Grayson, high regard that I fully share. I feel that he is one of the finest choices that could have been made. He is a man of great intelligence, a decisive man, and yet a man of balanced judgment, utterly fair, who has the full knowledge of the consumer-management position and labor's position in many of these matters.

However, I think there is a great deal to be said for the fact that it would be desirable to have clarified before a confirming committee the distribution of power. I was somewhat surprised with the declaration of how the Commission would operate. Yet, as I went back and read over the order, Dr. Grayson is operating within the power that has been given to him, and I do not know a better man to exercise that power. But I do not think of any of the decisions he will be making will be unimportant. They are decisions of life or death. The prices that a business can charge will determine whether that business can survive.

I have knowledge that he has a very close relationship with the Cost of Living Council and a close relationship with Donald Rumsfeld. Certainly, all factors will be taken into account when he renders a decision. They will not be snap decisions. But many decisions will have to be rendered with swiftness, in providing the greatest protection that the business and the workers in that business and the consumers and the distribution organizations can have.

I do not know whether the procedure would be available to have a debating society on every one of those and deal with them with the dispatch that the conditions call for. But it certainly would be within the province of the Senate, I should think, to further clarify how the Commission will operate; and I think that all American business and labor would benefit from it.

I have a delegation of 25 of the top industrialists coming to Washington on Monday to find out how these various boards and commissions are going to operate. A great deal of information needs to be given to the American public, and the hearings could serve as a sounding board for the expression of such views will give a much better public understanding, which would be a part of the educational system to further the work of the Commission and certainly fulfill the responsibility of the Senate, so that I would be inclined to support the amendment of my distinguished colleague from Wisconsin.

Mr. PROXMIRE. I thank the Senator very, very much.

Mr. President, I yield the floor.

TRIBUTE TO THE CHICAGO SYMPHONY ORCHESTRA AND ITS CONDUCTOR GEORG SOLTI

Mr. PERCY. Mr. President, I had the great privilege, on yesterday, to introduce to many Members of this body one of the most remarkable men in the field of the arts, sciences, and humanities in the world today. He is Hungarian born Georg Solti, who is the present music director of the Chicago Symphony Orchestra. He has held that position since 1969, although he first conducted the Chicago Symphony Orchestra at the 1954 Ravinia Festival.

In my conversation with Mr. Solti yesterday, it became apparent to me why he has reached the pinnacle of success in his chosen field. His principles apply to almost every field of endeavor. First, he loves his work. It is apparent that he is consumed with the idea that music can do a great deal to bring out an individual, that it can do a great deal for the spirit of a person, and that it can do a great deal also for people in emphasizing the important role music can play in the life of a nation.

Mr. Solti has just returned with his orchestra from a triumphant visit to Europe. I hope that he will take the Chicago Symphony Orchestra as frequently as possible to other areas of the world, whether they be Communist or non-Communist.

For the peoples of other countries to see American culture represented in its highest form, which Mr. Solti and the Chicago Symphony Orchestra represent it to be, would be a major contribution to better understanding of the kind of people that Americans are. Americans are sometimes looked upon as a materialistic people. However, after all, we have more symphony orchestras in this country than the rest of the world combined. So that the love Georg Solti has for his music, I think, is one of the reasons he enjoys such prominence and success today.

Second, he has the highest respect for his orchestra and its members. These members are able to feel that respect and this, in a sense, in addition to the quality of his work and his conducting, enables them to extend themselves to the limit of their abilities.

Third, I believe that Mr. Solti is a man who has deep appreciation for the public support given to the symphony orchestras in this country, as well as the arts, by the public and by the Federal Government. The role of the Federal Government is an increasing one in support of the arts and the humanities in the United States today.

As I listened to Mr. Solti yesterday tell of the response from the audiences that listened to the Chicago Symphony Orchestra in London, Paris, Vienna, and other capitals in Europe, I was somewhat concerned whether the audience which listened to the Chicago Symphony Orchestra when it opened last night at the Kennedy Center would respond as enthusiastically.

Last night, when Georg Solti conducted a brilliant performance, at the end of the Gustav Mahler Giant Fifth Symphony, the audience rose in acclamation and gave many accolades and expressions of appreciation which lasted many, many minutes, and following the performance they brought Georg Solti back to the podium many, many times.

Mr. President, I ask unanimous consent to have printed in the RECORD the following material:

One, a biography of Georg Solti.

Two, an article written by Paul Hume, published in the Washington Post on November 16, 1971, entitled "Chicago and Solti." Let me read the beginning:

Beyond argument, there is not in the world today a greater orchestra-conductor combination than the Chicago Symphony Orchestra and Georg Solti.

In everything that makes an orchestra superb, the Chicago Symphony has attained the highest eminence. And Solti stands easily on one of those lofty peaks where only a few survive today.

Three, Paul Hume's article on November 20, 1971, published in the Washington Post, giving a review of the performance of the symphony orchestra last night.

Four, an article published in the New York Times on October 19, 1971, on a performance of the Chicago Symphony Orchestra in New York.

