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Congressional Record

PROCEEDINGS AND DEBATES OF THE 92d CONGRESS, FIRST SESSION

SENATE—*Monday, November 22, 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:

Eternal Father, let Thy favor be upon our Nation. Grant Thy higher wisdom to all our leaders. Further the efforts of those who confer for the peace of the world. Prepare our hearts both for the hard work and the joyful thanksgiving of this week. Make us great enough to live by the simplicity of the Gospel and to walk and work henceforth in the same spirit in which we pause to pray. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Saturday, November 20, 1971, be dispensed with.

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

COMMITTEE MEETINGS DURING SENATE SESSION

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

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

WAIVER OF THE CALL OF THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the call of the legislative calendar under rule VIII be dispensed with.

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

THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Nos. 429, 435, and 447, and I ask unanimous consent that the consent granted by the Senate for rollcall votes on Nos. 429 and 435 be vitiated.

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

AMENDING THE WATER RESOURCES RESEARCH ACT OF 1964

The bill (H.R. 10203) to amend the Water Resources Research Act of 1964, to increase the authorization for water resources research institutes, and for other purposes, was announced as next in order.

Mr. MOSS. Mr. President, I hope the Senate will pass H.R. 10203, the bill before us to amend the Water Resources Research Act of 1964, with an overwhelming vote. The additional funds it will make available for water research, and the dissemination of the information developed, are needed in every State in the Union.

This is a bill in which I have a special interest, not only because of what it will mean to the Water Resource Research Center at Utah State University, and to every other center at a land-grant college, but because I have been intimately involved with the legislation ever since the 1964 act was passed. I was cosponsor of that bill, and in the last session of the Congress introduced the amendments similar to the ones we are today considering in the Senate. My bill—S. 3553, 91st Congress—was passed by the Senate, but died in the House Interior Committee. This session, to make sure that this significant legislation got through, the Senate waited for the House to act, and thus we are today considering the House-passed bill rather than the Senate bill—S. 219—I introduced on the first day of the 92d Congress.

The strongest sort of case can be made for the passage of H.R. 10203 here today. The water research centers established by the 1964 law have been starved for funds for some time. The $100,000 we made available to each State center annually at that time has been badly reduced by inflation. In addition, water resource studies have become more sophisticated and costly, and the centers have not had the funds necessary to do the urgent work which they mapped out. Nor have they had funds to disseminate the valuable knowledge they have developed after the work was completed. The $250,000 for each center annually authorized by this bill will allow us to do more of the crucial work in water research which we must pursue in these days of a looming water crisis.

Mr. President, I strongly support this bill, and urge its passage.

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

SPECIAL EXPENSE ALLOWANCES TO DEPENDENTS OF MEMBERS OF THE UNIFORMED SERVICES

The bill (H.R. 8356) to make permanent the authority to pay special allowances to dependents of members of the uniformed services to offset expenses incident to their evacuation, was considered, ordered to a third reading, read the third time, and passed.

LAND AND WATER CONSERVATION FUND AMENDMENTS ACT OF 1971

The Senate proceeded to consider the bill (S. 1893) to restore the golden eagle program to the Land and Water Conservation Fund Act, provide for an annual camping permit, and for other purposes, which had been reported from the Committee on Interior and Insular Affairs with amendments, on page 1, line 4, after the word "amended", insert "by section 1 of the Act of July 7, 1970 (84 Stat. 410)"; after line 7, strike out:

(b) Subsection (c) of section 2 of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460L–5), as added by section 2 of the Act of July 15, 1968 (82 Stat. 354), is redesignated as subsection (d).

On page 2, after line 5, strike out:

(a)(1) Section 2(a) is amended by inserting, immediately after clause (i) in section 2(a) a new clause (ii) as follows:

"(ii) An annual fee of not more than $25 which shall entitle the person paying same to an annual camping permit and shall excuse the person obtaining such permit and anyone who accompanies him in his automobile from payment of any other fee for camping in areas administered by or under the authority of such agencies, except areas which are designated by the President as not being within the coverage of the permit, during the year for which the fee has been paid."

(2) Clause (ii) of section 2(a), redesignated as clause (iii) by this section, is amended by inserting immediately after "annual fee under clause (i)" the following: "or clause (ii)".

(3) Clauses (ii), (iii), and (iv) of section 2(a) are redesignated as clauses (iii), (iv), and (v), respectively.

(b) Section (2), restored by this Act, is amended by inserting immediately after the words "for use of any waters" in the second paragraph of such section the following: "; except that user fees at recreation areas administered by the United States at Federal lakes and reservoirs shall be collected by officers and employees only from users of highly developed facilities constructed for reasons of public health, safety, and convenience, and which require a regular schedule

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of maintenance and supervision, and shall not be collected for admission to or use of water areas, undeveloped or lightly developed shoreland, picnic grounds, overlook sites, scenic drives, or boat launching ramps where no mechanical or hydraulic equipment is provided".

(c) The second paragraph of section 2(a) is amended by inserting, immediately after the words "and other pertinent factors" the following: ": *Provided*, That nothing herein shall require that any fee be established at the same level charged by non-Federal public recreation agencies and by private enterprises for comparable facilities and services".

(d) Section 2(a) is amended by inserting, immediately after the second sentence in the last paragraph thereof, the following: "The collection of fees for the annual admission permit and the annual camping permit established pursuant to clauses (i) and (ii) of this subsection, may be made by the head of such agency directly or by contract with any private or public agency. Any such contract may provide that the contractor will receive not more than 10 per centum of the total fees he collects for any calendar year, and may be subject to such other terms and conditions as the agency head deems proper. Any person authorized by the head of a department or agency referred to in this subsection to enforce any rules or regulations issued under this subsection, within areas under the administration or authority of such agency head, may arrest, with a warrant, any person who violates such rules or regulations, and if the offense is committed in his presence, may arrest without a warrant any such person for such violation."

And, in lieu thereof, insert:

(a) Subsection (c) of section 2 as added by the Act of July 15, 1968, is redesignated as subsection (d).

(b) Subsection (a) of section 2 is amended to read as follows:

"(a) ENTRANCE AND RECREATION FEES; ESTABLISHMENT; REGULATION; ENFORCEMENT.—

"All proceeds from fees established pursuant to this Act: *Provided*, That nothing in this Act shall affect any rights or authority of the States with respect to fish and wildlife, nor shall this Act repeal any provision of law that permits States or political subdivisions to share in the revenues from Federal lands or affect any contract heretofore entered into by the United States that provides that such revenues collected at particular Federal areas shall be credited to specific purposes.

"The President is authorized to provide for the designation of land and water areas administered by or under the authority of the National Park Service, Bureau of Land Management, Bureau of Sport Fisheries and Wildlife, Bureau of Reclamation, Forest Service, Corps of Engineers, Tennessee Valley Authority, and the United States section of the International Boundary and Water Commission (United States and Mexico) at which recreation fees are to be charged, and to provide for the establishment and revision of such fees as follows:

"(i) A fee of not more than $10 for an annual permit payable by a person entering an area so designated by a private noncommercial vehicle which, if paid, shall excuse the purchaser and all persons accompanying him in such vehicle from payment of any other fee for admission to that area and all other areas administered by or under the authority of such agencies, except areas which are designated by the President as not being within the coverage of the fee, during the year for which the fee has been paid. Such permit shall be designated a "Golden Eagle Passport".

"(ii) A fee of not more than $25 for an annual recreation permit which shall entitle the purchaser and all persons accompanying him in a private noncommercial vehicle to all the benefits included under clause (i) of this paragraph and in addition shall entitle the purchaser to enter any designated area and to utilize camping and other facilities provided therein without payment of any other supplemental fees except areas which are designated by the President as not being within coverage of the permit, during the year for which the fee has been paid. Any citizen of the United States, entitled to receive a Golden Eagle Passport at no charge as provided elsewhere in this section, shall be entitled to obtain an annual recreation permit at a fee of not more than $15 upon presentation of proof of age. Such permit shall be designated a "Golden Eagle Recreation Passport".

"(iii) Fees for daily and multiple-visit entrance permits payable by persons who choose not to purchase the annual entrance permit authorized pursuant to clause (i) of this paragraph. Such permits shall be valid at only one area so designated, only during the day or period for which the fee has been paid, and only in accordance with regulations applying to that area.

"(iv) Fees for supplemental permits for the use of specialized sites, facilities, equipment, or services provided by the United States within any area so designated. Such fees may be in addition to the annual fee provided for in clause (ii) of this paragraph.

"(v) Fees for special recreation permits for uses such as group activities, recreation events, motorized recreation vehicles, and other specialized recreation uses.

"The above fees may be charged for access to or use of any Federal land area or recreation facility where fee collection is determined to be economically and administratively feasible.

"Entrance and admission fees may be charged at areas administered primarily for scenic, scientific, historical, cultural, or recreational purposes. No entrance or admission fee shall be charged except at such areas or portions thereof administered by a Federal agency where recreation facilities or services are provided at Federal expense. No fee of any kind shall be charged by a Federal agency under any provision of this Act for use of any waters.

"User fees at recreation areas administered by the United States at Federal lakes and reservoirs shall be collected by offices and employees only from users of highly developed facilities constructed for reasons of public health, safety, and convenience, and which require a schedule of regular maintenance and supervision. Fees shall not be collected for entrance or access to or use of water areas, undeveloped or lightly developed shoreland, picnic grounds, overlook sites, scenic drives, or boat launching ramps where no mechanical hydraulic equipment is provided.

"The President shall provide for the development of appropriate guidelines for the establishment of a system of standardized fees. It is the intent of this Act that comparable fees should be charged by the several Federal agencies for comparable services and facilities.

"All fees established under this Act shall be fair and equitable: *Provided further*, That nothing herein shall require that any fee be established at the same level charged by non-Federal public recreation agencies and by private enterprises for comparable facilities and services.

"The above fees may not be charged to any person who (1) is engaged in commercial or other activities not related to recreation; (2) is traveling over any national parkway or any road or highway established as part of the Federal-aid system, as defined in title 23, United States Code, section 101, or any road within the national forest system or within Corps of Engineers' project boundaries, commonly used by the public as a means of travel between two places either or both of which are outside of the designated fee area; (3) is exercising a right of access to any land in which such person has any property right if such land is within a designated fee area; (4) has a right of access or hunting and fishing privileges under a specific provision of law or treaty; or (5) is engaged in the conduct of official Federal, State, or local government business.

"Clear notice that a fee has been established pursuant to this subsection shall be posted at each area to which it is applicable. The head of each Federal department and agency referred to in this subsection is authorized to prescribe rules and regulations for the collection of the fees established pursuant to this subsection for areas under his administration or authority: *Provided further*, That except as provided above, no free permits shall be issued to any Member of Congress or other Federal, State, or local government official. The collection of fees for the annual recreation permits, established pursuant to clauses (i) and (ii) of the second paragraph of this subsection, may be made by the head of such agency directly or by contract with any private or public agency. Any such contract may provide that the contractor will receive not more than 10 per centum of the total fees he collects for any one calendar year, and may be subject to such other terms and conditions as the agency head deems proper.

"Any person authorized by the head of a Federal agency referred to in this subsection to enforce any rules or regulations issued under this subsection may, within areas under the administration or authority of such agency head and with or, if the offense is committed in his presence, without a warrant, arrest any person who violates such rules and regulations. Any person so arrested may be tried and sentenced by the United States magistrate specifically designated for that purpose by the court by which he was appointed, in the same manner and subject to the same conditions as provided in title 18, United States Code, section 3401, subsections (b), (c), (d), and (e), as amended. Any violations of the rules and regulations issued under this subsection shall be punishable by a fine of not more than $100."

"No citizen of the United States who is sixty-five years of age or over shall be required to pay any entrance or admission fee for entry or admission to an area or areas covered by clause (i) of this subsection. Such citizens will be given a nontransferable Golden Age Passport which will be renewable each year. This permit will be equal, in all respects, to the Golden Eagle Passport described in clause (i) of this subsection.

On page 11, line 6, after the word "collection.", insert "Any fees collected pursuant to this subsection shall be covered into the Land and Water Conservation Fund."; on page 12, after line 17, insert a new section, as follows:

SEC. 5. Subsection (a) of section 6 of the Land and Water Conservation Fund Act of 1965, as amended, is amended (1) by deleting the period at the end of paragraph (2) thereof and inserting in lieu thereof a semicolon and the word "and"; and (2) by adding immediately after paragraph (2) thereof the following new paragraph:

"(3) For defraying expenses incurred in connection with the operation and maintenance of Federal recreation facilities in or around Federal lakes and reservoirs administered by the Corps of Engineers, Tennessee Valley Authority, or the Bureau of Reclama-

tion, and for recreation areas located on public domain lands administered by the Bureau of Land Management."

On page 13, after line 6, insert a new section, as follows:

SEC. 6. The President shall submit a report to the Congress within one year following the approval of this Act on the progress which has been made to achieve a system of standardized fees.

And, at the beginning of line 11, change the section number from "5" to "7"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1, except subsection (c), of the Act of July 15, 1968 (82 Stat. 354), as amended by section 1 of the Act of July 7, 1970 (84 Stat. 410) and section 210 of the Flood Control Act of 1968 (82 Stat. 746), as amended, are repealed.

SEC. 2. The Land and Water Conservation Fund Act of 1965 (78 Stat. 897), as amended, is further amended as follows:

(a) Subsection (c) of section 2 as added by the Act of July 15, 1968, is redesignated as subsection (d).

(b) Subsection (a) of section 2 is amended to read as follows:

"(a) ENTRANCE AND RECREATION FEES; ESTABLISHMENT; REGULATION; ENFORCEMENT.—

"All proceeds from fees established pursuant to this Act: Provided, That nothing in this Act shall affect any rights or authority of the States with respect to fish and wildlife, nor shall this Act repeal any provision of law that permits States or political subdivisions to share in the revenues from Federal lands or affect any contract heretofore entered into by the United States that provides that such revenues collected at particular Federal areas shall be credited to specific purposes.

"The President is authorized to provide for the designation of land and water areas administered by or under the authority of the National Park Service, Bureau of Land Management, Bureau of Sport Fisheries and Wildlife, Bureau of Reclamation, Forest Service, Corps of Engineers, Tennessee Valley Authority, and the United States section of the International Boundary and Water Commission (United States and Mexico) at which recreation fees are to be charged, and to provide for the establishment and revision of such fees as follows:

"(i) A fee of not more than $10 for an anuual permit payable by a person entering an area so designated by a private noncommercial vehicle which, if paid, shall excuse the purchaser and all persons accompanying him in such vehicle from payment of any other fee for admission to that area and all other areas administered by or under the authority of such agencies, except areas which are designated by the President as not being within the coverage of the fee, during the year for which the fee has been paid. Such permit shall be designated a "Golden Eagle Passport".

"(ii) A fee of not more than $25 for an annual recreation permit which shall entitle the purchaser and all persons accompanying him in a private noncommercial vehicle to all the benefits included under clause (i) of this paragraph and in addition shall entitle the purchaser to enter any designated area and to utilize camping and other facilities provided therein without payment of any other supplemental fees except areas which are designated by the President as not being within coverage of the permit, during the year for which the fee has been paid. Any citizen of the United States, entitled to receive a Golden Eagle Passport at no charge as provided elsewhere in this section, shall be entitled to obtain an annual recreation permit at a fee of not more than $15 upon presentation of proof of age. Such permit shall be designated a "Golden Eagle Recreation Passport".

"(iii) Fees for daily and multiple-visit entrance permits payable by persons who choose not to purchase the annual entrance permit authorized pursuant to clause (i) of this paragraph. Such permits shall be valid at only one area so designated, only during the day or period for which the fee has been paid, and only in accordance with regulations applying to that area.

"(iv) Fees for supplemental permits for the use of specialized sites, facilities, equipment, or services provided by the United States within any area so designated. Such fees may be in addition to the annual fee provided for in clause (ii) of this paragraph.

"(v) Fees for special recreation permits for uses such as group activities, recreation events, motorized recreation vehicles, and other specialized recreation uses.

"The above fees may be charged for access to or use of any Federal land area or recreational facility where fee collection is determined to be economically and administratively feasible.

"Entrance and admission fees may be charged at areas administered primarily for scenic, scientific, historical, cultural, or recreational purposes. No entrance or admission fee shall be charged except at such areas or portions thereof administered by a Federal agency where recreation facilities or services are provided at Federal expense. No fee of any kind shall be charged by a Federal agency under any provision of this Act for use of any waters.

"User fees at recreation areas administered by the United States at Federal lakes and reservoirs shall be collected by officers and employees only from users of highly developed facilities constructed for reasons of public health, safety, and convenience, and which require a schedule of regular maintenance and supervision. Fees shall not be collected for entrance or access to or use of water areas, undeveloped or lightly developed shoreland, picnic grounds, overlook sites, scenic drives, or boat launching ramps where no mechanical or hydraulic equipment is provided.

"The President shall provide for the development of appropriate guidelines for the establishment of a system of standardized fees. It is the intent of this Act that comparable fees should be charged by the several Federal agencies for comparable services and facilities.

"All fees established under this Act shall be fair and equitable: *Provided further*, That nothing herein shall require that any fee be established at the same level charged by non-federal public recreation agencies and by private enterprises for comparable facilities and services.

"The above fees may not be charged to any person who (1) is engaged in commercial or other activities not related to recreation; (2) is traveling over any national parkway or any road or highway established as part of the Federal-aid system, as defined in title 23, United States Code, section 101, or any road within the national forest system or within Corps of Engineers' project boundaries, commonly used by the public as a means of travel between two places either or both of which are outside of the designated fee area; (3) is exercising a right of access to any land in which such person has any property right if such land is within a designated fee area; (4) has a right of access or hunting and fishing privileges under a specific provision of law or treaty; or (5) is engaged in the conduct of official Federal, State, or local government business.

"Clear notice that a fee has been established pursuant to this subsection shall be posted at each area to which it is applicable. The head of each Federal department and agency referred to in this subsection is authorized to prescribe rules and regulations for the collection of the fees established pursuant to this subsection for areas under his administration or authority: *Provided further*, That except as provided above, no free permits shall be issued to any Member of Congress or other Federal, State, or local government official. The collection of fees for the annual recreation permits, established pursuant to clauses (i) and (ii) of the second paragraph of this subsection, may be made by the head of such agency directly or by contract with any private or public agency. Any such contract may provide that the contractor will receive no more than 10 per centum of the total fees he collects for any one calendar year, and may be subject to such other terms and conditions as the agency head deems proper.

"Any person authorized by the head of a Federal agency referred to in this subsection to enforce any rules or regulations issued under this subsection may, within areas under the administration or authority of such agency head and with or, if the offense is committed in his presence, without a warrant, arrest any person who violates such rules and regulations. Any person so arrested may be tried and sentenced by the United States magistrate specifically designated for that purpose by the court by which he was appointed, in the same manner and subject to the same conditions as provided in title 18, United States Code, section 3401, subsections (b), (c), (d), and (e), as amended. Any violations of the rules and regulations issued under this subsection shall be punishable by a fine of not more than $100."

"No citizen of the United States who is sixty-five years of age or over shall be required to pay any entrance or admission fee for entry or admission to any area or areas covered by clause (i) of this subsection. Such citizens will be given a nontransferable Golden Age Passport which will be renewable each year. This permit will be equal, in all respects, to the Golden Eagle Passport described in clause (i) of this subsection.

SEC. 3. Section 7 of the Land and Water Conservation Fund Act of 1965 (78 Stat. 903) is amended by inserting before the period at the end thereof the following: "except to the extent that the head of a Federal agency referred to in said section determines to be necessary to advertise and promote any recreation fees established pursuant to section 2(a) of this Act."

SEC. 4. (a) The Secretary of the Interior may establish and collect use or royalty fees for the manufacture, reproduction, or use of "The Golden Eagle Insignia", originated by the Department of the Interior and announced in the December 3, 1970, issue of the Federal Register (35 Federal Register 18376) as the official symbol for Federal recreation areas designated for recreation fee collection. Any fees collected pursuant to this subsection shall be covered into the Land and Water Conservation Fund.

(b) Chapter 33 of title 18 of the United States Code is amended by adding the following new section thereto:

"§ 715. 'The Golden Eagle Insignia'

"As used in this section, 'The Golden Eagle Insignia' means the words 'The Golden Eagle' and the representation of an American Golden Eagle (colored gold) and a family group (colored midnight blue) enclosed within a circle (colored white with a midnight blue border) framed by a rounded triangle (colored gold with a midnight blue border) which was originated by the Department of

the Interior as the official symbol for Federal recreation fee areas.

"Whoever, except as authorized under rules and regulations issued by the Secretary of the Interior, knowingly manufactures, reproduces, or uses 'The Golden Eagle Insignia', or any facsimile thereof, in such a manner as is likely to cause confusion, or to cause mistake, or to deceive, shall be fined not more than $250 or imprisoned not more than six months, or both.

"The use of any such emblem, sign, insignia, or words which was lawful on the date of enactment of the Land and Water Conservation Fund Amendments Act of 1971, shall not be a violation of this section.

"A violation of this section may be enjoined at the suit of the Attorney General, upon complaint by the Secretary of the Interior."

(c) The analysis of chapter 33 immediately preceding section 701 of title 18 is amended by adding at the end thereon:

"715. 'The Golden Eagle Insignia'."

(d) The rights in "The Golden Eagle Insignia" under this Act, shall terminate if the use by the Secretary of the Interior of "The Golden Eagle Insignia" is abandoned. Nonuse for a continuous period of two years shall constitute abandonment.

SEC. 5. Subsection (a) of section 6 of the Land and Water Conservation Fund Act of 1965, as amended, is amended (1) by deleting the period at the end of paragraph (2) thereof and inserting in lieu thereof a semicolon and the word "and"; and (2) by adding immediately after paragraph (2) thereof the following new paragraph:

"(3) For defraying expenses incurred in connection with the operation and maintenance of Federal recreation facilities in or around Federal lakes and reservoirs administered by the Corps of Engineers, Tennessee Valley Authority, or the Bureau of Reclamation, and for recreation areas located on public domain lands administered by the Bureau of Land Management."

SEC. 6. The President shall submit a report to the Congress within one year following the approval of this Act on the progress which has been made to achieve a system of standardized fees.

SEC. 7. This may be cited as the "Land and Water Conservation Fund Amendments Act of 1971".

The amendments were agreed to.

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

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–490), explaining the purposes of the measure.

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

BACKGROUND AND PURPOSE

Hearings were held on S. 1893 and related legislation on May 20 and October 1, 1971.

S. 1893 as amended and ordered reported by your committee extends the basic recreation fee concept included in the Land and Water Conservation Fund act of 1965. The committee still believes, as it did then, that there should be a uniform federal fee system to defray some of the expenses incidental to the establishment and operation of Federal recreational facilities. These areas are acquired and developed mostly by other sources of revenue derived from all of our citizens. However, the committee believes that those who do use the areas ought to be willing to help pay something directly toward the cost incurred. This is most easily and fairly accomplished through a system of uniform standardized entrance and user fees.

THE GOLDEN EAGLE

For the first time the Committee is proposing to enact into statute by name the "Golden Eagle Passport" program, which has been the administrative designation of the fee system authorized as part of the Land and Water Conservation Fund Act. This has been a popular, but somewhat confusing program. The Committee believes that the fee system under the Fund Act should be extended. It is scheduled to die at the end of 1971, unless Congress takes action to revive it. If the program dies, the results could be more confusing, expensive, and frustrating to the recreation users and agencies administering the federal recreation program. Each agency will revert to whatever authority it had before the Land and Water Conservation Fund Act of 1965, and the desired goal of unformity will be set back a decade.

Your Committee believes that a simple uniform system can be enacted that is reasonable to administer and fair to the citizen user.

Basically the bill continues two types or categories of fees:

1. An "entrance" or "admission" fee to a designated area; and

2. A "user" fee for the use of facilities within a designated area.

These fees may be paid by the purchase of an annual permit (the Golden Eagle Passport) or on a daily visit and use basis.

The "Golden Eagle Passport" is a $10 annual permit for entrance to designated areas. Citizens age 65 and over are exempt from purchasing this permit, and are entitled to receive an annual "Golden Age Passport" which is personal and entitles them to free entry to designated area.

The "Golden Eagle Recreation Passport" can be characterized as a super Golden Eagle. It entitles the purchaser and his family to enter a designated area and to use the camping and other facilities there. The annual rate is $25. Many families who do a great deal of camping at Federal areas will find this a real bargain. Others who do not camp or only occasionally do so, may prefer to purchase the entrance permit only or pay on a daily basis. The annual passport permit retains the "family" concept of allowing the purchaser and those accompanying him to enjoy the benefits available.

THE GOLDEN AGE PASSPORT

As mentioned earlier, citizens age 65 and older do not have to purchase an annual entrance permit. Instead, they will be entitled to receive a "Golden Age Passport" allowing them to enter designated areas free of charge. In addition, they will be charged only $15 for the annual camping permit. The Committee strongly believes that these citizens who have paid taxes all of their working lives to support our great national park and recreation programs should be entitled to some extra dividend, now that they have reached retirement. Most are ordinary citizens with a great love of nature and the outdoors. Most have limited financial resources, living on fixed incomes in an era of ever rising costs. We believe the Congress should grant this extra benefit and have so provided in the bill.

LACK OF PARTICIPATION BY SOME AGENCIES

In the past, some agencies of the federal government have not participated in the fee program to the extent or in the spirit which the Committee thought was intended. We believe this is past history, and resulted partly from the uncertainties over what was intended in the basic Act. By the same token, some agencies were expected to collect fees but were not really permitted to receive any direct benefits from the Fund because they were not basically a "recreation" agency. Their primary mission related to the development or protection of resources other than outdoor recreation, although, because of the nature of their project responsibilities, the outdoor recreation potential is enormous and ever present. Examples are the federal reservoirs constructed for irrigation, flood control, or power purposes by the Bureau of Reclamation, the Army Corps of Engineers or the Tennessee Valley Authority. Another example is the vast recreation potential now recognized as being available on the federally owned but largely untapped areas of public domain lands administered by the Bureau of Land Management.

The Committee believes that we should move forward into a new era in implementing this program. These agencies should not only participate in collecting fees, but they should receive direct benefits from the Land and Water Conservation Fund to assist them in operating their recreation facilities as a supplement to regular appropriations for recreation purposes.

The basic act has been amended to permit this as one of the federal purposes for which moneys may be allocated under Section 6 of the Act.

ESTABLISHMENT OF FEE CRITERION AND DESIGNATION OF AREAS

The bill retains in the President the basic authority to designate federal areas where fees may be charged and to establish uniformity of criteria. In practice, this authority has been delegated. The Committee recommends that one agency, most appropriately the Bureau of Outdoor Recreation in the Department of the Interior, should establish the criteria by which fees schedules should be set. In other words, the same fees should be charged for the same or comparable services provided by an agency. By the same token, once the criteria is established, each agency should designate the areas under its own jurisdiction where fees shall be collected and the method of collection. This practice should lead to the uniform, fair and equitable fee system we are all seeking.

While recognizing the need to encourage the development of nonfederal recreation facilities such as campgrounds, the committee rejects the policy recently adopted by some federal agencies requiring federal fees to be at the same level as state, local or commercial fees for comparable facilities in a given area. This policy would, in effect, permit nonfederal operators to fix the level of federal fees and could undermine the establishment of a fair and uniform fee system. The committee stresses the language in the bill providing that nothing in the Land and Water Conservation Fund Act shall require that any fee be established at the same level charged by non-federal recreation facilities. Comparable fees may be desirable in areas where federal facilities are not sufficient to meet public demand and where there is a need to encourage state, local or private development, but the fixing of federal fee levels should be retained in the President, subject to the requirement that "All fees established under this Act shall be fair and equitable."

RESTRICTIONS ON FEE COLLECTIONS

The Committee has attempted to restate its position with respect to restrictions on the collection of fees. These have to do primarily with water areas created by federal construction activity. Although we recommend repeal of Section 210 of the Flood Control Act of 1968 (82 Stat. 746) because we feel that all statutory regulation of recreation fees should be related to the Land and Water Conservation Fund Act to insure clarity and uniformity, the Committee subscribes to the general philosophy of that act.

We have largely incorporated the concept into the basic Land and Water Conservation Fund Act by adopting the substance of S. 1228, the bill introduced by Senator Allott for himself and others. Basically the restrictions are very simple.

No entrance or admission fee shall be charged except at such areas or portions thereof administered by a Federal agency where recreational facilities or services are provided at Federal expense. No fee of any kind shall be charged by a Federal agency under any provision of this Act for use of any waters per se.

User fees at recreation areas administered by the United States at Federal lakes and reservoirs shall be collected by officers and employees only from users of highly developed facilities constructed for reasons of public health, safety, and convenience, and which require a schedule of regular maintenance and supervision. Fees shall not be collected for entrance or access to or use of water areas, undeveloped or lightly developed shoreland, picnic grounds, overlook sites, scenic drives, or boat launching ramps where no mechanical or hydraulic equipment is provided.

FUTURE OF THE PROGRAM

The Committee is convinced by the receipt of many hundreds of letters and communications that the Golden Eagle fee program is popular with the users of our Federal recreation lands. It has never provided the revenue for the fund which was predicted for. Nevertheless the committee feels it is a good and useful program. As stated, the primary purpose of a fee system for access and use of publicly-owned resources is to allow those who benefit directly to contribute something toward the cost. It is not a great revenue generating source. Revenues for the Land and Water Conservation Fund come primarily from other sources, the biggest single contributor to its success being the guarantee of funds from the sale and other revenue collected from Federal offshore mineral operations.

The Committee recommends a fresh start with the Federal fee program. The President is directed under section 6 of the bill as amended to report to the Congress on the progress being made toward a system of standardized, fair and equitable fees.

The Committee rejected the recommendation for an individual fee for anyone age 16 and over submitted earlier this year by the Administration. This would further complicate, rather than simplify, the program. It would detract from the concept of "family" which the committee endorses, and only multiply the problems of administration of a workable fee system. The committee contends that there can and should be a fair and workable fee program to help offset some of the costs of providing a great national recreation program for the American people. Our people are willing to participate in such a program, and this willingness together with a uniform and cooperative approach by the executive agencies involved should result in the success of the plan. The Committee will review with great interest the report to be submitted.

ACTION OF THE COMMITTEE

The bill, as amended, was ordered reported without an adverse vote in committee.

Mr. MANSFIELD. Mr. President, that concludes the call of the calendar at this time.

ORDER OF BUSINESS

Mr. SCOTT. Mr. President, I yield back my time.

REVENUE ACT OF 1971

The PRESIDENT pro tempore. The Chair now lays before the Senate the unfinished business which the clerk will state.

The legislative clerk read as follows:

H.R. 10947, to provide a job development investment credit, to reduce individual income taxes, to reduce certain excise taxes, and for other purposes.

The Senate resumed the consideration of the bill.

Mr. MANSFIELD. Mr. President, what is the pending amendment?

The PRESIDENT pro tempore. The first amendment to be considered will be No. 715 to the Pastore amendment, as proposed by the Senator from Nebraska (Mr. CURTIS), which the clerk will state.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with but that the amendment be printed in the RECORD.

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

The amendment ordered to be printed in the RECORD is 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.".

QUORUM CALL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, the time for the quorum call to be charged to both sides.

The PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. CURTIS. Mr. President, I ask unanimous consent that the order for the quorum can be rescinded.

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

Mr. CURTIS. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. CURTIS. Mr. President, how much time have I remaining?

The PRESIDENT pro tempore. The Senator from Nebraska has 27 minutes remaining.

Mr. CURTIS. Mr. President, I dislike to take time for a quorum call, but the Senator from Nebraska would like to have a rollcall vote on his amendment. We would therefore have to have a sufficient number of Senators present to order the yeas and nays.

I ask unanimous consent that there be a quorum call, the time not to be charged to either side.

The PRESIDENT pro tempore. Is there objection?

Mr. MANSFIELD. Mr. President, the Senator from Nebraska will be assured that we can have the yeas and nays.

Mr. CURTIS. Mr. President, I ask unanimous consent to withdraw the request for a brief quorum call, because I rely upon the majority leader that we can get the yeas and nays.

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

Mr. CURTIS. Mr. President, my amendment is quite simple. It is easy to understand. It provides in substance that the Pastore amendment shall not become effective until the budget is balanced. In order to understand that, we must think for a moment what the Pastore amendment does.

The Pastore amendment takes money out of the U.S. Treasury to be used to pay for political campaigns. It provides that a taxpayer, when he files his income tax return, can make a certain mark on his tax return, and $1 of his tax will be sent to a political fund to help pay for a political campaign of the presidential candidates.

Mr. President, the taxpayer in doing that does not send in an additional dollar. If he directs the Treasury to take $1 out of the Treasury, it means that someone else has to be taxed that much more in order to provide the funds to operate the Government. So all the talk about this proposal being something that the individual taxpayer is doing is not quite right. Of course, the taxpayers pay all the money that comes in. However, if one has the right to direct that a dollar be taken from his tax money and put into a political campaign fund, it is a dollar taken out of the Treasury. It is the Treasury's money, and someone else will either have to pay an additional dollar or we will have to go that much further in debt.

Mr. President, I am humiliated to stand here and to say that our national debt is $30 billion more than a year ago. Our national debt is increasing at the rate of $58,000 a minute. Yet the Senate is seriously considering an amendment to take millions of dollars out of the Treasury and give it to the politicians to enable them to run their political campaigns. I say it is shameful. It should not be done.

I think the amendment as drawn is a humiliation to every Senator who votes for it. The people will find out that the Treasury of the United States has been raided for the benefit of politicians.

The author of the legislation says it takes $20 million to run a political campaign; that each candidate will have to have that much to have any chance of winning. Under the formula, a minority candidate for the Presidency is going to get only $6 million. There is nothing in the amendment that says how he shall

spend it. He can appoint all of his relatives as campaign managers and pay them each $200,000 to manage his campaign. The amendment has locked into it the possibility of corruption. However, more than that, can any Senator imagine the Senate of the United States voting for an expenditure like this when we have to borrow the money to do it?

If we were operating on a balanced budget, if there were money in the Treasury, and if Congress were to decide that we ought to pay for political campaigns out of the Treasury, that would be one thing. I doubt the wisdom of it. However, at least it would be quite different from the present proposal in which we are asked to increase the national debt by millions of dollars for the purpose of turning the money over to people who cannot be elected President.

Mr. President, we are asked to turn the money over to politicians who have always raised their own funds. Those who believe that the cost of a presidential campaign should be borne by the public Treasury ought to believe in it enough to be willing to tax the people to pay the money to have a balanced budget.

Mr. President, all I ask is that if the Senate must go ahead with this unsound practice of paying political campaigns out of the public Treasury, they should balance the budget first.

Mr. President, I reserve the remainder of my time.

Mr. MANSFIELD. Mr. President, I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Montana is recognized for 3 minutes.

Mr. MANSFIELD. Mr. President, the amendment offered by the distinguished Senator from Nebraska is a very appealing one on the surface. However, I think it should be brought out that under the previous Democratic administration, there was a big deficit each year. I would point out in comparison that that pattern has continued under the present administration.

Mr. President, last year the budget deficit, I think, was about $23.5 billion. This fiscal year, it is anticipated it will be about $30 billion. The distinguished chairman of the House Ways and Means Committee, Representative MILLS, has indicated that it might go to $35 billion. Therefore, it appears that the possibility of a balanced budget in the immediate future is not in sight.

If we were to tie ourselves to the amendment of the distinguished Senator from Nebraska, it would mean more of the same; it would mean a continuation of a process which is rapidly getting out of hand—and the chance for reform in this area would be lost.

It is said that certain rich people who at one time would invest in works of art now invest their money in politicians. If that is correct—and I think it is correct—it indicates a very unhealthy trend in the life of the Republic, one which will give control not to the people, but to the preferred few.

What the Pastore amendment seeks to do is not to impose an additional tax on individuals but to take $1 out of the taxes which they pay to the Government. The taxpayer himself would authorize that $1 would be volunteered to a fund, to be used by the presidential candidates of the political parties during the course of the campaign. This, to me, would indicate that the people are participating in politics in a real sense; and it would indicate a return to the people and a shift away from the "fat casts" who are rapidly assuming more and more control over the conduct of this political system.

I would hope, therefore, that the Senate would give the most serious consideration to the overriding factors involved in the consideration of this amendment and all amendments thereto and recognize that if something is not done to reform and redirect this trend back to the people, the results may well be irrevocably bad for the Republic in the days, the weeks, the months, and the years ahead.

There is nothing compulsory about the allocation of this money. May I repeat it does not call for an extra dollar for tax purposes, and may I say that it is a small amount to pay to preserve this democracy—very small when we consider in comparison what it costs to conduct the foreign aid program of this country, what it costs to carry out a war in Cambodia, Laos, and Vietnam, and what is costs to maintain about 2,000 bases abroad. Those factors are considerable.

The point is that if we do not have a strong Government at home, no matter how much is spent abroad, it will not be effective. One of the ways to remain strong at home, or to become strong once again, is to give recognition to the people and to provide them the opportunity, if they so desire, if they want to do so voluntarily, to participate to the extent of $1 out of the taxes which they pay anyway for the purpose of trying to bring presidential campaigns back to the people.

The PRESIDENT pro tempore. Who yields time?

Mr. CURTIS. Mr. President, I do not yield back my time, but I am prepared to do so, if I can have the assurance of a rollcall.

First, I yield 1 minute to the Senator from Pennsylvania.

Mr. SCOTT. Mr. President, the iniquity of this Pastore amendment is further revealed by what the distinguished Senator from Nebraska said. When he proposes that we should not pay ourselves out of the public Treasury except in years in which we have a balanced budget, he is proposing that we should not through paying ourselves increase the deficit, the public debt. If we do, taxpayers would be required not only to pay for the expenses of politicians campaigning, but would also be required to pay an additional interest on the national debt because of the further deficit created by the passage of the Pastore amendment.

So the proposal becomes more and more iniquitous as it is more and more carefully examined.

The Pastore amendment is very dangerous because it has conflict of interest built into it and resounding from it at every future moment during the forthcoming campaign.

I hope Senators will not vote a conflict of interest against themselves.

Mr. PASTORE. Mr. President, I yield myself such time as I may require.

The PRESIDENT pro tempore. The Senator from Rhode Island is recognized.

Mr. PASTORE. Mr. President, there is no conflict of interest involved here. First, we do not know who the nominee is going to be. It could be almost anyone. It has to be left up to the convention.

Second, the whole concept is being misunderstood by the opposition. The concept here is to accommodate the people, and not the candidate.

The point here is that what we are trying to do is to make it possible for the people to have a full and fair exposure of the candidate and the issues, and not have it lopsided. That is all it amounts to. The amount is very modest.

Mr. President, I will tell the Senators how ridiculous this amendment is. I will place in the RECORD the editorial published in yesterday's New York Times. We have been listening to these awful things that have been said about this amendment, the awful charges—including terming a people's option as raid on the Treasury. Here is one of the most prestigious newspapers in the world and here is the editorial, not that that makes it right but certainly it is rational. I dare say the Senator from Connecticut (Mr. WEICKER) read it. I hope he did. I dare say the Senator from Pennsylvania read it. I hope he did. Not that it becomes the bible of what we should or should not do. But why is the Pastore amendment termed an awful thing when one of the most prestigious newspapers in the world writes an editorial, as it has. It calls the Pastore amendment legitimate in concept, simple in operation and promising a permanent gain to the political health of our country.

Mr. President, I ask unanimous consent that the editorial from yesterday's New York Times be printed in the RECORD.

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

SLUSH—PUBLIC AND PRIVATE

In what seems like a suddenly improvised movie, Senate Democrats have come up with a simple and legitimate way to finance Presidential campaigns without subjecting a nominee to the indignity of begging his way. Actually the idea that a taxpayer be allowed to earmark part of his Federal tax for this purpose is far from new. Comparable plans date back a half-century or more; one was enacted in 1966 only to be repealed in 1967, and the current effort, tacked on to the Administration's tax reduction bill, has been quietly under discussion since midsummer.

The plan owes its reintroduction to the grave financial disadvantage confronting the Democratic party on the eve of the 1972 campaign. Some $9 million in debt, the Democrats have no prospect whatever of matching the $25 to $40 million the Republicans are expected to raise and spend. Under the basic proposal by Senator Pastore of Rhode Island, each of the major parties could collect up to $20.4 million in earmarked tax payments, but a candidate who accepted such public funds would have to forgo all private financing. To make the plan more palatable to some of his fellow Republi-

cans, Senator Mathias of Maryland would allow taxpayers to designate, if they so desired, the party to which their dollar contributions would go.

Naturally, the preliminary voting in the Senate followed party lines. Republicans were being asked to assure their opponents of far more money than the latter could reasonably expect to raise. For their own part the Republicans would either have to settle for less than they could command from private sources or expose themselves to the political charge and their candidate was obligated to special interests and millionaires while his Democratic rival owed no one but "the people."

In two important respects the "checkoff"—in either of the forms now proposed—differs from earlier versions. The money would go into a trust, to be paid out to each party's Presidential candidate after the nomination; the 1966 law would have turned the money over directly to the two national committees, giving a dangerous degree of control to their chairmen. And the plan makes some allowance for minor-party candidates. Should Governor George Wallace decide to run again, he could count on some $6 million under the Pastore version—a consequence not altogether palatable to Republicans who see him as competing with President Nixon for the electoral vote of several Southern states.

In any given year one party has to be helped more than the other by this kind of innovation. But that seems hardly the criterion for judging an institutional change of such far-reaching importance. To call it a "slush fund," as some Republicans have, is preposterous in view of the corporate, trade union and other private slush funds that have for so long compromised the American electoral process.

We hope that the Republican leadership will subordinate whatever temporary loss of advantage it may anticipate to the permanent gain which the measure so clearly promises to the political health of the country. In particular, we trust it will not turn against the broader legislation for reforming campaign finance which, with its creditable cooperation, still has fair prospects for passage by the 91st Congress.

Mr. MATHIAS. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. MATHIAS. I also read with great interest and encouragement the editorial the Senator has just placed in the RECORD. I think it makes some interesting observations. However, so that we may have a balanced picture, on the same editorial page is a column written by Tom Wicker which takes an opposing view and raises some of the other questions we have discussed in the last week or so on this topic.

I ask unanimous consent that the article by Tom Wicker, published on the same page in the New York Times, be printed in the RECORD.

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

THE CHECKOFF SCHEME

(By Tom Wicker)

Clever, those Democrats in the Senate. Tying their campaign subsidy plant to President's Nixon's tax reduction bill makes it about as veto-proof as anything can be. Unfortunately, the subsidy plan itself is not much better than it was five years ago, when another Democratic Senate rejected it.

It is true enough that the Democrats, although they are the majority party, are out of pocket—in debt from 1968, facing a series of expensive primary campaigns before they can ever get at Mr. Nixon, and wary in the knowledge that even now the Republicans are putting together their usual fat Campaign bankroll.

It may also be true—although not proven—that the costs of American political campaigns are so high, and will get so much higher that some form of Federal subsidy has to be devised to relieve parties and candidates of overreliance on big contributors. The Democrats' $1 checkoff plan nevertheless is a dubious solution either to the party's immediate poverty or to the long-range problem. The plan appears to be no better considered and as full of loopholes and questions in its resurrected state as it was when Russell Long of Louisiana first dashed it off, more or less on the back of an envelope, in 1966.

Aside from weightier considerations, the plan might not even solve the Democrats' most immediate problem, which is the forthcoming series of primaries. It may be argued that a $20.4-million Federal subsidy for the general election campaign would free Democratic money for the primaries; but it is not necessarily true that those who would give to a convention nominee will support primary candidates instead, and the psychological effect of the subsidy might be to dry up rather than to stimulate specfic kinds of contributions.

The checkoff plan is thick with constitutional question marks. What does it do to the First Amendment rights of a citizen who wants to express his or her Presidential views in more substantial ways than diverting $1 of income tax? Depending on exactly how the money in the over-all campaign fund is divided among the parties, there might also be a question whether some citizens were being made to contribute involuntarily to a party or candidate they did not support. And if private money spent for a Presidential nominee without his consent is to be charged against his Federal subsidy, the result will be either sharp and probably unenforceable limits on those who want to engage in independent political activity, or—more likely—chaos.

The checkoff would work great change in the party system. Obviously, with its greater benefits to the major parties, it would tend to perpetuate them as major parties; minor parties would be put at severe and unwarranted disadvantage. Where is it written and on what tablets of stone that Democrats and Republicans are ordained from on high and endowed with special privilege?

The parties themselves might be altered irretrievably. If every Presidential nominee is to be handed, the day after his nomination, a fat Federal check to finance his campaign, the party's national committee and various state affiliates will be down-graded and deprived of their major function Party control will be centralized in the candidate, who will have the cash; the net effect of that on party policies, on state and local political activity, on citizen political participation, is not entirely foreseeable but appears ominous.

Besides, although there is a real and present danger of a pernicious influence on politics from some big givers, it is nevertheless true that some other big givers have a beneficial effect on politics. Won't total Federal financing of a Presidential candidate tend to make him less, not more, responsive to the public will and to the play of interests and political forces in society? Do we really want to make Presidents and the men who compete for the office even more powerful and independent than they are now?

It is true that the plan—insofar as it is settled—gives candidates the option of rejecting the subsidy and financing their campaigns in the old way. That choice may be more theoretical than real; a candidate who had rejected a $20-million Federal handout might appear noble, but would surely have a hard time explaining why he needed private contributions to pay for his nobility.

In a thoughtful article in the fall, 1971, issue of The Public Interest, Vic Fingerhut makes another applicable point. Private contributions to political parties, particularly those made by individuals, he argues, are one of the most effective means of citizen competition with the vast power of large interests to make their cases, either by advertising or by political influence. If the citizen can no longer help pay for Presidential campaigns directly, by that much he loses some of his ability to influence public policy.

As Mr. Fingerhut put it, "No similar restrictions will be placed, for example, on major oil companies, which will remain free to saturate television with commercials persuading the public of the necessity for a pipeline development project."

Mr. PASTORE. I have no objection and, to neutralize the request of my good friend, there is quite an article also by Warren Weaver, Jr., on the same page, entitled "What A Plan! It's Even Moral." It asks the question—who can argue that the Presidency should not be taken off the auction block and made a contest of records, issues, and characters rather than available wealth. Mr. Weaver's column deserves reading.

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

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

CAMPAIGN SPENDING: WHAT A PLAN! IT'S EVEN MORAL

(By Warren Weaver, Jr.)

WASHINGTON.—The Democratic party, facing its first national election in eight years without the resources of the White House, has developed a creative new strategy. Why, its leaders ask, should we risk the old Electoral College try when we can win in advance in Congress?

With this forehanded policy in mind, the Democrats have managed over the last 18 months, always proclaiming the most high-minded motives, to achieve the following:

A law and then a reinforcing constitutional amendment that will permit some 12 million young people from 18 to 20 years old to vote in a Presidential election for the first time. The Democrats think they can get two-thirds or three-quarters of those who turn out.

A bill approved overwhelmingly by the Senate and awaiting action on the House floor that will limit radio and television spending—the largest single verifiable item—by any Presidential candidate to about $8-million. This is just about what the Humphrey-Muskie ticket was able to spend for this purpose in 1968, while the Republicans were investing about $12-million in broadcast communications.

A bill that has cleared a Senate committee and is awaiting floor action to establish a simplified postcard registration for national elections that could turn some 45 million Election Day dropouts into voters. The people who do not vote because they fail to register are mostly poor, black or undereducated. The Democrats estimate they could attract at least three-quarters of them.

An amendment, which won a majority on a test vote on the Senate floor last week, that would give a 1972 Presidential candidate the option of financing his general election campaign with public funds—$20.4-million worth of Federal tax revenues—if he agreed to hold his total spending to that

figure and if a new collection system produces enough earmarked money.

If the Republican candidate preferred to rely entirely on private fund raising, he could spend more than this limit, only subject to whatever television and radio ceiling Congress may enact. But the Democrats, still $9-million in debt from 1968, would be guaranteed a respectably competitive figure for the main event in 1972.

The beauty of all these Congressional moves is that they can be fully justified on the basis of public morality, while holding out the private promise of immense partisan advantage at the same time. Who can argue that young people should be denied the vote, that roadblocks to eligible voters should not be leveled, that the Presidency should not be taken off the auction block and made a contest of records, issues and character rather than available wealth?

Well, the Republicans can, but they were having an increasingly difficult time of it last week, so difficult, in fact, that to stall a proposal for the public funding of campaign expenses they had to resort to proposing a three-day series of almost frivolous amendments on the Senate floor, creating a sort or concealed filibuster.

Then on Friday, there was a change in signals. The White House demonstrated increased concern during the afternoon. President Nixon abandoned a plan to spend the weekend in Key Biscayne, Fla., and returned to Washington. That evening, the Senate Republicans, despite some bickering, agreed to let the public financing campaign bill come to a final vote on Monday.

There was little secret that the Administration wanted time to work over a few of the Southern Democratic Senators, men who had voted against a similar plan to finance the Presidential campaign publicly when it was first approved in 1966 and then rescinded a year later, before it could take effect.

As written, the Democratic plan depended for its public money on taxpayers indicating on their income tax forms that they wanted to earmark $1 of their payment for a campaign fund, on which both major party nominees could draw generously and lesser candidates in proportion to their indicated strength.

In the wings, however, was a Republican amendment sponsored by Senator Charles McC. Mathias of Maryland that would give the taxpayer more choice: he could send his $1 to the Democratic candidate, the Republican candidate, the candidate of another party he named or to a fund distributable among all of them.

In the House last week, the important decisions on campaign spending limits were put off for 10 days, until after the Thanksgiving recess. Because the picture there remains uncertain, supporters of the legislation were dismayed, fearful their vote might be shaved down before the real test came at the end of November.

Mr. PASTORE. Mr. President, I realize how the people who are opposed to this idea feel, and I have the highest respect for them, but please do not make us raiders.

Mr. SCOTT. You are raiders.

Mr. COOK. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. COOK. When the Senator talks about an article by Mr. Warren Weaver, published in the New York Times, I recall vividly that he also wrote an article on the campaign expenditure bill and said my amendment, accepted in committee, would put that bill far out of sight; that it would be unreasonable. The article was entirely wrong, and later the New York Times had to admit it.

Mr. PASTORE. I agree with my colleague from Kentucky. He was 100 percent right on that.

Mr. SCOTT. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. SCOTT. After all, the Senator is citing the fact that a newspaper normally leaning heavily to the Democratic side wants the Democrats to have more money, but its lending libertarian writer, whose conscience is affected by this, points out his newspaper is wrong.

Mr. PASTORE. These articles demonstrate that sincere, intelligent men can disagree, and that we can disagree without being disagreeable. I constantly emphasize the sincerity of those who disagree with me.

Mr. CURTIS. Mr. President, how much time have I remaining?

The PRESIDENT pro tempore. The Senator from Nebraska has 18 minutes remaining.

Mr. COOK. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. COOK. Under what rule are we limiting time on the amendments today?

The PRESIDENT pro tempore. The previous unanimous consent agreement.

Mr. COOK. There is no previous unanimous consent. Obviously, the unanimous consent that the Senator from Pennsylvania got Friday night on changing the time limitation on the Pastore amendment, which took it out of the 6-hour rule, provides for 1 hour on amendments. When the unanimous-consent request was made by the Senator from Pennsylvania, which overruled the 6-hour rule, no part of the unanimous-consent request of the Senator from Pennsylvania—and I read from the RECORD—limited the amendments to 1 hour.

The PRESIDENT pro tempore. The Chair is informed that the Senate has been operating under that agreement for the last 6 days.

Mr. COOK. It has got to be understood that if the unanimous-consent request of the Senator from Pennsylvania was accepted Friday evening, that we vote on the Pastore amendment at 5 o'clock today, that superseded the previous agreement.

The PRESIDENT pro tempore. It vitiated the 6-hour agreement, but not the 1-hour limitation on every amendment.

Mr. COOK. A parliamentary inquiry, Mr. President. If the 1-hour limitation on the amendments was a part of the 6-hour agreement on the total amendment, did one part of the agreement stand and the rest of the agreement fall?

The PRESIDENT pro tempore. The Chair is informed that the agreement stands except where it was modified.

Mr. COOK. I am sorry that not enough Senators are present to appeal the ruling of the Chair, because obviously we cannot have an agreement of 6 hours on the Pastore amendment and 1 hour on amendments thereto, and then vitiate the 6-hour agreement and keep the 1-hour agreement—if it is a part of that agreement.

Mr. PASTORE. Mr. President, will the Senator yield to me on my time? I merely want to make this point.

Mr. CURTIS. I yield.

Mr. PASTORE. Under the unanimous-consent agreement, the Senate will start voting on title IX at 5 o'clock. Immediately thereafter we will vote on title X. In the meantime all the amendments are coming from that side. If that side has many amendments, my recommendation would be to shorten the individual time on them. No matter how many amendments there are we will still have to vote by 5 o'clock. It is up to interested Senators to allocate their time.

Mr. COOK. If we run out before that time, then we will have a period of time that is not under any Senator's control.

The PRESIDENT pro tempore. Who yields time?

Mr. CURTIS. Mr. President, the arguments advanced here are that these moneys should be taken out of the Treasury and that we should increase the national debt to do it in order to give exposure to political candidates for President. The only way to expose any candidate is to have more hours a day and more days a week. They are exposed around the clock. They are traipsing up and down the country with special Senatorial and House committees. They are flying here and yon. They are on television programs, and there is not enough money in the Treasury and in the national debt to increase the exposure the candidates are getting.

As a matter of fact, I am not too sure that the country is demanding more exposure from these candidates. I have not received any requests to the effect, "Let us see more of this man. Let us hear more from him." I think the question might properly be asked whether or not the people are getting tired of this overexposure. The point is that this is an expenditure out of the Treasury. It certainly is an expenditure of the very lowest priority that has ever come up—that politicians should get money for their own coffers when they are in debt.

Mr. WEICKER. Mr. President, will the Senator yield?

Mr. CURTIS. I yield 5 minutes to the Senator from Connecticut.

Mr. WEICKER. I thank the Senator from Nebraska, and commend him on his amendment.

The PRESIDENT pro tempore. Let there be order in the Chamber. Let us have order, please.

The Senator may proceed.

Mr. WEICKER. Mr. President, I commend the Senator from Nebraska on his amendment and on his comments thereto.

Let us not worry about the New York Times. When I ran for Congress in 1968, the Times came out for my opponent, and I was elected. When I ran for the Senate in 1970, the Times was against me, and I was elected.

Mr. CURTIS. They gave Castro to the country. They championed most of the bad fellows.

Mr. WEICKER. I certainly think the New York Times is a newspaper of pres-

tige—no doubt about it—but it is wrong many, many times. It is wrong on this bill.

The other day we had a graphic example of what we are trying to avoid in this bill—and this is not a personal reference to one of my colleagues, because it could have been the Senator from Maine or it could have been the Senator from Massachusetts. It could have been one of many Senators, but the fact is that on a morning a few days ago one of our colleagues had a press conference in which he announced he was running for the Presidency of the United States. Then he walked 100 yards to the Chamber to vote on federally raised campaign funds for that run. We as Senators should not participate in this fund. Neither should the President of the United States? None of us should participate in the benefits of a law that we are enacting. I think that is the key point.

I do not deny the concept that the Senator from Rhode Island is trying to bring into being—specifically, that economics should not play a role in any man's ability to run for office in the United States. I agree 100 percent with the Senator that the dollar should not make any difference. So to that extent the Senator has a valid point.

But to the extent that we tailor this particular legislation so that we Senators and our parties will be the beneficiaries before we go before the public and tell them what we are doing, I think it is wrong. This concept was denied by the Senator from Rhode Island and his colleagues when they rejected my amendment to make the law effective 6 years from now. In a few minutes, after we dispose of this vote, Senators will have an opportunity to say that nobody holding public office now can participate in this fund until after January 1, 1973.

Do my Senators think it might not stand to our credit to enact legislation that would make it possible for any American to run for office and not be restricted by a lack of funds, while at the same time denying this advantage to ourselves in the immediate future? Then what we did would be with clean hands. We are not tailoring it to the debt of one party or the fact that the money will go into our party's campaigns or that the President will get the fund.

Mr. SCOTT. Mr. President, will the Senator yield for a brief remark?

Mr. WEICKER. Yes.

Mr. SCOTT. Theirs is the party that fought the war "on the cuff," and it wants to fight all future political wars on "the cuff," all on credit. We ought to issue them a credit card saying, "You are entitled to draw on the voters for all the future campaigns," and call it the "U.S. Senate Credit Card."

Mr. WEICKER. I concur. The real difficulty the Democratic Party is having today is not money, but the fact that it is responsible for getting us into Vietnam, and the American people are not eager to finance a party that got us into such a mess. The economic difficulty we are having today is that the Democrats tried to have guns and butter, and the American people do not want to pay for such irresponsibility.

Mr. SCOTT. Guns and butter and credit cards.

Mr. MANSFIELD. Mr. President, will the Senator yield me half a minute?

Mr. CURTIS. I yield.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. WEICKER. The Senator from Rhode Island is right when he says we can disagree without being disagreeable. Also, the proposal he makes does have merit, but we are proposing to clean it up so that, first, it may work more effectively and, second, so that it will shield us from any conflict of interest.

Sure, the Senator can stand there, and say, "We have got the votes." They do; no question about it. And under these circumstances, just as the Democrats got us into Vietnam and were fiscally irresponsible, they will have to take the consequences if this becomes the law of the land, and is abused, and conflicts of interest occur.

I think most of us here do not want to see a valid concept abused. Rather, we want to see it work, in a way that will stand to the credit of this body, rather than to its dishonor.

I yield to the Senator from Nebraska.

Mr. CURTIS. Mr. President, let us stop and consider how many candidates for President have come out of the woodwork since this bill has been on the Senate floor. We had one announce yesterday. If Senators think this is not a financial plum for a politician, just look and see what has happened.

The very consideration of this measure raises the hopes of people: "Well, if I could just get into this race, I would get my hands on some money."

Mr. President, there is a formula in the amendment that provides how the money shall be prorated. There again, I call attention to the fact that, as has been stated on the Senate floor, it will require $20 million for a presidential campaign. Yet, under the proposed formula, a minor candidate would receive $5 or $6 million. Can that be defended as in line with the stated purpose, by expenditure of public funds, to give exposure to everyone all over the country?

No. This is a proposal to pay out of the public treasury money that ought to be paid by others.

There has been a lot of talk about wealthy politicians and wealthy contributors. The only ones that I can think of at the present are in the Democratic Party. There may be others, but I cannot think of them.

Mr. President, the idea, when our national debt is at an alltime high, and is increasing by $58,000 a minute, that we should vote millions and millions of dollars of the taxpayers' money to give to political organizations is unthinkable. It cannot be defended.

I maintain that if we had a balanced budget, and there are those who believe that for the public good, all candidates should have a complete and total exposure, they should come in here with a bill that would provide that, not a partial exposure.

But the exposure argument has nothing to do with this legislation. This is an attempt to finance political organizations, so that the money they raise can be used for other things.

Mr. President, I reserve the remainder of my time.

The PRESIDENT pro tempore. Who yields time?

Mr. PASTORE. I yield the Senator from Louisiana such time as he may require.

Mr. LONG. I thank the distinguished Senator.

Mr. President, if the Senate were trying to balance the budget, it would not be repealing the automobile excise tax. As a matter of fact, when you really get down to it, there are billions of dollars of revenue eliminated by this bill. These are funds that could be used to balance the budget. Since the automobile excise tax is dedicated to the general fund, it is an item that would save the Government billions of dollars a year. It would save the Government more than 100 times what the tax checkoff system would cost a year.

If we really wanted to balance the budget, Senators would never have voted for the tax credit to send one's children to college. That will cost around $2 billion a year, if my memory serves me correctly. I opposed it, and did what little I could, as a Member of this body, to keep the Senate from agreeing to it, but it did; and it will cost about 200 times as much as the checkoff provision.

Oddly enough, if Senators were really concerned about the cost, you would think they would be directing their fire at the provision that allows a deduction for political contributions, because that costs a great deal more money than the $1 checkoff; and if Senators were really concerned about the cost of doing something, even in this area, one would think they would be directing their fire at the $25 tax credit for political contributions, which also costs more than the $1 checkoff.

But, no, all their criticism and fire is aimed at just one thing; and oddly enough, that is the one thing in the bill that would do the most to assure that we would be making strides toward reducing or eliminating corruption in government. I listened to the argument of the Senator from Connecticut that we should not do anything about corruption because theoretically we have an interest in it. That is equivalent to saying that we should not seek to do anything about good government, or cleaning up corruption, because we have an interest in existing corruption.

But the fact about corruption is that you cannot do much about it unless you are willing to come to grips with it, and you cannot do much about coming to grips with it if those who would defend this type of mischief are determined to keep you from doing something about it. Moreover, you will undoubtedly pick up some scratches and scars in attempting to do something about the type of mischief you are seeking to correct.

So it is under those circumstances that one must consider all these arguments that have nothing to do with the issue. If we were concerned about balancing the budget, we would not be passing a

bill that would reduce anticipated revenues by $15 billion, more than twice as much as I advocated in the committee.

Here we have a little amendment that would be, in relative cost, almost the least expensive revenue item in the bill, and we find, on that, that certain Senators just rise up in outrage, crying that this is going to cost money—it is going to cost the Government revenue, and further imbalance the budget. But either the same Senators, or at least a majority of this body, and sometimes an overwhelming majority, have voted to add to the bill items that would cost 200 or 300 times as much. On the whole, the Senate has added to the bill items that would cost 500 times as much as this proposal. So it really makes no point with me for Senators to have agreed to all those amendments, and then to say we cannot afford to make this small stride in the direction of good government.

Admittedly, this proposal will not do everything that should be done to correct what is wrong in the Government, but it is a long stride in that direction. It is my judgment that it is a good amendment so far as it goes; and that is about all you can say for any legislative proposal, that it is good as far as it goes. I have never seen one yet that would correct all the faults of the Government. It is my judgment that if we ever do get everything in the Government corrected, that will probably be the day the world comes to an end anyway, because it is my observation and judgment that things were not intended to be perfect this side of heaven.

It is my sincere belief that this little step would do a great deal in the right direction, and in that point of view I am probably the least self-motivated Member of this body.

Mr. President, I would suggest that the Democrats had no trouble at all about financing when we first considered this matter. We had a Democratic President in the White House and had the capacity to raise any amount of money. I regret that some Democrats did not see it quite that way and perhaps misunderstood my purpose at that time. But it was right when we did it; and if something is right, you ought to do it, no matter when it might be; and if it is wrong, you should never do it.

Mr. CURTIS. Mr. President, how much time do I have remaining?

The PRESIDENT pro tempore. Four minutes.

Mr. CURTIS. I yield 1 minute to the distinguished Senator from North Carolina.

Mr. ERVIN. Mr. President, I oppose the Pastore amendment, simply because I think there are some things which are not proper functions of government, and one thing which is not a proper function of government is financing the campaign of any candidate or any political party, directly or indirectly, out of the Federal Treasury.

I stated the reasons for my opposition to proposals of this kind in a hearing on the subject of political campaign financing proposals conducted by the Committee on Finance in 1967. I ask unanimous consent that the statement I made at that time and the colloquy which ensued, appearing on pages 468 through 472 of the hearings at that time, be printed at this point in the RECORD.

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

STATEMENT OF HON. SAM J. ERVIN, JR., A U.S. SENATOR FROM THE STATE OF NORTH CAROLINA

Senator ERVIN. Thank you, Mr. Chairman. I appreciate your most gracious welcome.

The astounding increase in the cost of seeking political office in recent years has focused the Senate's attention on the creative work which must be done in campaign finance reform if our Nation is not to forfeit political power to a few wealthy enough to purchase elective office. The necessity for keeping our expanding electorate responsive and the increasingly high cost of using the communications media for this purpose has made it obvious that a public obligation does exist to assist in financing political campaigns.

However, any proposal to accomplish the ends of campaign finance reform must complement certain basic objectives of our political structure. Mr. Chairman, I believe the following fundamentals should be seriously considered before any legislation is enacted:

(1) All present and future political parties, including third parties, must be allowed to benefit from the financial plan.

(2) All individual candidates from the courthouse to the White House, must be included in any equitable financing, arrangement.

(3) Because of the overwhelming position of our national parties, the party primaries have gained such importance that funds must be available to opposing candidates within a single party.

(4) Control over funds should be diffused as much as possible to avoid concentrating political power in the hands of the few who control the national party committees.

(5) The plan must encourage as many citizens as possible to become involved in the election process.

Mr. Chairman, I believe present proposals for Federal financing of presidential campaigns by direct Treasury appropriation to national committees fall miserably short of these objectives. Not only could this method lead to monolithic party structure with rigid, stifling party discipline, but individual giving would be discouraged by the lack of the donor's control in designating the recipient of his contributions.

There is a real danger that the direct appropriation by a congressional committee, as recommended by the President, could be controlled by the majority party in Congress at that time. I believe this is a possibility we must not allow. Also, even though direct appropriation approach makes a nominal attempt at the third-party problem, they would be discouraged. The after-the-fact reimbursement of third parties provided for in the President's recommendation is like promising a dead man food if he comes to life. There is no denying that the third parties have played a useful role in our political history, and I would hate to limit their opportunity to do so again.

I would support, Mr. Chairman, a $50 tax deduction for contributions to any candidate or party of the taxpayer's choice, whatever the office or party might be. This would be the most meaningful step toward the original purpose of campaign fund reform: First, freeing money for poorer candidates, and, second, broadening the base of financial support for political campaigns. Also, unlike the direct appropriation, the tax deduction method would benefit candidates in the primaries and for offices below that of President where contributions are so difficult to raise.

Through the use of a tax deduction, individuals will be encouraged to involve themselves in all aspects of our political life—Federal, State, and local—and the high public interest in securing the election of unobligated candidates will be served. Too many fine candidates, particularly at the State and Federal level, are discouraged from entering elected public service from the sheer weight of financial realities and a method with the proper built-in safeguards must be enacted to further the cause of a more effective democracy.

Mr. Chairman, I feel a tax deduction approach correctly satisfies the need for campaign financial reform, and I hope the committee will move in that direction.

This is very simple, the tax deduction approach is a very simple method. It requires no elaborate Federal machinery for supervision. It leaves the freedom to control election processes to the people rather than putting them in the hands of officeholders, and I think in the interest of preserving the most precious value of our civilization—that is the freedom of individuals—the tax deduction method approach is the only rational way to solve this problem.

I thank the committee.

Senator WILLIAMS. This proposal that you have made would preserve the right of the individual citizens to support the party or the candidate of his choice, while at the same time it would encourage a wider participation on the part of the masses of American people, provide them by this approach a way to take a greater interest in their government. I think it is a constructive suggestion and one which I hope we can follow. I agree with you fully that it would be disastrous for us, by the direct appropriation method, to build in a system here where we could never have anything but these same two political parties. I think the right of the average American citizen to oppose both of our political parties—which I hope they do not—but to support a third candidate is their American right, and to do it with their finances as well as their vote. This proposal you are making certainly merits consideration because it is in that direction.

The CHAIRMAN. Senator, you understand, do you not, that with regard to third party problems, the bill I introduced—in fact, I have two bills before the committee. I thought I would shoot both to the left and to the right depending on which direction the committee wanted to go. In either event, the bills I introduced, one the administration approach, the other which follows what we like to call the Metcalf voucher plan but limited only to the presidential campaign, would provide for third parties which get as much as 5 percent of the votes.

In the other one, it would make no difference how many votes he got. If you were to support the candidate for the prohibition party, you would get a little voucher that is worth $1 and you would write down there the name of the man you want to vote for and just mail it on in. That is worth a dollar toward his campaign. So if that approach were to be used, you could call it all kinds of things and you would approach it from all different angles. You could call it a tax credit, a tax refund, you could call it appropriations. But, whatever it was, it would permit all the third parties to participate.

Senator ERVIN. But they would not know whether it was deductible until they found out, counted up the votes. They would not know whether they had the 5 percent.

The CHAIRMAN. Not the Metcalf one. Now, the administration bill takes the approach, but I was not speaking of that. Of course, I am speaking of both, but the administration bill takes the approach that with regard to a third party, that party can have its choice. It can either rely upon the number of votes it received in the previous election or it can be reimbursed based on the num-

ber of votes it received when the election takes place.

For example, you can apply that to Gov. George Wallace if he desires to run. He has no prior experience as candidate for election to President of the United States. He only has experience in primaries. But he could perhaps take a poll that would indicate he is going to get about 13 percent of the vote, which might be about 8 million. He could then derive from that the fact that he was entitled to a certain amount of money, and I would imagine some could be advanced to him by loans from supporters which could be paid back and reimbursed to them when the campaign is over. So the administration bill provides a method by which a third party just starting could nevertheless go and make his case before the people.

Senator ERVIN. The fundamental defect I see in that is that the established parties get theirs when they need it which is before the election, when the campaign is on, and the other people get theirs after the election is over. And as I said, it is like promising food to a dead man provided he is present at the resurrection.

Senator WILLIAMS. And one other point, if the polls he relied on were as misleading and far off base as they were in 1948, he may end up with 4.99 percent of the vote and $8 million debt and nothing to pay for it. Under the President's proposal he would get nothing.

The CHAIRMAN. Those polls were not far off in 1948. They reached the wrong conclusion. But if you look at a poll that says you have 51 percent, the man who took the poll claimed a 10-percent margin for error, or at least 5 percent. So he would claim three points for his allowed error. So you say you got 51 or 52 percent. The outcome could be different just by the slippage in his own margin of error.

Senator ERVIN. I say that that illustrates the undesirability of any kind of election reform in the financial field other than a tax deduction to be controlled by the taxpayer, the individual. Because who is going to run the poll? Certainly the Government would not let me run the poll if I were running for President and would not take my figures. You would have to set up some more Government machinery to take the poll. One of the great advantages of the tax deduction approach is that you do away with any necessity for any further Government regulation or any further Government employees except those they already have in the Internal Revenue Service, when the man would submit a receipt.

Furthermore, I think it is wrong to say the only man whose campaign is going to be financed is the President. I think if a man wants to make a campaign contribution to the sheriff's race, that man should be included. The President needs it less than anybody, at least the incumbent President, because the way Congress appropriates hundreds of millions of dollars to be expended at the discretion of the Government, the incumbent candidate already has a lot of money available to him, for all practical purposes.

The CHAIRMAN. If you do not tie it down, though, Senator, you have to be careful that some boys do not get together with another tax avoidance scheme and say, "Now, let us get old Joe Blow to run for constable every 4 years; he does not care about being constable, but that will make it possible for us to get a tax deduction, and we will split the profit with him."

So, the man ran and he did not spend the money, but look at the person in the 50-percent bracket. There would be a $25 gain there, and that would be enough to split the profit, $12.50 apiece between him and the man who contributed the dough.

Senator ERVIN. I would say the answer to that is simple. If the man receives the money for one purpose and uses it for another, he is subject to indictment under existing laws in every State in the Union. I do not think a man wants to give away money merely to get a tax deduction. He gives it away because he is interested in the cause to which he gives it, and also he would be interested in——

The CHAIRMAN. He cannot do it now, but if you pass that law and do not tie it down, you had better be careful.

Senator ERVIN. I would not be in favor of giving a man an unlimited amount.

Senator WILLIAMS. I might respectfully point out that the chairman has just made an excellent statement in favor of your proposal, and he has just shot the Metcalf voucher proposal full of holes, because it is wide open for abuse, as he says. I thank you for your support.

The CHAIRMAN. If you take a look at the bill I introduced, there are all kinds of safeguards in that one. He would go to the penitentiary.

Senator WILLIAMS. The administration itself recognizes that their original proposal is not good.

Senator ERVIN. The only limitation that I would put on the proposal is that the man make a contribution to the party of his choice, or to the candidate of his choice. That is all you need. You already have the law to control that, and the employees to administer it in the Internal Revenue Service.

Senator WILLIAMS. Also, it is attractive in that the individual making the contribution must dig into his own pocket and make some sacrifice. Otherwise, I do not think we are accomplishing anything.

Senator ERVIN. Instead of taking it out of the Treasury under any appropriation system, you are going to take the taxpayers' money. In many cases, you are going to use it for purposes which the taxpayer abhors.

Senator WILLIAMS. They would be taking the taxpayers' money and using this money to finance the two major political parties when he may be in strong opposition to those two parties, and he may wish to support the third party, which is his right. Why take his money and make him finance your party and my party, when his party is left out. I do not think that is fair.

Senator ERVIN. The plan I suggest also just takes a simple way. It lets the voter control, rather than the officer holder. And you need no new machinery. You need no more employees to supervise things. And it preserves the basic principle of freedom.

Senator WILLIAMS. And if they do not think you and I are worthy of an election, they do not have to finance our campaign. They can get rid of us.

Senator ERVIN. Any other kind of regulation is going to be something that complicates simplicity, when simplicity does not need to be complicated.

I thank the committee.

The CHAIRMAN. Thank you, Senator.

Mr. CURTIS. Mr. President, I yield 2 minutes to the Senator from Connecticut.

Mr. WEICKER. Mr. President, I wish to comment briefly on the remarks of the distinguished Senator from Louisiana. This is not a question of the Senate having an interest in corruption, rather I am saying that the Senate's interest must be in integrity and excellence. That certainly is not the case with the Pastore amendment. It relates to those who are going to share in emoluments. An interest in integrity and excellence is what we on this side are trying to bring to pass: Excellence in that availability funds should not be a limitation on running for office in this great country; integrity to the extent that legislation passed by the Senate, should not inure to the benefit of the Members of the Senate.

To the distinguished Senator from Louisiana, I say the whole bill is bad the way it is constituted. The $1 contribution, the deduction, the concept of Federal financing of campaigns. It is all rotten.

Mr. CURTIS. Mr. President, I yield the remainder of my time to the Senator from Kentucky.

Mr. COOK. Mr. President, the Senator from Louisiana talked about mischief on the part of the Members of the Senate and that, somehow or other, we will have scars.

We have here a bill that has nothing to do with how much is spent in primaries, and $25 million was spent by the Democratic nominees in the last election. We have a bill which says we will give money to minority candidates, but only so much money, and then they can raise money for the part they are short, up to the limitation of the major candidates. So if they win, they go in having just as big a war chest, having been gained in the methods the Senator from Louisiana says should not be done.

The Senator from Rhode Island asked the other day, "Do we want an election like we had in Saigon?" Consider the criminal penalties in this measure. Is the Comptroller General going to accuse a President-elect of the United States of having done something illegal, and are you going to try the President-elect and give him up to 5 years and fine him $10,000? That is the most ridiculous thing I can think of. As a matter of fact, if you do not try the President-elect but try one of the nominees who was unsuccessful, are you going to put him in jail? This is what they did in South Vietnam a few years ago. The losing candidate for President always went to jail.

You have a situation in which you are going to say to the American people that there is logic in this amendment when it contains things such as that, when you include a section that you are going to criminally fine a President of the United States up to $10,000, a President-elect, when you cannot try him between the time of the election and when he gets sworn in. Are you going to take him from the White House and send him to Lewisburg? Let us not be ridiculous. How are you going to do that? All I can say to the Senator from Louisiana is that that proves that when one has to do something in desperation, such as this amendment, one can make all kinds of mistakes. These are the things we ought to be debating and discussing.

Mr. President, how much time does the Senator from Nebraska have remaining?

The PRESIDENT pro tempore. The time has expired.

Mr. COOK. I thank the Senator.

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

Mr. PASTORE. If the Senator will withhold that request, Mr. President, how much time does the opposition have?

The PRESIDENT pro tempore. Ten minutes.

Mr. PASTORE. I will not take all that time.

Mr. President, no impertinence is intended, but this amendment is just as phony as a $3 bill. It is not, in my humble opinion, advanced for any reason that is going to improve the bill. It is advanced with the intent to crucify the amendment.

What does this amendment say? Regardless of whether this is a good thing to do for the people of the United States of America, to make sure that the best qualified man will be elected their President and their Commander in Chief, no matter what the nobility is of that concept, you cannot do this because the budget is not balanced.

I say to my good friend, the Senator from Nebraska, that we have been trying to stop the flow of money to Vietnam. We have a vote on this floor. We spend in Vietnam more money—$25 million a day more—than we will spend on this in 4 years. We spend in Vietnam $25 million a day more than we would spend on this concept in 4 years. We had a vote here not too long ago to stop money going into Vietnam, except for the purpose of withdrawal of American troops, and who voted for it and who voted against it? How did those who wanted a balanced budget vote? How did the Senator from Nebraska vote?

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. PASTORE. I have the floor.

Mr. CURTIS. The Senator asked me how I voted.

Mr. PASTORE. Yes.

Mr. CURTIS. I voted to provide funds for our boys in Vietnam who were put there a good many years before the present administration came to power. If the Senator wants to make a comparison of what war costs compared to what political elections cost, that is not an appropriate argument here.

Mr. PASTORE. If the Senator will permit, the comparison certainly is proper. It has to do with the balancing of the budget. If the money has to be spent, according to the Senator's idea, because that is the right thing to do, then it does not matter what the status of the budget is. Now if it is the right thing to insure that we have the best President, why does the Senator put on that limitation that the budget must be balanced? Does the Senator mean to tell me that it is more sacred that we be in Vietnam than to have the best man as the President of the United States? That is the logic of the Senator's argument.

Mr. CURTIS. I think that becoming involved in Vietnam was terrible.

Mr. PASTORE. Of course, it was; and I agree with the Senator in that respect. But the Senator is saying that before you have anything that has nobility, you ought to balance the budget. That is what the Senator's amendment says. He is not questioning the character and the quality of this. If the Senator stood up and said, "I am against this amendment," frankly, I would say, "Amen. You have a perfect right to your point of view, as I have a perfect right to my point of view, and let's come to a vote." But when the Senator stands up and says, "I don't like this, whether it is good or bad, but you can't have it even if its good, because the budget isn't balanced," we would not do many things on the floor of the Senate, and the Senator knows that.

That is why I say it is as phony as a $3 bill, and it should be rejected.

I yield back the remainder of my time.

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

The PRESIDENT pro tempore. All time has expired.

The clerk will call the roll.

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

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

Mr. PASTORE. Mr. President, out of whose time does this come?

The PRESIDENT pro tempore. All time has expired.

Mr. PASTORE. Does this come out of the time on the amendment or nobody's time?

The PRESIDENT pro tempore. Nobody's time.

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

The question is on agreeing to the amendment of the Senator from Nebraska. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Indiana (Mr. HARTKE), and the Senator from New Hampshire (Mr. MCINTYRE) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from New York (Mr. JAVITS) is detained on official business.

The result was announced—yeas 43, nays 53, as follows:

[No. 375 Leg.]

YEAS—43

Aiken	Dole	Percy
Allott	Dominick	Roth
Baker	Ervin	Saxbe
Beall	Fannin	Schweiker
Bellmon	Fong	Scott
Bennett	Goldwater	Smith
Boggs	Griffin	Stafford
Brock	Gurney	Stevens
Brooke	Hansen	Taft
Buckley	Hruska	Thurmond
Byrd, Va.	Jordan, Idaho	Tower
Cook	Mathias	Weicker
Cooper	Miller	Young
Cotton	Packwood	
Curtis	Pearson	

NAYS—53

Allen	Ellender	Long
Anderson	Fulbright	Magnuson
Bayh	Gambrell	Mansfield
Bentsen	Gravel	McClellan
Bible	Harris	McGee
Burdick	Hart	McGovern
Byrd, W. Va.	Hatfield	Metcalf
Cannon	Hollings	Mondale
Case	Hughes	Montoya
Chiles	Humphrey	Moss
Church	Inouye	Muskie
Cranston	Jackson	Nelson
Eagleton	Jordan, N.C.	Pastore
Eastland	Kennedy	Pell
Proxmire	Spong	Talmadge
Randolph	Stennis	Tunney
Ribicoff	Stevenson	Williams
Sparkman	Symington	

NOT VOTING—4

Hartke	McIntyre	Mundt
Javits		

So Mr. CURTIS' amendment was rejected.

Mr. PASTORE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. BYRD of West Virginia. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 721

Mr. WEICKER. Mr. President, I call up my amendment No. 721.

The PRESIDING OFFICER. The Senate will be in order. Senators will cease conversations. The Senate will not proceed. An amendment is about to be stated by the clerk, and I know we are interested in hearing its contents. Senators will cease conversations. The pages will cease conversations.

The Senator from Connecticut will proceed.

Mr. WEICKER. Mr. President, on this amendment I request the yeas and nays.

Mr. BYRD of West Virginia. Mr. President, has the clerk read the amendment?

The PRESIDING OFFICER. The Senator is correct. The clerk will read the amendment.

The assistant legislative clerk read as follows:

On page 13, after line 25, it is proposed to insert the following new subsection:

"(d) No person holding Federal elective office as of the date of enactment of this Act shall be eligible for funds provided herein prior to January 1, 1973."

Mr. WEICKER. Mr. President, I request the yeas and nays.

The yeas and nays were ordered.

Mr. WEICKER. Mr. President, I shall read the amendment. It is very simple. It reads:

On page 13, after line 25, insert the following new subsection:

"(d) No person holding Federal elective office as of the date of enactment of this Act shall be eligible for funds provided herein prior to January 1, 1973."

No person holding Federal office is to participate in the funds generated by the Pastore amendment prior to January 1 of 1973. I would say that that is the minimum of propriety. I have come before this body to suggest that such should not be the case for 6 years, and that suggestion was turned down. Then I suggested an amendment by which the act would not take effect until after the presidential elections of 1972, and that was turned down.

All I am suggesting now is that a lot of money is going to be generated for politicians by this legislation, and I am saying that the politicans here—we—this body—shall not participate in that money.

Do not Senators think it might give a certain degree of confidence to the American people if we passed something that was good for them rather than something that was good for us?

I might say that I plan to follow this proposal with another one which provides that the President and Vice President will not participate in those funds. If certain Senators have indicated that they want to participate in this slush fund, President Nixon has indicated he will not.

Let us talk specifically about what is intended by the amendment. We are going over the same ground again. The Senator from Rhode Island knows it, and I know it. But much has happened since this debate began. I think there is no question that the American public has become well aware of what the issue is—that it is not rich versus poor, or that enables those who do not have enough money to run for public office to do so. That is the way is was originally presented, but as the debate has proceeded it has become clear that there are many drawbacks to this legislation and that it does not have the high-sounding purposes which the Senator from Rhode Island and his colleagues would have us believe.

I think it enormously important that what we do here on the floor of the Senate have credibility among the people of this country. Yet the way the act is written, the way in which the money is to be distributed, all we are going to do is fortify the low esteem, as proved in poll after poll, the American people have of their politicians.

I repeat, and I want to make very clear, what I think of the concept of the Senator from Rhode Island. I do not believe that the amount of money a person has or that is available to him should determine whether or not he should run for public office. To that extent, the Senator from Rhode Island is 100 percent correct. So let that question be done with so far as argument from this side is concerned. We have to devise a system in this country which will make it possible for any man or woman to run for any office without money being the bar to his right to do it.

I am trying to cure the proposed legislation with my amendment. Why should we on the floor of the Senate pass a bill from which we are going to directly and financially benefit? That is all I am talking about. If the idea of the Senator from Rhode Island should become a fact, then 3 or 4 years from now we will be able to stand before our constituents and say, "Yes, I voted for reform in our campaign practices here in the United States, but I want you to know that I personally eschewed any benefit that I would have had from that legislation."

That, in essence, is what this amendment says.

Does the Senator from Rhode Island care for recognition at this time? Does he intend to talk on this amendment?

Mr. PASTORE. I will talk on it for a very short while.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. WEICKER. I yield.

Mr. COOPER. In support of the amendment that has been offered by the distinguished Senator from Connecticut, I would point out that in 1966 the Senator from Louisiana (Mr. LONG) proposed an amendment which was practically identical to the one that the Senator from Rhode Island (Mr. PASTORE) has proposed, and it was debated thoroughly and adopted.

In 1967 former Senators John Williams, of Delaware, and Albert Gore, of Tennessee, offered an amendment to the Tax Credit Investment Act to repeal the 1966 amendment of Senator LONG. The Williams amendment was debated fully and thoroughly for 2 weeks, and the 1966 Long amendment was repealed by a vote of 48 to 42. Fifteen Members of the majority party voted for repeal.

One of the chief proponents for repeal was the late Senator Robert Kennedy. One of his reasons for repeal was that it would provide funds to the national committees of each party, thus centralizing power in Washington at the national level and that the national committees could influence local elections, the election or nonelection of candidates for State, Federal, or local office.

Now it is claimed that the Pastore amendment has cured that defect because it provides that the money shall be allocated to the candidates rather than to the national committees. I will use an expression that the Senator from Rhode Island (Mr. PASTORE) often uses "How silly can we be?" The candidate will not carry the money around in his pocket. He will establish a committee to manage his campaign and to make campaign expenditures. We know it will be either the national committee or a committee of his choice, and such a committee will have the same power to influence local and State elections.

I know I have stated the position of those I have quoted, for yesterday I read the debate again. I do not recall whether the Senator from Rhode Island voted to repeal the 1966 Fong amendment but——

The PRESIDING OFFICER. Will the Senator from Connecticut advise the Chair as to how much time he yielded the Senator from Kentucky?

Mr. SCHWEIKER. I yield 3 more minutes.

Mr. COOPER. I take this opportunity to point out that the same arguments against the 1966 Fong amendment still applies. There was large editorial opposition throughout the country to his amendment. Today there seems to be very little comment upon the Pastore amendment, essentially the same amendment.

The amendment of the Senator from Connecticut is correct, at least until we have some opportunity to see how this fund would be used, and some experience. Without a clean election act, and none has been enacted, the abuses which the election reform act approved by the Senate was designed to correct would be perpetuated and magnified.

I support the Senator's amendment.

The PRESIDING OFFICER. Who yields time?

Mr. PASTORE. I yield 3 minutes to the Senator from Louisiana.

Mr. LONG. Mr. President, the Senator is slightly in error when he says we debated this matter for 2 or 3 weeks. We debated the matter for 5 weeks when we talked about suspending the proposal for a $1 checkoff to finance both parties.

The basic argument made at that time by those who opposed the proposal was that they wanted more safeguards. They wanted to be sure there would be reporting. They wanted provisions to keep this money from being used by a party chairman to favor one candidate over another; and they wanted greater accountability for the funds than the provision then provided.

The provision was not repealed. The Senator is in error on that also. It is still on the statute books. The situation was that the Senate voted merely to suspend operation of that provision until these safeguards could be put into effect.

We have studied that matter down through the years, and we have proposed every safeguard that we thought would serve a purpose, including making the man running for President accountable, rather than having the party chairman accountable for these funds. In fact, we have provided so many safeguards that those who do not like it now say there are too many, and that it is not right to apply a criminal sanction to a man running for President.

I did not respond to that point with regard to the previous amendment, but the fact is that we do not regard a presidential candidate as being above the law. As a matter of fact, there have been some investigations, even this last time, as to whether George Wallace's money was properly handled.

Mr. President, by now it should be clear that there is a link between campaign contributions and the improper influence of money in Government. That should be fairly clear to everyone who is concerned about the matter. It would help to have reporting disclosure provisions.

The difficulty, however, is that those provisions make it even more difficult to raise private funds to finance an election on a proper basis. I am well aware of the fact that any time you receive a contribution, on the most legitimate possible basis, it is subject to someone misconstruing it. I made a speech some years ago to the largest restaurant association in the United States. It gave me an honorarium; and since that time, I have read articles and commentaries of nationwide columnists, including Drew Pearson's and now Jack Anderson's column, inferring that the reason I later voted to help the restaurants with some of their problems was that they had given me an honorarium the time I spoke before their convention.

I would like to reduce or eliminate this kind of misunderstanding, and at the same time make it possible to raise funds and comply with all the reporting and disclosure provisions, and everything else that the mind of man might suggest as ways that would make government more circumspect and more in line with public views of honesty and integrity.

So I would suggest, Mr. President, that this so-called conflict of interest is basically a situation where a person has an interest one way or the other. Much has been said to the effect that the Democrats have difficulty raising money.

Everyone has to raise campaign money when he runs for office, and the question is, How should it be raised? It seems to me that while those on the other side might suggest that the Democrats have an interest in raising compaign funds, what we are really trying to do is make it so that no one would have to make any commitment that his conscience does not dictate in order to raise campaign money. It could well be argued that those on the other side have a vested interest in defending something that leads to greater corruption in government. Who has the conflict of interest in that case? I should think that anyone who is voting for the national interest has an interest parallel to that of the Nation, and he should be voting for something which is for the good of the Nation and the State which he represents.

On the other hand, when one has an interest in defending something that should be changed, some vestige of corruption or improper influence that has been left to us from previous times, he might be accused of having a conflict of interest—an interest in keeping it the way it is, rather than correcting it and putting it in proper form.

I am not trying to reflect on anyone's motives, but the truth of the matter is, Mr. President, that if I were a candidate for President—and I am not, and never expect to be—I would feel it was my duty to vote for this proposal, because I would not want to go out and make commitments that I would not otherwise make in order to obtain campaign funds. I should be glad to put in the record some of the propositions made to people when running for office, which they either have to agree to, or, if they wish to keep their conscience clearly within their own control, be very poorly financed.

We want to reduce and eliminate that type of situation. We want to release candidates from the pressures of having to raise money beyond one's ability and under circumstances which cause people to make commitments which are contrary to their judgment or beliefs. Problems such as these have led us to a system which is against the interests of the Nation, and which can lead to conflicts of interest in Government. We want to correct that situation.

I hope the Senate will defeat the proposed amendment.

Mr. PASTORE. Mr. President, I yield myself whatever time I may require, within the limited time I have available.

I suppose that in a prolonged debate such as the one we are engaged in now, we find ourselves repeating ourselves time and time again, and I suppose it gets a little bit boring.

I realize, too, that whether you are for this amendment or against it, there is honorable motivation on both sides. I do not want anyone to run off with the idea that there is more honesty or less honesty in one party than there is in the other.

But we have to admit that over the years, because of the astronomical costs involved in a presidential campaign, we have developed a monster. We have developed a monster. I do not know how others feel, but I have had committees eager to be helpful that have raised money for me, and I must confess on this floor today that I have always found it embarrassing and perhaps a little humiliating. I know there was no expectation of reward.

I know there is no compromise of conscience nor conviction. Those are human characteristics that cannot be changed in people, no matter what the price. I like to feel that any man who is elected to public office is an honest man. I have been a member of this body now for 21 years, and I can say that I have not met a dishonest person. But let us talk about the facts of life today. You can talk about 1967, and you can talk about 1969, but the facts of life are these: To run for the presidency of the United States today requires a barrel of money. Either you have that money or you have to go out and get it. What we have developed as a system in this country is that is no longer a $5 donation any more or a $10 donation. We are pyramiding the style and fashion. This goes for both parties. Now you have to have a $1,000 club or a $500 club—or a national hookup of clubs and banquets all over the country, for which individuals buy a ticket for $500 to attend.

Think of the many people over the age of 65 this morning, in this cold weather, who if they have to go out to buy something must go in their sneakers because they do not have the money to buy a good pair of shoes. They see the headlines of the newspaper on the stand and read that thousands of people go to a banquet at $500 a head. They must say to themselves, "What is happening to us? What is happening to this fine Republic of ours?"

Must the President of the United States humiliate himself being led around building up goodwill, but entertaining these ticket buyers. Why must he be thus taken away from his Office in the Oval Room or the privacy of his desk, where the problems of this great Republic demand his unremitting attention, yes—once before a bill was introduced to remedy this. That bill was vitiated. Its faults do not exist in the Pastore amendment. I changed it in two respects: No. 1, I made it elective upon the candidate, to accept or reject participation in the presidential campaign fund I did not want to be accused by anyone that, because the Republicans were a little luckier than the Democrats this time and had accumulated the money, I wanted to do something to hurt the Republicans or stymie them. That was not my intention at all.