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

BIOGRAPHY OF GEORG SOLTI

Born in 1912 in Budapest, Hungary, Georg Solti studied with Béla Bartók, Ernst von Dohnányi and Zoltán Kodály. Early in his career he was a conductor of the Budapest Opera and assistant to Arturo Toscanini at the Salzburg Festival. Prior to World War II, Mr. Solti fled Hungary to live in Switzerland and appeared as a pianist in concerts and recitals. In 1942 he received first prize at the International Piano Competition in Geneva. The American military government of Bavaria in 1946 invited Mr. Solti to conduct a performance of Beethoven's *Fidelio* in Munich. The success resulted in Mr. Solti's appointment as Music Director of the Bavarian State Opera. He also conducted performances at the Salzburg Festival and traveled extensively, making appearances as a guest conductor in Vienna, Berlin, Paris, Rome, Florence and Buenos Aires. In 1952 he accepted a post as Artistic and Music Director of the Frankfurt City Opera, where he remained for ten years. He made his United States debut with the San Francisco Opera during the 1953–54 season, and first conducted the Chicago Symphony at the 1954 Ravinia Festival. In the United States he also has conducted the orchestras of New York, Philadelphia, Pittsburgh, St. Louis, Dallas and Los Angeles. He has conducted frequently at New York's Metropolitan Opera, where in 1964 he led two performances of Verdi's *Requiem* in memory of President John F. Kennedy. Shortly after his debut in 1959 at Covent Garden, Mr. Solti was named Director of the Royal Opera House. Recently Mr. Solti was named a Commander of the Order of the British Empire by Queen Elizabeth, an honor seldom extended to non-British subjects. For his recordings he has received the French Prix du Disque six times. His most celebrated recording achievement is the entire *Ring* cycle, which took seven years to complete. Mr. Solti conducted the Vienna Philharmonic Orchestra for the series on the Decca label. Georg Solti became Music Director of the Chicago Symphony Orchestra in 1969.

[From the Washington Post, Nov. 16, 1971]

CHICAGO AND SOLTI

(By Paul Hume)

Beyond argument, there is not in the world today a greater orchestra-conductor combination than the Chicago Symphony Orchestra and Georg Solti.

In everything that makes an orchestra superb, the Chicago Symphony has attained the highest eminence. And Solti stands easily on one of those lofty peaks where only a few survive today. When they come to the Kennedy Center's Concert Hall on Friday night, they will be the fourth of this country's Mighty Five to appear there thus far, having been preceded by New York, Philadelphia and Boston, in that order, with Cleveland due to arrive in the winter.

For his Washington debut. Solti has announced a program of magnificent design.

Elliott Carter's Variations for Orchestra, which he took with him on the Chicago's recent triumphant conquest of Europe, and the Fifth Symphony of Mahler, music wherein Solti has his own high place.

It is not less than tragic that Washington will be so near to and yet so far from one of the historic events in the musical history of this country. The night after their concert here, Solti and the Chicagoans will repeat for New York what they gave Chicago with resplendent power last week: Arnold Schoenberg's epic "Moses and Aaron." Considering the titanic power of this music and that which Solti accomplished with it at Covent Garden several seasons ago, we can only imagine what it must be when he has the Chicago orchestra at his disposal. And separated from us by a mere 24 hours! Washington is as obviously the place for this great work as are Chicago and New York, but someone has not yet gotten that message. Meanwhile, Friday night's concert is sold out.

This week's National Symphony programs include the premiere of a work by one of the orchestra's first violinists, Andreas Makris. Entitled "Anamnesis," or "remembrance," it is music which Makris completed last year.

Dorati will also conduct the Mahler First Symphony, and with Ruggiero Ricci, the Washington premiere of the Fourth Concerto of Paganini.

Jesus Maria Sanroma, Puerto Rico's distinguished pianist, will continue that Commonwealth's current series of Washington concerts with a recital at 8 p.m., Sunday, Nov. 21, in the Department of Commerce Auditorium. Sanroma, whose pedigree includes seasons as pianist of the Boston Symphony Orchestra, is noted in the fields of solo and chamber music as in the orchestral-concerto world. His Sunday concert, free to the public, includes three Soler sonatas, the Brahms G Minor Rhapsody, Beethoven Sonata in E Flat, the Schubert G Flat Major Impromptu, and music by Gershwin, Debussy, and Campos.

Two pianists, utterly different, and wholly compelling, play in the Kennedy Center this weekend: Alicia de Larrocha on Saturday night and Rudolf Serkin on Sunday afternoon.

On Sunday evening, at 8:30 p.m., Roberta Peters, who sang in the Center only two weeks ago, will return to sing the Greater Washington Winter Concert, with Cantor Noah Griver of Beth Sholom Congregation. They will be joined by a double quartet in opera, songs in English, and classical liturgical music. The concert continues a series begun last year by Jan Peerce at Shady Grove. Tickets are on sale at the Center, Campbell's, and Montgomery Wards.

For your further delectation: a recent ad in The Philadelphia Inquirer announced "Joseph Kline, organist, in the complete organ works of Johann Sebastian Bach, Sat. Nov. 6, at 4 p.m." Would anyone care to figure out just when that concert could have come to an end?

[From the Washington Post, Nov. 20, 1971]

CHICAGO SYMPHONY

(By Paul Hume)

The program Georg Solti conducted last night with the Chicago Symphony Orchestra in the Kennedy Center was a compliment to his audience, a compliment of peerless proportions.

His orchestra is one of the wonders of the world. To describe it would be an idle listing of the kinds of perfection that are dreamed of in imagining an ideal orchestra. In the final analysis this orchestra embodies—and projects with irresistible power—the full majesty of music under total command.

At least when it plays for Georg Solti. An orchestra with this ensemble's history of greatness can always summon up greatness. But it must be challenged to its highest standard by one of the few geniuses who, at given time, is available to lead it.

Solti chose to play two works last night: the Variations for Orchestra by Elliott Carter and the Mahler Fifth Symphony. Nothing more was needed to establish the supremacy of this conductor and these players.