When the matter came up for discussion, I was the one who insisted that I was not going to be party to any measure that was punitive against anyone. So that was the first amendment I suggested—that it would be elective upon the candidate.

If he chose he could go the private way. I hope that some day that will be changed, too. I hope that we will pass that bill now in the House, so that we can place a ceiling on spending for all candidates, and so that the broadcasting institutions in this country will give free time—an agreement we already have, our goal is to see that every candidate can get the exposure. The first modification I made was that the source of funds would be elective.

The next modification I made was to make the candidate himself solely and strictly responsible for the money that might be taken out of the Treasury in order to finance that campaign. I did not like the idea of the funds going to a national committee, because there the responsibility would be diffused. I wanted the responsibility to impinge on one person, the person who applied for the money. He would be pledged that he would not use any more than he was entitled to under the law, and that he would not and could not go out and collect another nickel besides. That is the reasoning behind those changes purely and simply expressed.

I know that there are people on the other side who ideologically cannot go along with this. There are some on our side—I have in mind the Senator from Virginia, whom I love. I have not talked to him about his vote. I would not dare talk to him about his vote. I have not tried to case anybody. I have not asked anybody to vote for this. I have not asked anybody to vote against it. I have not been in the cloakroom and begged anybody for his vote. I am not a candidate for President. I have 5 years remaining in my present term, and by then I will have had 26 years in the Senate. This amendment is not for me personally. But I think the time has come when we have to put this matter in proper gage, and that is all we are trying to do—put it in proper gage.

We have heard comment pro and con about the New York Times publishing a friendly editorial with respect to the Pastore amendment. I do not cite that as proof that no one should oppose it. I am not saying that at all. But I do submit it as reasonable testimony in evidence that the Pastore amendment is not the awful thing that some of the Republicians have suggested. It is not meant to be. I am waiting for the hour of decision—5 o'clock to leave it up to the vote of this body.

I have not solicited anybody. I do not know whether the White House has called anybody. I do not know whether any staff members have been down here talking to anybody. I have read some such suggestions in the newspaper. There is some talk that the President might veto this. That is his prerogative. I would not impinge upon that. I would not even say one nasty word about it, and I have not. I have not castigated anyone. If Members do not like this way of achieving campaign funding sanity and if they want to vote against it, that is their prerogative. It is their privilege.

I borrow a sentiment from Bishop Sheen to say:

> I love you. I'll love you just as much tomorrow as I do today.

And that goes for the Senator from Connecticut. There is nothing personal here.

What is the Senator from Connecticut doing? His last amendment sought to exempt two elections. Now the Senator is seeking to exempt one election. As I said

then, he was going to come down the scale, and my prediction was right. First, he said 1977. That took it beyond the 1976 election. Now he is saying 1973, which takes it beyond the 1972 election.

The point is this: If my amendment is good at all, if it has any merit at all, it has merit today. If it does not have merit today, it does not have merit at all. With respect to the idea that it is going to be a good law in 1973 but a bad law today, I use the expression of my colleague who more or less quoted me: It would be ridiculous; it would be silly.

I hope this amendment is rejected. It refers to any person who is holding a Federal elective office. I do not know whether Senator MUSKIE is going to be the candidate. I do not know whether Senator KENNEDY is going to be the candidate. I do not know whether Senator MCGOVERN is going to be the candidate. I have never asked any one of them. Perhaps they will be, and perhaps they will not be. My only prayer and hope is that they will be in good health in July of 1972. Let the convention decide who the candidate is going to be.

But I do not think anybody is trying to put any money in their personal pockets. No one is trying to raid the Treasury. This money has to be accounted for. It has to be for the campaign. Why? So that we will not have a lopsided situation; so that we will not have one person running for the Presidency on television, every hour on the hour, while the other fellow is on the telephone begging people to send him a few dollars so that he can go on radio for a few minutes.

I want to give them both a fair share. Why do we want to give them both a fair share? So that the people will have an opportunity to judge; and that is what this is all about, period.

I hope the amendment is rejected.

The PRESIDING OFFICER (Mr. MONTOYA). Who yields time?

Mr. WEICKER. Mr. President, that was an eloquent presentation by the Senator from Rhode Island as to the Pastore amendment, but it lightly passed over the Weickert amendment.

The Senator from Rhode Island is entirely correct when he says that I had an amendment before this body which would have postponed the effective date of the act for 6 years. That was the best; that was the optimum. That would have made us 100-percent honest. We could have turned to our people around the country and said, "We have passed this legislation for the future of America. We are not designating it for our benefit." Unfortunately, due to the efforts of the Senator from Rhode Island and his colleagues on that side, we cannot be 100-percent pure in the matter.

So I thought that perhaps we could be 66⅔ percent ethical in the matter; and the Senator from Rhode Island and his colleagues on the other side said, "No. That is not good enough. We want to get to this money, and we want to get to it now."

The amendment I have now proposed tries to make us 33⅓-percent honest, if you will. But apparently even that is not to be. The question that arises in my mind is this: Why the unseemly haste? What is the haste to get our hands on this money? There must be some practical reasons which I do not understand unless it is of course——

Mr. PASTORE. Mr. President, will the Senator from Connecticut yield on my time?

Mr. WEICKER. I will yield 1 minute to the Senator on my time, as soon as I have finished this thought. Within the past 7 days, every one of the Democratic candidates has had to cancel very important appearances, before the Young Democrats at Hot Springs, before the AFL–CIO, and so forth. With all the great matters that have come before this body dealing with international affairs and the vital questions affecting the Nation at home, no such cancellation took place. But when it comes to campaign funds for the Democratic Party, they are all back in Washington on the Senate floor. They are for this amendment not because of the merits but because they have the votes. This amendment puts it squarely to eacn one. I hope that the people of this country will go right down the list of the rollcall votes and find out which Senator voted for his own pocket and which Senator voted for the United States and campaign reform; because even if this amendment passes, each one of the candidates and each Senator will have the opportunity to vote for the Pastore amendment. The Pastore amendment probably will pass and probably should pass; but how about the Pastore amendment with the Weicker amendment on it, which says, simply, to the people of the United States, "We believe in campaign reform. We believe that lack of money should not be a bar to any man or woman running for public office and we have accomplished that on the Senate floor for the future of America, while at the same time denying the use of the funds to ourselves."

Now I am glad to yield to the Senator from Rhode Island.

Mr. PASTORE. The point the Senator from Connecticut misses, which is the crux of this whole situation, is that we are not voting ourselves one dime. We are merely saying to the people, those who pay the tax, "You have the opportunity of setting that dollar aside—that dollar that has got to go into the treasury, anyway—but you check it off to purify the elective process." If the people decide that this is a bad thing, that they will not allocate the dollar. All we are doing is bringing the power of decision to the people. I heard here the other day the argument made that we as the Congress should appropriate in the usual process. I do not want Congress to dictate it. I want the people to decide it. That is why this amendment has been written the way it has. I tell you frankly, Mr. President, if the people do not allocate that money, this amendment will die of its own weight. It is as simple as that. All we are saying is that this is a referendum, so to speak. We are going back to the people and saying, "Do you prefer to do it this way? If you do, then designate that dollar; but you are the one who votes it. We do not."

Mr. WEICKER. The fact is that no referendum will take place until you have the money.

Mr. PASTORE. From whom do we get the money?

Mr. WEICKER. From the taxpayers. The Weicker amendment says that no one shall participate in the use of the funds prior to 1973, which means that we have to go back to the voters to indicate our stand on this matter. I suspect that someone may come up to me if I were one of the unlucky ones to have voted for the Pastore amendment, and he might say to me, "Senator, how come I have been out of work for several months, yet the priority of business in the United States Senate has been to vote itself campaign funds?" Or, "Senator, how come it is that we cannot go ahead and have my family taken care of in the way of decent health facilities, when you fellows have a priority on the use of funds for your campaigns?" Or, "Senator, I cannot move because we do not have a transportation system in this country, but how come it is that you can move so fast as to give yourself funds for a campaign?"

If I were so unlucky as to vote for the Pastore amendment, how would I respond? I might say, "Well, it is established now as a fact of life in the United States and we will worry about the criticism later." That seems to be a problem of credibility. I say, let us give some dignity and honor to our profession.

Mr. PASTORE. Mr. President, will the Senator from Connecticut yield?

Mr. WEICKER. I yield, but on the Senator's own time now.

Mr. PASTORE. All right. I would hope that the Senator would not consider this impertinent, but I would like to make a suggestion. The way I would respond to it would be to say, "We in the U.S. Senate did not vote ourselves this money. We merely make it possible to give the people the opportunity. We delegate to them the opportunity to provide the people's money to elect the best President we can that this country ever had. We say, "It is up to you, the people, to decide to set the money aside."

Oh, I know that this is evoking little smiles from Tennessee and New York. I know exactly how they feel. But the point is that all we are trying to do is to make it possible for the people of this country to elect a President who is not obligated to the "fat cats." In plain English, that is what it means.

Mr. WEICKER. Mr. President, I yield 1 minute to the Senator from Colorado (Mr. ALLOTT).

Mr. ALLOTT. Mr. President, I serve on a committee with the Senator from Rhode Island, and I appreciate his humor. I hope he does not mind us smiling once in a while over here because it is very appropriate. But I want to say to the Senator from Connecticut that I cannot see that the Pastore proposal is in conformity with the American system. It is not a choice. What it says is that if we want to earmark $1, it can go into a fund. Perhaps he does not, but I think he does agree with the general principle of appropriating funds. I feel certain that he does because I serve with the Senator from Rhode Island on the Appropriations Committee. But what his amendment would do would be to circumvent the process of appropriation.

I ask the Senator from Connecticut: Is it not true that if the Pastore amendment shall be agreed to, even with or without the Weicker amendment—which I support very strongly—that what we will have done will be to earmark x millions of dollars, and that will be the No. 1 priority over welfare reform, over care for the aged and the blind, over the problem of mass transportation, and over everything else that so many Senators talk about as being vital to this country and what we should be doing? Is it not a fact that if the Pastore amendment shall be agreed to, with or without the Weicker amendment, what we will have done is to earmark for political campaigns money literally for ourselves and our Presidential candidates over and above everything else that is before this country which is said to be so urgent?

Mr. WEICKER. The Senator is absolutely correct.

The PRESIDING OFFICER (Mr. MONTOYA). The 1 minute of the Senator from Colorado has expired.

Mr. ALLOTT. Mr. President, did I have just 1 minute?

Mr. WEICKER. I yield 1 additional minute to the Senator from Colorado.

Mr. PASTORE. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from Rhode Island has 12 minutes; the Senator from Connecticut has 11 minutes.

Mr. ALLOTT. Mr. President, I have not made up my mind whether I am going to run for the Presidency or not. As a matter of fact, no one has urged me to do so—not even my colleagues; but I can see the position that a candidate for President from the Senate would be in if he voted for the Pastore amendment. It would be a direct conflict of interest. I can interpret it in no other way. I do not think we can wear all of our honor on our shoulders like epaulettes, any more than any one else.

I have never understood, when anyone contributed to my political campaign, than I owned him any more than one thing, and that was to conduct myself as the man he thought I was when he helped me get into an election, and helped by contributing to it. But I cannot see how anyone—I frankly cannot see it—how anyone who is an official, or a semiofficial, or an incipient candidate for the President, can vote for this bill. I do not see how we can vote for it at all.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. ALLOTT. I thank the Senator from Connecticut for yielding me time.

Mr. WEICKER. Mr. President, I will yield in a minute to the Senator from Kansas. However, in response to the Senator from Colorado, I might add, to follow the reasoning of the Senator from Colorado, that neither should the President of the United States participate in the passage of this measure. This is not a partisan affair.

I think that the Senator from Colorado feels as strongly as I do that the President of the United States should not sign a bill that he would benefit from.

Mr. ALLOTT. I believe that.

Mr. WEICKER. Mr. President, I yield 2 minutes to the Senator from Kansas.

Mr. DOLE. Mr. President, as I understand it, the language of the amendment provides that no one now seeking the Presidency who might be a Member of this body would be eligible for funds.

Mr. WEICKER. The Senator is correct.

Mr. DOLE. Could that person resign as a Senator and then be eligible?

Mr. WEICKER. Certainly. He could resign as a Senator and be eligible for the funds under the amendment.

Mr. DOLE. Mr. President, does not the Senator believe that with so many Senators in this body being interested in the Presidency, if they were all to resign we would not have a quorum?

Mr. President, I want to speak to the point about being obligated. I can understand the great interest of those on the other side of the aisle in this measure, because it more or less makes it easy for all those candidates of the other party in this body in the primaries.

I am certain that those people will become obligated in the primaries. They spend millions of dollars. How would they not become obligated in the primary while trying to get the nomination?

It is said that this would absolve anyone of politics and he would be free from obligation.

To me this is a green light to get into the race. Anyone can enter the primaries, and if he spends millions of dollars on the primary and wins, he has $20.4 million waiting if nominated.

We do not accomplish anything unless it applies to all elections and to all efforts to get the nomination. So all we do is shift the so-called responsibility of being free from the taint of any deal.

If a person won in the primaries and the convention, I guess it would tend to have him arrange some fantastic deals at the convention if that person were leading in the polls and had a lot of delegates and knew he had $20.4 million waiting for him. I think that we would add to the problem, rather than subtract from it.

I support the amendment of the Senator from Connecticut. It does indicate, so far as this body is concerned, that we are not seeking these funds.

I know it is difficult to raise campaign funds. We have difficulty in the Republican Party. The Senator from Rhode Island referred to a $5 million dinner several times. I wish to point out that it was only $4 million.

Mr. PASTORE. Only $4 million?

Mr. DOLE. It was only $4 million gross, and we had some expenses.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. WEICKER. Mr. President, I yield 1 additional minute to the Senator from Kansas.

The PRESIDING OFFICER. The Senator from Kansas is recognized for 1 additional minute.

Mr. DOLE. Mr. President, that is only the beginning. I might say to the Senator from Rhode Island that we hope to have additional fund-raising efforts. We have a lot of activities patterned after the activities that the other party has been using. We are trying to learn. We are trying to raise money. We are doing the best we possibly can to obtain some contributions. We have a membership fee in the Republican Party of $10 or more. Many people belong to the organization.

If I may ask the Senator from Rhode Island a question——

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DOLE. I will ask it later.

Mr. HANSEN. Mr. President, will the Senator yield?

Mr. PASTORE. Mr. President, I yield to the Senator from Wyoming.

The PRESIDING OFFICER. How much time?

Mr. PASTORE. As much time as he might need.

Mr. HANSEN. Mr. President, I wish to propound a question to the distinguished manager of the bill. Will he state the intent of the bill with respect to the treatment, under the investment tax credit, of underground storage tanks, such as those used by gasoline service stations.

Mr. LONG. The answer is clear. Tanks such as those the Senator describes are tangible personal property and as such are eligible for the credit, without regard to whether they are installed above or below the ground. In this respect the intent is the same under the new bill and under the prior investment credit enacted in 1962.

Mr. HANSEN. Mr. President, I thank the distinguished Senator from Rhode Island for yielding to me.

Mr. BYRD of Virginia. Mr. President, will the Senator yield for a question?

Mr. PASTORE. I yield for a question.

Mr. BYRD of Virginia. Mr. President, I wish to ask a background question with regard to the Pastore amendment. First, I shall vote against the pending amendment.

The amendment, as I read it, says "effective with respect to the taxable years beginning December 31, 1970." That means it would be in effect, I assume, for the taxable year beginning January 1, 1971, and each year thereafter.

Mr. PASTORE. The Senator is correct.

Mr. BYRD of Virginia. Mr. President, the statement submitted to the Senate by the Senator from Rhode Island (Mr. PASTORE) contains this sentence:

> If everyone were to designate $1 this would, based on the present level of filing, indicate a total of $113 million with respect to 1 year.

Mr. PASTORE. The Senator is correct.

Mr. BYRD of Virginia. Mr. President, counting all years between that year and the following election means 4 taxable years.

Mr. PASTORE. The Senator is correct.

Mr. BYRD of Virginia. And if we assume roughly $100 million as a theoretical figure, would that not build up $400 million and, if so, what would be done with that money?

Mr. PASTORE. The law—and the law is very specific—states that all that any candidate of a major party can receive is 15 cents multiplied by the number of people in this country beginning with age 18. The reason why we use $113 million is that 113 million people filed income tax returns. That is the most that could

possibly come in. Of course, how much will come in no one knows. If only $2 million were to come in, I would be the first to say, as I have said several times before, that the people do not want the law.

To answer the Senator's question, the money goes into the Treasury. But the day after the election, it becomes unmarked but remains in the Treasury.

Mr. BYRD of Virginia. That would be for the 4-year period.

Mr. PASTORE. The Senator is correct.

Mr. BYRD of Virginia. That means that there could be $400 million.

Mr. PASTORE. That is correct, if every person in the country assigned $1 to the party of his choice. If that were to happen, I should think that we would have a perfect law, in that it certainly had met with the approval of everyone in the country.

Mr. BYRD of Virginia. It would also mean, would it not, that if only half of the people filing were to contribute, there would be between $200 million and $300 million earmarked for the fund.

Mr. PASTORE. The Senator is correct. However, it woud still be in the Treasury. No one could touch it. And all this would cost—I do not care how one looks at it—is $450 million tops. That is all it could cost.

Mr. LONG. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. LONG. Mr. President, I have been thinking about this matter. We could handle it in conference. So far as I am concerned, I would be willing to have an amendment to the effect that when the amount of funds builds up to $100 million, any excess would go back into the general fund of the Treasury.

Mr. PASTORE. It is there to begin with. It is always there. It is under the control of the Secretary of the Treasury. It is always there. The point is that the day after the election it just becomes unmarked. That is about the size of it.

It is like the social security fund, the money is in the hands of the Government. And this is going to be in the hands of the Government. In all probability the Government will be getting interest on it.

Mr. WEICKER. That is the difference in philosophy right there. Should the choice be in the hands of the Government or the people?

Mr. PASTORE. The choice of what? Will the Senator yield?

Mr. WEICKER. Not at this point. This is too good to let loose of.

There is the difference. We say on this side that the choice should be in the hands of the people and that choice should direct itself to the quality of the candidates and the logic of the issues. The Senator from Rhode Island and his party say, "We want it in the hands of the Government, regardless of how bad may be the candidates or the issues." There is the very basic difference in philosophy between our parties.

There are many deficiencies in the measure but the greatest is the one the Senator from Rhode Island just mentioned, having fund raising and disbursing in the hands of Government.

Mr. PASTORE. Mr. President, will the Senator yield on my time?

Mr. WEICKER. I yield.

Mr. PASTORE. Who would the Senator have control the money?

Mr. WEICKER. I would have the people of the United States make the choice.

Mr. PASTORE. Of what?

Mr. WEICKER. And let the people give the money to the various candidates and parties; not have the money in the hands of the Government. There is where we differ, and admittedly so.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 4 minutes remaining.

Mr. PASTORE. How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 5 minutes remaining.

Mr. HART. Mr. President, will the Senator yield?

Mr. PASTORE. I yield to the Senator from Michigan. The Senator may use all of my time or whatever he wishes.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. HART. I think it is helpful to repeat what to me is really the overriding factor for supporting the Pastore amendment. The thing most people in this country find as the basis for their gravest doubts about our performance, our freedom, our objectivity, is the fact that we do take private money.

All of us here are our most lenient judges. We say it never influences our decisions. I hope that is right. The hooker is that the public is not so sure and it will always remain unsure until we eliminate private money from political campaigns, and that does mean Government money, not private money.

When that day comes there will be much greater confidence in the performance of public officials. The Pastore amendment is a useful first step.

Mr. WEICKER. Mr. President, I yield myself 1 minute.

We are not discussing the Pastore amendment; we are talking about the Weicker amendment. When we talk about confidence of the public——

Mr. PASTORE. It would delay the expression of that confidence.

Mr. WEICKER. No; it would not delay the Pastore amendment. It states that we in the Senate are not going to get any of the money; none of us voting on the bill.

The Senator talks about confidence of the American people. What does the Senator think they feel like when we vote ourselves $20 million for each party?

Mr. President, I yield 2 minutes to the Senator from New York.

Mr. BUCKLEY. Mr. President, the Senator from Rhode Island said earlier all his amendment would do would be to give the people the opportunity to elect a President who is not obligated to the "fat cats." This is an objective we all want, but I do not believe candidates this year can be spoken of as presidential candidates on the auction block; but if any man is for sale, he will have sold his soul long before he finishes the primaries. So this amendment does not accomplish that objective; it falls far short.

I am addressing myself to the Weicker amendment. What it does is fall short of the constitutional injunction. I mentioned this the other day. Section 6, article I of the Constitution states among other things:

> No Senator or Representative shall, during the time for which he was elected, be appointed to any civil office under the authority of the United States, which shall have been created, or the emoluments whereof shall have been increased during such time;

I do not think it takes much extension of constitutional implications in section 6 of article I to deem this legislation as creating a quasi-public office of presidential candidacy, and the voting of $20 million is emolument of the first order.

I believe the spirit of the Constitution would clearly foreclose any Member of this body accepting any of this money in the first instance. So the amendment of the Senator from Connecticut is surplus and I believe and suggest that the constitutional injunction applies directly to what we are discussing. I would pray and hope, therefore, that if the amendment is not agreed to, the Pastore amendment be rejected.

The PRESIDING OFFICER. Who yields time?

Mr. WEICKER. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Connecticut has 1 minute remaining and the Senator from Rhode Island has 4 minutes remaining.

Mr. WEICKER. I yield 1 minute to the Senator from Tennessee.

Mr. BROCK. Mr. President, I would like to comment generally on the bill later but I would like to respond to the comment by the Senator from Michigan that we need to get away from private money and get to Government money.

Probably the most frightening concept I can envision would be Government-financed campaigns because Government would then be in a position to name candidates, to influence who runs, when, where, and under what circumstances.

I can think of nothing to place freedom in greater jeopardy and to get away from the rights of the individual to elect candidates of their choice, financially, morally, physically, in any way he can, by working as a door knocker or in whatever capacity he chooses. The people must remain as an essential element in the free process.

That is the fundamental question that I have in this measure. It does not afford the individual his free choice. His money and the money of all taxpayers would go equally to all parties and therefore we institutionalize the political process rather than diversify it.

Mr. PASTORE. Mr. President, I have 4 minutes remaining, if anybody wishes to speak I will be glad to yield my time.

The PRESIDING OFFICER. Does the Senator yield back his time?

Mr. PASTORE. I yield back my time.

The PRESIDING OFFICER. All time

has been yielded back. The question is on agreeing to the amendment of the Senator from Connecticut. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. GRIFFIN. I announce that the Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from New York (Mr. JAVITS), and the Senator from Arizona (Mr. FANNIN) are detained on official business.

The result was announced—yeas 42, nays 55, as follows:

[No. 376 Leg.]

YEAS—42

Aiken	Dole	Pearson
Allott	Dominick	Percy
Baker	Ervin	Roth
Beall	Fong	Saxbe
Bellmon	Goldwater	Schweiker
Bennett	Griffin	Scott
Boggs	Gurney	Smith
Brock	Hansen	Stafford
Brooke	Hatfield	Stevens
Buckley	Hruska	Taft
Cook	Jordan, Idaho	Thurmond
Cooper	Mathias	Tower
Cotton	Miller	Weicker
Curtis	Packwood	Young

NAYS—55

Allen	Harris	Montoya
Anderson	Hart	Moss
Bayh	Hartke	Muskie
Bentsen	Hollings	Nelson
Bible	Hughes	Pastore
Burdick	Humphrey	Pell
Byrd, Va.	Inouye	Proxmire
Byrd, W. Va.	Jackson	Randolph
Cannon	Jordan, N.C.	Ribicoff
Case	Kennedy	Sparkman
Chiles	Long	Spong
Church	Magnuson	Stennis
Cranston	Mansfield	Stevenson
Eagleton	McClellan	Symington
Eastland	McGee	Talmadge
Ellender	McGovern	Tunney
Fulbright	McIntyre	Williams
Gambrell	Metcalf	
Gravel	Mondale	

NOT VOTING—3

Fannin	Javits	Mundt

So Mr. WEICKER'S amendment (No. 721) was rejected.

Mr. PASTORE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Leonard, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session, the Presiding Officer (Mr. MONTOYA) laid before the Senate a message from the President of the United States submitting the nomination of Kenneth K. Hall, of West Virginia, to be a U.S. district judge for the southern district of West Virginia, which was referred to the Committee on the Judiciary.

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. DOLE. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

Mr. GRIFFIN. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order. The clerk may proceed.

The legislative clerk read the amendment.

Mr. DOLE. Mr. President, as the reading has indicated, this is a very simple amendment. I believe that in the reading of the amendment, there was one word omitted, namely, the word "political;" it being the intent to the amendment to require that at the end of every commercial, whether it be printed or on radio or television, there be the following disclaimer: "The cost of bringing you this political message will be paid for by the U.S. Treasury."

Mr. DOLE'S amendment is as follows:

On page 12—

(a) at the end of line 8, delete "and"

(b) between lines 11 and 12, insert the following new clauses:

(5) agree that each use of the printed or broadcast communications media for which payment is to be requested under section 204 of this subtitle shall, under regulations to be prescribed by the Comptroller General, be identified by the words "the cost of bringing you this political message will be paid for by the United States Treasury," and

(6) agree to furnish to the Comptroller General, for publication in the Federal Register, the names and addresses of such candidates' authorized political committees and the name and address of the chairman of each such committee.

Mr. DOLE. Mr. President, since the amendment of the Senator from Rhode Island was introduced there has been genuine concern that it is designed to provide certain candidates and parties with campaign funds at the taxpayers' expense while at the same time creating the illusion that the people have some choice in the matter. There also is legitimate concern that this scheme will undermine the careful effort and hard work which culminated in Senate passage of a comprehensive campaign reform bill in August. These apprehensions are not groundless.

DELUDE THE PUBLIC

One of the central inequities of this financing scheme is its capacity for deluding the public. The people are to be deluged with political advertisements which they will be asked to pay for without even being told that the message they are reading or viewing is the result of another Government aid program.

The amendment I offer puts the public on notice as to which advertisements are being charged to them. It will also facilitate the enforcement of title X by the agencies charged with supervision of subsidized campaigns. If the proponents of amendment 692 are sincere in their contention that paying campaign expenses from the Treasury will protect the virtue of candidates, they should enthusiastically endorse that part of my amendment which would require the identification of political messages which are to be paid for with tax dollars.

MORE POLITICAL COMMITTEES

Another inequity in amendment 692 is its encouragement of the further proliferation of political committees and its related capacity for misleading the public as to the nature of those committees. If that amendment passes we will have "authorized" committees and "unauthorized" committees; a more descriptive word might be "illegitimate" in the latter case. The authorized committees could solicit contributions, but, provided the slush fund were big enough, such contributions could not be used by a party in the presidential campaign if that party chose to draw on the fund. The unauthorized committees could also solicit funds and use them for any purpose, provided they did not spend more than $1,000 to elect a President or Vice President. Parenthetically, I note that, despite the claims of the proponents of amendment 692 that it would limit presidential candidates of major parties to expenditure totals of $20 million, there is no such limitation, and $20 million plus $1,000 multiplied by any number of unauthorized committees could be spent in their behalf.

I think we all know, as Members of this body and as candidates ourselves, that it is not hard to create a committee—or several committees.

Mr. GRIFFIN. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. GRIFFIN. I should like to make clear, as the Senator from Ohio (Mr. TAFT) pointed out when he offered his amendment which was rejected, that in addition to any number of so-called unauthorized committees that may spend $1,000 each, these other organizations which apparently would not be within the definition of a "political committee"—organizations such as COPE, for example—organizations which could spend an unlimited amount under this bill. That point came through loud and clear during the debate on the amendment of the Senator from Ohio (Mr. TAFT), which was rejected.

So, I want to be sure that the Senator from Kansas (Mr. DOLE) realizes that apparently there could be other committees which could spend unlimited amounts, accordingly, the so-called $20 million limitation in the Pastore amendment, in practical terms, would be spent in addition to—on top of—huge amounts that could be spent in other ways.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. GOLDWATER. I am glad the Senator from Michigan reiterated the facts we have been speaking to on this particular subject.

For example, COPE can go into any district in this country and register voters. They can drive these voters to the polls on election day. They can propagandize, and there is no limit to the amount of money that can be spent. This is the way COPE gets around the prohibition of using union dues funds without the permission of the members.

The member does have the authority, as I understand it—say, in the UAW—

to say whether or not he will contribute to a political fund. If I were a union member, even though I was disposed to say "No," I think it would say "Yes," because of the powerful hold the unions have on the workers of this country today.

I was sorry when the Taft amendment was rejected. I hope this amendment is adopted.

For some reason or other, our friends on the other side of the aisle are very blind to the abuses practiced by labor because it is in their benefit. It is very true that like-minded groups might bind together on behalf of candidates on this side of the aisle, but they do not do it. I hope to see the day when unlimited spending by labor unions will finally be put under the control of law. I do not think that this Congress, the way it is constituted today, has the courage to do it.

Mr. DOLE. We are told that this provision for unauthorized committees is required to protect rights under the first amendment. If so it is a new concept to me, and it might even surprise some constitutional lawyers to learn that first amendment rights are worth exactly $1,000.

Be that as it may, I think that a citizen who is being solicited for a political contribution has a right to know whether the person soliciting him for campaign funds has in addition authority to draw on the Treasury.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. TAFT. I think we made it abundantly clear under the amendment the other day that constitutional rights apply only to individuals; and for that reason, individuals were exempted from the amendment I offered.

The only prohibition over and above the $1,000 limitation which was included in my amendment was the limitation relating to corporations and labor unions, political education committees, unauthorized political committees, and groups such as that.

Mr. DOLE. I thank the Senator from Ohio. I think the second part of my amendment is an effort to do in part what the Senator from Ohio sought to do earlier.

I notice that all the candidates are back in town, and they will be talking about this matter later today.

IDENTIFY COMMITTEES AND CHAIRMEN

The second part of my amendment would simply require that candidates intending to use public funds to finance their campaigns identify the committees authorized to act for them and the chairmen thereof. Under this proposal a taxpayer who is solicited to make a contribution will at least know which committees have already benefited from the "contribution" he was required to make on or before April 15.

UNFAIR TO THE PRESIDENT

In closing, Mr. President I want to point out one more glaring inequity in amendment 692. We have heard many times in the past few days that the amendment in no way restricts President Nixon; that he can opt out or opt in. That is simply not true. Section 1003(b)(2) of the bill requires, as a condition of eligibility for payments from the Treasury, certification by candidates that no private contributions "have been or will be" accepted.

But it is important to keep in mind that many of the same Senators who have assured us over and over again that the President has an option under this amendment are the same individuals who have also chided us with the fact that his party has already started to raise funds for the 1972 presidential election. If this is the case—and it is—the President could not possibly certify in August or September of next year that no contributions "have been" accepted. Even if it were possible to return contributions already received, it would make no difference under amendment 692, for the President is precluded—irrevocably barred by events which have already transpired—from receiving the same public assistance with which this amendment will underwrite the campaigns of his opposition.

I suppose that this remarkable inequity in the scheme might be eliminated by appropriate language. However, my amendment proposes no such correction, and I am content to leave amendment 692 as it is in this respect. We Republicans want no part of shifting our campaign burden to the public. If the Pastore amendment becomes law in its present form, the people can clearly see it for what it is—a blatant partisan attempt to fund the Democrat opposition to President Nixon in 1972 and to insure the success of that effort by paying the American Independence Party to take away from the President as many electoral votes as possible.

It is clear to me that the Republican Party is not eligible to participate in the division of these spoils, and I am proud that we are to be spared involvement in such a disgrace. It is gratifying to know that the funds which would have been available to my party had this amendment been more carefully drafted will remain available in the Treasury to satisfy the genuine needs of our people.

Let the proponents of this amendment explain to the American people—if they can—how an appropriation from the Treasury to bail out the Democrat Party and George Wallace is an appropriation for the general welfare.

Mr. President, I would say, in connection with the first part of my amendment, that section 612 of title 18 now requires identification. It requires identification of the committee or person responsible for a political advertisement and this identification can be verbal or written. So I say, as I said at the outset, that I see nothing wrong, in the event this amendment should be adopted, with any political message, whether it be by radio, television, or newspaper, carrying some disclaimer; and it should simply say that the political message will be paid for by the U.S. Treasury. Try as we will, and try as the proponents will, they cannot convince the American people that this is not an appropriation. This is an appropriation. This is from the Federal Treasury. If we are to campaign on that basis and use that money for campaign purposes, then we should identify the source of those funds, because the law requires it. It must be "friends of so and so" or "the Republican National Committee" or "the Democrat National Committee." This is a requirement of law; and if we are to take tax money under the so-called Pastore amendment, then I think we should also be consistent and affix that disclaimer to advertisements purchased with tax dollars.

Mr. GRIFFIN. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. GRIFFIN. It seems to me that the amendment of the Senator from Kansas (Mr. DOLE) is particularly appropriate and deserving of support in view of the fact that the Senate rejected the Baker amendment, which would have provided that each taxpayer would have the option of adding $1 to the amount otherwise owed as taxes, and designate that his additional dollar go into a fund to finance presidential campaigns. Those who really want to give the taxpayers a voluntary opportunity to make a contribution to the presidential campaign, could have accomplished that purpose by supporting the Baker amendment. If the Baker amendment had been adopted the amendment which the Senator from Kansas is now proposing would not be appropriate or needed.

Mr. DOLE. Mr. President, as I said the other day, we are witnessing the biggest and largest Democrat fund-raising effort in history, and we do not even get to eat. I have attended many fund-raising dinners on behalf of my party. At those we start out with a reception and then we have something to eat and then we have some speeches. But this is a different kind of fund raiser. It is usually difficult to raise $20 million in 3 or 4 days, but the Democrats are attempting to do that. I would hope, if they are successful, that they will remember those of us on this side who did not buy tickets to the event, but who will be allowed to get some of the benefits.

I would point out, as I did earlier this morning that I reject all this talk about integrity and honesty, and the virtues of the candidate and how we will protect them all by spending the $20 million of the taxpayers' money. I have heard that more people will run in the primaries. I have heard that a couple of Republicans have said it looks so good they might even try it. So it does offer a great temptation, and I can see it working to encourage more and more candidates on the other side to the point that I can see the day coming when we will not be able to get a quorum in this Chamber, because everyone will be running for President. When that happens, we will have to repeal the act, which we did earlier in this session with the votes of 15 Members of the other party.

Now, Mr. President, I am not standing here, because I am the chairman of the Republican National Committee and I am resentful of the fact that we do not get the money under this amendment. But it occurs to me that with all those now seeking the nomination and running back and forth all over the country so frequently that what we are doing is saying, "Go out and spend all the money you can, because you may get

the nomination, and once you get the nomination there is that $20.4 million that in there for the Democrats to spend." That does not seem to be a bad start.

It should be made clear to the American people that this is not a checkoff, it is not participation, but is an appropriation of everyone's money, of Federal money.

If that is the way we want to run the campaign then we should amend it to take care of not only anointed presidential candidates but of aspiring Senators, Congressmen, Governors, and so forth. We should take care of all those seeking nomination. Why should the Senator from South Dakota, the Senator from Maine, the Senator from Minnesota, the Senator from Massachusetts, the Senator from Washington, and the other Senators running for Vice President be denied the benefits when they seek nomination? Why not give them the money now?

I had hoped we might have an amendment to appropriate whatever the Democrats wanted to get, and leave the Republicans out. If they want the $20 million, then give it to them by direct appropriation, but do not burden us with that money. We will still seek to maintain honesty and integrity and decency by soliciting funds from the public. It does not twist anyone or damage anyone. As the Senator from Connecticut (Mr. WEICKER) said a few moments ago, there is a difference in basic philosophy.

The party on the other side says, "Turn to the Treasury if you have a problem."

We say, "Turn to the American people. We have faith in the American people."

Mr. President, I do not know how many people will utilize checkoff boxes on their tax returns. We will have to print new tax return forms. There has been discussion that the Democrat's box might be larger than ours, in their effort to get more of the money, or that ours might be in fine print and theirs in banner headlines, or that ours would be on the last page and theirs would be on the first page. I would assume that if this amendment is passed both boxes will bear some proximity one to the other. But, I say seriously, I believe that the American people are beginning to understand now.

I was in Tennessee and Alabama over the weekend, and I mentioned this—whatever we call it—this reform bill. And I told them that they would be checking off funds to go to candidiates they might not be for, or that they might not be able to predict, or that they did not want to support. I think that is the basic fallacy in the Pastore amendment. The entire concept is wrong. The entire concept should be defeated, but if not, at least the American people should know, when they hear it on radio, see it on television, or read it in the newspapers, "the cost of bringing you this political message is paid for by the U.S. Treasury." That is all my amendment seeks to do.

Mr. SCOTT. Mr. President, will the Senator from Kansas yield?

Mr. DOLE. I yield.

Mr. SCOTT. The Senator has said that under the Pastore amendment, the people would have contributed money to candidates they were not for. I wonder what a voter, let us say in New York, who wants to contribute his money to Representative SHIRLEY CHISHOLM will think if he were to realize that part of that money will go to the campaign of George Wallace. I wonder what a voter in Alabama would think, when he contributed his money for George Wallace, that part of his money was going to Representative SHIRLEY CHISHOLM. This is hardly what the person to be victimized here intends.

Last night, I noticed that the usual program of "Bonanza" was on television. That program takes 1 hour. Of course here, the bonanza requires several days of our time.

Before the television program "Bonanza," there was a program on another network. Laughingly called the news, on which there was a great deal of information about Democratic candidates and even that a new entry into the race was about to be launched by one of our colleagues on the Democratic side of the aisle. I do not blame them. I mean, there is this $20 million floating around. It is up for grabs. I would expect that some of the presidential dropouts would now seriously reconsider reentering the race because they dropped out too soon—before they got word about this slush fund, this raid on the Treasury, this unlimited senatorial credit card.

I hope that we can have a happy outcome to this bonanza, the way they do it on television, but if this amendment passes, this bonanza bill will pass with it and, of course, the race will intensify, if you can bull this tax bill through with this grabby amendment.

As the Senator from Kansas has said, I suppose nearly everyone else has entered the race, but we must not forget the other body, which has only one candidate at the moment. This is discrimination. That is absolute discrimination within the Democratic Party. Here there will be $20 million available for about a dozen Senators to use, and only one Representative.

Mr. DOLE. I think that is unfair.

Mr. SCOTT. That is unfair.

Mr. DOLE. I might say to the Senator from Pennsylvania that that one candidate happens to be the chairman of the Ways and Means Committee, and he will be sitting at the conference table when we divide up the money, so he is not in a bad position.

Mr. GOLDWATER. Mr. President, will the Senator from Kansas yield?

Mr. DOLE. I yield 2 minutes to the Senator from Arizona.

Mr. GOLDWATER. I see on our side of the aisle today a number of Senators whom I had the honor over the years to help in raising money for our party. I can recall, along with them, the days when we were in the same shape that the Democratic Party is in today. We did not have anything to sell. We had run out of issues. Roosevelt was popular. We could not beat him. The Democratic Party finds itself in precisely the same condition today. They have run out of issues. The Vietnam war is over. The people who have started to get in on the bandwagon to try to stop it are getting nowhere, because it has already stopped. Inflation that high spending by the Democrats caused in this country is coming under control by the leadership at the White House. I can, therefore, sympathize with the Democrats, as I can remember the days when—and certainly Senator SCOTT from Pennsylvania can join me in remembering the days—when the Republican Party was in the hole. We did not have much to sell. The Democratic Party is in the same shape now. They have five, six, eight, or nine people running around the country running for President. If they would talk to me, I could advise them on it and the answer would be "no." [Laughter.] I am rather amused and somewhat concerned by the fact that while the Democratic Party does not seem to be able to raise any money their candidates desire.

I am interested every evening by some rather well done, highly paid for commercials plugging the candidacy of this candidate or that candidate.

Having gone through this battle a few times myself, I know that one does not get those half-hour television shows for blue stamps, green stamps, or anything that he picks up in the drugstore. They cost money.

My prophecy is that while the Democratic Party is not able to raise money—and they should not be able to with the fix they have gotten our country into—that there will be candidates that make some sense and who will make money. I think they will be the first to say if they become candidates that they would not want to be embarrassed by having to take money from funds that they themselves have provided from the people.

Mr. SCOTT. Mr. President, will the Senator yield for a comment?

Mr. DOLE. I yield.

Mr. SCOTT. Mr. President, I would like to suggest that even those that do not make sense make money, too.

Mr. DOLE. Mr. President, I yield 2 minutes to the Senator from Ohio.

Mr. TAFT. Mr. President, I rise to correct one impression given in error by the distinguished majority leader with respect to my good friend, Representative SHIRLEY CHISHOLM. The fact of the matter is that poor SHIRLEY is not going to get a penny of these funds. She is not going to get nominated.

The Senate has rejected the amendment I offered that would have provided for new parties and permitted them to cut a slice of the pie. SHIRLEY is not going to get a penny. SHIRLEY is going to pay for George Wallace or for some other people whom she does not want to pay for, but she will not get any money.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. GOLDWATER. Mr. President, could we not include among our accusations the fact that the other side is apparently antiwomen?

Mr. TAFT. Apparently so.

I think a few of the American people are beginning to get word with respect to this matter. I have received in my mail this morning a petition and I think it is the first of quite a number that we will see along this same line. The petition contains 150 signatures and addresses from one small area of Ohio.

Mr. President, I ask unanimous consent that the petition, with the signatures, be printed in the RECORD at the conclusion of the remarks of the Senator from Kansas.

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

Mr. TAFT. Mr. President, I should like to read the wording of this precise petition. It reads:

> We the undersigned feel it is ridiculous that the Senate would ever think of using tax funds for political campaigns when there are so many more important areas of concern in the United States today.

Mr. President, I close my remarks by recalling a remark on the part of the late great Mendel Rivers in the House and say that it is so ridiculous, it is ridiculous.

The PRESIDING OFFICER. The 2 minutes of the Senator have expired.

Mr. DOLE. Mr. President, I reserve the remainder of my time. However, before doing so, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. LONG. Mr. President, those who support the Pastore amendment hope to explain to the American people exactly how the Democratic campaign is being waged and precisely where the money is coming from. We welcome the opportunity.

We fully expect to go before the public to explain this dollar checkoff and to ask everyone to check a dollar off on their tax returns. We want to give the little person, the ordinary taxpayer, an opportunity to share in lifting the highest office in the land above the interest of private self-seeking contributions.

We expect to explain that it has been our honest belief that there is a link between the improper influence of money in the Government and private campaign contributions. If this matter was not explained to the public, they might not be aware of the opportunity they have to correct this situation by checking off their dollar on their tax return.

We expect to ask the people to earmark their dollars for the presidential fund so that everyone will have an opportunity to participate in financing the presidential campaigns, even though Richard Nixon might not be too receptive to the idea at this time. I think he is a good man. I do not think the Republican Party could do any better. I think they ought to nominate him. If the people wish a Republican for President, I do not think they can do better than this man. He is doing the best he can with what the good Lord has given him to work with. He is using that. I think that that is all we have the right to expect from a public servant. I think that he will decide in due course to support the amendment. It will provide him the opportunity to be adequately financed and not have to accept any contributions that would make him suspect in the campaign.

Mr. CANNON. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CANNON. Mr. President, I have listened to the debate by the Senators on the other side of the aisle with considerable interest. It seems to me that they have made a pretty good point with respect to one matter, and that is that the amendment as it now stands would require all funds that people designate to go into one particular pot.

I wonder if it would not be wise—since I notice that one of the distinguished Senators on the other side of the aisle has an amendment he has drawn up, the Mathias amendment, which is printed and which would permit the designation of a particular party by the person—to accept that amendment.

I think that would be good. I do not think that an individual ought to check it off without having some say as to a particular party or candidate that he would prefer it to go to and then find out that his money was going to George Wallace or that he could not designate SHIRLEY CHISHOLM or someone else.

I think we ought to be able to vote for and accept this proposal from the Republican side of the aisle that would strengthen the amendment and make the Pastore amendment a better one.

Would the Senator care to comment on that?

Mr. LONG. Mr. President, I have no strong objection to the Mathias amendment. I have not had an opportunity to carefully study it. However, if it does what the Senator says, I have no strong opposition to that.

The point that occurs to me is that presumably in January, the people who are going to decide the election in the last analysis are going to be the voters who are not committed. It seems to me that they would like to allocate their dollars so they would help both parties as well as third parties. Then, having heard the debates, they can decide which candidate they think would be best for the Nation's interest.

If the Mathias amendment would permit them to make designations in that fashion and also permit someone else who might prefer to have his money go to the Democratic or Republican Party to make his designation in that way, I think that would be good.

We must admit that there are people who might say, "I wouldn't vote for George Wallace, and I would not want one penny of my money to be put out to help him." He could mark his tax return so that his dollar would go for his party.

The important point is that we want to assure both sides of an adequate opportunity to present their cases to the American public.

Mr. CANNON. Mr. President, I am wondering about this. Of course, the Senators on the other side of the aisle would prefer not to use this method. They would prefer to raise their funds from private contributions, and I can understand why they would prefer to do so. But let us assume that whoever the nominee or candidate might be, he might indicate otherwise. This way, I think that the amendment might create some real problems if he decides to come under the provisions of the bill.

For example, many contributors check off $1 and say, "I want to contribute $1 to go to the Republican Party." I can see this very likely would create a real problem. Assume they happen to win the election and the new President went to appoint ambassadors. I can see he might have a very difficult time if he could only consider that everyone contributed $1. This could pose real problems to determine who would be appointed ambassadors. Take France, as an example. The present ambassador contributed $54,000 in 1968. I am sure his name just happened to be taken from a hat. Maybe they could still do that if they elected to come under the $1 provision. Also, in the case of Austria the ambassador contributed $43,000 in 1968. Perhaps his name came from the hat, as well. The same might be true of the gentleman from Denmark.