Carter's Variations plunged the audience into the very midst of great music in a reading of electrifying power. Clarifying the sometimes knotty music as he expounded it, Solti made it possible to understand the virtuosity of musical thought that fills these variations. They are changes on an essentially lyrical theme, a series of changes comparable to those in the Goldberg or Diabelli Variations with the added factor that today's composer has a vastly wider range of musical means with which to work.

Through the myriad mutations of shape and color, rhythm and form, Solti continually kept clear the thread with which Carter built his modern version of a Keplerian musical universe. One of the triumphant results of the Chicagoans playing was the vociferous enthusiasm with which Solti was recalled to the stage at its conclusion. A lesser man and lesser orchestra would be hard to take even though it is music that should be heard from as many orchestras as can handle it.

Solti is one of the few conductors to have recorded the entire cycle of Mahler symphonies. That he has as much right to this domain as any living mortal was obvious at every moment of the Fifth. His reading, projected with vivid fidelity by his inspired musicians, was a revelatory illumination of Mahler's whole purpose. It sounded as the composer must have dreamed it would when he said, "My time will come."

Every nuance of sound and phrasing, each change of mood was ideally anticipated and impeccably conveyed. If you know this symphony, you know all that this implies. If you do not, Solti's recording will give you a superb image of much that happened last night. But it is hard not to believe that there was a special empathy at work during the Kennedy Center playing that lifted even this genius and his ardent followers to special heights.

[From the New York Times, Oct. 19, 1971]

GLORY TIME HAS ARRIVED FOR THE CHICAGO SYMPHONY

(By Donal Henahan)

There is a time for penance and a time for glory, and for the Chicago Symphony Orchestra glory time has arrived. After many decades of enforced modesty when the orchestra rarely left home, the Chicago Symphony recently has been getting out to let the world know what it has been missing. Its first European tour was completed this summer with immense success, and Wednesday night the orchestra for the first time in its history opened its own series of concerts at Carnegie Hall.

Among musicians the Chicago Symphony has for many years rated at or very close to the top, but it has taken its current music director, Georg Solti, to spread the word.

Before Mr. Solti's regime, the Chicago Symphony had become a great orchestra that too often did not give great performances. But Wednesday, at least, Mr. Solti's ensemble went from excitement to excitement. Breathtaking virtuosity was the rule, but thankfully not the point.

Schumann's Third Symphony ("Rhenish") glowed with robust Germanic sonority, and Mr. Solti brought out varieties of tone color not easy to achieve in Schumann's indifferently orchestrated symphonies. Strings were richly evident, but the magnificent Chicago brass and woodwinds made themselves felt, too. Although Mr. Solti's readings sometimes can be too drivingly tense and brilliant, the Schumann balanced its peaks with valleys of solemnity and calm.

The Bartók Concerto for Orchestra, a Chicago Symphony showpiece since the days of Fritz Reiner transformed the audience into a yelling throng of Soltiacs. The Bartók, for all its power and thrust, actually impressed one most for its exceptional grace and precision, and for Mr. Solti's concentration on a musical line rather than on orchestral show.

The Prelude to "Die Meistersinger" might have been anticlimactic under the Chicago wind battalions really poured it on here, and set the audience bellowing happily again.

At intermission, Isaac Stern presided over a ceremony at which a proclamation by Mayor Lindsay was read, making the 80th anniversary season of Carnegie Hall. Mr. Stern led a citizen group that saved the hall from destruction more than a decade ago.

Mr. PERCY. Mr. President, I believe that all Senators can be proud, indeed, of the support which the Federal Government is giving, through appropriations and authorizations, to the arts and humanities in America.

We can also be proud that last night saw once again another distinguished performance at the Kennedy Center by the Chicago Symphony Orchestra. Indeed, the Kennedy Center is becoming increasingly, day by day, a cultural jewel in the Nation's Capital.

RELIEF OF DOROTHY G. McCARTY

Mr. BYRD of West Virginia. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 1810.

The PRESIDING OFFICER (Mr. GOLDWATER) laid before the Senate the amendment of the House of Representatives to the bill (S. 1810) an act for the relief of Dorothy G. McCarty, which were, in line 6, strike out "sections" and insert "section".

In line 7, strike out "and 8339(h)".

In line 11, after "Service" insert ": *Provided*, That she makes the required employee contribution to the Civil Service Retirement and Disability Fund. In the event that such credit is granted for retirement under the provisions of chapter 83 of title 5 of the United States Code, no credit for the same employment for the period from August 1, 1947, through April 30, 1952, shall be granted under the provisions of the Social Security Act (Act of August 14, 1935, chapter 531, title II, section 201 et seq., as amended; 42 U.S.C. 401 et seq.)"

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the Senate proceed to its immediate consideration.

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

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the Senate concur in the amendments en bloc.

The PRESIDING OFFICER (Mr. GOLDWATER). Without objection, the amendments are considered and agreed to en bloc.

ORDER FOR ADJOURNMENT FROM MONDAY TO 9 A.M. ON TUESDAY, NOVEMBER 23, 1971

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that when the Senate completes its business on Monday next, it stand in adjournment until 9 a.m. on Tuesday next.

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

ORDER FOR ADJOURNMENT FROM TUESDAY TO 9 A.M. ON WEDNESDAY, NOVEMBER 24, 1971

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that when the Senate completes its business on Tuesday next, it stand in adjournment until 9 a.m. on Wednesday next.

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

UNANIMOUS-CONSENT AGREEMENT ON TREATY

Mr. BYRD of West Virginia. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from West Virginia will state it.