On the other hand, I am sure, assuming those names were taken out of the hat, the $1 checkoff contributor could create another problem and that is when they prepare the invitation list for White House dinners, Would the Senator agree that this could create real problems?

For example, as I placed in the RECORD the other day, you would not have the situation of Mr. Clement Stone, who contributed $200,000. They would not have that sort of situation and they would have to draw from the hat for White House dinners to determine who should be invited or have an opportunity to go to White House dinners.

Would the Senator agree that this might create real problems if the Republican Party were elected, under this provision, where they had to deal with these large contributors? I am talking about $200,000 from Mr. Stone, Max Fisher, $103,000, Henry Salvatore, of Litton, $83,000, and Mr. Dreyfus, of the Dreyfus Fund, $72,000.

Would the Senator agree this could create real problems if we eliminate those contributors to a political campaign and if they relied on the small $1 contributor?

Mr. LONG. It could, but I would like to make it clear that those of us who favor the Pastore amendment, and who will vote for it, intend to explain all about this provision if it becomes law. We would urge the people to designate the checkoff. We hope those on the other side would do the same.

If they want to find some reason to be critical of it, let them go ahead. But we hope our candidate will avail himself of it. If their candidate does not avail himself of it, I hope he will explain why, if he thinks taxpayers should not be permitted to use the dollar checkoff as a method of making campaign contributions.

I suggested a similar proposal in the past. What I suggested was not as carefully drawn as this proposal and I got the worst of it, particularly from some of my Democratic colleagues who would not support my position. It was more or less put in deep freeze until guidelines could be added to it. Since that time I have gone back to the people. I was fortunate enough to be reelected. I was favored by 87 percent of the voters in the primary campaign and I have never yet had one person tell me that he was unhappy with me because I suggested this would be a better way to finance political campaigns. I do not say everyone agreed with me, but I had a great num-

ber of compliments about it and I had people tell me that this is the approach we should have.

I would be perfectly willing to require a proper disclaimer that what both sides could agree to would be the right way to inform the public that the campaign was paid for by the $1 checkoffs by taxpayers.

If I were the President, which I certainly will never be, I would be proud to say, "Yes, this is how we financed this campaign. We only regret the other fellow did not avail himself of it because we would like that man to be above and beyond the power of private financing."

We would be glad to agree to a proper disclaimer. I personally would be glad to have some disclaimer.

I think it is only fair to the people, however, that a candidate who does not avail himself of the $1, one-man, one vote system, should also be required to make it known that he preferred to go the way of the $1, $100, $1,000, or $5,000 by private contributors.

If we wanted to be equally as partisan as those on the other side we would want them to say this was paid for by private funds which were subsidized by a tax advantage and disclose the people who put up the money and the things in which they are interested. We do not suggest that because we do not think it would be appropriate with regard to those candidates who do not want to avail themselves of the public financing, just as we think if there is to be a disclaimer, that those who sponsor it should be given a voice in deciding how this should be disclosed to the public, provided those on the other side will explain their attitude.

Mr. GRIFFIN. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. GRIFFIN. I take it that the Senator from Louisiana is acknowledging that there should be a disclaimer. It is not clear, however, whether the Senator is agreeing to support the amendment of the Senator from Kansas?

Mr. LONG. No, but I would say this to the Senator. I will be glad to join with those on the other side of the aisle, if this becomes law, insofar as I have the power to do it, to see that this is thoroughly understood by the taxpayers, and if the Democratic candidate avails himself of it, everyone knows he is being financed by these voluntary $1 checkoffs, and that that is where his money comes from. We would expect, if the Republican candidate does not avail himself of it, that he would state that he had not, and tell the people why not.

Mr. GRIFFIN. If I could respond to some of the arguments made I would appreciate it.

The distinguished chairman of the committee indicated a few moments ago, as I understood him, that he might favor such a disclaimer if it referred to the fact that private funds contributed had enjoyed some tax advantage. Of course, we would be talking about private funds voluntarily contributed if the Baker amendment had been agreed to; but since it was rejected, the Pastore amendment is dealing with Treasury funds. The taxpayer who makes a check mark under the Pastore amendment is merely diverting money from the Treasury—money that would otherwise be available for other governmental purposes.

Mr. LONG. Mr. President, I would like to respond to the Senator's remarks. I am on my own time, I understand. The opposition has equal time. I wish to respond to what the Senator is saying. If I had my way about it, we would simply provide every taxpayer with a $1 tax credit, so he could contribute $1 to lift the Presidency of the United States above the reach of private campaign donations.

Mr. GRIFFIN. Would that $1 be in addition to his tax liability?

Mr. LONG. He would have a $1 tax credit or a $1 tax advantage if he contributed it.

Mr. GRIFFIN. In addition to what he otherwise owed for taxes?

Mr. LONG. One man, one vote, one dollar. So if a man wanted to make a contribution to good government so that both sides could be heard, or even that a third party would have a fair chance to be heard, than that person could have a $1 tax credit.

That principle was the starting point of the Senator from Louisiana when he started this movement some years ago.

Unfortunately, the problem of collecting $1 contributions and the problem of accounting for them becomes so formidable that the sensible way to do it is simply to let a taxpayer mark on his tax return that $1 of his tax is to be used for this purpose. This works exactly the same way as if he makes a dollar contribution to good government and gets a $1 tax credit.

In the Pastore amendment a $70 tax advantage was given to a person who wanted to contribute $100 to a political campaign. We have cut this down somewhat, but there still is a big tax advantage to a person who wants to make a contribution to his party, or at least make an investment to protect his own interests. That provision costs the Government a great deal more than the $1, one vote provision, even considering accounting problems involved of in using the U.S. Treasury as a collecting agency, and as a disbursing agency. In that fashion we achieve exactly the same result as if the tax credit were provided to the taxpayer for making a $1 donation to the cause of good government.

It is a somewhat different way to achieve that result only because that is the way we can best meet the accounting problems and the reporting problems, and the responsibility problems to see that the money gets to the right person and to see to it that he gets it the way the person intended it to be used.

That is how we suggest it should be done, and all the talk about using the taxpayers' funds develops from the fact that the practical way to do this is to use the Treasury as the collecting and disbursing agency, rather than have a person make a private campaign contribution to a private fund, and have to keep all the records and keep up with the funds thereafter.

So the purpose is the same as it would be if there were a $1 tax credit for a $1 donation to the cause of good government. All the conversation about the U.S. Treasury and the taxpayers' money and diverting funds, and things of that sort, arise merely because someone does not want to change our way of doing business so that those who run for the Presidency of the United States in the general election will no longer be subject to the pressures and influences of the enormous amounts of money that are raised to try to convince them to do things they would not otherwise do.

Before the debate is over I think I shall put in the RECORD some documents that indicate how far this matter goes, the large amounts of money being offered, some of it very subtly provided, and some of it provided not too subtly, from those whose intention from the very beginning is to try to influence the Government in years thereafter.

The people do not want their Government—and when I say people I mean 99 percent of the people—dictated by private financial interests, either by the millions of dollars raised by groups of millionaires or by the $100 contributions contributed by people who are interested in wanting to protect their own business interests. They do not want the Government run that way, and they would prefer the Presidency be lifted above what is oftentimes self-seeking and sometimes corrupt practices.

Mr. GRIFFIN. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. GRIFFIN. The Senator from Louisiana has talked about large contributors. I share their concern but I believe it should be recognized that the Pastore amendment would not really affect that situation one bit. The contributors of large sums would simply make their contributions during the primary period, in which case the Pastore amendment would have no effect whatever. So, if a person with a large amount of money wants to try and have influence, all he has to do is make sure his money gets to the right place in the primary campaign and the Pastore amendment would have nothing to do with that. The Senator will agree with that, I am sure.

Mr. LONG. The Senator should know better. The Senator knows that if a person elects to take advantage of the private funds available to him, he is limited to that amount, and no one can accept these other contributions for his campaign to be used in advancing that campaign; and even if he did have the good fortune that he had a lot of money left over from the primary campaign, that is all he can spend. He has to agree to that.

Mr. GRIFFIN. That would be the case after nomination, but anything contributed before the nomination would not be subject to that limitation; all the big contributions could be made to a candidate for President before he received the nomination.

Mr. LONG. He could use the big contributions in the nominating process. I was not trying to deal, in the $1 proposal, with the primary elections. We had provided help in the primary elections in terms of tax credit for $25, in terms of the $100 deduction, but not in terms of the checkoff. The theory is that about the best we can do is to answer

all the problems and fears that can be conjured by the mind of man in this simple proposal to try to provide for the presidential election, and if we cannot solve that problem—and it is clear now that it is difficult to solve even that problem—then we cannot hope to clear up the others.

Mr. President, how much time do I have left?

The PRESIDING OFFICER. The Senator has 4 minutes remaining.

Mr. LONG. Did the Senator from Kentucky want me to yield to him?

Mr. COOPER. Yes.

On the question of appropriations of the general funds of all the taxpayers, I should like to read from the debate of April 12, 1967, as it appears at page 9277. The Senator from Louisiana responded to a question from then Senator Lausche of Ohio in this way:

> The law at present—

The Senator's amendment was on the books at that time—

> The law at present provides that every taxpayer may mark on his tax return whether he would like to contribute $1 of his tax money to finance the two major political parties campaign for President or, for that matter, to help to finance a third party if that party can muster more than 5 million votes.
>
> All we have is a mere authorization. An appropriation would still be required. After the taxpayer requested of Congress that $1 of his tax money be paid to help finance the campaigns, Congress would then have to appropriate the money to fulfill the request of the American taxpayers who, after all, own the Government and would pay for it.

Is it the Senator's view today that if this proposal should be passed and should become law, the Appropriations Committee would be required to appropriate money to finance the fund?

Mr. LONG. That is what the law was at that time, and if that law had remained, we would have had plenty of time for an appropriation to implement the checkoffs which were authorized by the taxpayers.

I have thought about the matter since that time, however, and have concluded that we should not leave this matter to the appropriation process. A Congress and a President might be unsympathetic to this approach and, after an election was over, might even decline to make available the funds that Congress had intended and that the public, by the $1 tax checkoff by each individual taxpayer, had expected to be made available to support the candidates. If we are going to pursue the approach we have here, I think the only way we can be sure the money would be made available is to have the automatic appropriation, as we do for the interest on the national debt, to make sure the money will be there to pay for the expenses incurred by those relying upon this legislation.

Mr. COOPER. Mr. President, I raise a procedural point, but it is an important point. Would the money, in the Senator's judgment, have to be appropriated?

Mr. LONG. The appropriation is written into the proposed language. It is built into it so that, if the taxpayer marks on his tax return that he wants $1 to go into this fund, the dollar does go into the fund, and the money is made available to carry out his intent.

We do have permanent appropriations which work in an automatic fashion; I know we do it for interest on the national debt, and that involves much money. That is over $10 billion a year, that is handled in that fashion, just because we want to be sure it will take place.

If we want to be sure that a future President will not veto the appropriation and a future Congress not decline to make it available, even though the people indicated they wanted that done, it would have to be handled in this type of fashion.

The PRESIDING OFFICER. All the time of the Senator from Louisiana has expired.

Mr. COOPER. I just wanted to make the point that it is appropriated, and thus is a payment from general revenues.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. I have only 4 minutes. I yield 1 to the Senator from Kentucky.

Mr. COOPER. As I have suggested, the fund will be based on revenues provided by all the taxpayers.

I would also like to state that the candidates are nominated as a result of their work before the convention, and if these stories in the newspapers are correct, practically all of the candidates have a large donor or donors assisting the financing of the preconvention campaigns.

The Pastore amendment will not cure this situation. Candidates in preconvention campaigns will continue to receive contributions of vast size from individuals. And is it not also true that there is nothing in the amendment which prohibits the considerable contributions of labor unions?

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Mr. DOLE. Mr. President, I appreciate the contributions to the debate, but I believe there should be a disclaimer on all political advertisements. The disclaimer is required now as to political messages paid for by a committee or by friends. I would respectfully suggest that if a political message is paid for by the Treasury, then the people should know that this particular political advertisement was paid for by the Treasury.

I would also point out that there still has been no solution offered to the problem I raised, that President Nixon, under the present language of the amendment, is excluded from participation. I would hope that the President would not participate anyway, but under the way in which the bill has been drafted, he could not do so in any event, because some funds have been raised for his campaign; and the language says very clearly that you are not eligible if campaign funds have been accepted.

I would hope someone would look over that situation, in an effort to clarify it later on.

But basically, as I said at the outset, if we are to spend the taxpayers' money, if we are going to pass a bill in this Congress to authorize the expenditure of taxpayers' money, if the candidate has some commercial message on the radio, or television, or in a newspaper, it ought to be clearly identified as paid for by the taxpayers, paid for from the U.S. Treasury. Let us not try to delude or deceive the American people. Let us tell it like it is. If we are going to stand up and vote money from the public Treasury, which in effect we are doing under this bill, we ought to so identify it.

I believe, as I indicated earlier, that we are making a serious mistake. This is really a fat cat bill. It would turn all the fat cats in America loose so that they could support primary candidates. We are going to underwrite the general election. We tell all the fat cats in America, whether they be labor leaders or businessmen, "Support anyone you want to in the primary or before the convention, because after we have the nominees of the Republican Party and Democratic Party, the American taxpayer will pick up the slack; he will pay the $20 million; he will underwrite that campaign."

I think anyone who has been in politics as long as most of the Members of this body can understand that this will not solve any problems; it will create problems. We are going to have the rich and the big, powerful labor unions trying to buy candidates in the primaries. I say it would be helpful if we adopt my amendment.

At the request of Senator TAFT and by unanimous consent the following petition, with signatures, is printed in the RECORD at this point:

> We the undersigned feel it is ridiculous that the Senate would even think of using tax funds for political campaigns when there are so many more important areas of concern in the United States today:
>
> William S. Ghune, Elyria.
> Lillian M. Supel, Lorain.
> Al Clausen, Elyria.
> Carl T. Ensign, Wellington.
> J. E. Achectal, Avonake.
> Anne Bremenour, Elyria.
> Richard Pondths, N. Ridgeville.
> Jo Peikoski, Elyria.
> Mary Kurtz, Elyria.
> Leonard F. Philion, Elyria.
> George Kamaritsis, Lorain.
> Terry A. Joasson, Grafton.
> Robert J. Wallace, Elyria.
> Dolly Giles, Elyria.
> Doloris Westfill, Lorain.
> Donald J. Brubaker, Elyria.
> W. S. Harrett, Lorain.
> C. J. Wenzel, Elyria.
> Reva Keffer, Elyria.
> Irene Urbansok, Lorain.
> Robert L. Hintz, Elyria.
> John C. Adams, Elyria.
> Charles R. Sowers, Elyria.
> Charles H. Miller, Elyria.
> Virgil L. Miller, New London.
> John Fleming, Elyria.
> Glenn Houpt, Elyria.
> Mike Macut, Elyria.
> Rick Rudlowski, Elyria.
> Steven Cain, Elyria.
> Charles H. Lamper, Jr., Wellington.
> John Kodzsh, North Ridgeville.
> Elmo M. M. Vicker, Spencer.
> T. Suchodolsky, Elyria.
> Joseph L. Lesnick, North Redgeville.
> Raymond E. Wilson, Elyria.
> John L. Leonard, Grafton.
> Kenneth Juster, Elyria.
> Warren Cunningham, North Ridgeville.
> R. Logan, Elyria.
> W. Leroy Opel, La Grange.

Albert F. Woods, Elyria.
R. L. Bohing, Elyria.
Henry W. Coleman, North Ridgeville.
Rosemary Wise, Lorain.
Harold H. Hicks, Elyria.
Howard H. Haskins, Elyria.
Mary E. Wenzel, Elyria.
Ann Tricot, Elyria.
Keith Loezi, Amherst.
Larry Lumbach, Berlin Heights.
Bill Eggerichs, Lorain.
Charles H. Comings, Elyria.
Carolyn Rebele, Elyria.
Barbara Snyder, Elyria.
Lloyd Miller, Elyria.
Margaret Richardson, Elyria.
Myron H. Peters, Elyria.
Mildred M. Demeryian, Elyria.
John R. Lyndon, Elyria.
Martin J. Matus, Wakeman.
Thomas C. Lowsey, Lorain.
Thomas C. Lawrey, Lorain.
Ed Thomas, Lorain.
Agnes Thornber, Avon.
Ruby Staszak, Elyria.
Stella Kosco, Lorain.
Grace Renwick, N. Ridgeville.
Elizabeth Erden, Lorain.
Kathleen M. Jacole, Grafton.
Rose Aldrich, Elyria.
Doris Schaefer, Elyria.
Mary Gole, N. Ridgeville.
Helen Mashinski, Elyria.
Helen Dugovich, Elyria.
Florence Grzenda, Elyria.
Mary Botamer, Elyria.
Helen Radzwick, Elyria.
Marjorie Mosley, Elyria.
Helen Papp, Elyria.
Rose Tong, Elyria.
Elizabeth Mika, Elyria.
Clara Lovisa, Amherst.
Clara Oranec, Lorain.
Erma White, Olmsted Falls.
Jane Muche, N. Olmsted.
Jane Flanagan, Elyria.
Arleen Walker, Grafton.
Florence Barron, Elyria.
Ann Staysniak, Elyria.
Ann Shunha, Lorain.
Mary Vorkavich, Lorain.
Thelma Boyle, Avon.
Virgie Baggs, Avon.
Margaret Wilson, Elyria.
Ada Koehn, Elyria.
Carol Moore, Vermilion.
Dorothy L. Nicholas, Elyria.
Mary Szallay, Elyria.
Esther Mohr, Elyria.
Judi Stark, Elyria.
Norma M. Stickdan, Elyria.
James, Donohue, Lorain.
Duane Johnson, Elyria.
Doris Butler, Lorain.
Lillian Kapron, Lorain.
Mary Watters, Elyria.
Molly Bratton, Lorain.
Martha Kantor, Lorain.
Mary Ann Buckosh, Lorain.
Stella Speia, Lorain.
Cecelia A. James, N. Ridgeville.
Judy Thomasko, Elyria.
Bruce E. Nelson, Lorain.
Thomas A. Vilevac, Jr., Lorain.
Allan T. Yheulon, Olmsted Falls.
Doris J. Walker, Grafton.
Bernetta Kriebel, Elyria.
June Ehrke, Elyria.
Marie E. Jones, So. Amherst.
Carmella A. Ryan, N. Ridgeville.
R. L. Holden, Lorain.
Charles S. Vollmer, Elyria.
Mary Molesky, Elyria.
Forest Maier, Elyria.
Irene M. Kopumia, Elyria.
Annette Jares, N. Ridgeville.
Nancy Schoeffel, Grofton.
Bill N. Wood, Elyria.
L. L. Hoover, Elyria.
James M. Bowman, Elyria.
Belva E. Glunt, Elyria.
Dorothy Blakely, Elyria.
J. W. Metz, Elyria.
Barbara A. Bordner, Elyria.
Walter E. Bush, Elyria.
Mary Jean Feeley, N. Ridgeville.
Agnes M. Zilka, Avon.
Joan M. Prisl, Avon Lake.
Norma J. Shaffer, Elyria.
Ned E. Welch, N. Ridgeville.
William C. Sadler, Elyria.
Robert Shapptall, Elyria.

The PRESIDING OFFICER (Mr. CHILES). All time has expired. The question is on agreeing to the amendment of the Senator from Kansas (Mr. DOLE). On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. GRIFFIN. I announce that the Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The result was announced—yeas 43, nays 56, as follows:

[No. 377 Leg.]

YEAS—43

Aiken	Dole	Percy
Allott	Dominick	Roth
Baker	Fannin	Saxbe
Beall	Fong	Schweiker
Bellmon	Goldwater	Scott
Bennett	Griffin	Smith
Boggs	Gurney	Stafford
Brock	Hansen	Stevens
Brooke	Hruska	Taft
Buckley	Javits	Thurmond
Case	Jordan, Idaho	Tower
Cook	Mathias	Weicker
Cooper	Miller	Young
Cotton	Packwood	
Curtis	Pearson	

NAYS—56

Allen	Harris	Mondale
Anderson	Hart	Montoya
Bayh	Hartke	Moss
Bentsen	Hatfield	Muskie
Bible	Hollings	Nelson
Burdick	Hughes	Pastore
Byrd, Va.	Humphrey	Pell
Byrd, W. Va.	Inouye	Proxmire
Cannon	Jackson	Randolph
Chiles	Jordan, N.C.	Ribicoff
Church	Kennedy	Sparkman
Cranston	Long	Spong
Eagleton	Magnuson	Stennis
Eastland	Mansfield	Stevenson
Ellender	McClellan	Symington
Ervin	McGee	Talmadge
Fulbright	McGovern	Tunney
Gambrell	McIntyre	Williams
Gravel	Metcalf	

NOT VOTING—1

Mundt

So Mr. DOLE's amendment was rejected.

Mr. DOMINICK. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER (Mr. HUGHES). The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. DOMINICK. 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 the amendment will be printed in full, as requested.

The text of the amendment is as follows:

On page 3, line 9, strike the words "nomination or";

On page 3, line 11, beginning with the word "or" strike through the comma following the word "party";

On page 3, line 14, strike the words "nomination or";

On page 3, line 18, strike the words "nomination or";

On page 3, line 20, strike the words "nomination or";

On page 3, lines 23 and 24, strike the words "nomination or";

On page 4, line 13, strike the words "nomination or".

Mr. DOMINICK. Mr. President, if I may have the attention of my colleagues for a few minutes, I do not know whether we will use all the time available on the amendment, but in order to insure that each Senater can make his record current, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. DOMINICK. Mr. President, we have been dealing almost exclusively with title X of the bill. In this amendment I am dealing with title IX as opposed to title X.

One of the items which the Senator from Rhode Island has been emphasizing in the process of this debate has been that title X carefully states that Federal tax funds would apply only to a candidate who had already been nominated for President. He went on to say that the amendment would not apply to anyone else. By implication at least the Senator from Rhode Island said that no Federal funds would go to other candidates; and in the process of making those comments, he stated, "We are not going to give tax funds to every Tom, Dick, and Harry."

The fact is, no matter how we review the particular amendment, under title IX, every single person, who runs for any kind of office anywhere in this country is eligible to receive what is in essence tax funds, because anyone who makes a contribution qualifies for either a tax credit or a tax deduction. How much this will mean in terms of revenue, no one has the faintest idea.

As I pointed out when I offered my previous amendment, which would have restricted the contributions qualifying for the tax credit or deduction to people running in a general election and in primary elections, for either State or Federal office, we were talking, in terms of at least 6,000 to 10,000 candidates who would be eligible to receive money which the contributor could then deduct from his own tax liability or take a credit against that tax liability. But that amendment was defeated. I did not succeed in eliminating qualifying contributions to local candidates. The Senator from Georgia made an impassioned plea on behalf of his local sheriff. That is fine. The vote reflected the majority opinion of the Senate.

What I am doing now allows anyone running for elective office to go to any person who made a contribution and say, "OK, if you give me x number of dollars, you can get a tax deduction or tax credit and I will get the benefit of your gift." But what I am saying here is that we should not apply those same rules to an individual who was a candidate for nomination in a national, State, or local convention. In the absence of my amendment what we are saying is that in the ordinary political processes when someone wants to run for nomination in a county convention, we can finance that

race for convention nomination with contributions which qualify for a tax credit or a tax deduction. That makes no sense to me. Yet, on page 3 of the Pastore amendment under the heading Political Contribution, it states:

. . . an individual who is a candidate for nomination or election to any Federal, State, or local elective public office in any primary, general, or special election, or in any National, State, or local convention or caucus of a political party, . . .

Now we have all been through both local and precinct caucuses and conventions. Are we going to start paying people to run for these offices? Is that the theory of the bill? Are we going to say now, "OK, we will only give money to the presidential candidate who has already been nominated by his party out of the direct Federal funds; but "every Tom, Dick, and Harry"—which were the words of the Senator from Rhode Island himself—will be eligible to receive contributions which someone else can then write off as a tax deduction or a tax credit."

As I say, I am not trying to undermine the bill. I am not even trying to undermine title IX. There is no conceivable reason why we should say, "We will allow a tax deduction or a tax credit to candidates attempting to secure nominations at a local convention or caucus of a political party or even for national or State convention or caucuses."

We are going to have fights for national convention delegates, be it at a Republican or Democratic convention, but why can't we work that out? I never heard any responsible person proposing that anyone can try to be a delegate this way. Never in my born days have I heard of anyone making a contribution to a man running for the position of party delegate to a convention. In our State convention or caucus—I do not know how it is in Rhode Island and I do not pretend to know—maybe the Senator from Rhode Island can enlarge on that—but I have never heard of anyone in our area of the world making contributions in order to run for a State caucus or a State convention.

Mr. PASTORE. Mr. President, will the Senator from Colorado yield?

Mr. DOMINICK. I yield.

Mr. PASTORE. This matter was copied more or less from the previous legislation. Then the question was raised by the Senator from Kentucky (Mr. COOPER) and I agreed with him that if he had an amendment to take out the caucus and the State convention, I would be amenable to it. Insofar as the rest of his amendment is concerned, of course, I would have to be opposed to it and the reason is simple: The point here is that any candidate for office in any city or State might be as important to that taxpayer as, for instance, the mayor, a school committeeman, or a school committeewoman. That may be a very important matter in that particular area.

For that reason, if they made a legitimate contribution and proved it, and the contributions add up to double what he deducts, not to exceed $12.50, or an allowance not to exceed $100 with his wife from gross income, I do not know anything wrong with it.

Mr. DOMINICK. Mr. President, I am not changing that. All I am doing is knocking out "in any national, State, or local convention or caucus of a political party." I am leaving in the primary, general, or special election.

Mr. PASTORE. Mr. President, I do not think the Senator ought to knock out the national convention. Does the Senator mean a delegate to the convention?

Mr. DOMINICK. Yes. Why should we give contributions to pay a delegate to the national convention?

Mr. PASTORE. Mr. President, I was not here when the Senator started to explain the amendment. Would he explain it again.

Mr. DOMINICK. I would be happy to do so. My amendment would not alter terms of the bill as concerns a candidate for nomination or election to any Federal, State, or local public office in a primary, general, or special election. However, I think we should strike out the words, "or in any National, State, or local convention or caucus of a political party" so that we will not have to contribute to every Tom, Dick, and Harry, to use the Senator's words, who decides that he wants to be a delegate to a National, State, or local convention or caucus. It does not seem right to reduce the tax funds—which is what we would do by this—for those purposes.

I have also taken out the words "nomination or" because it seems to me that what we are dealing with is an election, and an election is still applicable to a primary. I do not see the purpose of having "nomination" in.

The main purpose and purport of my amendment is to strike out the words "or in any National, State, or local convention or caucus of a political party" because that does make good sense.

Mr. PASTORE. Mr. President, I do not think the amendment does exactly that. To simplify it, the Senator says beginning on line 11 of page 3, beginning with the word "or" strike up to and including the comma following the word party.

Mr. DOMINICK. That is correct. And it strikes out the convention or caucus of a political party.

Mr. PASTORE. Mr. President, if the Senator would have my staff work with him to accomplish that purpose, I would be willing to accept the amendment.

The amendment then says on page 3, line 14, strike the words "nomination or". Does that not refer back to the nomination or election to any Federal, State, or local elective public office in any primary, general, or special election?

Mr. DOMINICK. The Senator is correct. There is no point in leaving in the words "nomination or". We leave the word "election" in. It still deals with the primary or general elections in any National, State or local election. But we do not pay them for a National, State, or local convention or caucus of a political party.

I do not know how many political parties there may be, but leaving in such language would only create a multitude of problems.

Mr. PASTORE. Mr. President, the Senator is saying the only thing he is opposed to is delegates of any sort.

Mr. DOMINICK. The Senator is correct.

Mr. PASTORE. Was this a printed amendment?

Mr. DOMINICK. It was not.

Mr. PASTORE. That is just the point. After all, who could accept an amendment unless the Senator has our staff look at it to get the proper language and proper limitations in it. I would not be opposed if the Senator were to do that.

We could let it lay for awhile to see if we can work it out.

I have discussed this with the Senator from Kentucky. If a person runs for a delegate to a national convention or a State convention, I do not think that ought to be deducted. If we can get to work on it, I think we can agree.

Mr. DOMINICK. That is right on the button.

Mr. PASTORE. The Senator keeps insisting on that, but my staff tells me it is not right on the button.

Mr. DOMINICK. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time be charged against both sides.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMINICK. 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. DOMINICK. Mr. President, it is my understanding that the language of the amendment is designed to accomplish the results which both the Senator from Rhode Island and myself would like to accomplish. I suggest that there not be any more debate. We might as well get a call of the roll.

Mr. PASTORE. Does the Senator want a rollcall vote? I will accept the amendment. After all, we do not have much time between now and 5 o'clock.

Mr. DOMINICK. Mr. President, I ask unanimous consent to withdraw the yeas and nays.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. PASTORE. Mr. President, I am perfectly willing to accept the amendment. I think this is an improvement. This matter had been discussed previously. I am glad the matter was brought to our attention. I am perfectly willing to accept it.

I yield back the remainder of my time.

Mr. DOMINICK. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having expired, the question is on agreeing to the amendment of the Senator from Colorado.

The amendment was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed the bill (S. 18) to amend the United States Information and Educational Exchange Act of 1948 to provide

assistance to Radio Free Europe and Radio Liberty, with amendments, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

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

H.R. 1836. An act for the relief of Ruth V. Hawley, Marvin E. Krell, Alaine E. Benic, and Gerald L. Thayer;

H.R. 1867. An act for the relief of Bernadette Han Brundage;

H.R. 1899. An act for the relief of Mrs. Maria G. Orsini (nee Mari);

H.R. 1931. An act for the relief of Jesus Manuel Cabral;

H.R. 1962. An act for the relief of Dah Mi Kim;

H.R. 1970. An act for the relief of Mrs. Andree Simone Van Moppes and her son, Alain Van Moppes;

H.R. 2087. An act for the relief of Park Ok Soo and Noh Mi Ok;

H.R. 2107. An act for the relief of Jose Bettencourt de Simas;

H.R. 2108. An act for the relief of Nemesio Gomez-Sanchez;

H.R. 2408. An act for the relief of Louis A. Gerbert;

H.R. 2706. An act for the relief of Miguelito Ybut Benedicto;

H.R. 2803. An act for the relief of In Kuong Yi;

H.R. 2814. An act for the relief of Rea Republica Ramos;

H.R. 3041. An act for the relief of Mary James Kates, owner of the Gladewater Daily Mirror;

H.R. 3082. An act for the relief of Ronnie B. (Malit) Morris and Henry B. (Malit) Morris;

H.R. 3383. An act for the relief of Mrs. Mauricia A. Buensalido and her minor children, Raymond A. Buensalido and Jacqueline A. Buensalido;

H.R. 3425. An act for the relief of Helen Tziminadis;

H.R. 3475. An act for the relief of Paul Anthony Kelly;

H.R. 5422. An act for the relief of The American Journal of Nursing; and

H.R. 7085. An act for the relief of Eugene M. Sims, Senior.

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

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. BAKER. Mr. President, I call up an amendment I have at the desk and ask that the amendment be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to state the amendment.

Mr. BAKER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment reads as follows:

On page 17, strike out lines 1 and 2 and insert in lieu thereof the following: "section 1062, be final and conclusive."; and

On page 29, line 20, insert the following new section:

"JUDICIAL REVIEW

"SEC. 1062. Any certification, determination, or other action by the Comptroller General made or taken pursuant to the provisions of this title shall be subject to review by the United States Court of Appeals for the District of Columbia upon petition filed in such Court by any interested person. Any petition filed pursuant to this section shall be filed within thirty days after the certification, determination, or other action by the Comptroller General for which review is sought."

Mr. BAKER. Mr. President, it is my understanding that the distinguished manager of the bill is willing to accept this amendment which would provide a method for judicial review of determinations made by the Comptroller General under the provisions of the Pastore amendment.

Mr. PASTORE. The Senator is correct. I discussed this matter not only with the Senator from Tennessee, but also with the Senator from Kentucky. We all agree that there should be judicial review. This accomplishes that and is an an improvement of the original amendment. I am willing to accept the amendment.

Mr. BAKER. I yield back the remainder of my time.

Mr. PASTORE. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having expired, the question is on agreeing to the amendment of the Senator from Tennessee.

The amendment was agreed to.

AMENDMENT NO. 717

Mr. DOMINICK. Mr. President, I call up amendment No. 717.

The PRESIDING OFFICER. The amendment will be stated.

The amendment was read as follows:

On page 29, after line 19, add the following new section:

REPORT ON TAX COST OF PRESIDENTIAL ELECTION CAMPAIGN FUND

SEC. 102. The Senate Committee on Finance shall report not later than December 31 of each year on the costs of subtitle A of this title and on the cost of administering the Presidential Election Campaign Fund, including the tax cost to taxpayers who do not designate income tax payments to such fund.

Mr. DOMINICK. Mr. President, in my previous amendment, which was rejected, I pointed out the very grave difficulties which would be encountered in administering this program if the Pastore amendment should be agreed to. I recommended to the Senator from Rhode Island then that we should require that we go through the appropriation process because, among other problems involved, there is the fact that we do not know how much this whole program is going to cost; we do not know what the qualified expenses are going to be; nor will we know whether such expenses are qualified or not until after the payments have been made.

This fund will be collected each year for 4 years, and there will be a very substantial expense in going through the necessary checks to determine how many people are, in fact, going to check and indicate that $1 should be in this particular fund.

There is no revenue mechanism other than the judicial review provided for in the amendment of the Senator from Tennessee, which was just accepted.

I have suggested, in addition, that Congress should have some hold on this matter. What in the world are we doing creating a self-executing mechanical device in which spending is authorized by Congress and we do not review it in any way to determine the cost of the program and what the net result will be. We have not provided for any report to Congress except whatever we may be able to get individually by asking IRS to report on it on a year-by-year basis.

So I have offered my amendment which states:

The Senate Committee on Finance shall report not later than December 31 of each year on the costs of subtitle A of this title and on the cost of administering the Presidential Election Campaign Fund, including the tax cost to taxpayers who do not designate income tax payments to such fund.

The point that I have been making continually is that if we have x amount of revenue coming in to take care of vital programs which the American people have demanded, and we say we are going to take out of that revenue x millions of dollars for purposes of a presidential campaign, someone has to make it up or we are going further into deficit financing; and we will have to go back to the American public and ask them to lend us the money needed while we do this political campaign gimmick, which is all I can call it.

If agreed to, this amendment would give us an early report on the cost of the program, how it is working, how many taxpayers will be affected, how many are going along with it, all on a year-by-year basis. In addition, the finance committee would report on how much additional tax burden has been imposed on nonchecking off taxpayers in order to take care of other programs we all feel are so urgent.

As long as I could not get the appropriation process agreed to, which I think was far and away the best method of handling the situation, the least we can do is to have a reporting and reviewing system provided by the Committee on Finance. That committee is chaired, after all, by the Senator from Louisiana (Mr. LONG) at the moment, and the Senator from Louisiana is obviously not only the author of the tax bill but also a supporter of the Pastore amendment.

So I think both the Senator from Rhode Island and the Senator from Louisiana would feel this is a good idea.

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

Mr. PASTORE. Mr. President, this is a simple provision in some respects. It would include the cost to taxpayers who do not designate income tax payments to such a fund. This is a slap at the amendment, and it is intended as such. If the Senator wants disclosure, that is one thing, but under this impossible provision we would have to prove to those who do not mark off what their obligation is to build an aircraft carrier or something of that sort. It is ridiculous if we did that on everything that comes along in the

Senate. We would have a state of confusion.

We have provided for a supervising council, Members of Congress participate in it, and members of the public participate in it. They oversee all the rules and regulations made by the Comptroller General. I think we have all the protection that is needed.

To me this is satirical, if I may use that word. It is a subtle way to say, "I do not approve of this legislation and, therefore, I will make it as unpalatable as I can."

Mr. President, I do not support this amendment and therefore I hope it is rejected.

The PRESIDING OFFICER. Who yields time?

Mr. DOMINICK. Mr. President, I yield myself such time as I may require.

Since the Senator from Rhode Island is not going to accept this amendment, I would like to ask for the yeas and nays. I think the amendment is important. I do not feel as the Senator from Rhode Island does that this is a satirical move. I am against the bill and I have said so from the beginning.

Mr. PASTORE. Of course the Senator is, and one can read that feeling all through the lines of this amendment.

Mr. DOMINICK. Even though I have been opposed to this bill, I have tried to do something to improve it. I think this provision would improve it. I have not been offering satirical amendments. I have offered legitimate amendments.

The Senator states that we are going to give the people a chance to see if they want some of their tax money allocated in this way. Why do we not do that on everything? Why just on politics? Why do we not do it in connection with education, or why do we not ask the people we are going to do it for. We say this is how much they want to put into a new battleship? Politics is the only thing that we are going to do it for. We say this is the only earmarking that the taxpayer is allowed to do. We have not even provided for this in connection with the highway construction fund.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DOMINICK. I yield to the Senator on his time.

Mr. PASTORE. On my time.

Page 21 states explicitly—

REPORTS TO CONGRESS; REGULATIONS

SEC. 1009. (a) The Comptroller General shall, as soon as practicable after each presidential election, submit a full report to the Senate and House of Representatives setting forth—

(1) the qualified campaign expenses (shown in such detail as the Comptroller General determines necessary) incurred by the candidates of each political party and their authorized committees;

(2) the amounts certified by him under section 1005 for payment to the eligible candidates of each political party; and

(3) the amount of payments, if any, required from such candidates under section 1007, and the reasons for each payment required.

Each report submitted pursuant to this section shall be printed as a Senate document.

(b) The Comptroller General is authorized to prescribe such rules and regulations, to conduct such examinations and audits (in addition to the examinations and audits required by section 1007(a)), to conduct such investigations, and to require the keeping and submission of such books, records, and information, as he deems necessary to carry out the functions and duties imposed on him by this subtitle.

So there would be a full report and that report has to be made to Congress and the House of Representatives and it is here as a Senate document.

Mr. DOMINICK. Mr. President, will the Senator yield so I may ask for the yeas and nays?

Mr. PASTORE. I yield for the yeas and nays.

Mr. DOMINICK. 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. PASTORE. Mr. President, I understand the opposition of the Senator from Colorado to the Pastore amendment. But in all fairness I can say in good conscience, that I am trying to be as fair as I can. In that spirit I have accepted other amendments that I thought would help the bill, but I do not feel this amendment is necessary at all.

The PRESIDING OFFICER. Who yields time?

Mr. DOMINICK. Mr. President, I yield myself such time as I may need.

I think the provision the Senator from Rhode Island just read to the Senate and which has been placed in the RECORD is a clear indication of why we need something else. It states the Comptroller General shall report as soon as practicable after each presidential election. That means Congress does not get any report until the Comptroller General gets around to it and he is only going to do it once every 4 years. Yet this program goes on year after year after year. It says "every fiscal year."

Mr. PASTORE. Mr. President, will the Senator yield, on my time?

Mr. DOMINICK. I am happy to.

Mr. PASTORE. The money is in the Treasury. The only time it has to be paid out is once every 4 years. There is no need to report while the money is in the Treasury.

Mr. DOMINICK. There is a good reason to report while the Treasury has the money, because each year we have to go through the income tax returns. Each year we have to find out how much is contributed to the fund. Each year the Secretary of the Treasury is going to have to set aside on his books and the congressional books the amount of money checked off for the political fund. And each year we have to determine whether we have the necessary personnel and computers. In addition, as I stated earlier, there is always the possibility that the person who was just elected to the Presidency of the United States is going to be sued because he had wrongly qualified expenses, or he may have to bring action against his opponent because he had wrongly qualified expenses. If he is proved to have done so, he can even be sent to jail. What would we do about that? Suppose we have just elected a President, and then find out that under the provisions of the bill he is guilty of perjury. Are we going to send the President to jail just after a national election?

I believe the bill is so full of loopholes that it is unbelievable, but one of the things we can do—just a small detail—is to have a congressional committee responsible for an annual review of the cost of the program, how it is being administered, and how much is coming into the fund each year. If we do not have that, what we are saying to the public at large is, "You check off your tax for one purpose only. That is the only right you have—to check that off for political purposes—and from then on we are not going to pay any attention. We are going to create this vast pot of money for presidential candidates to draw on every 4 years."

I do not see, in my wildest imagination, how anyone could really dream up a bill which is more detrimental to the public interest than is this particular bill. I have said over and over again that I am against the bill, no matter what we do. I think the whole principle is basically wrong; but even if it is basically wrong, if it is going to be passed—and the Democrats have the majority here, and they can vote for it or not, according to their will—we may as well try to make it a little better.

Ever since I have been in public office, it has been my belief that even if one does not like a bill, he should try to do something to improve it, even if it is so objectionable that people say, "Why do that? Why not leave it that way, because it is easier to vote against?"

I do not think so. I think it is our responsibility to try to improve a bill. That is what my amendment would do if I could get it passed.

What in the world is the matter with it? How can anybody be against it? It provides that the Senate Committee on Finance shall report not later than December 1 of each year on the costs of subtitle A of this title and on the cost of administering the presidential election campaign fund. What committee could be more intimately concerned than the Senate Finance Committee, except the House Ways and Means Committee? I did not even put that committee in the amendment. The presidential election campaign fund is of enormous importance to the Senate Finance Committee. It determines how much revenues we have, how much we are losing insofar as tax deductions and tax credits are concerned. It involves the question of how much supment. The presidential election campaign fund is getting from the taxpayers.

Here is another question: Let us suppose we did have a fund set aside in the Treasury that cannot be used for anything else. We will say it amounts to $10 million. Let us suppose it happens next year. None of the candidates say they want to use the public money, so the $10 million sits there and cannot be used. It is returned to the Treasury after the election, when it is too late to use in the next year. Then it starts accumulating the following year. Let us assume it gets up to $40 million, $10 million a year up to 1976. Again it is not used. The money is sitting there. It is not used for anything. The candidates do not want to use it because they are embarrassed to say they are milking the public Treasury to

advance their campaigns. The Finance Committee is entitled to know how much has accumulated, what has happened to it, whether it is drawing any interest or just being set aside and not used.

No matter how you slice it, the Senate Finance Committee must review this program every year, and what I am doing is giving the committee specific language to do it. It asks the committee to report to the Congress every year no later than December 31.

Mr. President, how much time do I have left?

The PRESIDING OFFICER. The Senator has 18 minutes remaining.

Mr. DOMINICK. I yield 5 minutes to the distinguished Senator from Tennessee (Mr. BROCK).

Mr. BROCK. Mr. President, I have listened to this debate now for 4 days. To be perfectly honest, I think perhaps there was a little more heat than light last week. I was particularly interested this morning in listening to the Senator from Louisiana and the Senator from Rhode Island plead the cause of campaign reform. I may say that the Senator from Rhode Island has conducted this debate with a great deal of skill and ability, and I think with a great deal of integrity.

In listening to his arguments on the need for reform in this country, I could not help but be impressed. The Senator from Louisiana made a similar case. The case was excellent. I could not disagree with what was said earlier this morning about the need to improve the political process, to give the body politic a better voice in the political process, to give people a sense of participation, and to minimize the impact of exorbitant campaign contributions upon a candidate in his future actions. But the Pastore amendment does not meet those objectives, in my opinion.

I think the Senator from Rhode Island said he wanted to make it possible for people in this country to elect a President who would not be obligated to the fat cats. I would remind the Senator that there are all kinds of fat cats in this country. I wonder if a person is more obligated to someone who gave him $10,000 than he would be to the mayor of Chicago who happened to throw his whole political weight behind that political candidate with a great deal more than 10,000 votes?

How do we eliminate that problem? Does this amendment even address it. I do not think it does.

It seems to me the Senator from Michigan raised a perfectly valid point earlier today when he said we wanted to divorce the political process from inordinate pressure, in effect. This, he said, we were not ever going to be able to do unless we divorced it from private hands to the hands of the Government. That to me is the meat in the coconut of this program.

By no stretch can this amendment be classed as an equal opportunity for people to contribute their own tax dollar to the political process. To the contrary, the checkoff simply allows an individual to impose a tax on all taxpayers in order to achieve a quantity of money which will be allocated evenly between the two major political parties and, to a lesser extent, to the established minor parties at the rate of 15 cents a vote.

That to me is a very dangerous precedent to set, because if we begin to establish the concept of Federal financing of Federal elections, then we must accept the possibility that at some point, at some time in the future, in some places, there will be the opportunity for those who provide the financing to provide the direction of those candidates who receive it.

If the Federal Government, through the tax system, is going to use the taxpayers' money to fund the election process in this country, then we run the risk not only of divorcing individuals from a voice in the political process, but we run the risk of institutionalizing the political process as well.

What happens when a candidate receives this $20 million, as the figurehead of his party? He is the representative of his party; it does not matter whether he is a Democrat, a Republican, or an American independent. He has at his disposal, then, an enormous sum of money to expend in a political campaign in any way that he sees fit. That money can be expended in the process of buying media time, but it can also be expended in the process of acquiring control of a political party; and if it is used in that context and in that way, we run the very serious risk of financing the status quo in our political process, of using the taxpayers' money to perpetuate the control of a political organization by one man or one group, so long as they have the money available to them to maintain that control.

I have the fundamental objection to the amendment of the Senator from Rhode Island that there is no choice.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BROCK. May I have 3 additional minutes?

Mr. DOMINICK. I yield the Senator 3 additional minutes.

Mr. BROCK. He has no choice, in checking his return, to allocate his dollar to Richard Nixon, to the Senator from Maine (Mr. MUSKIE), or to any other potential candidate. He is donating to all candidates on a 15 cents per vote basis, and he is not donating his own money; he is donating the money of the taxpayers of this country. There is no option and no choice whatsoever. I find fault with that, in the simple sense that if we are going to have a democratic process in this country, people have got to feel that they have a voice. If there is one cry being made today by young people, it is that they have lost their voice. The institutions of this Nation and this society have grown so big and so divorced from the average human being that they are not responsive any more. Is there responsiveness in this bill, if the voter happens to be an advocate of SHIRLEY CHISHOLM, or GEORGE MCGOVERN, or Richard Nixon? No, he has no choice.

This measure, then, is an attempt, in my opinion, to remove the opportunity for participation, to reduce the options, and to institutionalize the status quo, to make it almost impossible for diversity, for opinion, for challenge to exist within and without the political parties as they are now constituted.

I think the Senator from Colorado is making just one effort to try to bring to the attention of the people of this country the fact that there are no controls in the measure insofar as the legislative branch of the Government is concerned. It is totally under the Comptroller General, not the Congress, to pursue the application of this act to protect the interests of all the people of this country.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DOMINICK. Mr. President, I yield myself 5 minutes.

I think what the Senator from Tennessee was just saying is really not only persuasive but thoughtful to an extraordinary degree. In addition to the comments he was making, I point out that one of the excuses for this measure is that we are trying to limit campaign spending.

The money that is being set aside under this bill can only be used for the payment of qualified expenses; and qualified expenses are defined in the bill as those which are incurred after September 1. That means that between September 1 and November 4, candidates, according to the Senator from Rhode Island, will be expending approximately $20 million each, in September and October—2 months.

What are they going to do in the meanwhile, before they get there, while they are still going ahead and campaigning? Obviously, they are going to raise as big a war chest as they possibly can, to help them get the nomination and to take care of the position that they must maintain between the time of the convention and the time when the public money may lawfully be expended.

So we are not going to cut down on spending; we are going to vastly increase it, and there just is no other way to look at it.

I would suspect, harking back to what my distinguished colleague from Kansas (Mr. DOLE) was saying this morning, that the money that the Republican National Committee has raised and will raise on behalf of our candidates can very properly be spent prior to September 1. Then the President can say, "I have not incurred any qualified expenses or received any contributions to pay qualified expenses up to September 1. Now I want the public money."

I think he probably could run on that kind of basis; not that I think he ever would, because obviously this is not designed for the incumbent Chief Executive. It is designed to take care of those people who are trying to run against him, and there is no point in kidding ourselves about it.

So the very least we can do—and this is all, again, that I am trying to say—is give to the Senate committee which has the most intimate involvement with this bill, the Committee on Finance, the right to review the program and report to Congress annually.

I am happy that the Senator from Louisiana is in the Chamber. I would like to have his report as chairman of the Finance Committee annually on this matter, including the cost of the fund

and how much revenue would be lost. The report would be annual because subtitle (A) of this measure is going to be effective every year. We have candidates running for city councils or governorships, or whatever it might be, every single year, and tax deductions will be used every year for that purpose. This will be felt as a revenue drop, and we will have to know how much it is going to cost us.

I cannot see any objection to this proposal, and I cannot understand why the Senator from Rhode Island is objecting to it.

Mr. PASTORE. Mr. President, I am ready to yield back the remainder of my time, having stated all my reasons, if the Senator will yield back his.

Mr. BROCK. Mr. President, will the Senator yield?

Mr. DOMINICK. I yield 1 minute to the Senator from Tennessee.

Mr. BROCK. Are the expenditures of a party committee, such as the Democratic National Committee, for such matters as the expenses of a field man operating, let us say, in the Southwest, out of the national office, who is supporting a couple of congressional candidates and obviously will support the presidential nominee, qualified under the Pastore amendment.

Mr. DOMINICK. That is a very good question, and I cannot give the Senator the answer. As a matter of practice, the candidate will probably come in at the end and say it is a qualified expense, and the Comptroller General, based on that statement, will make the payment, and it will not be possible until after the election to determine whether it is qualified or not.

Mr. BROCK. Let us take the example of an incumbent President.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DOMINICK. I yield the Senator 4 additional minutes.

Mr. BROCK. An incumbent President obviously has an enormous advantage, in a campaign, in being able to command the attention of the media, and his expenses might be less than those of his challenger. Would it not be possible, then, for an incumbent President to take all the expenditures that would normally be classed as those that the Republican National Committee field operations maintains, and all the rest, which are primarily of benefit, let us say, to candidates for the U.S. Senate or the other body, and let the taxpayers pay them, just listing them as qualified expenses for his own support.

Mr. DOMINICK. I would think that this could be done very easily, and I am sure that the national committee, in addition, would be an authorized committee and therefore equipped to raise some funds and spend it on their own.

Mr. BROCK. That is entirely correct. So that the two kinds of funds are really being mixed here.

Mr. DOMINICK. That is correct.

Mr. BROCK. They could raise money by direct contribution and could also use the presidential campaign for solicitation for fund raising, although the bill was designed to prevent the raising of other moneys for the political process. They could use this money for direct mail solicitation, for field men to go out in the field, for fund-raising dinners. All these would be available under the Pastore amendment as written today, if the President so sympathized.

Mr. DOMINICK. I am positive that this is true, and I am also reasonably sure that this was anticipated.

Mr. BROCK. Let me ask another question: If a President or a nonincumbent were to see the lack of need for additional advertising funds, if he were to sign as qualified expenses the hiring of 15 political operatives in every State who were to go out at his personal bequest to take control of the political party in those States, so that he could in turn achieve a dominant position—not for this campaign but 4 or 5 or 10 years in the future, is there anything that would prohibit the public moneys being used to support a political party by one candidate who happened to be a nominee in a particular year?

Mr. DOMINICK. This is precisely what we objected to in the earlier debate, and I have nothing but my own conviction to show that the same thing could happen under this bill as under the previous bill.

Mr. BROCK. These moneys could be used to allow one individual or one group to achieve such control over a political party that he or they could in fact become the controlling and dominant influence of that party, not only for one election but for a decade or more as well. I think that is a tragic prospect.

Mr. DOMINICK. I thank the Senator from Tennessee for this colloquy.

I want to repeat for the benefit of the Senator from Illinois one of the comments I made about this bill. What happens is that one accumulates qualified expenses. He then sends details to the comptroller, and certifies that this will qualify. The Secretary of the Treasury then pays. It is only after the Secretary has paid the amount certified that any kind of review or audit of the books is done.

The PRESIDING OFFICER. The Senator has 1 minute remaining.

Mr. DOMINICK. I yield myself that minute.

Let us suppose that one of our candidates wins and he is elected as President of the United States. Then the audit shows that there have been unlawful expenditures. Under the provisions of this bill, he can be fined $10,000 and imprisoned for not more than 5 years—the man who has just been elected President of the United States. What kind of ridiculous law is that going to be? We do not want him to do anything illegal; but what is or is not a qualified expense is going to be a matter of interpretation, and it will be difficult to determine in advance what it is going to be.

Mr. BROCK. On the other side of the coin, he could have the Comptroller General investigate and prosecute his opponent.

Mr. DOMINICK. That is totally correct. He could investigate, prosecute, and caused to be imprisoned his opponent, and this seems to me equally bad.

Mr. PASTORE. Mr. President, I understand that after this vote, Senator COOPER will call up his amendment. I ask unanimous consent that directly after the Cooper amendment is disposed of, the Senator from Maryland (Mr. MATHIAS) be recognized to present his amendment.

Mr. DOMINICK. I object.

Mr. COOK. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. PASTORE. Mr. President, it is obvious what we are doing here. All we are trying to do is to squeeze some people out of their amendments.

Mr. COOK. Mr. President, will the Senator yield?

Mr. PASTORE. Wait a minute. I have the floor.

Here we are on a little amendment, on which my friends, the Senator from Tennessee and the Senator from Colorado, must have stayed up all night, dreaming up these hocus-pocus ideas that do not exist in the bill. They use up all their time until the last minute, and here we are talking about five or six more amendments, and we have 3 hours to go, and I make a reasonable request, and it is objected to. I would like to know why. Why? Is this part of the filibuster? Is this part of the strategy?

Mr. COOK. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. COOK. First of all, this Senator has four amendments. The Senator from Rhode Island has been aware of two of them for 2 days.

Second, I must say to the Senator from Rhode Island, in all fairness, that this Senator is not particularly in a mood to agree to any unanimous-consent request that the Senator from Rhode Island may make between now and 5 o'clock, because I think the handling of this matter has been not in a reasonable manner up to now; and I really feel frank to tell the Senator that.

Mr. PASTORE. I do not care how the Senator from Kentucky feels. The fact is that I have been trying to move this bill right along.

Mr. COOK. That is why the Senator objected.

Mr. PASTORE. And the delaying tactics have been on the other side.

I will say to the Senator from Kentucky that insofar as the judicial review is concerned, in which he was interested, it has been accepted. So far as the elimination of delegates to the convention—national, State, and ward caucus—is concerned, that has been accepted.

Mr. COOK. When was this?

Mr. PASTORE. The Senator from Colorado brought it up, and I told him the Senator from Kentucky had presented that matter to me and it was satisfactory to me; and when he corrected it to conform to the Senator from Kentucky's idea, I accepted it. I have been cooperative. I did the same thing with the judicial review.

Mr. President, I now renew my unanimous-consent request that after the so-called Cooper amendment is disposed of, the Senator from Maryland be recognized to offer his amendment.

The PRESIDING OFFICER. Is there objection?

Mr. COOK. I object.

Mr. BROCK. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. PASTORE. Mr. President, what is all this talk about the national committee and what the Comptroller General is going to do and who is going to run away with this money and that the Senate is not going to know anything about it? I wonder whether my friends on the other side of the aisle, who have been that critical, have read the bill?

We have a presidential election campaign fund advisory board that involves people of Congress—Senators and Members of the House of Representatives—to promulgate the guidelines. There is all this responsibility in conjunction with the Comptroller General.

The Senator has been honest when he has said, "I don't care what you do to refine this bill. I am going to vote against it anyway." Well, why do we not leave it there and wait until 5 o'clock and see whether the Senate wants it or does not want it?

I yield back the remainder of my time, and I am ready to vote.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

The question is on agreeing to the amendment of the Senator from Colorado. 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. GRIFFIN. I announce that the Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Iowa (Mr. MILLER), is detained on official business.

The result was announced—yeas 44, nays 54, as follows:

[No. 378 Leg.]

YEAS—44

Aiken	Curtis	Pearson
Allott	Dole	Percy
Baker	Dominick	Roth
Beall	Fannin	Saxbe
Bellmon	Fong	Schweiker
Bennett	Goldwater	Scott
Boggs	Griffin	Smith
Brock	Gurney	Stafford
Brooke	Hansen	Stevens
Buckley	Hatfield	Taft
Byrd, Va.	Hruska	Thurmond
Case	Javits	Tower
Cook	Jordan, Idaho	Weicker
Cooper	Mathias	Young
Cotton	Packwood	

NAYS—54

Allen	Harris	Mondale
Anderson	Hart	Montoya
Bayh	Hartke	Moss
Bentsen	Hollings	Muskie
Bible	Hughes	Nelson
Burdick	Humphrey	Pastore
Byrd, W. Va.	Inouye	Pell
Cannon	Jackson	Proxmire
Chiles	Jordan, N.C.	Randolph
Church	Kennedy	Ribicoff
Cranston	Long	Sparkman
Eagleton	Magnuson	Spong
Eastland	Mansfield	Stennis
Ellender	McClellan	Stevenson
Ervin	McGee	Symington
Fulbright	McGovern	Talmadge
Gambrell	McIntyre	Tunney
Gravel	Metcalf	Williams

NOT VOTING—2

Miller	Mundt

So Mr. DOMINICK's amendment was rejected.

Mr. PASTORE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

VIENNA CONVENTION ON THE LAW OF TREATIES

Mr. MANSFIELD. Mr. President, as in executive session, I ask unanimous consent that the injunction of secrecy be removed from the Vienna Convention on the Law of Treaties signed for the United States on April 24, 1970—Executive L, 92d Congress, first session—transmitted to the Senate today by the President of the United States, and that the convention, together with the President's message, be referred to the Committee on Foreign Relations and ordered to be printed, and that the President's message be printed in the RECORD.

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

The message from the President is as follows:

To the Senate of the United States:

I am transmitting herewith, for the advice and consent of the Senate to ratification, the Vienna Convention on the Law of Treaties signed for the United States on April 24, 1970. The convention is the outcome of many years of careful preparatory work by the International Law Commission, followed by a two-session conference of 110 nations convened under United Nations auspices in 1968 and 1969. The conference was the sixth in a series called by the General Assembly of the United Nations for the purpose of encouraging the progressive development and codification of international law.

The growing importance of treaties in the orderly conduct of international relations has made increasingly evident the need for clear, well-defined, and readily ascertainable rules of international law applicable to treaties. I believe that the codification of treaty law formulated by representatives of the international community and embodied in the Vienna Convention meets this need.

The international community as a whole will surely benefit from the adoption of uniform rules on such subjects as the conclusion and entry into force of treaties, their interpretation and application, and other technical matters. Even more significant, however, are the orderly procedures of the convention for dealing with needed adjustments and changes in treaties, along with its strong reaffirmation of the basic principle pacta sunt servanda—the rule that treaties are binding on the parties and must be performed in good faith. The provisions on judicial settlement, arbitration, and conciliation, including the possibility that a dispute concerning a preemptory norm of international law can be referred to the International Court of Justice, should do much to enhance the stability of treaty relationships throughout the world.

I am enclosing the report of the Secretary of State, describing the provisions of the convention in detail.

The Vienna Convention can be an important tool in the development of international law. I am pleased to note that it has been endorsed by the House of Delegates of the American Bar Association and I urge the Senate to give its advice and consent to ratification.

RICHARD NIXON.

THE WHITE HOUSE, *November 22, 1971.*

REVENUE ACT OF 1971

The Senate continued with the consideration of the bill (H.R. 10947) to provide a job development investment credit, to reduce individual income taxes, to reduce certain excise taxes, and for other purposes.

AMENDMENT NO. 745

Mr. COOPER. Mr. President, I send to the desk amendment No. 745 as modified.

The PRESIDING OFFICER. The clerk will state the modified amendment.

The second assistant legislative clerk read as follows:

Beginning with line 11 on page 7 it is proposed to strike out all of title X and insert in lieu thereof the following:

TITLE X

Mr. COOPER. 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 the amendment will be printed in the RECORD.

The amendment reads as follows:

Beginning with line 11 on page 7 strike out all of title X and insert in lieu thereof the following:

TITLE X—FEDERAL ELECTION CAMPAIGN ACT OF 1971

SHORT TITLE

SEC. 1001. This title may be cited as the "Federal Election Campaign Act of 1971".

PART A—AMENDMENTS TO COMMUNICATIONS ACT OF 1934; LIMITATIONS ON CAMPAIGN EXPENDITURES FOR NONBROADCAST COMMUNICATIONS MEDIA

EXCEPTION TO EQUAL TIME REQUIREMENTS AND CHARGE LIMITATIONS

SEC. 1101. (a)(1) Section 315(a) of the Communications Act of 1934 (47 U.S.C. 315 (a)) is amended by inserting after "public office" in the first sentence thereof a comma and the following: "other than Federal elective office (as defined in subsection (c) of this section),".

(2) Section 315(a) of such Act is amended by inserting after the first sentence thereof the following: "When a licensee permits a legally qualified candidate for Federal elective office to use his broadcasting station in connection with such candidate's campaign for nomination for election, or election to such office, the licensee shall afford such candidate maximum flexibility in choosing his program format."

(b) Section 315(b) of such Act is amended to read as follows:

"(b) The charges made for the use of any broadcasting station by any person who is a legally qualified candidate for any public office in connection with his campaign for

nomination for election, or election, to such office shall not exceed—

"(1) during the forty-five days preceding the date of a primary election and during the sixty days preceding the date of a general or special election in which such person is a candidate, the lowest unit charge of the station for the same class and amount of time for the same period; and

"(2) at any other time, the charges made for comparable use of such station by other users thereof."

(c) Section 312(a) of such Act is amended by striking "or" at the end of clause (5), striking the period at the end of clause (6) and inserting in lieu thereof a semicolon and "or", and adding at the end of such section 312(a) the following new clause:

"(7) for willful or repeated failure to allow reasonable access to or to permit purchase of reasonable amounts of time for the use of a broadcasting station by a legally qualified candidate on behalf of his candidacy.".

EXPENDITURE LIMITATIONS FOR CANDIDATES FOR MAJOR ELECTIVE OFFICES

SEC. 1102. Section 315 of the Communications Act of 1934 is further amended by redesignating subsection (c) as subsection (f) and by inserting immediately before such subsection the following new subsections:

"(c)(1) For purposes of this subsection and subsection (d), the term—

"(A) 'Federal elective office' means the office of President, Vice President, United States Senator or Representative, or Delegate or Resident Commissioner to the Congress;

"(B) 'use of broadcasting stations by or on behalf of any candidate' includes not only broadcasts advocating such candidate's election, but also broadcasts urging the defeat of his opponent or derogating his opponent's stand on campaign issues;

"(C) 'legally qualified candidate' means any person who (1) meets the qualifications prescribed by the applicable laws to hold the Federal elective office for which he is a candidate and (2) is eligible under applicable State law to be voted for by the electorate directly or by means of delegates or electors; and

"(D) 'broadcasting station' includes a community antenna television system, and the terms 'licensee' and 'station licensee' when used with respect to a community antenna television system, mean the operator of such system.

"(2) Except as provided in section 1104 of the Federal Election Campaign Act of 1971, no legally qualified candidate in any primary, runoff, general, or special election for a Federal elective office may spend for the use of broadcasting stations on behalf of his candidacy in such election a total amount in excess of—

"(A) 5 cents multiplied by the estimate of resident population of voting age for such office, as determined by the Bureau of Census in June of the year preceding the year in which the election is to be held; or

"(B) $30,000, if greater than the amount determined under subparagraph (A).

For the purposes of computing the limitation provided by the first sentence of this paragraph in connection with a presidential primary election, the resident population of voting age for the office of President shall be held and considered to be the entire population of voting age for such office within the State in which such primary election is conducted. Amounts spent by or on behalf of any candidate for nomination for election to such office in connection with his primary campaign in any State shall not exceed such limitation for that State.

"(3) Amounts spent for the use of broadcasting stations on behalf of any legally qualified candidate for Federal elective office (or for nomination to such office) shall, for the purposes of this subsection, be deemed to have been spent by such candidate. Amounts spent for the use of broadcasting stations by or on behalf of any legally qualified candidate for the office of Vice President of the United States shall, for the purposes of this subsection, be deemed to have been spent by the candidate for the office of President of the United States with whom he is running.

"(4) No station licensee may make any charge for the use of such station by or on behalf of any candidate for Federal elective office (or for nomination to such office) unless such candidate, or a person specifically authorized by such candidate in writing to do so, certifies to such licensee in writing that the payment of such charge will not violate paragraph (2).

"(4) Broadcasting stations and candidates shall file with the Commission such reports at such times and containing such information as the Commission shall prescribe for the purpose of this subsection and, in the case of broadcasting stations, subsection (d).

"(d) If a State by law and expressly—

"(1) has provided that a primary or other election for any office of such State or of a political subdivision thereof is subject to this subjection, and

"(2) has specified a limitation upon total expenditures for the use of broadcasting stations on behalf of the candidacy of each legally qualified candidate in such election, and

"(3) has provided in any such law an unequivocal expression of intent to be bound by the provisions of this section, and

"(4) has stipulated that the amount of such limitation shall not exceed the amount which would be determined for such election under subsection (c) had such election been an election for a Federal elective office or nomination thereto;

then no station licensee may make any charge for the use of such station by or on behalf of any legally qualified candidate in such election unless such candidate, or a person specifically authorized by such candidate in writing to do so, certifies to such licensee in writing that the payment of such charge will not violate such limitation.

"(e) One who willfully and knowingly violates the provisions of subsection (c) or (d) of this section shall be punished by a fine not to exceed $5,000 or imprisonment for a period not to exceed five years, or both. The provisions of sections 501 through 503 of this Act shall not apply to violations of such subsection."

LIMITATIONS ON CAMPAIGN EXPENDITURES FOR NONBROADCAST COMMUNICATIONS MEDIA

SEC. 1103. (a) For purposes of this section, the term—

(1) "Federal elective office" means the office of President, Vice President, United States Senator or Representative, or Delegate or Resident Commissioner to the Congress;

(2) "nonbroadcast communications medium" means newspapers, magazines, and other periodical publications, and billboard facilities;

(3) "legally qualified candidate" means any person who (A) meets the qualifications prescribed by the applicable laws to hold the Federal elective office for which he is a candidate and (B) is eligible under applicable State law to be voted for by the electorate directly or by means of delegates or electors; and

(4) "use of any nonbroadcast communications media by or on behalf of any candidate" includes not only amounts spent for advocating a candidate's election, but also amounts spent for urging the defeat of his opponent or derogating his opponent's stand on campaign issues.

(b) During the forty-five days preceding the date of any primary election, and during the sixty days preceding the date of any general or special election, the charges made for the use of any nonbroadcast communications medium by an individual who is a legally qualified candidate for Federal elective office shall not exceed the lowest unit rate charged others by the person furnishing such medium for the same amount and class of space.

(c) Except as provided in section 104 of this Act, no legally qualified candidate in any primary, runoff, general, or special election for a Federal elective office may spend for the use of nonbroadcast communications media on behalf of his candidacy in such election a total amount in excess of—

(1) 5 cents multiplied by the estimate of resident population of voting age for such office, as determined by the Bureau of Census in June of the year preceding the year in which the election is to be held; or

(2) $30,000, if greater than the amount determined under clause (1).

For the purposes of computing the limitation provided by the first sentence of this paragraph in connection with a presidential primary election, the resident population of voting age for the office of President shall be held and considered to be the entire resident population of voting age for such office within the State in which such primary election is conducted. Amounts spent by or on behalf of any candidate for nomination for election to such office in connection with his primary campaign in any State shall not exceed such limitation for that State.

(d) Amounts spent for the use of nonbroadcast communications media on behalf of any legally qualified candidate for Federal elective office (or for nomination to such office) shall, for the purposes of this section, be deemed to have been spent by such candidate. Amounts spent for the use of nonbroadcast communications media by or on behalf of any legally qualified candidate for the office of Vice President of the United States shall, for the purposes of this section, be deemed to have been spent by the candidate for the office of President of the United States with whom he is running.

(e) No person may make any charge for the use of any nonbroadcast communications medium by or on behalf of any candidate for Federal elective office (or for nomination to such office) unless such candidate, or an individual specifically authorized by such candidate in writing to do so, certifies to such person that the payment of such charge will not violate subsection (c). Any person who furnishes the use of any nonbroadcast communications medium to or for the benefit of any such candidate without charge therefor shall be deemed to have made a contribution to such candidate in an amount equal to the amount normally charged by such person for such use. Any person who furnishes the use of any nonbroadcast communications medium to or for the benefit of any such candidate at a rate which is less than the rate normally charged by such person for such use shall be deemed to have made a contribution to such candidate in an amount equal to the excess of the rate normally charged over the rate charged such candidate.

(f) One who willfully and knowingly violates the provisions of this section shall be punished by a fine not to exceed $5,000 or imprisonment of not more than five years, or both.

LIMITED INTERCHANGEABILITY BETWEEN EXPENDITURES LIMITATIONS

SEC. 1104. (a) A legally qualified candidate in any primary, runoff, general, or special election for Federal elective office may, at his option, transfer not to exceed 20 per centum of the expenditure limitation under section 315(c) of the Communications Act of 1934 as amended or section 1103(c) of this Act between one or the other to be spent on either the broadcast or nonbroadcast media on behalf of his candidacy in such election. Any amount so transferred from the one ex-

penditure limitation to the other shall be deducted from the expenditure limitation upon the media from which such transfer is made.

(b) Any such legally qualified candidate exercising this option shall promptly notify the Federal Elections Commission in writing of the amount so transferred and spent, and shall provide such Commission with such information as the Commission, in his judgment, deems necessary and proper in the exercise of this option.

(c) The Federal Elections Commission is authorized to develop and promulgate appropriate rules and regulations to carry out the purposes of this section.

(d) The definitions contained in section 315(c) of the Communications Act of 1934 and in section 1103(a) of this Act are applicable to this section.

COST-OF-LIVING INCREASE IN LIMITATION FORMULA

SEC. 1105. (a) For purposes of this section, the term—

(1) "price index" means the annual average over a calendar year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics; and

(2) "base period" means the calendar year 1970.

(b) Commencing immediately after the end of 1971, and after the end of each calendar year thereafter, as there becomes available necessary data from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall determine the difference between the price index for the immediately preceding calendar year and the price index for the base period. The amount computed under section 315(c)(2)(A) of the Communications Act of 1934 (as added by section 1102 of this Act) and under section 1103(c)(1) of this Act shall be increased by such per centum difference (excluding any fraction of a per centum) and rounded to the next highest cent. Each amount so increased shall be the amount in effect for the twelve months following the end of such calendar year.

PART B—CRIMINAL CODE AMENDMENTS

SEC. 1201. Section 591 of title 18, United States Code, is amended to read as follows:

"§ 591. Definitions

"When used in sections 597, 599, 600, 602, 610, 611, and 614 of this title—

"(a) 'election' means (1) a general, special, primary, or runoff election, (2) a convention or caucus of a political party held to nominate a candidate, (3) a primary election held for the selection of delegates to a national nominating convention of a political party, (4) a primary election held for the expression of a preference for the nomination of persons for election to the office of President, and (5) the election of delegates to a constitutional convention for proposing amendments to the Constitution of the United States;

"(b) 'candidate' means an individual who seeks nomination for election, or election, to Federal office, whether or not such individual is elected, and, for purposes of this paragraph, an individual shall be deemed to seek nomination for election, or election, to Federal office, if he has (1) taken the action necessary under the law of a State to qualify himself for nomination for election, or election, or (2) received contributions or made expenditures, or has given his consent for any other person to receive contributions or make expenditures, with a view to bringing about his nomination for election, or election to such office;

"(c) 'Federal office' means the office of President or Vice President of the United States, or Senator or Representative in, or Delegate or Resident Commissioner to, the Congress of the United States;

"(d) 'political committee' means any individual committee, association, or organization which accepts contributions or make expenditures during a calendar year in an aggregate amount exceeding $1,000;

"(e) 'contribution' means—

"(1) a gift, subscription, loan, advance, or deposit of money or anything of value (except a loan of money by a National or State bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business), made for the purpose of influencing the nomination for election, or election, of any person to Federal office, for the purpose of influencing the results of a primary held for the selection of delegates to a national nominating convention of a political party or for the expression of a preference for the nomination of persons for election to the office of President, or for the purpose of influencing the election of delegates to a constitutional convention for proposing amendments to the Constitution of the United States;

"(2) a contract, promise, or agreement, express or implied, whether or not legally enforceable, to make a contribution for such purposes;

"(3) a transfer of funds between political committees;

"(4) the payment, by any person other than a candidate or political committee, of compensation for the personal services of another person which are rendered to such candidate or political committee without charge for any such purpose; and

"(5) notwithstanding the foregoing meanings of 'contribution', the word shall not be construed to include services provided without compensation by individuals volunteering a portion or all of their time on behalf of a candidate or political committee; "(f) 'expenditure' means—

"(1) a purchase, payment, distribution, loan advance, deposit, or gift of money or anything of value (except a loan of money by a National or State bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business), made for the purpose of influencing the nomination for election, or election, of any person to Federal office, for the purpose of influencing the result of a primary held for the selection of delegates to a national nominating convention of a political party or for the expression of a preference for the nomination of persons for election to the office of President, or for the purpose of influencing the election of delegates to a constitutional convention for proposing amendments to the Constitution of the United States;

"(2) a contract, promise, or agreement, express or implied, whether or not legally enforceable, to make any expenditure; and

"(3) a transfer of funds between political committees;

"(g) 'person' and 'whoever' mean an individual, partnership, committee, association, corporation, or any other organization or group of persons; and

"(h) 'State' means each State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States."

SEC. 1202. Section 600 of title 18, United States Code, is amended to read as follows:

"§ 600. Promise of employment or other benefit for political activity

"Whoever, directly or indirectly, promises any employment, position, compensation, contract, appointment, or other benefit provided for or made possible in whole or in part by any Act of Congress, or any special consideration in obtaining any such benefit, to any person as consideration, favor, or reward for any political activity or for the support of or opposition to any candidate or any political party in connection with any general or special election to any political office, or in connection with any primary election or political convention or caucus held to select candidates for any political office, shall be fined not more than $1,000 or imprisoned not more than one year or both."

SEC. 1203. Section 608 of title 18, United States Code, is amended to read as follows:

"§ 608. Limitations on contributions and expenditures

"(a)(1) No candidate may make expenditures from his personal funds, or the personal funds of his immediate family, in connection with his campaign for nomination for election, or election, to Federal office in excess of—

"(A) $50,000, in the case of a candidate for the office of President or Vice President;

"(B) $35,000, in the case of a candidate for the office of Senator; or

"(C) $25,000, in the case of the candidate for the office of Representative, or Delegate or Resident Commissioner to the Congress.

"(2) For purposes of this subsection, 'immediate family' means a candidate's spouse, and any child, parent, grandparent, brother, or sister of the candidate, and the spouses of such persons.

"(b) No candidate or political committee shall knowingly accept any contribution or authorize any expenditure in violation of the provisions of this section.

"(c) Violation of the provisions of this section is punishable by a fine not to exceed $1,000, imprisonment for not to exceed one year, or both.".

SEC. 1204. Section 609 of title 18, United States Code, is repealed.

SEC. 1205. Section 611 of title 18, United States Code, is amended to read as follows:

"§ 611. Contributions by Government contractors

"Whoever—

"(a) entering into any contract with the United States or any department or agency thereof either for the rendition of personal services or furnishing any material, supplies, or equipment to the United States or any department or agency thereof or for selling any land or building to the United States or any department or agency thereof, if payment for the performance of such contract or payment for such material, supplies, equipment, land, or building is to be made in whole or in part from funds appropriated by the Congress, at any time between the commencement of negotiations for and the later of (1) the completion of performance under, or (2) the termination of negotiations for, such contract or furnishing of material, supplies, equipment, land, or buildings, directly or indirectly makes any contribution of money or other thing of value, or promises expressly or impliedly to make any such contribution, to any political party, committee, or candidate for public office or to any person for any political purpose or use; or

"(b) knowingly solicits any such contribution from any such person for any such purpose during any such period;

shall be fined not more than $5,000 or imprisoned not more than five years, or both."

SEC. 1206. The table of sections for chapter 29 of title 18, United States Code, is amended by—

(1) striking out the item relating to section 608 and inserting in lieu thereof the following;

"608. Limitations on contributions and expenditures.";

(2) striking out the item relating to section 609 and inserting in lieu thereof the following

"609. Repealed.";

(3) striking out the item relating to section 611 and inserting in lieu thereof the following:

"611. Contributions by Government contractors.".

PART C—DISCLOSURE OF FEDERAL CAMPAIGN FUNDS

DEFINITIONS

SEC. 1301. When used in this title—

(a) "election" means (1) a general, special, primary, or runoff election, (2) a convention or caucus of a political party held to nominate a candidate, (3) a primary election held for the selection of delegates to a national nominating convention of a political party, (4) a primary election held for the expression of a preference for the nomination of persons for election to the office of President, and (5) the election of delegates to a constitutional convention for proposing amendments to the Constitution of the United States;

(b) "candidate" means an individual who seeks nomination for election, or election, to Federal office, whether or not such individual is elected, and, for purposes of this paragraph, an individual shall be deemed to seek nomination for election, or election, if he has (1) taken the action necessary under the law of a State to qualify himself for nomination for election, or election, to Federal office, or (2) received contributions or made expenditures, or has given his consent for any person other to receive contributions or make expenditures, with a view to bringing about his nomination for election, or election, to such office;

(c) "Federal office" means the office of President or Vice President of the United States; or of Senator or Representative in, or Delegate or Resident Commissioner to, the Congress of the United States;

(d) "political committee" means any committee, association, or organization which accepts contributions or makes expenditures during a calendar year in an aggregate amount exceeding $1,000;

(e) "contribution" means—

(1) a gift, subscription, loan, advance, or deposit of money or anything of value, made for the purpose of influencing the nomination for election, or election, of any person to Federal office or as a presidential or vice-presidential elector, for the purpose of influencing the result of a primary held for the selction of delegates to a national nominating convention of a political party or for the expression of a preference for the nomination of persons for election to the office of President, or for the purpose of influencing the election of delegates to a constitutional convention for proposing amendments to the Constitution of the United States.

(2) a contract, promise, or agreement, whether or not legally enforceable, to make a contribution for any such purpose;

(3) a transfer of funds between political committees;

(4) the payment, by any person other than a candidate or political committee, of compensation for the personal services of another person which are rendered to such candidate or committee without charge for any such purpose; and

(5) notwithstanding, the foregoing meanings of "contribution", the word shall not be construed to include services provided without compensation by individuals volunteering a portion of all their time on behalf of a candidate or political committee;

(f) "expenditure" means—

(1) a purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made for the purpose of influencing the nomination for election, or election, of any person to Federal office, or as a presidential and vice-presidential elector, or for the purpose of influencing the result of a primary held for the selection of delegates to a national nominating convention of a political party or for the expression of a preference for the nomination of persons for election to the office of President, or for the purpose of influencing the election of delegates to a constitutional convention for proposing amendments to the Constitution of the United States;

(2) a contract, promise, or agreement whether or not legally enforceable, to make an expenditure, and

(3) a transfer of funds between political committees;

(g) "Commission" means the Federal Elections Commission;

(h) "person" means an individual, partnership, committee, association, corporation, labor organization, and any other organization or group of persons; and

(i) "State" means each State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

ORGANIZATION OF POLITICAL COMMITTEES

SEC. 1302. (a) Every political committee shall have a chairman and a treasurer. No contribution and no expenditure shall be accepted or made by or on behalf of a political committee at a time when there is a vacancy in the office of chairman or treasurer thereof. No expenditure shall be made for or on behalf of a political committee without the authorization of its chairman or treasurer, or their designated agents.

(b) Every person who receives a contribution in excess of $10 for a political committee shall, on demand of the treasurer, and in any event within five days after receipt of such contribution, render to the treasurer a detailed account thereof, including the amount, the name and address (occupation and the principal place of business, if any) of the person making such contribution, and the date on which received. All funds of a political committee shall be segregated from, and may not be commingled with, any personal funds of officers, members, or associates of such committee.

(c) It shall be the duty of the treasurer of a political committee to keep a detailed and exact account of—

(1) all contributions made to or for such committee;

(2) the full name and mailing address (occupation and the principal place of business, if any) of every person making a contribution in excess of $10, and the date and amount thereof;

(3) all expenditures made by or on behalf of such committee; and

(4) the full name and mailing address (occupation and the principal place of business, if any) of every person to whom any expenditure is made, the date and amount thereof and the name and address of, and office sought by, each candidate on whose behalf such expenditure was made.

(d) It shall be the duty of the treasurer to obtain and keep a receipted bill, stating the particulars, for every expenditure made by or on behalf of a political committee in excess of $100 in amount, and for any such expenditure in a lesser amount, if the aggregate amount of such expenditures to the same person during a calendar year exceeds $100. The treasurer shall preserve all receipted bills and accounts required to be kept by this section for periods of time to be determined by the Commission.

(e) Any political committee which solicits or receives contributions or makes expenditures on behalf of any candidate that is not authorized in writing by such candidate to do so shall include a notice on the face or front page of all literature and advertisements published in connection with such candidate's campaign by such committee or on its behalf stating that the committee is not authorized by such candidate and that such candidate is not responsible for the activities of such committee.

(f)(1) Any political committee shall include on the face or front page of all literature and advertisements soliciting funds the following notice:

"A copy of our report filed with the Federal Elections Commission is (or will be) available for purchase from the Superintendent of Documents, United States Government Printing Office, Washington, D.C. 20402."

(2)(A) The Commission shall compile and furnish to the Public Printer, not later than the last day of March of each year, an annual report for each political committee which has filed a report with him under this title during the period from March 10 of the preceding calendar year through January 31 of the year in which such annual report is made available to the Public Printer. Each such annual report shall contain—

(i) a copy of the statement of organization of the political committee required under section 1303, together with any amendments thereto; and

(ii) a copy of each report filed by such committee under section 1304 from March 10 of the preceding year through January 31 of the year in which the annual report is so furnished to the Public Printer.

(B) The Public Printer shall make copies of such annual reports available for sale to the public by the Superintendent of Documents as soon as practicable after they are received from the Commission.

REGISTRATION OF POLITICAL COMMITTEES; STATEMENTS

SEC. 1303. (a) Each political committee which anticipates receiving contributions or making expenditures during the calendar year in an aggregate amount exceeding $1,000 shall file with the Commission a statement of organization, within ten days after its organization or, if later, ten days after the date on which it has information which causes the committee to anticipate it will receive contributions or make expenditures in excess of $1,000. Each such committee in existence at the date of enactment of this Act shall file a statement of organization with the Commission at such time as it prescribes.

(b) The statement of organization shall include—

(1) the name and address of the committee;

(2) the names, addresses, and relationships of affiliated or connected organizations;

(3) the area, scope, or jurisdiction of the committee;

(4) the name, address, and position of the custodian of books and accounts;

(5) the name, address, and position of other principal officers, including officers and members of the finance committee, if any;

(6) the name, address, office sought, and party affiliation of (A) each candidate whom the committee is supporting, and (B) any other individual, if any, whom the committee is supporting for nomination for election, or election, to any public office whatever; or, if the committee is supporting the entire ticket of any party, the name of the party;

(7) a statement whether the committee is a continuing one;

(8) the disposition of residual funds which will be made in the event of dissolution;

(9) a listing of all banks, safety deposit boxes, or other repositories used;

(10) a statement of the reports required to be filed by the committee with State or local officers, and, if so, the names, addresses, and positions of such persons; and

(11) such other information as shall be required by the Commission.

(c) Any change in information previously submitted in a statement of organization shall be reported to the Commission within a ten-day period following the change.

(d) Any committee which, after having filed one or more statements of organization, disbands or determines it will no longer receive contributions or make expenditures during the calendar year in an aggregate amount exceeding $1,000 shall so notify the Commission.

REPORTS BY POLITICAL COMMITTEES AND CANDIDATES

SEC. 1304. (a) Each treasurer of a political committee supporting a candidate or candidates for election to Federal office and each candidate for election to such office shall file with the Commission reports of receipts and expenditures on forms to be prescribed or approved by it. Such reports shall be filed on the tenth day of March, June, and September, in each year, and on the fifteenth and fifth days next preceding the date on which an election is held, and also by the thirty-first day of January. Such reports shall be complete as of such date as the Commission may prescribe, which shall not be less than five days before the date of filing except that any contribution of $5,000 or more received after the last report is filed prior to the election, shall be reported within forty-eight hours after its receipt.

(b) Each report under this section shall disclose—

(1) the amount of cash on hand at the beginning of the reporting period;

(2) the full name and mailing address (occupation and the principal place of business, if any) of each person who has made one or more contributions to or for such committee or candidate (including the purchase of tickets for events such as dinners, luncheons, rallies, and similar fundraising events) within the calendar year in an aggregate amount or value of $100 or more, together with the amount and date of such contributions;

(3) the total sum of individual contributions made to or for such committee or candidate during the reporting period and not reported under paragraph (2);

(4) the name and address of each political committee or candidate from which the reporting committee or the candidate received, or to which that committee or candidate made, any transfer of funds, together with the amounts and dates of all transfers;

(5) each loan to or from any person within the calendar year in an aggregate amount or value in excess of $100, together with the full names and mailing addresses (occupations and the principal places of business, if any) of the lender and endorsers, if any, and the date and amount of such loan;

(6) the total amount of proceeds from (A) the sale of tickets to each dinner, luncheon, rally, and other fundraising event; (B) mass collections made at such events; and (C) sales of items such as political campaign pins, buttons, badges, flags, emblems, hats, banners, literature, and similar materials;

(7) each contribution, rebate, refund, or other receipt in excess of $100 not otherwise listed under paragraphs (2) through (6);

(8) the total sum of all receipts by or for such committee or candidate during the reporting period;

(9) the full name and mailing address (occupation and the principal place of business, if any) of each person to whom an expenditure or expenditures have been made by such committee or on behalf of such committee or candidate within the calendar year in an aggregate amount or value in excess of $100, the amount, date, and purpose of each such expenditure and the name and address of, and office sought by each candidate on whose behalf such expenditure was made;

(10) the full name and mailing address (occupation and the principal place of business, if any) of each person to whom an expenditure for personal services, salaries, and reimbursed expenses in excess of $100 has been made, and which is not otherwise reported, including the amount, date, and purpose of such expenditure;

(11) the total sum of expenditures made by such committee or candidate during the calendar year;

(12) the amount and nature of debts and obligations owed by or to the committee, in such form as the Commission may prescribe and a continuous reporting of their debts and obligations after the election at such periods as the Commission may require until such debts and obligations are extinguished; and

(13) such other information as shall be required by the Commission.

(c) The reports required to be filed by subsection (a) shall be cumulative during the calendar year to which they relate, but where there has been no charge in an item reported in a previous report during such year, only the amount need be carried forward. If no contributions or expenditures have been accepted or expended during a calendar year, the treasurer of the political committee or candidate shall file a statement to the effect.

REPORTS BY OTHER THAN POLITICAL COMMITTEES

SEC. 1305. Every person (other than a political committee or candidate) who makes contributions or expenditures, other than by contribution to a political committee or candidate, in an aggregate amount in excess of $100 within a calendar year shall file with the Commission a statement containing the information required by section 1304. Statements required by this section shall be filed on the dates on which reports by political committees are filed, but need not be cumulative.

FORMAL REQUIREMENTS RESPECTING REPORTS AND STATEMENTS

SEC. 1306. (a) A report or statement required by this title to be filed by a treasurer of a political committee, a candidate, or by any other person, shall be verified by the oath or affirmation of the person filing such report or statement, taken before any officer authorized to administer oaths.

(b) A copy of a report or statement shall be preserved by the person filing it for a period of time to be designated by the Commission in a published regulation.

(c) The Commission may, by published regulation of general applicability, relieve any category of political committees of the obligation to comply with section 1304 if such committee (1) primarily supports persons seeking State or local office, and does not substantially support candidates, and (2) does not operate in more than one State or on a statewide basis.

(d) The Commission shall, by published regulations of general applicability, prescribe the manner in which contributions and expenditures in the nature of debts and other contracts, agreements, and promises to make contributions or expenditures shall be reported. Such regulations shall provide that they be reported in separate schedules. In determining aggregate amounts of contributions and expenditures, amounts reported as provided in such regulations shall not be considered until actual payment is made.

REPORTS OF CONVENTION FINANCING

SEC. 1307. Each committee or other organization which—

(1) represents a State, or a political subdivision thereof, or any group of persons, in dealing with officials of a national political party with respect to matters involving a convention held in such State or political subdivision to nominate a candidate for the office of President or Vice President, or

(2) represents a national political party in making arrangements for the convention of such party held to nominate a candidate for the office of President or Vice President, shall, within sixty days following the end of the convention (but not later than twenty days prior to the date on which presidential and vice-presidential electors are chosen), file with the Commission a full and complete financial statement, in such form and detail as it may prescribe, of the sources from which it derived its funds, and the purposes for which such funds were expended.

DUTIES OF THE COMMISSION

SEC. 1308. (a) It shall be the duty of the Commission—

(1) to develop and furnish to the person required by the provisions of this Act prescribed forms for the making of the reports and statements required to be filed with it under this title;

(2) to prepare, publish, and furnish to the person required to file such reports and statements a manual setting forth recommended uniform methods of bookkeeping and reporting;

(3) to develop a filing, coding, and cross-indexing system consonant with the purposes of this title;

(4) to make the report and statements filed with it available for public inspection and copying, commencing as soon as practicable but not later than the end of the second day following the day during which it was received, and to permit copying of any such report or statement by hand or by duplicating machine, as requested by any person, at the expense of such person: *Provided*, That any information copied from such reports and statements shall not be sold or utilized by any person for the purpose of soliciting contributions or for any commercial purpose;

(5) to preserve such reports and statements for a period of ten years from date of receipt, except that reports and statements relating solely to candidates for the House of Representatives shall be preserved for only five years from the date of receipt;

(6) to compile and maintain a current list of all statements or parts of statements pertaining to each candidate;

(7) to prepare and publish an annual report including compilations of (A) total reported contributions and expenditures for all candidates, political committees, and other persons during the year; (B) total amounts expended according to such categories as it shall determine and broken down into candidate, party, and nonparty expenditures on the National, State, and local levels; (C) total amounts expended for influencing nominations and elections stated separately; (D) total amounts contributed according to such categories of amounts as it shall determine and broken down into contributions on the National, State, and local levels for candidates and political committees; and (E) aggregate amounts contributed by any contributor shown to have contributed in excess of $100;

(8) to prepare and publish from time to time special reports comparing the various totals and categories of contributions and expenditures made with respect to preceding elections;

(9) to prepare and publish such other reports as it may deem appropriate;

(10) to assure wide dissemination of statistics, summaries, and reports prepared under this title;

(11) to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of this title, and with respect to alleged failures to file any report or statement required under the provisions of this title;

(12) to report apparent violations of law to the appropriate law enforcement authorities; and

(13) to prescribe suitable rules and regulations to carry out the provisions of this title.

(b) (1) Any person who believes a violation of this title has occurred may file a complaint with the Commission. If the Commission determines there is substantial reason to believe such a violation has occurred, it shall expeditiously make an investigation, which shall also include an investigation of reports and statements filed by the complainant if he is a candidate, of the matter complained of. Whenever in the judgment of the Commission, after affording due notice and an opportunity for a hearing, any person has engaged in or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this title or any regulation or order issued

thereunder, the Attorney General on behalf of the United States shall institute a civil action for relief, including a permanent or temporary injunction, restraining order, or any other appropriate order in the district court of the United States for the district in which the person is found, resides, or transacts business. Upon a proper showing that such person has engaged or is about to engage in such acts or practices, a permanent or temporary injunction, restraining order, or other order shall be granted without bond by such court.