Mr. BYRD of West Virginia. Under the resolution that has been adopted, does the Senate convene at 10 a.m. on Monday, November 29, 1971?

The PRESIDING OFFICER (Mr. GOLDWATER). The Senator is correct.

Mr. BYRD of West Virginia. Very well.

Mr. President, I ask unanimous consent that, on Monday, November 29, 1971—that is the Monday following the Thanksgiving recess—at 11 a.m., the Senate proceed to vote—and undoubtedly it will be a rollcall vote—on Calendar No. 12, exhibit B, 92d Congress, first session, the treaty to resolve certain pending boundary differences between the United States and Mexico.

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.

Mr. BYRD of West Virginia. Mr. President, I call up amendment No. 715 of the Senator from Nebraska (Mr. CURTIS), having been authorized to do this by the distinguished assistant Republican leader, in order to make it the pending business, and I ask that it be stated by the clerk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 29, lines 1 and 2, strike out "Effective with respect to taxable years beginning after December 31, 1970, section" and insert "Section".

On page 29, after line 19, insert the following:

"(d) The amendment made by subsection (c) shall apply to taxable years beginning after the close of the first fiscal year ending after the date of the enactment of this Act in which the total income of the Government of the United States exceeds the total expenditures made by the Government of the United States, as determined and published by the Director of the Office of Management and Budget. The provisions of subtitles A and B and of subsections (a) and (c) of this section shall take effect on the first day of the fiscal year following the first fiscal year described in the preceding sentence.".

Mr. BYRD of West Virginia. Mr. President, this is an amendment in the second degree proposed to the Pastore amendment. There will be a 1-hour limitation on this amendment under the previous agreement. That hour will not start running until Monday morning. The Curtis amendment will be the pending question on Monday morning, and undoubtedly there will be a rollcall vote thereon which will occur at circa 10 a.m.

PROGRAM

Mr. BYRD of West Virginia. Mr. President, the program for Monday and the next few days, as clearly as can now be foreseen, is as follows:

On Monday, November 22, the Senate will convene at 9 a.m. Immediately, consideration of the Pastore amendment to the Revenue Act of 1971 will be resumed. The pending question at that time will be the Curtis amendment, No. 715, an amendment in the second degree.

Amendments to the Pastore amendment will be in order throughout the day until 5 p.m., with a time limitation on any amendment, motion or appeal—with the exception of nondebatable motions—of 1 hour.

The vote on the Pastore amendment will occur at 5 p.m.

I would express this caveat. The vote on the Pastore amendment itself will actually entail two votes, a division of the question having been ordered.

The first vote will occur on title IX. The second vote is to occur immediately thereafter on title X. No tabling motion will be in order under the agreement entered into with respect to either of the two division votes on the Pastore amendment.

Also, after all time has expired and the hour of 5 p.m. having been ordered in the agreement as the hour for a vote on the Pastore amendment, it is quite possible that at 5 p.m., other amendments could be offered to the Pastore amendment. But there would be no debate thereon. However, the movers of such amendments could demand rollcall votes thereon, and that would be within their rights.

Following the disposition of the Pastore amendment, further amendments, without any time limitation as of now, to the Revenue Act of 1971 will be in order. It is hoped that action on the Revenue Act of 1971 can be completed on Monday evening and that the defense appropriations bill can be laid before the Senate and made the pending business for Tuesday. In any event, the defense appropriations bill will follow the disposition of the Revenue Act of 1971.

Mr. BAKER. Mr. President, will the Senator yield?

Mr. BYRD of West Virginia. I yield.

Mr. BAKER. Mr. President, do I understand that it is the interpretation of the distinguished junior Senator from West Virginia that the hour of 5 p.m. on Monday next having arrived, other amendments might be offered to the pending business, on which there could be rollcall votes, although no debate.

Mr. BYRD of West Virginia. Mr. President, when the hour of 5 o'clock has been reached on Monday next, the Chair will state that the time has arrived for the vote on the division of the two titles in the Pastore amendment. But at that moment, any Senator who wishes to offer an amendment to the Pastore amendment may do so. That is within his right if he can get recognition. But he would not have any time for debate on his amendment. He would be entitled to a vote, however, before the vote occurs on the Pastore amendment.

Mr. BAKER. Mr. President, I think that the Senator from West Virginia and I are talking about the same thing. I wonder if his interpretation of the rule would be the same as that of the Chair; that is, that the vote on the Pastore amendment need not occur at 5 o'clock in this situation.

Mr. BYRD of West Virginia. Mr. President, the Senator is precisely correct. In such a situation the vote would be taken on any amendment pending or offered at the hour of 5 p.m. to the Pastore amendment, and on any subsequent amendment offered to the Pastore amendment, prior to the vote on the Pastore amendment.

Mr. BAKER. Mr. President, prior to the ruling of the Chair, the point I make is my concern that the hour of 5 p.m. having arrived on Monday next, under the unanimous-consent order that, as I understand it, provides for a vote on the Pastore amendment at 5 o'clock, notwithstanding the unanimous-consent order, any number of amendments ad infinitum could be offered, but without debate, and they could proceed then to a rollcall vote.

I understand that would be the understanding of the Senator from West Virginia. I wonder if that is the understanding of the Chair.

The PRESIDING OFFICER (Mr. GOLDWATER). The Senator is correct. As the Chair understands it, the vote at 5 o'clock would be on whatever amendment was being considered at that point. And after the vote, any amendments could be offered to title IX and voted on without debate.

After that, the same procedure could occur on title X and the amendments could be voted on without debate, after which, when we have exhausted those, the vote would occur on title X.