(2) In any action brought under paragraph (1) of this subsection, subpenas for witnesses who are required to attend a United States district court may run into any other district.

(3) Any party aggrieved by an order granted under paragraph (1) of this subsection may, at any time within sixty days after the date of entry thereof, file a petition with the United States court of appeals for the circuit in which such person is found, resides, or transacts business for judicial review of such order.

(4) The judgment of the court of appeals affirming or setting aside, in whole or in part, any such order of the district court shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28 of the United States Code.

(5) Any action brought under this subsection shall be advanced on the docket of the court in which filed, and put ahead of all other actions (other than other actions brought under this subsection).

STATEMENTS FILED WITH CLERK OF UNITED STATES COURT

SEC. 1309. (a) A copy of each statement required to be filed with the Commission by this title shall be filed with the clerk of the United States district court for the judicial district in which is located the principal office of the political committee or, in the case of a statement filed by a candidate or other person, in which is located such person's residence. The Commission may require the filing of reports and statements required by this title with the clerks of other United States district courts where it determines the public interest will be served thereby.

(b) It shall be the duty of the clerk of a United States district court under subsection (a)—

(1) to receive and maintain in an orderly manner all reports and statements required by this title to be filed with such clerks;

(2) to preserve such reports and statements for a period of ten years from date of receipt, except that reports and statements relating solely to candidates for the House of Representatives shall be preserved for only five years from the date of receipt;

(3) to make the reports and statements filed with him available for public inspection and copying during regular office hours, commencing as soon as practicable but not later than the end of the day during which it was received, and to permit copying of any such report or statement by hand or by duplicating machine, requested by any person, at the expense of such person; and

(4) to compile and maintain a current list of all statements or parts of statements pertaining to each candidate.

FEDERAL ELECTIONS COMMISSION

SEC. 1310. (a) There is hereby created a Commission to be known as the Federal Elections Commission, which shall be composed of six members, not more than three of whom shall be members of the same political party, who shall be chosen from among persons who, by reason of maturity, experience, and public service have attained a nationwide reputation for integrity, impartiality, and good judgment, are qualified to carry out the functions of the Commission and shall be appointed by the President, by and with the advice and consent of the Senate. One of the original members shall be appointed for a term of two years, one for a term of four years, one for a term of six years, one for a term of eight years, one for a term of ten years, and one for a term of twelve years, beginning from the date of enactment of this Act, but their successors shall be appointed for terms of twelve years each, except that any individual chosen to fill a vacancy shall be appointed only for the unexpired term of the member whom he shall succeed. The President shall designate one member to serve as Chairman of the Commission and one member to serve as Vice Chairman. The Vice Chairman shall act as Chairman in the absence or disability of the Chairman or in the event of a vacancy in that office.

(b) A vacancy in the Commission shall not impair the right of the remaining members to exercise all the powers of the Commission and four members thereof shall constitute a quorum.

(c) The Commission shall have an official seal which shall be judicially noticed.

(d) The Commission shall at the close of each fiscal year report to the Congress and to the President concerning the action it has taken; the names, salaries, and duties of all individuals in its employ and the money it has disbursed; and shall make such further reports on the matters within its jurisdiction and such recommendations for further legislation as may appear desirable.

(e) Members of the Commission shall, while serving on the business of the Commission, be entitled to receive compensation at a rate fixed by the Director of the Office of Management and Budget but not in excess of $100 per day, including traveltime; and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code.

(f) The principal office of the Commission shall be in or near the District of Columbia, but it may meet or exercise any or all its powers at any other place.

(g) All officers, agents, attorneys, and employees of the Commission shall be subject to the provisions of section 9 of the Act of August 2, 1939, as amended (the Hatch Act), notwithstanding any exemption contained in such section.

(h) The Commission shall appoint an Executive Director without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, to serve at the pleasure of the Commission. The Executive Director shall be responsible for the administrative operations of the Commission and shall perform such other duties as may be delegated or assigned to him from time to time by regulations or orders of the Commission. However, the Commission shall not delegate the making of regulations regarding elections to the Executive Director.

(i) The Chairman of the Commission shall appoint and fix the compensation of such personnel as it is deemed necessary to fulfill the duties of the Commission in accordance with the provisions of title 5, United States Code.

(j) The Commission may obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code.

(k) Section 5316 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(131) Executive Director, Federal Elections Commission."

(l) In carrying out its responsibilities under this title, the Commission shall, to the fullest extent practicable, avail itself to the assistance, including personnel and facilities, of the General Accounting Office and the Department of Justice. The Comptroller General and the Attorney General are authorized to make available to the Commission such personnel, facilities, and other assistance, with or without reimbursement, as the Commission may request.

PROHIBITION OF CONTRIBUTIONS IN NAME OF ANOTHER

SEC. 1311. No person shall make a contribution in the name of another person, and no person shall knowingly accept a contribution made by one person in the name of another person.

PENALTY FOR VIOLATIONS

SEC. 1312. Any person who violates any of the provisions of this title shall be fined not more than $1,000 or imprisoned not more than one year, or both.

STATE LAWS NOT AFFECTED

SEC. 1313. (a) Nothing in this title shall be deemed to invalidate or make inapplicable any provision of any State law, except where compliance with such provision of law would result in a violation of a provision of this title.

(b) The Commission shall encourage, and cooperate with, the election officials in the several States to develop procedures which will eliminate the necessity of multiple filings by permitting the filing of copies of Federal reports to satisfy the State requirements.

PARTIAL INVALIDITY

SEC. 1314. If any provision of this title, or the application thereof, to any person or circumstance is held invalid, the validity of the remainder of the title and the application of such provision to other persons and circumstances shall not be affected thereby.

REPEALING CLAUSE

SEC. 1315. (a) The Federal Corrupt Practices Act, 1925 (2 U.S.C. 241–256), is repealed.

(b) In case of any conviction under this title, where the punishment inflicted does not include imprisonment, such conviction shall be deemed a misdemeanor conviction only.

PART D—MISCELLANEOUS

EXTENSION OF CREDIT BY REGULATED INDUSTRIES

SEC. 1401. The Civil Aeronautics Board, the Federal Communications Commission, and the Interstate Commerce Commission shall each promulgate, within ninety days after the date of enactment of this Act, its own regulations with respect to the extension of credit, without security, by any person regulated by such Board or Commission to any candidate for Federal office (as such term is defined in section 301(c) of the Federal Election Campaign Act of 1971), or to any person on behalf of such a candidate, for goods furnished or services rendered in connection with the campaign of such candidate for nomination for election, or election, to such office.

EFFECTIVE DATE

SEC. 1402. Except as provided for in section 1401 of this Act, the provisions of this Act shall become effective on December 31, 1971, or sixty days after the date of enactment of this Act, whichever is later.

Mr. COOPER. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 5 minutes.

Mr. COOPER. Mr. President, the amendment is offered as a substitute for title X of amendment No. 692 which is known, and properly so, as the Pastore amendment. I offer the amendment in the nature of a substitute on behalf of myself, Senators BAKER, JAVITS, WEICKER, COOK, GURNEY, and SCOTT. I ask unanimous consent that the names of the Senator from Illinois (Mr. PERCY), of

the Senator from Oregon (Mr. PACKWOOD), of the Senators from Colorado (Mr. DOMINICK and Mr. ALLOTT), of the Senator from Delaware (Mr. ROTH), and the Senator from New York (Mr. BUCKLEY) be added as cosponsors.

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

Mr. COOPER. Mr. President, I would like the Senator from Rhode Island to note the modification I have made. In the modified amendment which I have sent to the desk I have stricken all of the language beginning with line 2 on page 1 through line 15 on page 7. The substance of the amendment is this: It does not seek to amend title IX of the Pastore amendment in any way. It would not strike title IX from the Pastore amendment. The amendment which I have sent to the desk is the Federal Elections Campaign Act of 1971 which was passed by the Senate but which has not been approved by the House. Our amendment is a substitute for title X of the Pastore amendment. If approved, it would strike title X of the Pastore amendment and replace it with the election reform bill.

I want to make a few comments on this change. Our amendment now whether it be accepted or rejected, would leave title IX in the Pastore amendment.

We first sought to amend title IX. Then considering the two version, we thought that title IX is a very good proposal. It does provide a source of funds for candidates and by free choice of the taxpayer.

Taxpayers who make contributions to candidate they designate will be accorded a tax credit not exceeding $25 or a tax deduction of $100 maximum.

This at least is the fair way. It is a thoroughly democratic way; title X is not a fair or democratic system.

These are my reasons for saying that this is a democratic and fair proposal and title X is not.

First, the taxpayer chooses the candidate to whom he wishes to contribute. Title X has been described as "one man, one vote, one dollar." This is not correct. It is one man, one dollar, one-fourth of a vote for Mr. Democrat, one-fourth of a vote for Mr. Republican, and about one-eighth of a vote for Governor Wallace, and perhaps a few cents other candidates if any qualify. It is undemocratic also, because it attempts to allocate money in specific amounts to parties and thereby freeze them in funds for the future for these parties. It is pretty good for the Democratic Party and the Republican Party, and I hope they remain the major parties.

But the Senator's title X would not give the candidates of other parties an equal chance. Mr. Wallace will secure about 15 cents. But Eugene McCarthy, if he becomes a candidate; Mr. MCCLOSKEY—I am not for him—have a right to run and to have an equal chance. The Senator would deny all of them an equal chance. Title X has no element of fairness or democracy.

Further a similar amendment was debated thoroughly several years ago, as I noted this morning. In 1966, it was offered by the Senator from Louisiana (Mr. LONG) and placed on a tax bill. Former Senator Williams, of Delaware, supported by former Senator Gore, of Tennessee, and the late Senator Robert Kennedy, of New York, made a strong effort to have the Long amendment of 1966 repealed. They won and the country won by a vote of 48 to 42. Fifteen Members of the majority supported the repeal of that amendment.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. COOPER. I yield myself 2 additional minutes. I know other Senators wish to speak on this matter.

Our former colleagues argued that the Long amendment was not democratic or fair—using the money of taxpayers and apportioning it against their will. It can be said that taxpayers do not have to check off the $1 contribution, but many will do so without knowing how their money will be used.

Senator Robert Kennedy said that he believed it could be unconstitutional to divide arbitrarily the money between "major" parties and not give to other parties an equal chance before the electorate. Also he argued that it could be a violation of the first amendment.

The Election Reform Act which we would substitute for title X, places limitations upon the amounts candidates for office can spend personally, and their families can spend. It imposes a limitation of not more than 6 cents out of 10 cents for advertising, whether it be television or other forms of the media and a limit of 10 cents per eligible voter for all the news media.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. COOPER. I yield myself 1 additional minute. The Reform Act provides the best protection, which is disclosure. If my amendment is not passed and title X is added, assuring $40 million to be spent, open to all the corrupt practices which we have now admitted exist, we will only maximize the possibility for corruption.

I offer this amendment in all seriousness. I hope it will have appeal on the other side.

I say to the Senator from Rhode Island: We can vote for your title IX, and assure taxpayers an opportunity to contribute to the party of their choice and the candidate of their choice at all levels of government. But let us strike title X with all its defects and substitute in its place a clean election law, which we hope will move forward against corrupt practices in political campaigns.

Mr. President, I shall take 1 additional minute to make one further argument. I do not like to use the words of someone who has died. It could be said that I am doing this unfairly, and I do not want to be unfair or taken an advantage.

But the arguments of the late Senator Robert Kennedy before the committee—and on the Senate floor that this type of financing could give to the national committees and the national party control over local party organizations and local candidates. Oh, but it is said that this threat has been removed because the money is given directly to the candidate. The candidate is not going to spend the money, he will establish a national committee or a central committee to manage his campaign and spend the money. There is no difference between the 1966 Fong amendment and title X.

This is what the late Senator Robert Kennedy said about this problem in 1967:

> And, too, in many State parties, in dozens of local organizations, there are conflicts of principle and power and office. What formula would show how to choose between regulars and reformers, in my own city of New York? Or between regular Democrats and moderate Democrats and Negro insurgents in Mississippi? Or between regular Republicans and Goldwater Citizens' Committees in 1964, in any number of States?

I think he made the case, and it is correct. For the reasons I have stated I hope my friends on the other side, who are dedicated to the strengthening of the election process will consider this amendment.

Mr. PASTORE. Mr. President, I was going to yield 10 minutes to the Senator from Texas at this time, but because of certain allegations made by my good friend from Kentucky I should like to answer a point or two.

At the outset, I think my good friend from Kentucky is absolutely sincere and intellectually honest when he said he does not like title X. Other Senators do not like it either, but I hope that a majority of Senators like it.

No Senator worked harder with relation to the campaign expenditures bill than the Senator from Rhode Island. I managed it on the floor. I spent days and nights putting that bill together, and I was happy to see that it finally did pass—and it passed by an overwhelming majority.

The trouble with the amendment of the Senator from Kentucky is this. The amendment is not being added to the Pastore amendment. It is being used to shut down title X—pure and simple. It is being used to shut down title X. If it is shut down, what will happen? Not only will we have lost title X; we will have lost even the campaign expenditures bill, and I will tell Senators why.

The House has as its pending business now the campaign expenditures legislation. It comes out of two committees of the House, the Commerce Committee and the Rules Committee. Senators know the sensitivity of jurisdiction. Suppose we took that bill, that is on the floor of the House, and attached it to a conference report that will go to the Committee on Finance. What do Senators think would happen to it? Not only would we have insulted two committees of the House; we would have jeopardized a good piece of legislation, which I hope will pass this year. That is the trouble with this amendment.

On the question of one man, one dollar, a quarter of a vote, that is not true, because if the Senator was here when I was talking with the Senator from Maryland, he knows I tried hard to get a unanimous-consent agreement to have his amendment follow the amendment of the Senator from Kentucky. When he brought up his amendment designating the party nominee, I told him it has tremendous merit. The only trouble is that

it presents the problem of third- and fourth-party candidates.

I did not want—as I used the expression at that time—to put them in a straitjacket. So I said to him:

> Have your staff get together with our staff, and we will work up a combination of the two.

The combination of the two is now at the desk. Now all a taxpayer can do is check off the party nominee. At the same time, if he cares to, he can designate his dollar, if he does not want it to go to a party and nominee, for the general fund—and that would go to third-party candidates. That is going to be done, hopefully, if we do not squeeze out the Senator from Maryland and prevent him from bringing up his amendment.

I would hope our colleagues would allow him to bring up his amendment, that we can debate his amendment, and take a vote on it. The objection I have to the present amendment is not that it does not have merit—of course it has merit—I would like to see the Campaign Expenditures Act passed—but I will say to the Senator from Kentucky that if he would add it to my amendment—and I am not being funny—I would vote him the Carnegie Medal.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. COOPER. I cannot do so because I believe the Senator's title X is not a good amendment for the reasons I have stated.

Mr. PASTORE. I said that, but do not try to strike it down along with a bill from the House, because the Senator is striking that down, too.

Mr. COOPER. Of course, we cannot tell the House what to do. But by accepting my substitute, will give the House or its conferees a chance to approve the Reform Election Act.

The Senator is able in debate, and I admire him, but his argument is a plea in avoidance.

Mr. PASTORE. No.

Mr. COOPER. My amendment would strike title X.

Mr. PASTORE. If the Senator will permit, his amendment and his move is a plea in avoidance. The Senator is trying to avoid title X by throwing in a substitute that we know every well at this point does not belong in our jurisdiction and is subject to a question of germaneness under the House rules and can be knocked out under the rules.

I yield 10 minutes to the Senator from Texas (Mr. BENTSEN).

Mr. BENTSEN. Mr. President, I rise in opposition to the amendment offered by the distinguished Senator from Kentucky. I, too, recognize his sincerity and his intellectual honesty, and I have the pleasure of serving with him on a committee.

One finds it difficult to add anything after the eloquent speech of the Senator from Rhode Island, but perhaps a point or two can be made.

It seems to me to strike out title X and bring into the bill the Federal Election Campaign Act of 1971 is an academic exercise of what has already been accomplished in the bill. I believe, in addition, it strikes at the very heart of the Pastore amendment.

Much of the debate of the last couple of days has been a partisan debate. It is a debate between one political party that is in hock up to its eyeballs, has not been able to pay its bills, has no credit or reasonable expectation of credit; and the other party has its past bills paid, AAA credit, a plentiful bank account, has, according to one magazine article, $30 million in one bank account, and all the financial muscle of an incumbent President.

Much of the debate has centered around the next presidential campaign, and that is as it should be, because that is the next major political decision that the electorate of this country will have to make. But I think we must not lose sight of the fact that much more is at stake than the next election. I believe the processes of democracy are on trial, that the credibility of the system is being questioned. The basic question, Mr. President, is: Shall the public really have an opportunity to hear both sides of the great debate which is so necessary in order to have an informed decision?

I submit that without legislation the public will be denied the right to hear fully both sides of the debate.

There is a new generation of young voters coming on, and they are asking some tough and hard questions, and some of the older generation are joining with them. They are asking: Does the system really work? And if it does not, why not?

I believe this Nation of ours is more in revolution today than any other major industrial society in the world. You go to Europe, go to Asia. You see changes there, but they are changes at the top—changing of the guard. But it is much more than that in this country of ours. The revolution here is peer-to-peer, generation-to-generation, nonestablishment to establishment—our entire society is in ferment. Under challenge are our codes of ethics, our economics, our political philosophy. Most of all, this system of government is being questioned, is being challenged, is being tried.

Because ours is the oldest living democracy in the world, because it is the only system under which we have lived, we tend to think of it as immortal. But it is not. It is a fragile and living thing. It needs the participation and input of all Americans. The people need to feel that they are a meaningful part of the process. But are they? Are they really being given a full opportunity to participate?

A great change has been taking place in American politics in recent years, and I think it is an accelerating change, and the major reason for it is the electronic media. Today's electioneering is dramatically different from the political campaigns of a Franklin Roosevelt, a Harry Truman, or even Presidents Eisenhower, Kennedy, or Johnson. The day when a candidate could win by lung power on the courthouse square, pressing the flesh of all of his constituents, is long past. And the biggest change has been wrought by the electronic media, by television.

I am convinced in this day of instant communications, with exorbitant and escalating costs for TV with all of its pervasive influence, the influence and impact of money—which has always been important in elections—is going to escalate and to be almost the controlling factor in American elections. Any distortion through the use of funds for the purchase of television time between the two major parties, where one will far outbalance the other—will seriously imbalance the election process in this country.

Is democracy really working when an election is equated with raising the most money? I admit that money, which has been called the mother's milk of politics, does not by itself win elections. But the cost of today's electronic media can really stack the deck.

Psychologists tell us that in education we retain what we see to a much higher degree than what we hear, just as we remember faces and often forget names. And so it is when we compare the newspaper to radio. And now when we combine the visual and the oral impact in TV, we are in an entirely new political ballgame. The candidate who can buy and dominate this media has an inordinate advantage.

Although the circumstances of political funding have sharply drawn the lines on this particular vote, I find support in the principle of adequate financing of the process in the words of President Nixon in 1967. Then, prospective candidate Nixon agreed that:

> It is also possible that a rich man who is less qualified could defeat a poor man who was more qualified by spending more money on television, mailing, research, image making—all of the things that go into a modern presidential campaign.

That is my point and that is my concern. We have to permit full television debate, whatever the means of the candidate.

I remember also Mr. Nixon's analysis of the election of one of his Republican predecessors. Mr. Nixon said:

> Well, he might make it today—I say might—if he could get adequately financed.

Of course, Mr. Nixon was referring to Abraham Lincoln.

Again, my point is made by this example: The modern electronic communications and its exorbitant costs can easily distort the democratic process, and we cannot permit that kind of distortion.

If the people are to choose, they are entitled to make an informed decision. They are not so informed unless they can get a balance of views. If democracy is to survive, then it must retain its credibility. It cannot when only one side of the great debate is fully presented over the electronic media.

Look at the last election for the presidency: A nonpartisan foundation has estimated that over $100 million was spent on the last presidential election. The Federal Communications Commission tells us that over $15 million was spent on TV and radio alone by the national campaign headquarters between the conventions and the elections.

Read some of the postelection reports by the contributors, the big givers, and

you begin to feel that there is a return to the Medici here, but this time they are not the patrons of some struggling artists; they are the patrons of some struggling public officeholder. You feel that the wealthy, instead of having a stable of racehorses, have chosen to amuse themselves with a stable of candidates for public office, be they patrons of big labor, big business, or big wealth. But the power of elective office, the choice of elective office must rest with the majority, but with a majority that has had a chance to hear both sides in debate on the electronic media.

How many of us have said—give me a dollar contributor and I have a working supporter, a man who is concerned? A fellow who feels that he has bought a piece of the action feels he is participating in the processes. But too many Americans, after reading these reports of major contributors, have walked away from the table, thinking the deck has already been stacked with the entrance fee too high. And indeed, too often they are correct.

Here, today, we ask change. We are asking all to participate, to invest a dollar in the great debate, to bring about an informed electorate.

The amendment we consider today is especially significant in light of the campaign spending limitation which this body has approved, and which the other body is now considering.

That bill, which would limit the amount spent on electronic media, and require revealing the sources of campaign funds through stronger reporting requirements, would also help restore confidence in our system.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BENTSEN. I ask for 2 more minutes.

Mr. PASTORE. I yield the Senator 2 additional minutes.

Mr. BENTSEN. The proposal here today is to let that American voter make a total and voluntary choice to contribute to the Democratic process in order that both sides might be heard. He is under no compulsion; it is his choice, and his choice alone. If democracy is to survive, we must protect the processes of that system. A system of government does not lose its credibility overnight, it comes through an erosion of confidence and erosion of belief, year by year, or election by election.

We have a choice here today which will provide the American people a reasonable chance for all of its voices of concern to be heard in the great debate in a national election.

Mr. President, it is more than a partisan choice. It is a fundamental question, one which we can answer positively.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. BENTSEN. I yield to the majority leader.

Mr. MANSFIELD. Mr. President, I commend the distinguished Senator for what I consider to be one of the best and most superb speeches given in the course of this long, drawnout debate on the Pastore amendment.

What he has emphasized is the doctrine of equity. What he has said time and time again is that it is time for the people to participate in financing the elections, and to do so on a voluntary basis.

His reference to the Medici, I think, was quite sound, and the example which followed should be brought home, because there are people in this country today who are out bankrolling—greening, you might say—potential candidates, because that money is not coming from the dollars of the ordinary citizens, but from the great families, the families of wealth, which bankroll candidates on both the Democratic and the Republican tickets.

I want to say I think the distinguished Senator has done a remarkably effective job this afternoon in laying out the issue for what it is: Equity in a democracy, and the people participation. I believe that is the answer, to stop the spread of cynicism, unease, concern, and deep divisiveness which afflicts the American political system today.

Mr. BENTSEN. I thank the Senator.

The PRESIDING OFFICER. Who yields time?

Mr. COOPER. Mr. President, I yield 5 minutes to the distinguished Senator from Tennessee.

Mr. BAKER. Mr. President, we are concerned here with two problems: One, how to raise campaign money, and the other, how to spend it. The Pastore amendment deals with one, but not the other. In the amendment offered by the distinguished senior Senator from Kentucky, we deal with both problems, and completely.

It seems to me, after the somewhat acrimonious debate that has gone forward on this issue in this Chamber, that the least we can do is be complete. I react rather badly, Mr. President, to the fact that both title IX and title X of the Pastore amendment deal with alternative methods for raising money, but provide no regulation for how it will be spent, except for providing that the Comptroller General of the United States, in his unexpurgated wisdom, may determine whether something is or is not a qualified election expense.

The Cooper amendment, on the contrary, does what I think is essential, and provides realistic restraint on expenditure for campaign advertising, whether by television, by radio, or by the press.

I commend the distinguished Senator from Rhode Island for his leadership in fashioning the Federal Elections Campaign Act of 1971 which passed this body by a very substantial margin. But since it was the Senator from Rhode Island, and not the cosponsors of the Cooper amendment, who added campaign legislation to this bill to begin with, I resist the suggestion of the Senator from Rhode Island that by substituting that very laudable piece of controlling legislation to avoid fraud and misuse of campaign funds, we are in some way affronting one or more committees of the other body.

Mr. President, we have all been treated to a great dissertation on the potential for evil in the campaign process, and I think all of us understand that situation fairly well, and that most if not all of us are anxious to do something about it as quickly as possible. But the Pastore amendment, Mr. President, does absolutely nothing to restrict the opportunities for abuse. It only provides for alternative methods for raising money to be spent on behalf of a candidate for President or Vice President.

I wonder, Mr. President, if we have reached a stage in the life of this Republic where there is absolutely nothing we can do for ourselves. I wonder if we have reached the place, as is often advocated by Members of this body, especially on the Democratic side, where every single issue must be solved at the Federal level, and where nothing can be done by individuals, to say nothing of local governments. Have we reached the place where we say, in effect, that we have given up our ambition to have absolute freedom in our right and duty to conduct our free elective process? Are we going instead to institutionalize that process at the Federal level, as we have done so many other things? Is it possible that we are saying that the only way to avoid abuse in campaigning is to cede to the Federal Government the entire authority to regulate the campaign process? Is it possible that we have abdicated our last vestige of independence in the elective process, when we say that our campaigns for President and Vice President will be funded entirely from the Federal Treasury, if the candidates so elect?

It was not so very long ago, Mr. President, when we had before us a rather heated debate on whether or not we should provide a guarantee of loan financing to Lockheed. It was not very long ago that the distinguished——

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BAKER. Will the Senator from Kentucky yield me 3 more minutes?

Mr. COOPER. Yes.

Mr. BAKER. That the distinguished junior Senator from Texas very properly and admirably rescued himself from voting on that issue, as a former director of Lockheed.

But, Mr. President, as to the remarks made about the triple A credit of the Republican Party, and the Democratic Party being in hock up to its eyeballs, are we being asked here to have a political Lockheed bill for the benefit of the Democratic Party? Is that what we are confronted with?

Mr. President, the Federal Treasury, it seems to me, is not in the business of underwriting the debts or the undertakings of any political party, Republican, Democrat, or otherwise. It also seems to me that if some were concerned about stopping a conflict of interest in the Lockheed case, surely there must be some concern for a conflict of interest in this Pastore amendment, because as it stands, in title IX, every single one of us, if we ever stand for election again, will be the beneficiaries of a Federal subsidy to the extent of the tax credit or the tax deduction that may be used in our campaign financing.

As to several Members of this body, all on the other side of the aisle so far as I know, who are often mentioned or ac-

knowledge themselves to be candidates for the nomination of the Democratic Party to be President or Vice President of the United States, is there not in fact a potential for conflict of interest far in excess of anything that we encountered in the Lockheed bill?

Mr. President, I agree that the American people have the right to be informed. The complaint I heard most often in the hearings before the Communications Subcommittee of the Committee on Commerce, which is chaired so ably by the distinguished Senator from Rhode Island, was that the country is absolutely flooded with radio and television political advertising. I do not believe I heard a single witness say that there was not enough political advertising. It was always too much. There is nothing in the Pastore amendment that would limit it.

Only in the Cooper amendment, where we substitute limitation and supervision and direction on how this money is spent, can we find any relief.

May I conclude by saying that on principle I have in the past objected to the business of institutionalizing campaigning for President through the aegis of the Federal Treasury and I continue to strenuously object to this practice now. I believe there still are things that people want to do for themselves.

Mr. President, I object to an amendment that provides two alternative methods for raising money, as the Pastore amendment does, and no control. I support the Cooper amendment, and I hope the Senate will adopt it.

Mr. COOK. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from Kentucky has 12 minutes, and the Senator from Rhode Island has 11 minutes.

Mr. COOPER. I yield 4 minutes to the Senator from Oregon.

Mr. PACKWOOD. Mr. President, I think it is fair to put this bill in perspective, so that if it passes, we know what we are buying—and I mean that literally.

First, this is not a campaign spending limitation bill at all. If, as the Senator from Texas said, the presidential campaigns in 1968 cost $50 million apiece for the parties, and if this bill passes and raises an additional $20 million for the parties, then the campaigns in 1972 are going to cost $70 million.

Nothing in this bill, despite the provision that the presidential candidate's campaign committee must say that they will not accept money from any place else, stops any other committee, allegedly independent from the presidential candidate, from accepting all the money that can be raised.

Second, it does not apply to primaries, and this is where money can buy elections. Once you are the nominee of a major party, you have access to some funds, but not in the primary.

What we are saying in this bill is that there are not enough Democrats or enough Republicans in this country who have enough loyalty to their own party to give voluntarily in sufficient amounts to their party to allow those parties to operate as they would like to. The Boy Scouts can do it; the YMCA can do it; the Presbyterian Church can collect their money voluntarily—but not the Republican Party or the Democratic Party.

We are going to put a little box on the income tax return. If we are going to do that, I would like to add the Oregon Environmental Council. They do more for Oregon than all partisan politics put together. We are going to trick the taxpayer into checking a box and kissing his money goodby, and he will not even know what he is getting.

We have this situation in Oregon. Our primary comes in May. April 15 is the deadline for filing the income tax return. Suppose you are a Democrat, and you are faced with the possibility of three or four Senators being on the ballot and do not know who is going to win the Oregon primary or who is going to be the nominee. You are asked in April to check your box and give half your money to Wallace or Nixon and hope the rest of it will go to the candidate of the Democratic Party you might like.

This should not be the Pastore amendment. It ought to be the Crackerjack amendment—check the box, pay your money, and hope you get a prize.

Let us look at what we are talking about here. Political parties face two main problems, and this bill aggravates both of them. Campaigning costs too much, and this bill makes it cost more. Both political parties now do not have enough spiritual and moral attraction to bring people in on a voluntary basis to either work for the party or give enough money to finance campaigns. What we are going to do by this bill is to aggravate both problems, of spending more money and taking away the element of voluntarism and participation that every other eleemosynary and voluntary organization in this country manages to get by with.

Mr. President, what we face and should be addressing ourselves to is reducing campaign expenses, not increasing them. What we should be doing is addressing ourselves to how we can make our parties more responsive and more participatory, and by this amendment we are destroying it.

Mr. President, if this passes, we are going to perpetrate a fraud and an evil on the people of this country in the name of democracy, and it is going to be 10 steps backward, not one step forward.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. COOPER. Mr. President, I yield 4 minutes to the Senator from Kentucky.

Mr. COOK. Mr. President, I commend the Senator from Oregon and the Senator from Tennessee for their remarks.

In listening to the Senator from Texas, I realized that for the first time, in the first election, we are going to be using television and that we have not been using television in the past.

As a matter of fact, the most remarkable parallel of the Senator from Tennessee was that while the Senator from Rhode Island and I were working hours and hours on a campaign bill, one of the very principles in that discussion was that we did not want to raise it from 5 cents to 7 cents and we did not want to raise it from 7 cents to 10 cents because people were buying too much television time and people were on it too much and people were selling themselves too much. I think that anybody on that committee will agree with those remarks.

But the most amazing thing to me is that I would like to know—it fits perfectly in relation to what the distinguished Senator from Oregon has said—how, for example, the distinguished Senator from Michigan can convince our very good friend Clarence Mitchell that he should tell the membership of the NAACP to check that box, with the understanding that 16 cents of it is going to go to George Wallace. I want to know how we can convince thousands of constituents of the distinguished Senator from New York that funds should go to a conservative candidate if he is on the ballot. I should like to know how we can convince many constituents of the distinguished Senator from California that their money ought to go to a Republican candidate.

This is what we are saying. We are not giving the American individual a choice. We are giving him a choice to take a dollar that is due and owing to the Federal Government, that is not even his, and putting it in a fund that can be established for the benefit of candidates.

Unlike the Senator from Texas, I would say this: If the President of the United States, a Republican President, said that this is a method that ought to be considered, I would say to him, as a fellow Republican, "I disagree with you"; because I have to say that if a political party goes broke, that is the reason why another political party in the United States should come up, and that is the reason that nowhere in the Constitution of the United States is the conception that there are two political parties in this country.

What we are trying to do is to salvage a political party because it is broke and keep it there, and we are saying to a party of the minority, "We are going to give you so much, but we are going to give the other side three times more."

The other day, the distinguished Senator from Rhode Island, in a very impassioned moment, said, "How can a candidate with $5 million beat a candidate with $50 million?" I am here to say to the distinguished Senator from Alabama, "How can a candidate with $6.5 million ever beat a candidate with $20 million?" The answer is that he cannot.

The whole point is that the minor party stays the minor party. That is what is wrong with this measure, and that is why, if we could adopt the Cooper amendment, we would solve this problem and have the limitation we want and the capability of conducting proper campaigns.

Mr. COOPER. Mr. President, I yield 2 minutes to the Senator from New York.

Mr. JAVITS. Mr. President, I shall support the Cooper amendment. I hope very much that it is adopted, because I think Senator Cooper, as he always does, has given us a decent way out. The reason is that he preserves the best, which is the tax deduction, which is a first step toward some help from Government in

financing campaigns. He introduces another fine element which is the assurance that the fair campaign practices bill will pass before the next presidential campaign which involves all the heat and involves the checkoff, which is an ingenious idea. If compelled to vote yea or nay on that, I will have to decide what I will wish to do but I am not committing myself at this stage. But I believe what the Senator from Kentucky has offered is the decent way out, because we are holding this bill hostage which is a critically essential bill to economic stabilization in the country, and is of great political significance but is not germane to the existing struggle and crisis in the country.

This is unwise from the point of view of the American people. I see a possible veto coming up and I believe that such a veto will be sustained. I believe we will then have to double back on our tracks and pass a tax bill without this particular campaign scheme. That will be the scenario except that the world will be kept in doubt as to the solution of the American economic crisis for at least another 90 days and that, I think, would be difficult and unwise.

Mr. PASTORE. Mr. President, what is the time situation?

The PRESIDING OFFICER (Mr. TAFT). Three minutes remain to the Senator from Kentucky and 11 minutes to the Senator from Rhode Island.

Mr. PASTORE. Mr. President, I believe that we should understand pretty much what the situation is here. No one is complaining about the substance or questioning the merits of the so-called campaign expenditures bill. I repeat, I was the manager of that bill. I have been following it in the House ever since it was passed by the Senate. All I am saying is, and I hope that Senators will listen to this: This is the wrong place to put it for the wrong reason. This is being used, first of all, to shoot down title X. But what is even worse about it is the fact that we take the jurisdictional work of one committee in the House, with that bill already on the floor, and we stick it in the conference of another committee that has no jurisdiction where, under the House rules, it is not germane and where a point of order can be raised.

We are at the point, not only of striking title X, of shooting down the campaign expenditures bill. I am hopeful that when the House returns after its Thanksgiving vacation, that they will pass the bill so that we can go to conference and work one out.

I want to say to my Republican colleagues that title X complements the campaign expenditures bill. PASTORE wants that bill so much he can taste it. I am not against that bill. But you are using that bill to shoot down title X and you have made it clear that you do not like the concept of title X. If that is the case, why not wait until 5 o'clock and vote on title X? Why confuse it that way? We have been around here long enough to know that this will provoke the House and the committees that have jurisdiction will feel that they are being impinged upon. Certainly the Finance Committee in conference with the House would never consider it because the matter is not before their committee.

There is a vast difference between what we are trying to do with title X and what we tried to do with the campaign expenditures bill. This is a finance bill which belongs in the Finance Committee. This goes to the finance conference. The other bill is a Commerce Committee and a Rules Committee bill. They are the committees that have the jurisdiction.

All I am saying here is, you can say whatever you want, but what you are doing with this is jeopardizing both. I know the feeling on that side, that they would abandon the campaign expenditures bill if it meant they could kill off title X. Not all but a few who have spoken on this have not had any heart for the campaign expenditures bill to begin with. They may think this completes the case but as a matter of fact it does not. If we could get the campaign expenditures and get title X, then we would have a complete package. Not only do we limit the amount anyone can spend, but we show how we can get the office of the Presidency off the auction block—and that is what we are trying to do. If you do not believe that, it is your solemn duty to vote against it. I think we should come to a vote, and for that reason I am opposed to this amendment.

Mr. BROCK. Mr. President, will the Senator from Kentucky yield?

Mr. COOPER. I yield 1 minute to the Senator from Tennessee.

Mr. BROCK. Mr. President, I wish I had more time, but I realize that debate at this point is necessarily limited. I ask unanimous consent to have printed in the RECORD the most cogent single argument against tax subsidies for campaigns as made by the Senator from New York, Robert F. Kennedy, as printed in the hearings before the Committee on Finance in June 1967.

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

STATEMENT OF HON. ROBERT F. KENNEDY, U.S. SENATOR FROM THE STATE OF NEW YORK

Senator KENNEDY. Thank you very much.

Mr. Chairman and members of the committee, I appreciate the opportunity to testify this morning.

These hearings—and the interest of Congress and the executive branch which accompanies them—represent an important chance for legislative action. For there exists now a constructive momentum toward enactment of campaign financing legislation. We must therefore discuss and debate, then compare and resolve our differences while the interest and the momentum remain.

I will confine my testimony today to campaign financing, but I do want to say that I believe the enactment of disclosure reform legislation is equally essential, and I hope we in the Senate will act in that field as well during the current session. I support President Johnson's proposal in this area, as contained in S. 1880, which Senator Cannon has introduced. And Senator Clark's proposal on this matter in S. 1546 is also constructive and deserves careful consideration.

There is wide agreement, I think, that some form of public support for election campaigns is needed. Holders of public office should not have to be obligated, or even appear to be obligated, to large contributors who made it possible for them to stand for office. Able young people should not be deterred from entering politics by the fear of having to compromise their values and their independence in order to obtain financing.

These are some of the attributes of the present system. I think most of us agree that it is unsatisfactory and should be changed.

Although we have differed on the precise mechanics of the proposal we should adopt, I want to take this opportunity to pay tribute to the chairman, the Senator from Louisiana, for his efforts to enact a campaign-financing law. More than any other individual, he has forced this matter onto our agenda of action. And no matter what form the final law takes, a lion's share of the credit will be deservedly his. He has taken debate past the issue of whether there should be a law—so that our only debate now, though a vital one, is what kind of law we shall have.

I also want to pay tribute to Senator Williams of Delaware and Senator Gore for the efforts that they have made to bring this to the public's attention.

What approach should we take? In this regard, I believe certain fundamental characteristics of our political structure are instructive, and may suggest the way to the kind of law we should enact.

It is an essential tenet of our political creed, for example, that we seek the broadest possible citizen participation in the electoral process. We value a large turnout at the polls on election day. We value widespread interest in the issues and personalities involved in an election campaign. We value extensive volunteer work in campaigns. We value, in short, all types of individual, voluntary initiative in support of the candidate of one's choice.

Campaign financing is but another application of these principles. Broad financial participation in campaigns at all levels—local, State, and Federal—based on individual choice of the candidates to be aided, would contribute to an informed involvement that is at the heart of the democratic process. And large-scale giving in small amounts would free candidates from having to solicit and rely upon a small number of large gifts.

I believe that we can best accomplish these objectives by some form of tax incentive—by which each citizen can contribute to the party or candidates, the committees or organizations of his choice, and receive partial forgiveness of his contribution on his income tax.

Tax incentives have a number of advantages. They permit aid to candidates and committees at all levels—local, State, and Federal. They permit each citizen to determine who will receive his contributions. They can encourage contributions to candidates in primary elections as well as general elections, so that aid is truly available to men who would otherwise face great financial barriers to entering public life. And they allow for the esprit which comes from getting people out to raise money in small amounts from a large segment of the population.

There are two possible major tax devices to encourage individual participation—a credit, and a deduction.

I prefer a tax credit. It is the most equitable approach. It is a flat subtraction from the amount of income tax otherwise owing, and is therefore of equal benefit to all taxpayers. A credit of $10 benefit all taxpayers $10 worth.

For this reason, I think it is preferable to a deduction, which is a subtraction from the income on which taxes are computed, and is of greater benefit to taxpayers in higher brackets. A deduction of $100 benefits the taxpayer in the 50-percent tax bracket $50, and the taxpayer in the 20-percent bracket only $20.

Nevertheless, a deduction does promote in-

dividual choice and participation, so I would favor it as a second choice. The President's Commission on Campaign Costs recommended both a credit and deduction in 1962, as did President Kennedy in his message to Congress that year.

Senator Metcalf's voucher proposal—S. 1390—would also encourage individual choice and participation. I believe his idea therefore merits serious consideration along with the various tax incentive alternatives.

But I believe a tax credit is the best approach and I hope the committee will give it careful consideration.

I would support a tax credit of one-half of contributions of up to $20 for individuals, and one-half of contributions of up to $40 for married couples filing joint returns. The maximum credit would therefore be $10 for individuals, and $20 for those filing joint returns.

Such a credit, in my judgment, would raise substantial amounts of money. There were 12 million individual contributors in 1964, the vast majority of whom were $1 and $2 contributors. The credit would encourage more individuals to contribute, and encourage the existing contributors to increase the size of their contributions.

Experts estimate that the average annual revenue loss would not exceed $50 million, and would probably be considerably less. In addition, this figure does not mean that $100 million in new funds would be raised, since much of the revenue loss would cover money now being contributed.

There is, of course, no particular magic in the 50-percent tax credit. I would not advocate a 100-percent tax credit for two reasons—a healthy sense of responsible participation will flow from an individual having a financial stake in his contribution rather than being wholly reimbursed, in effect, by the Government; and, the revenue loss from a 100-percent tax credit might be extensive. However, a 75- or 80-percent tax credit would ease the burden of contributing for the lower income taxpayer even further, and therefore might well be considered.

No one can be entirely sure, of course, whether the amount raised will exceed or fall short of these figures. For that reason, I suggest that we begin with the very modest tax credit which I have described. If it does not raise enough money, we can easily raise either the percentage or the amount of the credit.

By comparison to tax incentives, I believe individual participation will be discouraged if we use direct subsidies from the Treasury to finance campaigns. I would therefore prefer to have the committee consider moving in the direction of encouraging individual contributions through tax incentives.

Let me make clear that if I had to choose between dollars from the Treasury and a candidate having to go hat in hand in order to raise money for political office, I would prefer dollars from the Treasury. But the committee's choice is not so confined, and that is why I urge the consideration of tax incentives, and particularly a tax credit.

I might suggest, too, that I hope the committee will also explore the idea, proposed by Senator Clark and Senator Gore, and others, of requiring the television networks to provide free time, at least as to presidential candidates. This was done successfully in 1960, and since the airwaves are the public's property, we should consider making a similar provision for the future. If this were done, it would cut down considerably on the money required for presidential campaigns, since television time has become a major cost component in this age of instant communication.

Aside from the all-important point of individual participation, I believe tax incentives have other advantages not offered by direct subsidies from the Treasury.

1. Tax incentives would aid candidates before their nomination for the Presidency, or for any other office. We all want to remove any financial qualifications for office and particularly for the Nation's highest office. It is deeply wrong for the Presidency to be limited either to those who are rich—or to those who are able to raise money from large contributors, as the Senator from Louisiana pointed out a number of times on the floor of the Senate.

But a direct subsidy, almost necessarily limited to activity after the conventions have nominated their choices, could not prevent rich men from determining the nominees; indeed, it might only shift their efforts from the election campaign to the preelection campaign. For a man without great wealth to become a serious contender for the Presidency, he must have access to campaign assistance long before the convention: for primary elections; for work among the State parties in States which do not have presidential primaries; as well as for travel and advertising and for staff, and all the other mounting expenses of securing a nomination.

In 1964, according to Herbert Alexander, executive director of the Citizens Research Foundation, Senator Goldwater spent $5.5 million in quest of the nomination. Governor Rockefeller spent up to $5 million, including $2 million in the California primary alone. Clearly, no postnomination direct subsidy would help a man without great wealth, or one without access to big contributors, to meet these necessary preconvention expenditures.

2. The tax incentive plan would help candidates for offices below the Presidency—Federal, State, and local alike. Such help is vital. Not only is it important to have qualified men at all levels of government, but campaign contributions for offices below the Presidency are even harder to raise, and far more likely to be dominated by a few large givers.

Moreover, presidential candidates do not spring, like Minerva, from the brow of Jove: men earn consideration for the Presidency by their performance in other public offices—most often, Governor or Senator. The expense of nomination and election to a Governorship or a Senate seat—especially in the large States from which most presidential candidates are drawn—is by itself a substantial barrier to all but men of wealth, or their favored candidates. Thus, fair consideration for the Presidency itself requires public support for campaigns for lesser offices at all levels. This support can come only from tax incentives to individual contributions.

Third, a tax incentive for individual donations, Mr. Chairman, does not raise the most serious objection to direct subsidies—its potential for centralization of political power, for a major realinement of our traditional political system. Our political parties have always been collections of separate State and local organizations. But a subsidy fund, controlled by a central authority, could all too easily be used to build a party to the liking of the national committee or the presidential candidate—to enforce party discipline and party ideology by advancing particular local candidates, and starving others.

In an effort to meet this criticism, the proposal now before the committee places a 140 percent ceiling on the amount that can be spent in any State in excess of its per capita share. However, the proposal contains no minimum figure which must be spent in each State.

The national committee and the presidential candidates therefore retain a large range of leverage in each State. On the other hand, if a stricter requirement of equalizing expenditures among the States were provided, the result would be serious interference with the flexibility which all presidential campaigns need to enable them to spend money where it will do the most good.

The question of how funds will be allocated is therefore a problem no matter what is provided. If the standards of allocation are loose, the result could be a national domination of local politics which is inconsistent with almost two centuries of American tradition. If the standards are tight, an unsatisfactory constraint will thereby be placed on campaign decisionmaking.