Mr. BAKER. I thank the Chair for that statement. I reserve that question further, if I have any further rights on that point, until the issue arises Monday next.

I thank the Senator.

Mr. BYRD of West Virginia. I thank the Senator from Tennessee.

May I state this further point. Perhaps it need not be stated by me. And I would like to know if the Chair concurs.

Once all amendments in the second degree to the Pastore amendment pending at 5 p.m. on Monday have been disposed of, the Senate will proceed to vote on title IX, and following the vote on title IX, the vote on title X will occur immediately.

The PRESIDING OFFICER. If no amendments were called up, the Senator is correct.

Mr. BAKER. Mr. President, if the Senator would yield further, I would like to direct a question to him.

Is it my understanding of his interpretation of the rules that if amendments in the second degree, in response to the order, are pending, that there would be no time for debate on amendments to title X.

Mr. BYRD of West Virginia. It is my understanding.

The PRESIDING OFFICER. After 5 o'clock, no debate would be in order.

Mr. BAKER. Mr. President, I ask further if it is my understanding of the explanation of the Senator from West Virginia, and if the Chair concurs, that "amendments pending" is to be interpreted to mean amendments at the desk at 5 o'clock.

The PRESIDING OFFICER. Not necessarily.

Mr. BAKER. So any amendments, whether at the desk or not, could be offered after 5 o'clock, in sequence, but without debate.

The PRESIDING OFFICER. The Senator is correct.

Mr. BYRD of West Virginia. Mr. President, I am not clear on one point. It is my understanding—and if I am in error, I want the Chair to state so, and I know the Chair will—that once the Senate votes on title IX, the vote on title X will occur immediately, without any chance for Senators to offer intervening amendments to title X.

The PRESIDING OFFICER. As the Chair understands it, once the amendments to title IX have been exhausted, having reached of 5 p.m., we would then proceed to title X.

Mr. BYRD of West Virginia. Mr. President——

The PRESIDING OFFICER. After voting on title IX.

Mr. BYRD of West Virginia. Mr. President, I do not understand the point at issue in that way, and I beg the indulgence of the Chair. I may be wrong, but I think the matter should be clarified now without question.

Under the agreement the vote is to occur on the Pastore amendment at 5 p.m. The Pastore amendment entails both title IX and title X.

The PRESIDING OFFICER. That is correct.

Mr. BYRD of West Virginia. I interpret the agreement to provide that once the hour of 5 o'clock is reached, amendments in the second degree to either title IX or title X may still be offered and voted on without debate prior to the vote on title IX, but once title IX is voted on, there is no chance for any Senator to offer an amendment in the second degree to title X but, rather, the vote on title X must occur immediately.

The PRESIDING OFFICER. Until we dispose of title IX, and when we dispose of title IX, further amendments are not debatable, but are in order.

Mr. BAKER. As to both title IX and title X.

The PRESIDING OFFICER. No. The question was as to the point of title X, not title IX, after the hour of 5 p.m., is reached.

Mr. BAKER. My point is if amendments are eligible and may be voted on with respect to title IX, and with the same rules and regulations, after we dispose of title IX, then amendments are further eligible to title X, with limitation as to number, but without debate.

The PRESIDING OFFICER. That is right.

Mr. BYRD of West Virginia. Apparently the Chair is going to sustain the interpretation of the Senator from Tennessee, but if that is to be the case, why did not the agreement say that the vote at 5 o'clock will occur on one-half of the pastore amendment, the first half?

The agreement was to the effect that the vote would occur on the Pastore amendment at 5 o'clock, and the Pastore amendment includes both titles IX and X.

The PRESIDING OFFICER. The reason is when you have a demand for a division, you vote on the first part of the division first and the second part second.

The Chair might observe that if there are no amendments pending at the hour of 5 p.m., the vote would occur on title IX, followed by title X, but should amendments be offered to title X, following the vote on title IX, it is the Chair's opinion that would be in order without debate.

Mr. BYRD of West Virginia. From the time that the Senator from New York (Mr. JAVITS) asked for a division, to which he was entitled, amendments have been in order to either title.

I am afraid, in view of what the chair has just stated, that the majority of the Senate, or at least some Senators, have labored under a misunderstanding as to just what a vote on the Pastore amendment at 5 p.m. on Monday actually means.

It was my thought—and I stated it last night—that once a vote had occurred on title IX of the Pastore amendment, a vote on title X would occur immediately, with no time for votes on amendments in between.

I did not understand there could be an intervening period following a vote on Title IX—which could last indefinitely—during which amendments to title X could be called up and voted on.

It seems to me that if that is the case, we agreed last night to vote only on one-half of the Pastore amendment—title IX—at 5 o'clock, whereas the second half—title X—may be voted on next Tuesday or Wednesday or after the first of the year, or at some future date, depending on the number of amendments which may be called up after title IX is disposed of.

The PRESIDING OFFICER. The Chair observes we were operating under rather unusual conditions at the time the Senator from New York made his request. We were on controlled time. If we had not been, the statement of the Senator from West Virginia would be correct, but not having time allocated to a division, we have to operate as the Chair ruled.

Mr. BYRD of West Virginia. As far as I am concerned we are going to operate as the Chair ruled. I do not anticipate appealing the ruling of the Chair at this time, but I suggest the absence of a quorum so that some discussion of this matter may be had.

Mr. BAKER and Mr. GRIFFIN addressed the Chair.

Mr. BYRD of West Virginia. Mr. Presdent, I withhold the suggestion.

Mr. GRIFFIN. Mr. President, if the Senator will yield for the purpose of clarification, in the unlikely event but possible event that all amendments in the second degree to the Pastore amendment should be disposed of at 5 o'clock and there are no pending amendments, I take it from the unanimous-consent agreement we would vote at 5 p.m.

The PRESIDING OFFICER. The Senator is correct, unless the unanimous consent is modified.

Mr. BAKER. I would like to say, lest I be misunderstood in pressing for an interpretation of the existing unanimous-consent agreement, I want the Senate to clearly understand I have no such string of amendments in mind. I do not think this is a good technique and I think it circumvents the intent of the unanimous-consent order and I would be greatly assured if we heard a similar statement from the acting majority leader.

Mr. BYRD of West Virginia. I concur in what the Senator from Tennessee has said and I have no misunderstanding as to the reasons and purposes of the Senator in propounding his questions for the Chair's consideration. I feel reasonably sure that it was the intent of all Senators present—and certainly it was their interpretation of the agreement, and I so stated last night, for everyone to hear, and no one questioned it—that immediately following the vote on title IX of the Pastore amendment, the vote on title X would occur. My statement last night was in response to the Senator from Nebraska (Mr. CURTIS) who brought up the question of whether or not other amendments to the Pastore amendment, the hour of 5 o'clock having arrived, would be in order.

It was agreed by everyone apparently that amendments could be offered at that time in the second degree to the Pastore amendment, that votes could be had, but no debate; and that once the Senate reached the vote on the Pastore amendment, the vote would first occur on title IX and then on title X immediately thereafter with no intervening amendments.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. BYRD of West Virginia. I yield.

Mr. HUMPHREY. On page 42411 of the RECORD of yesterday, in a colloquy with the Senator from Nebraska (Mr. CURTIS), the Senator from Nebraska said:

> Mr. CURTIS. Suppose there are amendments waiting to be offered that have not even been called up.
>
> Mr. BYRD of West Virginia. They could be offered. There would be no debate on them, but they would be voted on prior to the two votes on the two titles of the Pastore amendment.

I distinctly recall that colloquy last evening in which the Senator from West Virginia made it manifestly clear that we would vote first on title IX, immediately followed by title X.

The PRESIDING OFFICER. Unless unanimous consent were granted, title X would not be open to amendment, until title IX had been disposed of.

Mr. HUMPHREY. Title IX would be first disposed of.

The PRESIDING OFFICER. That is correct.

Mr. HUMPHREY. And unless there were unanimous consent to reopen immediately thereafter—without unanimous consent title X would be voted.

The PRESIDING OFFICER. Unless somebody offered an amendment, which is not debatable.

Mr. HUMPHREY. That is the point.

Mr. BYRD of West Virginia. That is the point.

Mr. BAKER. If it is in order on both sides of the aisle, I would be happy to see the propounding of a unanimous-consent request to cut off offering amendments without debate, because I think offering amendments without debate on issues of this sort is handling a serious matter in a haphazard way.

Mr. BYRD of West Virginia. I would like to propound a request shortly, but first, for the record, I would like to proceed just a bit further in reading from yesterday's RECORD, in which the distinguished Senator from Minnesota was engaged just a moment ago.

Mr. President, on page 42410 of yesterday's RECORD, in response to a question by the distinguished Senator from Kentucky (Mr. COOK), and joined in by the distinguished Republican leader (Mr. SCOTT), I made a statement. I shall read the colloquy, which is as follows:

Mr. COOK. Is the Senator saying that prior to 3 o'clock—

At the time of that colloquy, it was thought the distinguished Republican leader would suggest that the vote on the Pastore amendment occur at 3 o'clock—

the division must also occur, including all amendments to the Pastore amendment, and then a division must take place; and if a division is unsuccessful, then a final vote on the Pastore amendment at 3 o'clock; or does he say that the vote on the division which, in essence, is a vote on the Pastore amendment, must take place at 3 o'clock?

Mr. BYRD of West Virginia. I understand the minority leader's request to be that there would be a vote on the Pastore amendment at 3 o'clock.

Mr. COOK. Division has already been ordered.

Mr. BYRD of West Virginia. That is true.

Mr. SCOTT. That would be two votes.

Mr. BYRD of West Virginia. That is correct. The vote would occur on title IX first, and it would be immediately followed by a vote on title X.

Mr. COOK. I thank the Senator.

There was no question raised against the interpretation I stated, and I am sure that in the minds of the distinguished Republican leader, who propounded the request, and other Senators who were present that interpretation was accepted.

So, Mr. President, without questioning the Chair's interpretation, I shall propound a unanimous-consent request.

Before doing so, 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. BAKER. 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. BAKER. Mr. President, once again, just so there can be no misunderstanding of the colloquy between the senior Senator from Tennessee and the junior Senator from West Virginia and the distinguished acting minority leader, I want to point out that the only reason why I wanted to clarify the unanimous-consent request was to make sure that at the last moment, at 5 o'clock next Monday, the Senate is not confronted with an onslaught of amendments we have never heard of and that cannot be debated. I think the issue is too serious to put us in that position. So to eliminate that, I would sincerely hope that the acting majority leader might ask for a modification of the unanimous-consent request in order to effectuate those purposes.

Mr. BYRD of West Virginia. I shall do so.

Mr. President, is it not a fact that the Senate has been voting, prior to today, on amendments to both title IX and title X of the Pastore amendment?

The PRESIDING OFFICER. The Senator is correct.

Mr. BYRD of West Virginia. Is it not a fact that in the normal course of things under the rules, a point of order could be raised against the offering of amendments to title X prior to the disposition of title IX?