These problems are not raised by tax incentives. For if contributions to all candidates and campaigns are treated equally, the allocation of power between the national party and the State and local parties will be made by millions of individual Americans. If these individuals want to, they can give to the presidential candidate, and deny funds to a Senate or House candidate who differs from his national party. If these individuals desire, they can finance a local or sectional candidate who opposes his national party. Or they can give to both—or to neither.

We cannot avoid the problem of allocation of power, nor can we preserve some particular allocation forever. What we can do—and all that we can do—is insure that the choices are made democratically, with the direct participation of as many individual Americans as possible. That will be done best, in my judgment, by tax incentives.

Fourth, any attempt to extend direct subsidies from the Treasury to State and local contests and organizations—whether the contests are for State or Federal office—would raise the most difficult problems. Would the subsidy be automatic to all who qualify to run under State law? Would it therefore encourage a proliferation of candidates who would in turn bankrupt the system?

What formula would decide how much the mayor of Albany is worth in relation to the mayor of Indianapolis? Would differences in their charter powers be taken into account? What about county assessors and sheriffs? What formula would decide how much each is worth?

And, too, in many State parties, in dozens of local organizations, there are conflicts of principle and power and office. What formula would show how to choose between regulars and reformers, in my own city of New York? Or between regular Democrats and moderate Democrats and Negro insurgents in Mississippi? Or between regular Republicans and Goldwater Citizens' Committees in 1964, in any number of States?

In my judgment, these quarrels are not for intervention by a national authority equipped with public funds. They should be settled by local forces—on the basis of who can attract the greatest support from the local citizenry which has most to gain or lose, the most direct interest, in the positions and policies of its local parties. We can help those individual citizens assert their voice—by an individual tax incentive.

Fifth, I believe there are constitutional dilemmas of two types associated with the idea of subsidy from the Treasury. The first concerns minor parties. In my judgment, the provision of a cutoff point below which minor parties will not be financed raises serious questions regarding the abridgment of first amendment freedoms of speech and association as applied to the formation of political parties. Yet such a cutoff point is essential if the subsidy is to be workable.

The second constitutional problem relates to the proposal that private contributions be prohibited in the areas where public financing is provided. It can be strongly argued that the right to contribute is as much a facet of the freedom to express a choice of political candidate as the franchise and other forms of advocacy. Yet, if no provision is made to limit private contributions, there is a serious danger that the subsidy will simply be an added fund on top of the private contributions already collected.

It appears, therefore, that no matter how the subsidy idea is structured, it raises fundamental problems—constitutional problems if the subsidy takes one form, and serious

problems of regulatory policy if changes are made to take account of the constitutional issues.

Sixth, there is the question of appropriation versus checkoff. As Senator Gore has pointed out so effectively, the checkoff was inconsistent with our traditional idea that citizens should not be permitted to earmark the place where their taxes are to be spent. Yet, if the checkoff is removed, as has been done in the proposal now before this committee, the whole subsidy becomes subject to the vagaries of the appropriation process.

If a Democratic Congress felt 1 year it did not wish to appropriate funds to help finance the candidacy of a challenger to an incumbent Democratic President, there would simply be no funds. Tax incentives do not pose this kind of problem.

Finally, I would return to the point with which I began—our national tradition of individual participation. To aid campaigns by direct subsidy from the Treasury would only further separate the individual citizen from the political process—insulating the party organization from any need to reach citizens, except through the one way communication of television and advertising. The political parties would talk to the citizen; but the individual could not effectively talk back.

But if we enact a tax credit for individual giving, the entire effect will be toward greater individual participation. Parties and candidates, to take advantage of a tax credit, will have to contact millions of individual citizens—to persuade these individuals that the parties and candidates are worthy of their support. The parties will have to listen to these individuals; and they must inevitably draw closer to the American people themselves.

I believe this is the direction for reform. I hope these thoughts are helpful to the committee as it continues its deliberations.

I congratulate the committee chairman and members of the committee for their efforts they are making in this field.

The CHAIRMAN. Thank you very much for your statement here, Senator Kennedy. I deeply appreciate the compliment you paid the chairman of the committee, and to suggest ways that you think we might meet this problem.

One thought that occurs to me is that in any event, whatever we do in this area it should not be a step backward. It ought to be a step forward, and I felt that way consistently from the beginning about it.

Do you have any different view than the view of the Senator from Kansas on this question as to whether or not the relatively well to do, the 1 percent of the people, or less than 1 percent, who are putting up most of the money to finance these campaigns, are contributing too little? Is there any need to encourage them to put up more, or should the effort and the main thrust be to broaden the base to bring contributions from other sources?

Senator KENNEDY. Well, Mr. Chairman, as I said in my statement, first, I would try to broaden the base so that as many individuals as possible would participate.

Second, I support the recommendations of President Johnson and Senator Clark, and others, for placing a limitation on the amount of money that could be contributed by any individual or by a family. President Johnson proposed an overall limitation of $5,000, and I would certainly support that.

I think the system has been dominated too much in the past by large contributions, but I think we can't limit ourselves to banning large contributions. We have to have an alternative to that, and that is why I have suggested encouraging individual participation through small individual contributions.

I think it is very difficult at the present moment, but I think if we have this kind of tax incentive that there would be wide participation across the country.

Mr. BROCK. Mr. President, let me summarize his most telling point by citing his argument, as follows:

Our national subsidy from the Treasury would only further separate the individual citizen from the political process—insulating the party organization from any need to reach citizens, except through the one way communication of television and advertising. The political parties would talk to the citizen; but the individual could not effectively talk back.

Mr. President, I think that is the most compelling point in opposition to the Pastore amendment and in support of the Cooper-Baker amendment.

I thank the Senator from Kentucky for yielding.

Mr. WEICKER. Mr. President, will the Senator from Kentucky yield?

Mr. COOPER. I yield 1 minute to the Senator from Connecticut.

Mr. WEICKER. Mr. President, I wish to respond to the comments of the Senator from Texas. Not so long ago you were the plush party and we were broke. It was not so long ago that you were in the White House and we were on the out. All of a sudden, something happened called Vietnam. Now, today, you are paying for the consequences of that decision made by the Democratic Party which put us there. Now you find that you are on the out and you find that you are short of funds. If we make that same mistake, we will find ourselves there. But what you are asking, in essence, is for the American people to underwrite the mediocrity of failure while in office. The way this system operates, we are held accountable If we do a good job, we will have the support of the party and the people. If we do not, we will not.

Mr. PASTORE. Mr. President, what is the time situation?

The PRESIDING OFFICER (Mr. COOK). The Senator from Rhode Island has 7 minutes remaining and the Senator from Kentucky has 1 minute remaining.

Mr. COOPER. Mr. President, will the Senator from Rhode Island give me 2 more minutes for comments?

Mr. PASTORE. I will be glad to do so, yes; but, first, let me make this one point to show you what the power of money is doing. There is nothing illegal about it, but here is a full-page ad in the Washington Post this morning.

It is a full-page ad with the headline "Is the Pastore Amendment Really Campaign Reform?" The subheads:

The Senate will vote today on Senator Pastore's amendment to the President's tax reform package. The intent of this amendment is to totally federalize the financing of presidential campaigns.

It is signed at the bottom by William J. Wilson, chairman, Citizens for a Responsible Political Process.

Mr. President, does he and his committee think we are a bunch of sheep in the Senate that have to be told by them what the arguments are?

Here is a full-page ad being purchased to do what? On the very day we are going to vote on this amendment, where we will have no opportunity to rebut, a full-page ad is bought in a Washington newspaper that makes a last minute appearance in this morning's edition—a full-page ad. It points up what we are trying to do. We are trying to unfetter the Presidency from all this propaganda, the pressure of all of this big money. The sooner we do it the freer and finer we will find our democratic process is going to be.

Mr. ALLOTT. Mr. President, will the Senator from Rhode Island yield?

Mr. PASTORE. I yield.

Mr. ALLOTT. The Senator does not contend that an individual does not have a right to have such an ad placed in the newspaper?

Mr. PASTORE. No. I said that in the beginning. All I am saying is that Pastore does not have the kind of money to answer him with the same size of ad.

Mr. ALLOTT. He could after this bill is passed.

Mr. PASTORE. I could not do that today, if the bill was passed.

Mr. ALLOTT. He could do it today if this bill passes.

Mr. PASTORE. It will not do me any good to answer it then, after the bill passes. The point is it is using propaganda.

Mr. BROCK. Mr. President, does the Senator object to it?

Mr. PASTORE. I do not object to it. I am only giving it as an example of the power of money.

Mr. BROCK. Mr. President, would this amendment stifle this ad?

Mr. PASTORE No; I would not stop that.

Mr. BROCK. Then what is the objection of the Senator?

Mr. PASTORE. My objection? I did not say that I had objection to it. All I said was that it indicates the use of the power of money as influence. Of course he has a legal right. There is nothing illegal about it. But I said it is the use of the power of money to influence us. What does he think we are, sheep? Does he think we cannot make up our minds and that we have to be told?

We have discussed this for 5 days. I do not need Mr. Wilson to tell me what is right or wrong, and I do not think the Senator from Tennessee needs Mr. Wilson, either.

Mr. BROCK. Mr. President, if the Senator would yield further, I do not mind receiving advice from people. I appreciate it.

Mr. PASTORE. Mr. President, I yield back my time.

Mr. COOPER. Mr. President, will the Senator yield me 2 minutes?

Mr. PASTORE. I yield 2 minutes to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 2 minutes.

Mr. COOPER. I want the Senate to know that the amendment I have offered for myself and others does not touch title IX, Title IX, if approved, offers to every one who pays taxes the right to make a contribution to a candidate of his or her choice when filling out his tax return, and receive either a tax credit or deduction. It is a voluntary choice and the contribution will be used by the candidate he chose and not by other candidates.

Mr. President, I want to make another point. There are many people in this country, and many young people, who

may not feel so strongly about either major political party. My friend, the Senator from Texas (Mr. BENTSEN) who raised a very fine issue in his eloquent speech as to the credibility of the election process and that many people, and particularly young people are concerned.

Yet we have in title X a proposal to take the money of all the taxpayers and give 25 percent of the money to the Democratic Party, 25 percent to the Republican Party, and $6.8 million, I believe, to the party of Governor Wallace. If young people want to support Eugene McCarthy or PAUL MCCLOSKEY if they want to give an expression of their willingness to support these candidates or other candidates whom they believe in, they will have no funds with which to do so under title X. Everything is frozen.

Where is the free choice of the people?

Title IX preserves the right of tax deductions and credits for contributions to candidates of the party of one's choice.

If we can preserve the Federal Election Campaign Act of 1971, we will be able to have some control over the expenditure of the funds.

I hope that the amendment will be fully considered and considered as a decent alternative and that the Senate will agree to the amendment.

I thank my colleagues who have joined me in introducing this amendment. Senator BAKER for assisting in its preparation, all of my colleagues who have spoken so strongly for the amendment. I thank also the Senator from Rhode Island, Senator PASTORE for his generous words.

Mr. PASTORE. Mr. President, I want to make a correction again. We are going to accept the Mathias amendment by which the people can designate where they want the money to go. I have said that over and over again. I hope that the other side will not filibuster long enough so that he will not be able to be recognized to offer the amendment.

Mr. President, I yield back the remainder of my time.

Mr. BYRD of West Virginia. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. All time having expired, the question is on agreeing to the amendment of the Senator from Kentucky. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. GRIFFIN. I announce that the Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The result was announced—yeas 46, nays 53, as follows:

[No. 379 Leg.]

YEAS—46

Aiken	Dominick	Pearson
Allott	Ervin	Percy
Baker	Fannin	Roth
Beall	Fong	Saxbe
Bellmon	Goldwater	Schweiker
Bennett	Griffin	Scott
Boggs	Gurney	Smith
Brock	Hansen	Stafford
Brooke	Hatfield	Stevens
Buckley	Hruska	Taft
Byrd, Va.	Javits	Thurmond
Cook	Jordan, Idaho	Tower
Cooper	Mathias	Weicker
Cotton	McClellan	Young
Curtis	Miller	
Dole	Packwood	

NAYS—53

Allen	Harris	Montoya
Anderson	Hart	Moss
Bayh	Hartke	Muskie
Bentsen	Hollings	Nelson
Bible	Hughes	Pastore
Burdick	Humphrey	Pell
Byrd, W. Va.	Inouye	Proxmire
Cannon	Jackson	Randolph
Case	Jordan, N.C.	Ribicoff
Chiles	Kennedy	Sparkman
Church	Long	Spong
Cranston	Magnuson	Stennis
Eagleton	Mansfield	Stevenson
Eastland	McGee	Symington
Ellender	McGovern	Talmadge
Fulbright	McIntyre	Tunney
Gambrell	Metcalf	Williams
Gravel	Mondale	

NOT VOTING—1

Mundt

So Mr. COOPER's amendment was rejected.

Mr. PASTORE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. BYRD of West Virginia. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENTS NO. 740

Mr. MATHIAS. Mr. President, I call up my amendments No. 740.

The PRESIDING OFFICER. The clerk will state the amendments.

The legislative clerk read the amendments, as follows:

On page 17, line 7, after the word "Fund", strike everything through line 11, page 18, and substitute the following: "The Secretary shall maintain in the fund (A) a separate account for the eligible candidates of any major parties, any minor parties, and for any other parties for which a specific designation is made under section 6096 of the Internal Revenue Code of 1954 for payment into an account in the fund and (B) a general account for which no specific designation is made. There are hereby appropriated to each such account in the fund each fiscal year, out of any moneys in the Treasury not otherwise appropriated, an amount equal to the sum of the amounts designated to each such account during the fiscal year by individuals under section 6096 of the Internal Revenue Code of 1954 for payment into such account of the fund.

(2) If, after a presidential election and after all eligible candidates have been paid the amounts to which they are entitled under section 1004, there are moneys remaining in any account in the fund, the Secretary shall transfer the moneys so remaining to the general fund of the Treasury.

(b)(1) Upon receipt of a certification from the Comptroller General under section 1005 for payment to the eligible candidates of a political party, the Secretary shall, except as provided in paragraph (2), pay to such candidates out of the specific account in the fund the amount certified by the Comptroller General. Amounts paid to any such candidates shall be under the control of such candidates.

(2) If, at the beginning of the expenditure report period (as defined in section 1002(11)) with respect to a presidential election, the moneys in any account in the fund other than the general account are less than the aggregate entitlement of the eligible candidate to which any such account relates, the amount in the general account shall be allocated to each of the other accounts in the ratio of the balances in each such other accounts at such time, except that no amount shall be allocated to any party in excess of the smallest amount needed by a major party to bring it to its entitlement under section 1004(a)(1). Payments to eligible candidates from the account designated for them shall be limited to the balance in such account after the allocation from the general account.

On page 29, strike lines 6 through 14 and substitute the following:

"(a) IN GENERAL.—Every individual (other than a nonresident alien) whose income tax liability for any taxable year is $1 or more may designate that $1 shall be paid over to the Presidential Election Campaign Fund for the account of the candidates of any specified political party for President and Vice President of the United States, or if no specific account is designated by such individual, for a general account for all eligible candidates for the election of the President and Vice President of the United States, in accordance with the provisions of section 1006(a)(1) of the Presidential Election Campaign Fund Act of 1971. In the case of a joint return of husband and wife having an income tax liability of $2 or more, each spouse may designate that $1 shall be paid to any such account in the fund."

Mr. PASTORE. Mr. President, will the Senator yield to me? The Senator from Arkansas has requested 5 minutes, and I yield 5 minutes to him.

Mr. MATHIAS. I yield.

Mr. McCLELLAN. Mr. President, I support title IX of the Pastore amendment, but I shall vote against title X of this proposal.

It may be said that the hallmark of a true democracy is the participation by its citizens in the election process. But for that participation to be wholesome and meaningful, the action on the part of the citizen should be free and voluntary and unfettered and not coerced. I do not believe the $1 check off proposal in title X meets that test. I do not believe the tax return of our citizens should be used as a vehicle to raise campaign funds—funds to be paid into the Federal Treasury and thereafter to be disbursed and administered by the Federal Government. If this title becomes law, I am persuaded that the taxpayer may sense some pressure—some obligation to check that box. After all, this process of collecting campaign funds, if adopted, will have the full weight and force of the Federal Government behind it. The taxpayer, knowing that this procedure has the highly vaunted Internal Revenue Service behind it, may well feel some compulsion to mark the box indicating that he wants a dollar of his taxes used for campaign purposes.

Remember, however, that this $1 will not come as a direct political contribution from the taxpayer to the party or candidate of his choice. Once this dollar is collected by the Treasury, it is subjected to a formula of distribution. Possibly 50 percent or more—at least a large percentage of the taxpayer's dollar—will go to support a party—or parties—and a candidate—or candidates—not of the taxpayer's choice, but parties and candidates he opposes and wants to see defeated. This kind of process—the formula provided in title X for the distribution of the funds raised by this $1 contribution—is contradictory and self-defeating. Actually, circumstances can well develop and prevail where most of the taxpayer's dollar will be used to defeat, rather than to help, the party and the candidate he supports.

If this title should be amended to permit the taxpayer to earmark his dollar

for a given party or candidate, then we will have set up a mechanism in Government for the collection of campaign funds—a function which, if administered fairly and equitably, will become costly—necessitating many additional Federal jobs for supervision and administration. The cost of administration, in fact, may well absorb a large percentage of the funds received from the dollar checkoff and thus leaving it to the general revenues in the Treasury to bear the burden of providing campaign funds for political parties and presidential candidates.

If the taxpayer is permitted to earmark a portion of his taxes for political purposes, then why not let him earmark dollars for peace, dollars for the environment, and dollars for many other preferable projects or causes? Why not give him a tax return with a multiple choice and thereby let him help establish national priorities on a direct basis. This $1 checkoff is a bad precedent, Mr. President—one that, if enacted, will haunt this Chamber for years to come.

Mr. President, this proposal is a long step in the wrong direction—a step toward the federalization of all elections. To this, I am unalterably opposed. This amendment—this title—should be rejected.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. McCLELLAN. May I have 2 additional minutes?

Mr. PASTORE. I do not have that much time.

Mr. McCLELLAN. Will some Senator yield me 2 minutes?

Mr. MATHIAS. I yield 2 minutes to the Senator from Arkansas.

Mr. McCLELLAN. Now, Mr. President, I do support title IX, which allows a citizen a tax credit of up to $25 or a tax deduction of up to $50—whichever he elects—for campaign contributions. With this procedure, the Federal Government does not in any way handle or have any responsibility for distribution of the taxpayer's political contribution. The taxpayer is free to give to either political party and to any candidate for any office—State, local, or national—and receive credit on his tax return accordingly—just as he would receive credit for deductible contributions for other purposes. This places no burden of cost and no obligation of supervision, management, or control by an agency of the Federal Government over the taxpayer's political contribution. In this way, the taxpayer's contribution passes through no political pot where it is later dispensed—a part of it to the party or candidate he supports and another large percentage of it to the party and candidate he opposes.

Mr. President, a democracy should encourage its citizens to participate as fully as possible in the affairs of government, particularly in the election process, for free and uncoerced election and citizenship participation provide the very lifeline of our democratic system. But for the citizen's participation to be truly meaningful and democratic, the citizen must have the opportunity to make and exercise a free and unfettered choice for the party and the candidate he supports and contributes to. This tax credit or deduction method meets that test.

Under the provisions of title IX, the taxpayer is under no compulsion to participate. He is not required to use the official Internal Revenue Service tax form to make his political contribution, nor is he limited in making a contribution to and being involved only in the presidential election.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. McCLELLAN. May I have half a minute?

Mr. MATHIAS. Mr. President, I yield 30 seconds to the Senator from Arkansas.

Mr. McCLELLAN. Mr. President, if the Congress truly wants to broaden the base and increase the number of campaign contributors, and if it wants to really encourage more of our citizens to take part in financing political campaigns, then I most respectfully urge that we approve title IX—the tax credit or deduction proposal—and that we defeat title X which is an effort to raise a slush fund to go into the U.S. Treasury for distribution on a formula that will often contribute as much of the taxpayer's money to the very party and candidate he wants defeated as it would to the party and candidate he supports.

The PRESIDING OFFICER. Who yields time?

Mr. MATHIAS. Mr. President, I yield 1 minute to the Senator from North Carolina.

Mr. ERVIN. Mr. President, the able and distinguished senior Senator from Arkansas (Mr. McCLELLAN) has expressed my views on this subject far more eloquently than I can express them, and for that reason I would like to say "Amen" to everything he said.

The PRESIDING OFFICER. Who yields time?

Mr. MATHIAS. Mr. President, I yield myself 10 minutes.

In the words of a prominent Englishman, "now I can say a few words of my own."

Mr. President, I have been here at my desk contemplating some of the tallies on the rollcalls taken in the last day or two.

I look back to the first rollcall taken during the discussion of the Pastore amendment, an amendment which I offered to strike title X; that amendment was defeated by a vote of 49 to 46.

The Senator from Connecticut (Mr. WEICKER) offered an amendment to postpone the effective date of the presidential campaign financing plan until 1973 and thereafter, and that amendment was defeated by a vote of 55 to 42.

Then the distinguished Senator from Kentucky (Mr. COOPER), joined by other distinguished Senators, offered a plan which would have deleted title X and substituted the election reform bill, and made some modifications in title IX as well, and that amendment was defeated by a vote of 53 to 46.

I would submit that you do not have to be any Prophet Daniel to read the handwriting on the wall.

You do not have to be a gypsy to read those tea leaves. So I think we have come to a point that the responsible role is now to make this the very best plan that it can be made.

That does not mean that everyone is going to be enthusiastic about it. It does not mean that if we had our "druthers" we would have it here at all. The amendment does not correct all the imperfections—which are many—in the present Pastore amendment. However, it is an improvement, and when we spend Federal money, every improvement should be sought and adopted. The votes very clearly indicate that the time has come to do the best we can with the amendment before us. We really have no other choice but to make it the best bill we can. And I think, Mr. President, my amendment does this.

The amendment which I have offered does make some rather fundamental changes in the plan as originally proposed by the distinguished Senator from Rhode Island. I would respectfully suggest to him that if the amendment is adopted, it will not be a checkoff any more. It is not really a checkoff; it becomes a voluntary designation—very similar to the tax credit proposal contained in title IX. And I think it is a good thing that it is not a checkoff, because in the minds of a great many Americans the term "checkoff" has somewhat of an involuntary and perhaps unsavory connotation.

This plan will be a voluntary designation, in contrast to the original scheme, which contemplated an involuntary subscription by every participating taxpayer to friend and foe alike.

Under this amendment, every taxpayer would be given three choices. Those choices would be to write in the political party that he chooses to see his contribution to go, to indicate that he wants his dollar to go to an undesignated fund—the type of fund that is provided in the present Pastore amendment or, the choice of everyone who does not like this scheme, to choose that none of his tax money, not a penny of it, should go through this fund. So there is the widest possible discretion. Every American taxpayer can make his own decision on whether he wants to participate or whether he does not. It is totally voluntary.

It is very different from the concept where a single dollar would be hypothetically divided up among four or five candidates, some of whom might be totally hostile to the views of the taxpayer himself. Any fastidious taxpayer, any American who had fastidious political principles, might well object to having his money divided up among friend and foe alike in that manner.

Under this scheme which I have proposed, not a penny is contributed unless some American wants that penny devoted to the fundamental political process of this Republic, which is the election of our Chief Executive.

There have been of course some very sound and well reasoned arguments against the whole plan. One of them I put in the RECORD this morning: A column by the distinguished journalist of the New York Times, Tom Wicker.

I think that this amendment goes a long way toward answering the kind of objection that has been given voice by

Mr. Wicker and others. It is, as I say, a voluntary and discriminating way of supporting elections. In contrast to the existing scheme, it provides direct involvement in the general election, because every taxpayer, in order to participate, will have to become involved. He will have to think very carefully what action he is going to take on his tax return. Therefore, instead of restricting the political process, as I believe the original plan might have done—if this amendment is not adopted—it will have a tendency to broaden the political process, and that really is the ultimate goal of any scheme of this sort.

This amendment benefits all of the political parties—major, minor and new parties alike. It benefits the American people—at least more than the present Pastore amendment—for now the American people will be giving to the nominee of the party of their choice. In addition, this amendment brings the political process closer to the public. It does not correct all the problems that are inherent in any program of a Federal subsidy; it makes significant improvements, however. And this I submit, Mr. President, is the important fact that we should accept.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. MATHIAS. I am happy to yield.

Mr. JAVITS. Mr. President, I think that the Senator's amendment, which we discussed at the very first stages of this bill, materially improves the whole plan, and I think it is his duty and our duty to support it. I understand it will be acceptable to the other side, in order to perfect the plan.

I think, as the Senator says, it still leaves a substantial question as to whether this bill to meet an immediate economic crisis should be held hostage to this kind of improvement, which could be done outside the confines of this bill also. So, without committing myself on the main proposition, I would like very strongly to support the Senator's amendment, which at least makes the scheme of the bill both palatable and sensible, and politically viable.

Mr. CRANSTON. Mr. President, will the Senator yield for a question?

Mr. MATHIAS. I yield.

Mr. CRANSTON. First, I congratulate the Senator from Maryland upon designing an amendment which I think can win broad support in the Senate. However, I wish to clarify one point.

In the Senator's presentation, in speaking of the checkoff, where you do not wish to designate it to go to the general pot, but where you do wish to designate specifically where it goes I, think the Senator used the language that it would go to a political party.

I believe the Senator's amendment actually provides that it would go to the nominee of the chosen party. Is that not correct?

Mr. MATHIAS. The Senator is absolutely correct, and I am indebted to him for making that point clear, because that was one of the great objections to the previous plan. My amendment designates that the money will go to the nominee of the party that he designates. And, I might add, there is a possibility of designating a third party or a new party, so that there is no perpetuation of the bias which exists in this country today against new parties.

I am grateful to the Senator from California for pointing that out.

Mr. CRANSTON. I thank the Senator.

Mr. MILLER. Mr. President, will the Senator yield for a question?

Mr. MATHIAS. I yield.

Mr. MILLER. On page 3 of the Senator's amendment, it states that the $1 shall be paid over to the presidential election fund for the account of the candidates of any specified political party.

How is that party to be specified? Would that show up on the income tax return, or would the taxpayer write in the name of the party, or just how would that be done?

Mr. MATHIAS. By writing in the name of the party. This is why I said it will get away from the somewhat invidious term "checkoff."

Mr. MILLER. So if he checks the box and then writes in the name of the Democratic Party or Republican Party, then it would go to that party? If he checks the box——

Mr. MATHIAS. Again, as the Senator from California has pointed out the money does not go to the party but to the man that the party ultimately nominates.

Mr. MILLER. I understand. But if he does not do that, and checks the box, again, the money goes into the unspecified account?

Mr. MATHIAS. We make it as voluntary and as responsive to the wishes of the American people as it can be. Again, we say they have a right not only to designate no one; but if they put it into the undesignated fund, it goes out in the same ratio that other people have designated. This, I submit makes it responsive to the people's wishes.

Mr. FULBRIGHT. Mr. President, could I ask the Senator a question on that point?

Mr. MATHIAS. Certainly.

Mr. FULBRIGHT. Is it made clear that they do not have to give a dollar to anyone?

Mr. MATHIAS. Absolutely.

Mr. FULBRIGHT. It is not too clear to me. It is made quite clear that they do not have to give anything to anybody if they do not want to; is that right?

Mr. MATHIAS. It is quite clear, and I think that is proper, because if the taxpayer's money is to be diverted——

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MATHIAS. I yield myself 1 additional minute.

In this case, if the taxpayer's money is to be diverted from support of the Government, for which it was ostensibly first raised as revenue, and the taxpayer directs that it should be applied instead to support the political process, I think he has the fundamental right to insure that his contribution will go to the nominee of the party of his choice. In fact, this is a backup to his right to vote.

Mr. President, I reserve the remainder of my time.

Mr. McCLELLAN. Mr. President, will the Senator yield for a question?

Mr. MATHIAS. I yield.

Mr. McCLELLAN. I invite the Senator's attention to the bottom of the first page of the amendment, which reads as follows:

> There are hereby appropriated to each such account in the fund each fiscal year, out of any moneys in the Treasury not otherwise appropriated, an amount equal to the sum of the amounts designated.

Is the Senator making an appropriation here? Does not the House insist that all appropriations have to originate with it? I wonder if this is not subject to a point of order when it reaches the House.

Mr. MATHIAS. This I believe is a device to deal with the bookkeeping which would take place. When the funds are voluntarily designated by a taxpayer, it seems to me that the Government at that point becomes a trustee. We are providing the machinery whereby the trustee can carry out his fiduciary function. It is not an appropriation in the ordinary sense of the word.

Mr. McCLELLAN. I have some qualms about it.

The PRESIDING OFFICER. Who yields time?

Mr. SCOTT. Mr. President, I should like 1 minute to ask a question.

Mr. PASTORE. I yield to the Senator.

Mr. SCOTT. My question is this: Does the Senator from Rhode Island know of any other provision of the tax laws whereby a taxpayer can designate any part of his tax payments for the use of any purpose nongovernmental?

Mr. PASTORE. I do not know of any.

Mr. SCOTT. I thank the Senator.

The PRESIDING OFFICER. Who yields time?

Mr. PASTORE. Mr. President, I might add, as a rejoinder, that here we are talking about the Presidency of the United States, the highest office in our Republic. There is no question that this is an innovation. No one is hiding that. For a long time there has been a school of thought in this country that something should be done about this matter of tremendous campaign costs—in some fashion to bring them under popular control.

As I have said several times on the floor of the Senate, and I say it again although it gets monotonous to keep repeating the same thing from time to time, even with a different audience but this is the story. For a long, long time people in this country have been deeply concerned about the amount of money it takes to conduct a presidential campaign and the source of those funds. The big problem is, what do you do about it? Do you keep going along having these $1,000 clubs, as we had under the Democratic administration, or do you have the $500 chain dinner; as we had only a few weeks ago, under Republican auspices? I am not being critical of that. I realize they are following the fashion. That is the system.

In the process, what happens? As the contribution becomes bigger and bigger

because the costs become greater and greater, the possibilities of corruption become all the greater, too. There are great countries in the world that have managed this election problem and have managed it well. The Senator from Arkansas made the argument that it might cost a little money to administer it. No one denies that. I hope it will not cost too much money. We spend $75 million a day in Vietnam. We are going to spend $25 million less than that every 4 years to make sure that the candidates have the proper exposure before the people of this country so that the people can understand the character, the personality, and the issues involved. If you do not believe in this popular participation, you should vote against it. You have your decision to make. I do not say that this is the perfect answer. No matter how earnest we are today, we will probably fall short of perfection.

But the question this afternoon is: Are we on the right road? If not, where will we turn? Where will all this end? Will the time ever come when we can contain these runaway election expenses? I know that the campaign expenditures bill was weighted principally on the question of the cost of the broadcast media, and I have been told that it cost in the neighborhood of a half million dollars to get a national hookup. Senator GOLDWATER probably knows more than I do about that, because he went through the experience. We find that our candidates for the presidency are actually humiliating themselves in many instances in begging for this money in making the rounds of cocktail parties, making and receiving approaches in private, and sometimes almost running the risk of compromising themselves when they are in tight straits. This is only because tremendous amounts of money are needed; certainly it is not because they mean in any way to jeopardize or to compromise their own principles.

After all, let us be realistic. The report is now that it cost almost $100 million for the last presidential campaign. That is as ridiculous as it is staggering. In the nature of things a great deal of that money is absolutely wasted. We are hopeful that the broadcasting industry at some point will make some time free, and I hope they will. That is why in the other bill we excuse them from section 315, under the Communications Act.

There is really nothing new in the issue before this body. We passed an equivalent bill 5 years ago. Then, because the objection was raised that the restrictions of supervision were not strong enough, we allowed that bill to expire. The objection was made at that time by Senator John Williams and Senator Albert Gore.

This was their position—"Well, we don't believe in the general fund." Many people on the other side properly argued on the cost, and there is just as much merit to that contention as there is to designating the party nominee. It is a meritorious argument. We went all through that. We were a little fearful that if you designated the party nominee, there might be instances of a third or a fourth party and that might be imprudent and damaging to the democratic system.

So when the Senator from Maryland advanced his amendment, I said to him that I was amenable to some modification that would take care of both ways of popular participation. We got our staffs together, and they worked all day and all night. Finally they came up with this compromise, and I think it is a good compromise.

I said from the beginning that there is no false pride of authorship here. I am not running for the Presidency of the United States. Thank God I can be here comfortably with my good colleagues for the next 5 years, if God grants me health, and that will round out 26 years in the Senate. I have no personal profit in this legislation. I was assigned this task because they thought I should be the manager of this bill on the floor—not merely to get it passed but to get it perfected.

The Senator from Maryland has come along with an idea that I am perfectly willing to adopt. There is no maneuvering; there is no strategy involved. It was evident to me that many Senators felt that the taxpayer ought to have the privilege of designating the recipient of his dollar—of saying that he wants his dollar to go to the Democratic nominee or the Republican nominee or the American Party nominee. Again, if he was not specifically interested in any of the three, he could say, "Let it go to the general fund."

After all, any candidate who comes under this cannot spend more than $20 million, according to the present population. The ceiling might rise as our population grows. But for the present it is 15 cents multiplied by the number of people over the age of 18, and that governs the maximum—$20 million for all purposes.

Once a candidate for the Presidency of the United States—he has to be a candidate; he has to be nominated at the convention—once he is nominated and accepts the nomination he is free to apply to this fund. He does not have to do so but if and when he makes his choice he cannot collect a nickel more than the law allows, and he cannot spend a nickel more than he is allowed. This brings it in the proper gage.

I am hopeful that when the House returns after the Thanksgiving vacation, they will pass the campaign expenditures bill. Then we will have a package that will make sense. It might be true—it can be argued—that Republicans this year, because they are the incumbents, can attract a better war chest than their rivals. That is one reason why I made the fund use elective for the candidate. Thus, Mr. Nixon does not have to be bound by it if he does not so choose. No one needs to be bound by it. But, after all, gentlemen, it is putting a little bit of sanity in the elective process. That is what we are trying to do. Here is a country that spends over $200 billion—billion—billion—for one reason or another every year. And all we are talking about here is $50 million every 4 years to make sure that the personalities and the issues are properly presented so that the people will be able to make a proper presidential choice. May all of us and the least of us have a part as we choose the best man to be the President and Commander in Chief of the United States. That is what this is all about. If you do not believe in it, you should vote against it. But if it makes any sense, then vote for it.

This is not pitched to solve a Democratic or a Republican crisis. It was not considered that way. It is true that the Democratic Party is broke. There seems to be no question about that. The Democratic Party still owes $9 million and at the moment they do not know where they are going to get the money to pay it off. But history repeats itself. Someday they will have the money to pay it off. There were times when the Republican Party was broke—deeply in debt—and they managed to pay it off in time. So will the Democrats. It would be a sad day for our Republic if you had a situation where there would be a lopsided campaign where all the publicity and all the fanfare will be on one side and hardly any on the other because they cannot afford it. No one really wants that.

If the people have confidence in your administration, and believe you me, if President Nixon does a good job, if he brings about prosperity and peace, that is all that he needs. He does not need $50 million in order to prove it. He can pick up a telephone anytime he wants to; he can call a news conference when he pleases. He could have one every week and get all the exposure he desires. The President of the United States, if he really wants to be on the front page of every newspaper every single day of the week can easily arrange that, because he is a President. And properly so—I do not find any fault with that. But we have to admit that if you are a candidate who starts from scratch you have a tough time—and the Senator from Arizona (Mr. GOLDWATER) knows that better than anyone else. I think it is a terribly humiliating process when the President has to hop from cocktail party to cocktail party, shaking hands with people, wondering if they have an angle, when the President could use his time to better advantage in the Oval Room thinking about his problems which are our problems. President Nixon, I think, is a sort of shy man, anyway; he is not a showoff in that sense.

Last week he and Pat could have escaped those fundraising dinners if the pressure was not on them. But all that is part of our political custom. The more expensive campaigning becomes, the more money you have to raise, the more beholden one becomes. Let us not fool ourselves. When a man makes a contribution of $500 to your campaign and knocks at the door of your office and tells your secretary, "I am Mr. X and I would like to see the Senator," you had better come out and see him, because the next time he will not be at that cocktail party. The whole process is demeaning to the Presidency. If, somehow, we could cut it out, I think for the good of the country that we should do it. If this method does cost $4 million to administer, after all, is it not a good investment? We can take all the Madison Avenue fanfare out of the campaign and make it something respectable and decent. If the President can know that he owes nothing to anyone and can appoint his am-

bassadors on the basis of the type of people who will best express the views of this country and not appoint ambassadors on the basis of contributions made to his campaign we will be better off. Both parties have been guilty. I am not indicating one or the other party in that regard but it has been the style, the fashion, and the custom of our system to do that.

The time has come when we should begin to do something about it.

I believe that as a first step this is the answer. As time goes on, perhaps we can improve upon it.

That is all I have to say. You either believe it or you do not believe it. That is the reason why I fought as hard as I did against some of these amendments, because I did not think they were getting to the core of the problem. The real core will appear in the vote at 5 o'clock this afternoon.

If I lose that, I shall not lose with a heavy heart. I have done the very best I could. If that is the will of the Senate, that we are too ahead of time on this matter, I shall go along with it. If you do approve my amendment, I am not going to run outside and throw my hat in the air. There is no big gain to be accomplished for us as individuals. I hope that we are doing this for America.

If you think the Pastore amendment is wrong then vote against it. But on the other hand, I say to my colleagues, vote for it if you think it is the right thing to do—and I think it is right—so help me I think it is right—otherwise I would not be in here. This does not mean that I am always right and you are always wrong. I would not have made this fight if I thought there was anything phony about this legislation, and I do not think there is.

Mr. HANSEN. Mr. President, I want to say, first of all, that there is no more able or more persuasively effective a Senator, espousing a bill such as has been championed today, than the distinguished Senator from Rhode Island (Mr. PASTORE).

Let me remind this Chamber, however, that we are not talking about giving anything ot any party; we are talking about the right to take tax dollars and to convert them to a political purpose. Let us remember that these are tax dollars, that the dollars we put into the payment of a bill for campaign expenditures will be taken away from programs such as social security, or whatever it may be and, second, while this may not be as some have characterized it, a compromise with evil, the best that can be said about it is that it is an accommodation with expediency.

I would remind my good friend from Maryland, too, that this is not the final action. There are two important steps that must be taken after the Senate works its will on this bill.

Mr. PASTORE. That is right.

Mr. HANSEN. It has got to go to the House. If there is not complete agreement between House and Senate, it must then go to a conference committee, and following that it has to go down to the White House to be signed or to be vetoed by the President.

Mr. PASTORE. Will the Senator permit me there to say—on my own time—that I quite agree with what his conviction is and I understand it, but I do not go along with it. You say we are taking this money that could be used for another purpose. Is it more important to build a battleship than getting a good President? After all, we are talking about the Presidency, the Commander in Chief, the man who will direct where that battleship goes. We spend $75 million a day, as I said before, in Vietnam. That does not do you any good and it does not do me any good. In the meantime, American lives are being lost in the process and that is being done and that comes out of the Treasury.

Why is it not better to take the money out of the Treasury to guarantee that we will have a President who will be obligated to no one, who can exercise his power and authority freely and unfettered? That is all. That is all this is about.

Mr. HANSEN. In response to the question by the Senator from Rhode Island, let me say, Mr. President, that if the Republicans stay in office through 1972, which I think is a fairly good certainty, they will have had control of the White House 12 out of the last 40 years. The Democrats will have been in control for 28 years, which is twice as much as the Republicans. I think the record will show that for those same 40 years it has been preponderantly Democratic in both House and Senate. The distinguished Senator from Rhode Island says that this temporarily poses a solution. I could not agree with him more. I think probably the temporary expediency will have ended when the $9 million deficit is paid off. So I say that on the basis of the way we have been operating the country, it seems difficult for me to find a reason to believe that the Democratic Party which has been most of the time in the past 40 years the majority party, can logically contend that this sort of measure is required to assure a good man in the Presidency.

Mr. PASTORE. All right. If that is the Senator's conviction, I respect it.

Now I want to say one thing. I am perfectly willing to yield time for questions. I knew what the Senator from Arkansas (Mr. MCCLELLAN) was going to say when he spoke a few minutes ago. I want everyone to be heard for or against.

Mr. STEVENS. I want to ask the Senator from Rhode Island a question. Does the Senator interpret this amendment to be broad enough to permit the IRS to do just what you stated, to have three boxes—one for the Democrats, one for the Republicans, and one box for "Other" and then have them write it in?

Mr. PASTORE. One line on there might explain it and they can write in the name of the party. In fact, they could designate none of the parties and it would be for the general fund. That is something that could be worked out.

The crux of the problem is not how to do it, but whether we want to do it.

Mr. STEVENS. Mr. President, I tried to raise a question as to a minor party. Does the Senator provide when dealing with the eight parties of Governor Wallace that no matter what party they pick out, that all of the money for those parties would go to Wallace, no matter what they wrote in?

Mr. PASTORE. To qualify for the money they have to have for a majority party at least 20 percent of the vote in the last election. The minority party would have to have received 5 percent of the votes for the last election. The other parties would only qualify under the general revenue. If no money is in the general fund, they get nothing.

On the other hand, let us assume that a party is only entitled to $6 million and the people contribute $15 million to his campaign. The difference between $6 million and $15 million goes in the Treasury.

That is the formula, 15 cents times the number of people over age 18. This is the maximum. That is stated only for the Republican and Democratic Parties. That comes to about $20.4 million. That is the maximum anyone could get. He could get less if the money is not there.

Mr. STEVENS. The Senator from Maryland stated that the amount that went into the general fund would be divided according to the formula on the basis specified generally.

Mr. PASTORE. Allow me to give an example. Let us assume that the Republican candidate got 18 million votes and the Democratic candidate got 16 million votes. If there is a general fund, they could dip into that general fund, whereby the Republican candidate could be brought from $18 million to $20 million. The minute that happens, the Democrat has only $2 million, the amount that could go to the American Party candidate. He could only get $2 million, and no more.

Mr. STEVENS. If the minor party candidate, such as Governor Wallace, meets the qualifications and gets 40 percent of those taxpayers who specify him, how much does he get out of the general fund?

Mr. PASTORE. What he would be entitled to, which would be the vote he got in the last election as against the average vote for the two major parties.

If the two major parties together got 50 million votes, the average would be 25. So if he got 5 million, it would be one-fifth of the $20 million, which would be $4 million.

Mr. STEVENS. I can say to the Senator from Rhode Island that I would support the amendment if it did what he said it would. However, I cannot support it without further explanation. As I understand, the amendment of the Senator from Maryland has said that if 40 percent specify for Governor Wallace, he would get 40 percent of the fund created by the amendment.

Mr. MATHIAS. Mr. President, if the Senator from Rhode Island would yield, that is the case with respect to the major parties. However, with respect to the minor parties, their maximum amount is limited by the track record of these minor parties related to the track record of the major parties in the preceding election. The minor party may calculate its percentage of votes either on the basis of the preceding presidential election or the present one.

As the Senator from Rhode Island has

explained, there is an effective limit on the amount which the minor parties would get. If a so-called minor party polled 40 percent of the vote in the preceding election, let us say, it would be treated as a major party and thus be accorded as its maximum 15 cents times the number of residents.

There is a third category which I think we might call new parties. They also have an opportunity to participate if the new parties are registered in 10 or more States. I would like to make it clear that the 10 or more States would include the District of Columbia, which is treated as a State where appropriate in the code which we are now amending.

Mr. GURNEY. Mr. President, will the Senator from Maryland yield?

Mr. MATHIAS. I yield.

Mr. GURNEY. Mr. President, we are just starting out with this fund for the next presidential year to provide this fund in the law. So we do not have any fund built up. Let us suppose that the people do not designate this to a great extent on their tax forms.

Mr. MATHIAS. That will certainly be their option, if they do not want to do it.

Mr. GURNEY. Suppose they do not do it for either the Democrats or Republicans, and let us assume for the purpose of argument that 2 million Democrats elect to ask the Treasury Department to fund this and 2 million Republicans do likewise. Under the Senator's amendment plus the Pastore amendment, would this mean that the general appropriation process of the Government would fund this?

Mr. MATHIAS. No, absolutely not.

Mr. GURNEY. What happens to the campaign itself? Will the major parties then raise their own money?

Mr. MATHIAS. The candidates would then have the option, to either disregard this funding program entirely or take advantage of what moneys were in the fund and raise the balance.

Mr. GURNEY. There will not be any next year.

Mr. MATHIAS. A major party could raise the balance up to the maximum of $20.4 million by private contributions, but not beyond. If a party opted to have no involvement whatsoever, it could go on as in the past. But no moneys would be drawn from the Treasury beyond those designated by the taxpayers.

Mr. GURNEY. In subsequent years, if a substantial amount is built up, transfers could be made from the general fund to the specific fund.

Mr. MATHIAS. From the general fund to the specific fund only in the ratio in which designations had been made.

Mr. GURNEY. I thank the Senator.

The PRESIDING OFFICER. Who yields time?

Mr. PASTORE. Mr. President, I am going to accept the amendment. But I think that in fairness I should not use any more time. There may be opposition to the amendment. I would like to see the distinguished minority leader take all the time I have remaining.

How much time do I have remaining?

The PRESIDING OFFICER. The Senator from Rhode Island has 3 minutes remaining. The Senator from Maryland has 10 minutes remaining.

Mr. SCOTT. Mr. President, I thank the Senator from Rhode Island. I yield 1 minute to the Senator from New Hampshire.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized for 1 minute.

Mr. COTTON. Mr. President, I thank the minority leader.

I give credit to both the Senator from Rhode Island and the Senator from Maryland for seeking compromise and entering upon this in a spirit of compromise. But this is a surrender of principle. To give this simply makes an extremely dangerous proposition look extremely attractive. It is a foot-in-the-door approach.

I cannot vote for any measure that puts the U.S. Government in the business of collecting money for campaigns. Therefore, I must vote against the amendment. I think it is right that we meet this issue head on at 5 o'clock under the original proposition.