The PRESIDING OFFICER. The Senator is correct.

Mr. BYRD of West Virginia. No point of order having been raised, consequently the Senate has proceeded to act on amendments to both titles?

The PRESIDING OFFICER. The Senator continues to be correct.

Mr. BYRD of West Virginia. I thank the distinguished Presiding Officer.

Mr. President, I ask unanimous consent that any and all amendments to the Pastore amendment which have been presented in writing at the desk by or before 5 o'clock p.m. on Monday next, either to title IX or title X of the Pastore amendment, but not yet disposed of, if otherwise eligible, may be in order for consideration;

Provided further, that those amendments at the desk, if such there be, be voted on at 5 o'clock if called up prior to the vote on title 9 of the Pastore amendment; and that once all such amendments have been disposed of, the vote occur on title 9 of the Pastore amendment, and that the vote on title 10, without any intervening amendment or amendments being in order, occur immediately thereafter.

The PRESIDING OFFICER. Is there objection?

Mr. BAKER. Mr. President, reserving the right to object, and I certainly do not intend to object, I want to make sure that I fully understand two points.

One is that any eligible amendments at the desk at 5 o'clock to either titles 9 or 10 of the Pastore amendment will be disposed of before the Senate proceeds to the disposition of either title 9 or title 10, under the order for division?

The PRESIDING OFFICER. The Senator is correct. With the understanding that there will be no debate on any amendment.

Mr. BAKER. I thank the Chair.

The second point is that the words "if otherwise eligible," as quoted in the request of the distinguished assistant majority leader, would not invalidate any other rule of the Senate, such as the prevention of amendments beyond the second degree.

The PRESIDING OFFICER. That would be correct, if the request of the Senator from West Virginia is agreed to.

Mr. BAKER. On the theory that we are not setting up a situation where we could amend and amend beyond the second degree.

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. I have no objection.

Mr. GRIFFIN. Mr. President, further reserving the right to object, in the explanation given by the majority whip, he indicated that, pursuant to the division of the amendment demanded by the distinguished Senator from New York (Mr. JAVITS), amendments to title X are not in order until amendments to title IX are disposed of. Is that the situation?

Mr. BYRD of West Virginia. May I respond?

Mr. GRIFFIN. Yes.

Mr. BYRD of West Virginia. Normally, that would be the case. As I understand it, a point of order could normally be raised against consideration of amendments to title X before amendments to title IX, and title IX itself, had been disposed of.

Mr. President, am I correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. BYRD of West Virginia. But in view of the fact that——

Mr. GRIFFIN. Let me suggest that——

Mr. BYRD of West Virginia. Let me make one further statement, which I think ought to be made for the record.

I ask the Chair if this is not correct: In view of the fact that we have been operating under a time limitation agreement on the Pastore amendment, there is no definite precedent which would sustain such a point of order, had it been raised. Am I correct?

The PRESIDING OFFICER. The Senator is correct. We have been operating under a peculiar situation.

Mr. GRIFFIN. Let me make the suggestion——

Mr. BYRD of West Virginia. And may I make the further statement——

Mr. GRIFFIN. Well, let me just make the suggestion that in order to protect all Senators, the Senator might include in his unanimous-consent request a provision to make it clear that amendments to either title IX or title X would be considered and would be in order under the unanimous-consent agreement during that period.

The PRESIDING OFFICER. That is a part of the unanimous-consent request that the Senator from West Virginia has made.

Mr. BYRD of West Virginia. It was a part of the proposed agreement.

Mr. GRIFFIN. I understood that the agreement pertained only to amendments at the desk at 5 o'clock. My inquiry re-

lates to amendments that might be presented prior to 5 o'clock, during the day.

Mr. BYRD of West Virginia. I thought I said "by or before 5 o'clock."

The PRESIDING OFFICER. The Senator is correct. The Senator from West Virginia asked that all amendments offered in writing before 5 o'clock be in order, and that they be disposed of before we start to vote on the two titles.

Mr. BYRD of West Virginia. Yes. Let me just conclude by saying this, Mr. President:

While we have been operating under the time-limitation agreement, no point of order has been raised to the offering of amendments to title 10 prior to the vote on title 9. I would hope that no point of order would be raised, because there are no precedents, and I would hope we could avoid having to face that problem.

The PRESIDING OFFICER. The unanimous-consent agreement would take care of it.

Is there objection to the request of the Senator from West Virginia?

Mr. BAKER. Mr. President, reserving the right to object, do I understand that the potential point of order difficulty that has been identified is taken care of and disposed of by this unanimous-consent agreement, whether it relates to 5 o'clock or a time prior to 5 o'clock?

The PRESIDING OFFICER. The Senator is correct.

Is there objection to the request of the Senator from West Virginia? The Chair hears none, and it is so ordered.

Mr. BYRD of West Virginia. Mr. President, I apologize for imposing on the time of the Senate, but I think this discussion has been helpful and could prevent some brouhaha on down the road.

Now, Mr. President, I proceed with the program for Tuesday.

The Senate will convene at 9 a.m. on Tuesday. Whether there will be any 15-minute speeches or early morning business is indefinite as of now. In any event, if action has not been completed on the Revenue Act of 1971, the Senate will resume the consideration of that measure.

If action on that measure has been completed, the Senate will proceed to the consideration of the Defense appropriation bill, and, no doubt, there will be rollcall votes on that day.

On Wednesday, November 24, the Senate will convene at 9 a.m. Whether there will be any 15-minute speeches or morning business has not been determined as yet, but at any rate, the Senate will resume the consideration of the Defense appropriation bill if that measure has not been disposed of. There will undoubtedly be rollcall votes on Wednesday, inasmuch as every effort will be made to complete action on the Defense appropriation bill on that date.

On Thursday, November 25; Friday, November 26; and Saturday, November 27, there will be no sessions.

On Monday, November 29, the Senate will convene at 10 a.m. A rollcall vote will occur at 11 a.m. on the treaty to resolve certain boundary differences between the United States and Mexico.

Following the rollcall vote on the treaty, the Senate will resume consideration of the Defense appropriation bill, if that measure has not yet been disposed of, though hopefully it will have been.

In any event, phase II of the President's economic proposals will be called up following disposition of the Defense appropriation bill. There will be rollcall votes on phase II.

In addition to the foregoing measures, action will be taken on the following, and it is hoped that we can adjourn sine die by December 4:

The District of Columbia and supplemental appropriation bills.

The Supreme Court nominations.

A nomination to the Office of Secretary of Agriculture.

Conference reports.

And there will be action on other matters.

In fine, rollcall votes will occur daily throughout Monday, Tuesday, and Wednesday of next week and Monday of the following week, and long daily sessions may be expected.

ADJOURNMENT UNTIL MONDAY AT 9 A.M.

Mr. BYRD of West Virginia. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 9 a.m. on Monday morning next.

The motion was agreed to; and (at 2 o'clock and 48 minutes p.m.) the Senate adjourned until Monday, November 22, 1971, at 9 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate November 20, 1971:

ACTION

Joseph H. Blatchford, of California, to be Director of Action.

CABINET COMMITTEE ON OPPORTUNITIES FOR SPANISH-SPEAKING PEOPLE

Henry M. Ramirez, of California, to be Chairman of the Cabinet Committee on Opportunities for Spanish-Speaking People.

EXTENSIONS OF REMARKS

H.R. 5—A NEW PLAN TO MEET COLLEGE COSTS

HON. JAMES A. BURKE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, November 19, 1971

Mr. BURKE of Massachusetts. Mr. Speaker, as millions of American parents each year discover, financing their youngster's college education is a serious and costly prospect. Often, family savings are limited, scholarships are not in abundance, loans are not the best solution for all students, nor are they always available.

I rise again then for the third time this year, Mr. Speaker, to focus attention on my bill, H.R. 5, the Higher Education Funding Act of 1971, a new plan to meet college costs. H.R. 5 would assist families by permitting parent-taxpayers to set aside limited amounts of money annually to meet college expenses. A deduction from gross income would be allowed for amounts contributed to a trust, purchase of insurance or annuity contracts, custodial accounts with banks, nontransferable face amount certificates, and/or Government bonds.

Joining me in reintroducing H.R. 5 are Congressmen JAMES ABOUREZK, of South Dakota, FRANK J. BRASCO, of New York, HENRY HELSTOSKI, of New Jersey, ELWOOD HILLIS, of Indiana, NORMAN LENT, of New York, and TENO RONCALIO, of Wyoming.

A list of cosponsors of this approach to meeting college costs follows:

Watkins M. Abbitt, Virginia; Thomas G. Abernethy, Mississippi; Joseph P. Addabbo, New York; William R. Anderson, Tennessee; Frank Annunzio, Illinois; Edward G. Biester, Jr., Pennsylvania; Edward P. Boland, Massachusetts; Joel T. Broyhill, Virginia; John Buchanan, Alabama; and James A. Byrne, Pennsylvania.

Bob Casey, Texas; Frank M. Clark, Pennsylvania; James C. Cleveland, New Hampshire; George W. Collins, Illinois; William R. Cotter, Connecticut; Edward J. Derwinski, Illinois; Harold D. Donohue, Massachusetts; Thaddeus J. Dulski, New York; John J. Duncan, Tennessee; and Joshua Eilberg, Pennsylvania.

Walter Flowers, Alabama; William D. Ford, Michigan; James G. Fulton, Pennsylvania; Richard H. Fulton, Tennessee; William J. Green, Pennsylvania; Charles H. Griffin, Mississippi; Gilbert Gude, Maryland; G. Elliott Hagan, Georgia; Seymour Halpern, New York; and John Paul Hammerschmidt, Arkansas.

Julia Butler Hansen, Washington; Ken Hechler, West Virginia; Henry Helstoski, New Jersey; Floyd V. Hicks, Washington; Louise Day Hicks, Massachusetts; Jack F. Kemp, New York; John C. Kluczynski, Illinois; Speedy O. Long, Louisiana; Paul N. McCloskey, Jr., California; and John Y. McCollister, Nebraska.

John Melcher, Montana; Robert H. Michel, Illinois; Abner J. Mikva, Illinois; Parren J. Mitchell, Maryland; John S. Monagan, Connecticut; G. V. (Sonny) Montgomery, Mississippi; F. Bradford Morse, Massachusetts; John M. Murphy, New York; Thomas P. O'Neill, Jr., Massachusetts; and John J. Rhodes, Arizona.

Benjamin S. Rosenthal, New York; William R. Roy, Kansas; Edward R. Roybal, California; Fernand J. St Germain, Rhode Island; Robert H. Steele, Connecticut; Frank A. Stubblefield, Kentucky; Charles Thone, Nebraska; Guy Vander Jagt, Michigan; John C. Watts, Kentucky; Charles H. Wilson, California; and Lester L. Wolff, New York.

LAMPREY CONTROL PROGRAM IN THE GREAT LAKES

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, November 19, 1971

Mr. DINGELL. Mr. Speaker, I recently received a letter from Mr. Bill Mavety,