Mr. COOK. Mr. President, will the Senator yield?

Mr. SCOTT. Mr. President, I yield 1 minute to the Senator from Kentucky.

Mr. COOK. Mr. President, is this not really saying that we took the moneys out of the Federal tax dollars in the Treasury and are, in effect, appropriating and utilizing the appropriation system of the Government used for their tax resources?

Mr. COTTON. The Senator from Kentucky is absolutely correct. Not only are they using tax dollars which should go to the Treasury, but they are also using Government machinery to collect it and disburse it, which is the same under the proposed amendment as under the original—not quite as much, but it is still a Government operation in the area of political parties.

Mr. SCOTT. Mr. President, this side of the aisle, up to now, has been virginal and we are about to become a little pregnant, and I do not like it. I have to vote against this amendment. The whole idea is not to get your hand in the till at all. I am going to vote against the amendment, and if the bill contains the Pastore amendment, I will vote against the bill. Later, I will have more to say on this subject.

I heard the Senator from Rhode Island deplore the acceptance of money from large contributors. I wonder how he will raise the deficit without accepting money from some of those large contributors.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MATHIAS. Mr. President, I am glad to yield 2 minutes to the Senator from Pennsylvania.

Mr. SCOTT. I yield to the Senator from Kansas first.

Mr. DOLE. Mr. President, the Senator mentioned large contributors. The Senator from Nevada mentioned large contributors to the Republican Party. At that time I said this bill does not go to the heart of the matter and does not involve primaries. For example, a former member of this body, Senator McCarthy, was in a primary in 1968. He received $210,000 from Stewart Mott, $100,000 from Mr. and Mrs. Jack Dreyfus, $100,000 from Ellsworth Carrington, $100,000 from Mr. and Mrs. Martin Peretz, and $100,000 from Alan Miller. This was in a primary. It indicates this bill does not solve the problem of the "fat cats." It is really a "fat cat" bill, even as "pasteurized," and the Pastore amendment has become a "fat cat" amendment because it would free all these people to accept money for the primary.

Mr. GURNEY. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. CRANSTON. Mr. President, this fine amendment, and the Pastore amendment it will strengthen, constitute one of the most fundamental reforms of American politics and Government in modern times.

And they open the way to even more significant reforms.

These reforms will affect—constructively—the handling of all issues, yes, each and all of them through the processes of our democracy.

When Abraham Lincoln ran for Congress in 1846, his supporters contributed $200. He won and gave back $199.25.

When I first ran for the Senate in 1964, my campaign cost more than a $1 million. I wound up with a deficit of more than $300,000.

Long before then, and more ardently since, I have advocated reform of campaign financing.

I ask unanimous consent to include at the end of these remarks an article I wrote for Fortune magazine in November 1964, describing my experience, and the general problem, and proposing some solutions.

I am delighted that we are now moving in these directions, and I pay tribute in particular, with profound admiration, for the leadership Senator PASTORE and Senator LONG have provided in this vitally important struggle.

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

[From Fortune magazine, November 1964]

A MILLION-DOLLAR LOSER LOOKS AT CAMPAIGNING

(By Alan Cranston)

(NOTE.—Twice elected controller of the state of California, Alan Cranston, fifty, built carefully toward the Democratic nomination for U.S. Senator this year—only to lose it by 139,769 votes before the last-minute invasion of Pierre Salinger, President Kennedy's White House press secretary. His current term as controller runs until 1966 and he has by no means forsworn future campaigning. A Stanford University graduate ('36), Cranston worked for seven years as a foreign correspondent and in the Office of War Information in World War II. Since then he has prospered in real estate and property management.)

When Abraham Lincoln ran for Congress in 1846, his supporters raised $200 for his campaign.

He won—and gave back $199.25, saying, "I did not need the money. I made the canvas on my own horse; my entertainment, being at the houses of friends, cost me nothing; and my only outlay was 75 cents for a barrel of cider, which some farmhands insisted I should treat to."

I ran in the United States Senate primary this year in California, and my supporters

spent approximately $1 million on my candidacy.

I lost—and wound up with a $332,000 deficit, which is now being met with the help of many who supported me.

The vast sums now poured into campaigns for public office in the U.S. pose deep and fundamental questions about the functioning of our democracy.

How much does money determine the nature and the outcome of the choice presented to the voters on election day?

How much does money influence the actions of the winner after he takes office?

Is the role money plays in American politics adequately understood? Are reforms needed?

At least $100 million will be spent annually on campaigns in the years immediately ahead, and twice that sum every four years when there are presidential elections. That is the estimate made by Alexander Herald in his monumental book on campaign finance, *The Costs of Democracy*.

My own experiences in three campaigns can perhaps point to some answers to the questions these sums provoke. They also can help focus attention on the problem.

Little of the money spent in my Senate race was my own. Few but Kennedys and Rockefellers can dip into personal fortunes to ensure that the funds deemed necessary for a campaign are available when needed.

The expenditures reported by my campaign committees totaled $823,307, and that accurately represents the amount spent under direct control of my campaign. But I estimate that individuals and groups spent enough more on my behalf—in projects helpful both to me and to congressional and legislative candidates teamed up with me in one way or another—to approximate a total expenditure of $1 million. For example, a mailing sent to most of California's four million plus registered Democrats by the volunteer California Democratic Council on behalf of its endorsed candidates—including me—cost $100,000. This expense was not incurred by my campaign, and hence was not reported by it. Under present laws, the council was not required to report the expenditure either, and didn't.

The expenses reported for the man who beat me in the Democratic primary and now sits in the Senate—former White House Press Secretary Pierre Salinger—were considerably less than mine: $481,000. But a mailing that helped him, and other indirect expenditures and activities on his behalf, probably lifted the total cost of the primary campaign waged for him close to the $1-million mark, too. The fact is that present laws simply do not require, and do not cause, a full disclosure of all that is really spent in a campaign. But with twelve men running in the Democratic primary the direct and indirect expenditures involved must have lifted the total cost of selecting one party's nominee to something more than $2 million.

This seems to me to be much too much money. Yet in an intensively competitive situation to spend much less than Salinger and I each did to reach the voters in a state like California would be to face almost certain defeat.

IMAGE TROUBLE

To raise the necessary funds, a candidate must start with significant support within his party, or from the public—and preferably both. To do so he must, among other attributes, possess a name that will be readily recognized by at least some of the voters.

A very great deal of campaign money is spent to make the candidate's name ever more widely known. Most political experts believe that something they call "name recognition" is the decisive factor in a great many elections. A significant number of voters apparently place their X beside the first name they recognize on the ballot.

I have been distressed by the fact that a great part of the money spent in my own and most other campaigns is spent not to communicate the candidate's ideas and convictions, not to create an impression of what the candidate really is, but to create an image of what his managers think the voters would like him to be. The candidate is alienated from himself, in a political application of the fundamental affliction of modern man described by Erich Fromm. He is transformed into a commodity, in the way best calculated to bring him the maximum profit (votes) obtainable under existing market (campaign) conditions.

Probably the limitations of the available media more or less make it mandatory that this should be the nature of a campaign. Personal appearances, speeches, handshaking—these reach only a small portion of the voters in a race with a constituency running into millions. Even Estes Kefauver shook hands with a few thousand voters for the actual purposes of seeming to shake hands with almost everybody.

Billboards play a key part in major campaigns in California; we spent $95,957 on outdoor advertising in my Senate race. The trouble with billboards is that you really can't say anything of substance on them. They always feature the name and often a picture of the candidate and sometimes they bear a slogan. But if you put more than seven or eight words on a billboard, they become a mere blur to motoring voters passing at sixty or seventy miles an hour. Anyone who tries to read your billboard carefully will crack up in the process—and won't vote anyway. You can express a campaign theme by splashing a word like "integrity" or "experience" on a billboard—but you can't debate an issue.

Television, now generally deemed to be the major medium for effective campaigning, presents the same difficulties. A long program featuring the candidate, competing as it must with the entertainment to be seen on other channels, is believed to hold the attention for the most part only of those voters already convinced. Salinger and I engaged in an hour-long TV debate—but I suspect the audience was composed largely of our respective partisans.

To catch the attention of the vast TV audience that is seeking entertainment, I was driven in my campaign, and Salinger was driven in his, to the brief spot announcements inserted between big shows. My campaign spent $250,000, more than 25 percent of our budget, on TV and radio (which presents all the same problems). Almost all of it was for spot commercials and the costs were fantastic. To show a ten-second spot one time on a top Los Angeles station at prime time cost $800 (and potentially could be seen by 74 percent of California's voters). If it was shown again the next night, another $800 was required.

The great virtue of a ten-second spot is that it goes so fast that the person who has been watching Ed Sullivan and now wants to see *Bonanza* can't switch channels before you've had your say. But you can't say much. First of all, you don't really have ten seconds. There must be a second of silence at the beginning and another at the end, so that your spot doesn't blur with what precedes and what follows it. The silence is deducted from your ten seconds—but you pay for it.

You aren't left with a net of eight seconds—because more time must be consumed in complying with the requirement that the spot be clearly labeled as a "paid political announcement." All in all, you are allowed about six seconds to set forth your qualifications, your background, and why you would do better in office than your opponent. As in billboards, you are reduced to name, face, and "integrity" or "experience." If you want to assert a claim to both "integrity" *and* "experience," you had better invest in a twenty-second spot—but then the viewer will have more time to tune you out.

Press advertising presents a somewhat better opportunity to come to grips with an issue or two. The limitations aren't so severe. But, insist your advertising experts, the more words, the less readership.

Statements and actions by the candidate or his supporters that make the newspaper and TV and radio newscasts provide the best means of transmitting your actual thoughts to the voters—and (usually) there is no charge for the time and space. But here again a fundamental problem arises. The more controversial the word or deed, the more time and space it will receive—and, most campaign managers will assert, the more controversial it is, the more votes it will lose. We invested $204,029 in mailings and literature in my campaign. The 5-cent stamp is bank breaking, but if you don't go first class your literature is all too apt to land unopened in the wastebasket. Mailings allow you to choose your audience and therefore allow you a bit more latitude on issues. You can express your views on a delicate issue to those you expect to approve your stand. But, again, brevity is the rule.

All in all, most of what we spent in my primary was spent in ways that allowed me a minimum of opportunity to grapple with vital issues. To me, this makes the high cost of campaigning doubly disturbing. And under these circumstances the difficulties involved in raising the money are even more distressing.

RAISING THE MONEY

There are many citizens who give large sums to a campaign simply for the sake of good government. They are motivated by faith in the candidate and his principles or in the party whose banners he carries.

But those who give for these reasons are, I fear, quite outnumbered by those who contribute for other reasons—ranging from those who are willing to give only in return for a candidate's promise to vote or perform in public office in a certain way, to those who merely expect "access."

The political definition of "access" covers a broad spectrum. To some contributors it means simply being able to drop into his office whenever they wish, perhaps with friends, for an informal visit. Others want to be able to present their side to the officeholder before he acts on a matter of interest to them. This is the least a contributor interested in something more than the general welfare expects in return for a contribution—and it should be the most.

Job seekers and job holders were the principal sources of campaign funds in the last century, but the advent of civil service has greatly reduced the significance of this source. A large percentage of appointees to diplomatic posts under both Democratic and Republican Presidents are still found on lists of contributors, however, and so are many other people employed in government—both civil and non-civil servants. As state controller, I make a number of appointments, and contributions to my campaign by my appointees was one of the issues in my race with Salinger. Neither of us believes that it was a decisive issue.

A moral question will arise in the minds of many candidates every time a large contribution is proffered: "If I accept it, how obligated will I be?"

One hard-bitten answer often voiced among professional politicians in Sacramento, our state capital, runs like this, "If you can't take the lobbyists' money, eat their food, drink their booze, and vote against them—you don't belong here."

I know candidates and officeholders who refuse to accept a contribution even though no request accompanies the offered money, if

they know in their own hearts they will vote against the wishes of the would-be contributor when the time comes. But it is obvious to any observer of the political scene that there are other candidates and officeholders who become captives of their contributors, and render full and faithful service to one special interest or another.

"Even if all contributions were unselfish and made solely for the general good," remarked a Los Angeles political leader, John Anson Ford, "the arrangement is undemocratic and inevitably gives the candidate a sense of obligation to his benefactors that differs from his sense of duty to all other contributors."

DECLINE THE CASH

Many contributors, incidentally, like to hand their contribution directly to the candidate—so that he will be fully aware of their support. A careful candidate will usually accept checks, but he will decline cash unless witnesses are present when the contribution is made—to avoid any danger of subsequent charges that he pocketed the contribution for his personal use. Most contributions are gathered by members of the candidate's finance committee, and often the candidate doesn't hear about them until the money has been received and spent. The contributor may seek to negotiate an understanding regarding a quid pro quo with the campaign representative who receives the contribution. In my three campaigns—two winning ones for controller and the losing one for the Senate—I have warned my fund raisers that I will not stand by any commitment made by them in return for a contribution, and I have sought to make it as widely known as possible that this was my position.

There are various federal and state laws seeking to control who can contribute, and the size of contributions. Congress outlawed contributions to campaigns for federal offices by corporations in 1907 and by labor unions in 1943. There are no restrictions on corporations officers making contributions from salaries and bonuses, however, and unions can raise funds for contributions through voluntary drives. The Hatch Act ostensibly limits to $5,000 the amount an individual can contribute to any candidate or committee in a race for federal office. There is no law limiting the size of contributions in a state race in California, but in my two campaigns for controller I arbitrarily set a ceiling at the level set for federal contests in the Hatch Act.

The fact is, however, that ceilings on contributions rarely work effectively and are not the whole answer. So long as contributions of any significant size are permitted, it seems almost impossible to prevent contributors from finding perfectly legal means of pumping all the money they want into campaigns.

At present contributions can be made with little if any public knowledge about them. Full publicity on contributions would tend to lessen the amount one contributor would want to give, and the amount a candidate would want to receive, from one source. It is felt, however, in France, Sweden, and elsewhere that it is a violation of one's civil liberties to divulge anything at all about a citizen's campaign contributions—that you might as well watch a man marking his ballot as require a revelation of his campaign giving. Most nations, according to Alexander Heard, do not seek disclosure of political finances, and I know quite a few Americans who feel that there should be no public knowledge here of private contributions. One who feels otherwise commented to me, "The opportunity to make big contributions is a civil liberty possessed by a relatively small percent of the population."

PERIL IN LONELY STEPS

Some candidates will establish their own code of contribution ethics and some will not, and all too often the candidate who does will place himself in a position of disadvantage of competing with a candidate who does not. There are quite a few steps which I think all candidates should take, but which, frankly, I am not eager to take all by myself. I believe, for example, that a full disclosure of the precise amount received from each contributor should be released periodically during and after a campaign, but neither California nor federal law requires this. If I did and my opponents didn't, I would be voluntarily handing them a strategic advantage.

After each of my three campaigns I proceeded, in accordance with law, to file a report listing all contributors and the total amount received. But no listing of the individual amounts given by each contributor was required by law, and therefore they were not itemized. The man who gave only a dollar was lumped with the man who gave $1,000. Hence the reports revealed little concerning my financial backers. Each of my opponents has followed the same general practice.

Too many decisions regarding campaign financing are left to the desires of contributors and to the discretion of candidates.

The public should play a far greater part in the making of these decisions. For it is obvious that money all too often plays far too great a part in determining who can become a party nominee, who can win a general election, and how the winner will perform in public office.

Today campaign money comes from a very small portion of the American public. Less than 5 percent of the people make political contributions. It is estimated by one authority on government that 90 percent of campaign funds are contributed by about 1 percent of the people.

THE PRICELESS SMALL CONTRIBUTION

Far-reaching reforms are necessary to restrict the role of money in politics, in my opinion. I have no fixed views as to the wisest solution, and hence I suggest two quite different approaches. They may seem contradictory since one would eliminate present limits on contributions, while the other would impose far stricter limits than presently exist. But a move in one direction or the other would, I think, do much to improve the situation.

Approach No. 1 would be to remove all limitations and ceilings on contributions—but to do everything practical to ensure the fullest possible disclosure of all contributions given and received, both during and after campaigns.

Effective implementation of this approach—which would, I think, place voluntary restraints on too lavish giving—would involve many steps, including the following:

1. A requirement that the original source of gifts given to a second party (or even a third party) for purposes of transmitting a campaign contribution be reported.

2. A requirement that all committees engaged in campaign activities report their receipts and expenditures.

3. The establishment of a procedure requiring full auditing of campaign-finance reports (a suggestion made by former President Herbert Hoover).

4. Barring from office of anyone convicted of violating campaign-finance laws.

Many other steps, while not necessary to implement this approach, would be nonetheless helpful—such as requiring annual personal financial statements by holders of major elective offices. (President Johnson, Senators Humphrey and Goldwater, and Congressman Miller voluntarily issued personal financial statements this fall, and a few members of the House and Senate have commenced doing so annually.)

Approach No. 2 would be to impose severe and exceedingly low limits and ceilings on contributions—but to provide funds for legitimate candidates of legitimate parties from public sources.

Variations of this system of government subsidies of campaigns, whereby every citizen shares in the fundamental cost of democracy, are presently followed in a few other nations. This approach was first prominently urged in this country by Theodore Roosevelt, and more recently by Harry Truman.

The objective would be to limit a candidate, under conditions of strict accountability, to a bare minimum of personal expenditures from his own resources or from funds received from others—perhaps allowing not more than $500 or $1,000 to be expended from private sources. The government would provide equal sums to all candidates for campaign expenses needed to reach the voters—thereby providing each candidate with equal access to the voters through mass media and otherwise.

But there are obvious and real dangers in this approach. How would a new political party get started? How would an independent candidate acquire status? What safeguards would prevent serious abuse by the party in power? Maybe these matters can be worked out but it will take far more study and more thought than have so far been given to the subject.

Perhaps a combination of what I have called Approach No. 1 and No. 2 might provide a more easily attainable solution to the problems posed by the use of money in politics. An acceptable compromise might be to allow wholly unrestricted contributions, but to require them to be fully disclosed—and to supplement them with funds from government sources. This procedure would reduce the dependency of candidates upon purely private sources or purely government sources.

BUSINESS LEADERS CAN HELP

I recognize that sweeping reforms will not easily be achieved. There is one significant step, however, that any citizen can take now, without waiting for sweeping changes in the law, and it is one that America's business leaders can help foster.

The step is a simple one. It is for each citizen to make a small contribution to the candidate or party of his choice, and to do everything conceivable to encourage the giving of as many small political contributions from as many other citizens as possible. A Gallup poll showed a few years ago that 35 percent of Americans would be glad to give contributions of $5 in each election. Every citizen who actually does so will contribute not only to the prospect of victory for his favorite candidate or party, but to the well-being of our form of government.

A Californian, Dan Kimball, chairman of Aerojet-General Corp. and former Secretary of the Navy, has pioneered a program in his company designed to encourage this sort of contributing. Volunteer solicitors form Democratic and Republican committees and pick up contributions from approximately 75 percent of the corporation's employees—divided about equally between the two parties.

Other companies, encouraged by the U.S. Chamber of Commerce, have developed similar programs. Both the Democratic and Republican parties have attempted national neighborhood drives to broaden the base of campaign support through solicitation of small contributions—with only moderate success. More help is needed to make such drives work.

If each community in America would launch an annual drive for political contributions, with the backing presently given to charitable, educational, and religious causes, much could be achieved.

Contributions of this sort, coming into campaigns with absolutely no strings attached, constitute what is known in political parlance as "free money."

A growing stream of "free money" available to Americans seeking public office could only serve to strengthen our free institutions.

Mr. MATHIAS. Mr. President, I yield to the Senator from New York.

Mr. BUCKLEY. Mr. President, I wish to ask one or two questions.

As I understand it, if 50 million taxpayers designate the Republican Party the limit nevertheless would be $20.4 million.

Mr. MATHIAS. For the forthcoming election, based on the amendment in the bill, yes.

Mr. BUCKLEY. I also understand if 50 million people designated Governor Wallace, $6 million still would be the amount he would be entitled to.

Mr. MATHIAS. That would depend upon the number of votes he received in the prior or current presidential election. As stated before, if he received 25 percent or more of the votes, he would be considered a major party and thus would be entitled up to $20.4 million. If he received less than the 25 percent in either of the two elections, you calculate his maximum amount allowable by dividing the average percentage of the major parties into that percentage received by the minor party and multiplying this by this maximum amount of 20.4 million.

Mr. BUCKLEY. Let us assume the Republican Party has a designation of 25 million taxpayers, the Democratic Party 15 million taxpayers, and in the undesignated party, there are 10 million. How will the undesignated portion be utilized?

Mr. MATHIAS. When one party hits the finish line all players stop in place. No further money would be drawn after one party reaches the maximum.

Mr. BUCKLEY. In effect, the Mathias amendment gives a certain amount of choice to the individual designating taxpayer, but it is limited in accordance with what we describe.

Mr. MATHIAS. The Senator is correct. There are certain ground rules laid down so that the choice is there but the rules of the game are clearly spelled out.

Mr. BUCKLEY. I would like to suggest that what this amendment to the amendment would accomplish is more cosmetic than anything else. It gives some flexibility but the fact is tax money is being diverted from normal uses for political purposes, and it is not a question of a taxpayer using his own money. Let us assume that I and others do not check.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MATHIAS. I yield 30 seconds to the Senator from New York.

Mr. BUCKLEY. The fact that necessary Government projects will not be paid for by tax revenues is increasing my tax burden, so, therefore, while this cures the basic defect, it helps but enough to warrant voting for the bill.

Mr. CASE. Mr. President, will the Senator yield?

Mr. MATHIAS. I yield 1 minute.

Mr. CASE. I have a couple of questions.

Does not the Senator's amendment make the checkoff the same in principle as the first part, in effect, a credit against tax?

Mr. MATHIAS. The net effect to the Treasury is exactly as title IX.

Mr. CASE. If a person pays a tax of $1 or more, he can indicate $1 go to the party of his choice. Is that it?

Mr. MATHIAS. That is correct. I think it is an excellent point because title IX has been very broadly embraced and supported.

Mr. CASE. Is it not identical with the exception of circumstances I will mention? Is it not identical to the situation in which the man himself sends a check for $1 to his party and deducts it under the first part of the amendment?

Mr. MATHIAS. That is correct.

Mr. CASE. All that is being done is the use of Government machinery for the collection and transmission, pursuant to specific directions of the taxpayer, and each individual taxpayer giving his own dollar.

Mr. STEVENS. Mr. President, will the Senator yield?

Mr. MATHIAS. I yield.

Mr. STEVENS. Is there any way under the amendment a party's candidate could be eligible for more money than he would have been under section 1004 (a) and (b) of the bill?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MATHIAS. I yield myself the remainder of our time.

Mr. STEVENS. Is there any way under the Senator's amendment a candidate of any party could be eligible for more money than he would have been eligible for under section 1004 (a) or (b) of the original Pastore amendment?

Mr. MATHIAS. No, there is not. The answer is no. The limit is the same—$20.4 million for major parties. And the same formula as in the Pastore amendment is retained to arrive at the maximum a minor party can receive. It is the same formula throughout.

Mr. STEVENS. I understand he could not get more.

Mr. MATHIAS. That is correct.

I would say it could only get more for minor parties if succeeding elections build up a larger base of support. The American people would be the judge of that.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. MATHIAS. I yield.

Mr. COOPER. The original amendment provided for the Democratic Party and the Republican Party, and the party of Governor Wallace, would this amendment provide funds for any other parties, for example, a fourth party?

Mr. MATHIAS. If a new party such as that headed by former Senator McCarthy would be qualified to be on the ballot in 10 States, including the District of Columbia, it would then be entitled to some participation in this fund.

But let me point out that it is the candidate of the party and not the party itself.

Mr. COOPER. Would every candidate to whom a taxpayer contributed actually receive the contribution or would only certain candidates receive funds?

Mr. MATHIAS. No. The candidates of the party designated by the taxpayer—as long as the party is qualified in 10 or more States, or in the case of established parties, if they got more than 5 percent of the vote in the last election.

Mr. COOPER. I do not wish to take more of the Senator's time.

Mr. MATHIAS. I understand the Senator's position. I think it is well taken.

We have tried to construct this amendment so as not to stifle new political initiative and so as not to maintain the stereotype of political parties. For instance, the Whigs flourished and then passed on. There is no way to say that existing parties might not some day pass on. We cannot create monuments to their preservation and we do not intend to do that. I am impressed with what the Senator from New Hampshire said earlier. As a matter of principle he feels he cannot support this amendment because it deals with the subject matter to which he is totally opposed. I can only say to the Senator that all of us might feel that way but the handwriting on the wall is clear and we had better make this bill as good as it can be. This is not a compromise with evil. This is facing the facts, and there is no use trying to get on after the train has left the station. I hope the amendment will be supported.

The PRESIDING OFFICER. All time on the amendment has expired. The question is on agreeing to the amendment of the Senator from Maryland. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. GRIFFIN. I announce that the Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The result was announced—yeas 72, nays 27, as follows:

[No. 380 Leg.]

YEAS—72

Aiken	Harris	Muskie
Allen	Hart	Nelson
Allott	Hartke	Packwood
Anderson	Hollings	Pastore
Bayh	Hruska	Pearson
Bentsen	Hughes	Pell
Bible	Humphrey	Percy
Boggs	Inouye	Proxmire
Brock	Jackson	Randolph
Burdick	Javits	Ribicoff
Byrd, Va.	Jordan, N.C.	Roth
Byrd, W. Va.	Kennedy	Saxbe
Cannon	Long	Smith
Case	Magnuson	Sparkman
Chiles	Mansfield	Spong
Church	Mathias	Stafford
Cranston	McGee	Stevens
Dominick	McGovern	Stevenson
Eagleton	McIntyre	Symington
Ellender	Metcalf	Taft
Ervin	Miller	Talmadge
Fulbright	Mondale	Tunney
Gambrell	Montoya	Williams
Gravel	Moss	Young

NAYS—27

Baker	Curtis	Hatfield
Beall	Dole	Jordan, Idaho
Bellmon	Eastland	McClellan
Bennett	Fannin	Schweiker
Brooke	Fong	Scott
Buckley	Goldwater	Stennis
Cook	Griffin	Thurmond
Cooper	Gurney	Tower
Cotton	Hansen	Weicker

NOT VOTING—1

Mundt

So Mr. MATHIAS' amendment was agreed to.

Mr. MATHIAS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PASTORE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

Mr. SCOTT. Does the Senator from Iowa have an amendment?

Mr. MILLER. Yes.

Mr. SCOTT. We have only 15 minutes. Can the Senator tell us how long he wants to take? There is a point of order pending.

Mr. MILLER. This might take 3 or 4 minutes, depending on our colleague from Rhode Island.

Mr. SCOTT. Very well.

AMENDMENT NO. 739

Mr. MILLER. Mr. President, I call up my amendment No. 739, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. MILLER. 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 26, line 4, insert "individual or" after the word "any".

On page 26, line 18, after the word "violation", insert the following: "and any other individual who knowingly and willfully violates paragraph (1)".

Mr. MILLER. Mr. President, if I may have the attention of the Senate, and particulary of the Senator from Rhode Island, I can explain this amendment very briefly.

If Senators will refer to page 26 of the Pastore amendment, they will find what I think is a loophole in the amendment. I do not believe that the loophole was intended, and do not think it should remain there.

There is a penalty provided, in subparagraph (f)(1), in the case of any political committee which undertakes knowingly and willfully to incur expenditures to further the election of a President or Vice President; and the reason it is made a penalty is because that presidential or vice presidential candidate is supposed to obtain his financing out of this campaign fund we have been voting on.

The Senator from Rhode Island, in an earlier colloquy, stated that that presidential or vice presidential candidate is going to have to make up his mind; if he wants to get his financing out of the fund, then he cannot get a nickel anywhere else, and to that I subscribe. But the loophole is that we do not cover individuals, and so without my amendment, which provides that this language be changed to read "It shall be unlawful for any individual or political committee" to do this, you could have an individual throwing his $100,000 into a campaign kitty for President or Vice President, and we have no penalty to cover it and no prohibition against it.

So I would hope, in view of that, that the Senator from Rhode Island would recognize that we do have a loophole which I am trying to plug here.

Mr. PASTORE. Mr. President, if the Senator will yield, I do not recognize the fact that we have a loophole, and I do not subscribe completely to the argument made, but I will say this: The Senator's suggestion is a refinement, and it is acceptable.

Mr. MILLER. I thank my colleague from Rhode Island.

Mr. President, I yield back the remainder of my time, and I move the adoption of my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa (Mr. MILLER).

The amendment was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SCOTT. Mr. President, I yield first to the Senator from Kansas, who I believe has a point of order to make, such time as he may require.

Would the Senator from Kansas permit me to yield to the Senator from Kentucky first for 2 minutes, and then to the Senator from Kansas?

Mr. DOLE. Yes.

Mr. COOK. I thank the Senator.

I should like the attention of the Senator from Rhode Island. Now that the Senator from Iowa has solved the problem, I have an amendment at the desk that I would like the Senator from Rhode Island to listen to. I call up the amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 26, line 13, put a period after expenses, and strike the remainder of line 13 and line 14.

Mr. COOK. What I am asking to be stricken are the words "in an aggregate amount exceeding $1,000."

The Senator realizes that what could be done is to have a situation where there could be a multitude of $1,000 units all over the place. It seems to me that with the refinement that was made by the Senator from Iowa, this really refines this section to the extent that I think this is another loophole that would be filled, and I think it would make it much better and a much better refinement.

Mr. PASTORE. I say to my good friend, the Senator from Kentucky, that this indeed bothered me a little. The only reason why I accepted it in the bill as originally drafted when I offered the amendment was the fact that this was what was contained in the previous bill passed by the Senate 5 years ago. I think this is a further refinement, and I am willing to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment. Do the Senators from Kentucky and Rhode Island yield back their time?

Mr. COOK. Yes.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. MAGNUSON. I want to ask the Senator from Rhode Island a question that has been bothering me throughout this debate. This may not be a loophole. Suppose a group of people wanted to get together and support Mr. A for President, and they are going to devote their time to go out and do what they can for him. They may hire a hall for a mass meeting. Would that be in violation?

Mr. PASTORE. Does the Senator mean if they acted on their own?

Mr. MAGNUSON. They would get together. I suppose it would be difficult to act on their own. Perhaps they would have a meeting place where they rent a hall, and they would spread out on election day to go to the polls to support Mr. A. There would be no money raised except their own expenses, which would amount to nothing, comparatively.

Mr. PASTORE. That raises a very sensitive area. We struggled with that on the campaign expenditures limitations. The Senator is talking about individuals who, absolutely independent of the candidate, on their own, made some effort?

Mr. MAGNUSON. Yes.

Mr. COOK. Mr. President, will the Senator yield so that we can get my amendment agreed to? I ask for the adoption of the amendment.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. MAGNUSON. May I get an answer? I think many people are concerned about it.

Mr. SCOTT. Mr. President, I hope we can get a quick answer, because I have a motion to make, and I do not want to be denied the opportunity of yielding so that the motion can be made before 5 o'clock.

Mr. PASTORE. To answer the Senator, we do nothing to impinge upon freedom of speech and freedom of activity. So long as the candidate knows nothing about it and there is no subterfuge about it, the people are entitled to act as they will.

The PRESIDING OFFICER. The time on this amendment runs until 5 o'clock, unless it is yielded back.

Mr. SCOTT. Mr. President—

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. PASTORE. I yield. I have the time on this amendment. The Senator brought up the amendment. He was allowed to do so.

Mr. LONG. Mr. President, I would hope this amendment would not be agreed to, because I am ready to believe that there is going to be a constitutional challenge here. When you get it down to where nobody can do anything, even on an individual basis, and he is not permitted to do anything at all, that might raise a constitutional issue of freedom of speech. We have felt that a reasonable limitation on what someone could do could be something that costs us a thousand dollars. But when you get it down to where they can do nothing, cannot even put a sign up in their front yard saying, "I am for Candidate John Smith"—it is a customary thing in my hometown, where they put up signs in their front yards.

Mr. PASTORE. The Senator does not mind the word "individual." He is opposed to the limitation.

Mr. LONG. I am talking about getting it down to where you cannot do anything. Now it is said that he cannot do any-

thing. It may very well invite a constitutional attack on the bill.

The PRESIDING OFFICER. Who yields time?

Mr. COOK. Mr. President, is my amendment still the pending business?

The PRESIDING OFFICER. The Senator from Kentucky has 3 minutes remaining.

Mr. COOK. I ask for the adoption of my amendment and yield back the remainder of my time.

Mr. SCOTT. Before the Senator yields back the remainder of his time, Mr. President, I have a parliamentary inquiry. Would I then be recognized for the remaining 3 minutes if I am now seeking recognition?

The PRESIDING OFFICER. If 3 minutes are available.

Mr. MANSFIELD. Of course he would, if he gets the floor and the Chair recognizes him.

Mr. SCOTT. I am seeking recognition.

The PRESIDING OFFICER. The question is on agreeing to the amendment. Is all time yielded back?

Mr. PASTORE. I yield back the remainder of my time.

Mr. COOK. I yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back. The question is on agreeing to the amendment of the Senator from Kentucky.

Mr. LONG. I ask for the yeas and nays, Mr. President.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kentucky. 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. GRIFFIN. I announce that the Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The result was announced—yeas 40, nays 59, as follows:

[No. 381 Leg.]

YEAS—40

Allott	Dole	Percy
Baker	Dominick	Roth
Beall	Fannin	Saxbe
Bellmon	Goldwater	Schweiker
Bennett	Griffin	Scott
Boggs	Gurney	Smith
Brock	Hansen	Stevens
Brooke	Hruska	Taft
Buckley	Javits	Thurmond
Case	Jordan, Idaho	Tower
Cook	Mathias	Weicker
Cooper	Miller	Young
Cotton	Packwood	
Curtis	Pearson	

NAYS—59

Aiken	Gravel	Mondale
Allen	Harris	Montoya
Anderson	Hart	Moss
Bayh	Hartke	Muskie
Bentsen	Hatfield	Nelson
Bible	Hollings	Pastore
Burdick	Hughes	Pell
Byrd, Va.	Humphrey	Proxmire
Byrd, W. Va.	Inouye	Randolph
Cannon	Jackson	Ribicoff
Chiles	Jordan, N.C.	Sparkman
Church	Kennedy	Spong
Cranston	Long	Stafford
Eagleton	Magnuson	Stennis
Eastland	Mansfield	Stevenson
Ellender	McClellan	Symington
Ervin	McGee	Talmadge
Fong	McGovern	Tunney
Fulbright	McIntyre	Williams
Gambrell	Metcalf	

NOT VOTING—1

Mundt

So Mr. COOK's amendment was rejected.

Mr. PASTORE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr BYRD of West Virginia. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BENNETT. Mr. President, I find it necessary to vote against the Pastore amendment to H.R. 10947. The reasons for opposing this legislation are many and I shall not take the time to list each one in detail. I would, however, like to list some of the factors which cause me to oppose it and at the end of my remarks to list some editorial opinion from one of the leading newspapers in my State regarding this amendment.

I question whether the Federal Treasury and the U.S. taxpayer should be called upon to bail out the Democratic Party from its present financial problems. It is in debt from the last election and it faces 1972 with financial problems. Every presidential election in the history of America has been waged in the free market of campaign contributions and, while I remain committed to reform in this area, I am opposed to an amendment which, because of its timing, boils down to a special interest amendment benefiting in the final analysis only one of the major political parties. I do not believe the American taxpayer will look upon that as fair. I also question if such an amendment should be offered at a time when every serious Democratic presidential candidate is a Member of the U.S. Senate. Therefore, this legislation casts some doubts as to whether certain candidates are hopefully voting a windfall to themselves.

A third factor is the impact that it will have upon splinter parties. Certainly it will insure the candidacy of Gov. George Wallace. He should be no more entitled to receive his campaign funds from the Federal Treasury than the Democratic candidates or Mr. Nixon. If Mr. Wallace is privileged to seek the Presidency of the United States, he should be required to seek financial backing from those who believe in his causes.

Another factor is the sheer mechanics of making this effective for 1972. This legislation comes too late to send the proper tax forms to the American people and, thus, it will incur additional expenses to the Treasury to send out supplemental forms. If added to the Senate bill, we will have denied to the House of Representatives the right to debate and vote first on such a major issue. Furthermore, we have denied to the American people and to the press sufficient time to scrutinize it, to expose its many glaring weaknesses, inconsistencies, and special interest aspects.

I ask unanimous consent that two editorials published in the Salt Lake Tribune on November 14 and November 18 in opposition to this amendment be printed in the RECORD. The editorials strongly point out that the tax bill should not have a rider of this magnitude and that campaign spending reform legislation is so vital that it should not be done in this way. I commend the Tribune for taking this position. I endorse their call for additional time.

Finally, Mr. President, we are attempting with the original tax bill to correct problems in the American economy which have been caused in large measure by our readjustments as a result of the Vietnam war. We are going through a critical time in international trade and international finance, and I oppose adding this very political amendment to this legislation which is so vital to the economic situation in America today.

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

KEEP RIDERS OFF TAX BILL

Hardly anyone disputes the need to limit campaign spending, to keep it within the bounds of reason and good government. But recognizing the problem and agreeing on a solution are vastly different matters.

Campaign spending is such a vital part of the political process that any attempt to control it is an attempt to meddle with basic and hallowed tenets.

This being the case it is extremely dangerous to attempt to alter the present, albeit imperfect, system without full debate on proposed changes separate and apart from any other pending legislation. Campaign spending is so complicated a subject and so crucial a part of the American political process that it must not be tinkered with unless full attention can be devoted to the subject.

Democrats in the Senate are considering attaching a campaign spending limitation measure to the pending tax bill. The proposal being readied as a tax bill amendment would permit each taxpayer to indicate on his income tax return whether he wanted $1 of his taxes to go into a campaign fund which would be divided evenly between the two major parties in 1972. It is estimated that $20 million for each party could be raised in this fashion. The idea is not new, having been advanced five years ago by Finance Committee Chairman Russell B. Long, D-La.

Since Democrats are urgently in need of campaign funds for the forthcoming presidential race while Republicans are well supplied with cash, the amendment would be of great help to Democrats. For that reason alone the amendment faces a party line fight which could bog the tax bill down for days. It is not the fate of the tax bill that is at stake. But if the amendment is adopted President Nixon would be almost powerless to veto it because to do so would mean killing the tax bill, a measure loaded with tax reductions for business and individuals. The bill also is a weapon in the administration's battle against economic recession.

The proposed campaign financing amendment is not without merit. But neither is it without faults which full debate and critical presidential review might remedy. It is unlikely to get either as part of a veto-proof tax bill. Senate Democrats should bring the Long proposal forth but not as an amendment to the tax bill.

SHORTAGE OF TIME FOR CONSIDERATION CLOUDS CAMPAIGN FINANCE PLAN

As stated Sunday, The Tribune believes it is unwise to attach so crucial a matter as campaign spending legislation to the tax bill now in Congress. Campaign spending limitation should be considered apart from any other legislation and especially the current tax bill which is considered "veto proof" because of the many tax reductions it contains.

Now that such an amendment has been offered by Senate Majority Leader Mike Mans-

field, D-Mont., and Sen. John O. Pastore, D-R.I., we urge that it be defeated.

The amendment was originally part of a campaign finance bill which the Senate passed five years ago but it never became law. Proposed by Sen. Russell B. Long, D-La., it would give taxpayers the option of directing that $1 of their federal income tax be placed in a special campaign finance fund. The fund would be split between the two major parties and even third and lesser parties for use in presidential campaigns. It is estimated that up to $40 million could be raised in this manner, some $20 million for each major party.

At first glance the Long proposal looks like a neat remedy for all the real and supposed evils of present campaign financing methods. That it may or may not be. The question before the Senate now is not whether the Long amendment is possibly an improvement over the present system but whether the Senate can give the amendment the study it deserves; whether it is wise to deny the President the option of rejecting the measure because it is entwined with the popular tax reduction bill. We think not.

Rejection of the $1 tax deduction concept as an amendment to the tax bill does not necessarily mean rejection of the idea behind it. Offered alone, the deduction proposal has many attractions. It also raises serious questions: Is it not a dangerous precedent to put government to work collecting funds for political parties? Wouldn't any money raised via the deduction plan simply constitute an assured kitty to which political parties would continue to add in the time honored ways?

Further, there is reason to question if the present system, which relies heavily on contributions from a few wealthy individuals and corporations, is really as bad as it has been pictured. It looks bad and it surely is not what the founders of the republic had in mind. But it is a true reflection of the facts of U.S. political life today and any move to tinker with it involves the distinct possibility of producing something worse.

Attempts at regulating political spending and contributions, though idealistically desirable, beg constitutional challenge. To limit how much and how a person or corporation spends or gives money away is a serious infringement of individual liberty. And this is so no matter how worthy the cause for which the infringement is proposed.

For these and other reasons campaign spending legislation must proceed with great caution. In the end it may be shown that the $1 tax deduction option is the lesser of several evils and should be adopted. But that conclusion cannot be documented in time for the present Congress to implement it.

Mr. HRUSKA. Mr. President, I rise in opposition to title X.

Mr. President, it must be said of our colleagues on the other side of the aisle that they are certainly full of surprises this year. We have had quite a number already, but this proposal to place the business of electing our President in the hands of the U.S. Treasury must rank near the top of the list.

This amendment is most ill advised, and like a number of other proposals with which we have abruptly been confronted in the past few weeks, has all the signs of being hastily conceived and poorly thought out.

Let me cite some of my objections to the measure:

First. The objection already stated, that it removes from our overburdened Treasury funds which are desperately needed for other pressing purposes.

Second. It removes the personal element from the presidential campaign process.

Third. It opens the door to extension of Government sponsorship to other candidates at the State and local level.

Fourth. It will encourage the proliferation of other parties.

Fifth. It presents many procedural and mechanical problems in the Government administration of the program.

Sixth. It sells the American people short by falling victim to the fallacy that the quantity of money rather than the appeal and views of the candidate determines the outcome of elections.

Seventh. The measure comes to us with a checkered background, no Presidential support and no public hearings in the past 5 years.

Eighth. It raises the question of conflict of interest in the case of Democratic Party presidential candidates, most of whom are Members of this body.

Ninth. It is not voluntary. To use it forces the taxpayer to support at least two parties not of his own choice and with the greatest percent of his dollar.

With regard to the first point, Mr. President, adoption of this measure would remove many millions of dollars from the general fund of the Treasury at a time when the very proponents of this measure are also loudly crying out for more Federal support for relief of human problems.

It is my understanding that the taxpayer checks an appropriate box if he wishes the Federal Government to subsidize the presidential election. If he does so, $1—or $2 in the case of joint returns for husband and wife will be removed from the Treasury to the campaign fund for distribution according to formula among three or more eligible parties.

The process therefore involves no contribution from the taxpayer. It merely invokes his authority to take an amount from the Treasury to finance the campaign.

I need not remind my colleagues of the sizable deficit in the Federal budget for the current year. That deficit is due in great part to the propensity of some in this body to add and expand Federal programs with inadequate regard to our ability to pay for them. There is a tendency of too many here to regard the national debt in an abstract way as something which is unfortunate but which if we ignore long enough may go away.

It will not go away, Mr. President, it haunts us right now in our efforts to stop inflation and achieve a new and lasting prosperity. It behooves us to take every step we possibly can to turn our deficit spending philosophy around and begin to alleviate the burden of our national debt.

If ever there was a good place to start, it is this measure which will place $50 million or thereabouts in the hands of presidential campaigners at a time when it could be applied much more appropriately to meeting our financial obligations.

It might also be asked, in connection with this point, why there is such a rush to enact this far-reaching measure at this time, if indeed it is not primarily a benefit for an approaching presidential campaign in desperate need of financing.

We have been electing our Presidents on the strength of voluntarily financed campaigns for nearly 200 years and the system has proved much more successful and much more durable than those of any of our sister nations.

With regard to the protestations that this measure is to free the candidate of obligations to the large giver, I note the point made so eloquently by the Senator from Tennessee (Mr. BROCK) the other day that studies of recent campaign financing have shown that 75 percent of the contributions to campaigns of the other party have been larger than $100 while 75 percent of the contributions to our Republican Party have been under $100.

In view of that information, one must surely wonder whether the sponsors of this measure are interested in equity or interested in a hurry-up raid on the Treasury.

My second point is that the measure would remove the personal elements from the presidential election process. This is obvious. When a person gives—no matter how much—he feels he is a part of a movement. This has been the secret of the success of our political system—the willingness and eagerness of an informed citizenry to participate in electing their public officials.

A checkoff system giving the Treasury permission to divide $1 among political parties is a poor substitute for personal participation. This puts the taxpayer in the same boat as the forced union member whose dues are deducted from his paycheck and spent for the political purposes espoused by the officers of the union, with no regard to his preferences.

In that respect the American workingman has long been a political captive—involuntarily financing political campaigns without regard to his own views. Now our colleagues are trying to convert the taxpayer into the same type of political captive. With this added feature, the money a union member checks off is his own. Under the instant bill the money checked off is tax money, payable to the United States unless the taxpayer elects that it shall go to a political fund. Thus such a taxpayer participates in the appropriations process—one delegated expressly to the Congress by the Constitution.

We are all concerned with increasing political awareness in our country and in getting more qualified voters to the polls. I submit this measure will send us in the opposite direction. It will foster an immunity to political activity rather than encouraging it. It will lose voters rather than adding them.

My next point is one which was made earlier. Some may scoff at it as being somewhat facetious, but in dead earnestness I submit that it must be considered. This point is whether or not enactment of this method of financing the campaign for the Presidency would be followed in due course with similar proposals for the election of Members of this body, election of Members of the other body, and election of State and local officials.

As we look at the long history of this great Republic and the overwhelming encroachment of the Federal Government

upon all other governmental affairs in the past 40 years, we must recognize one alarming element.

We must recognize that when the Federal Government becomes involved in some aspect of public or private life in these United States, that involvement never ceases. Let us bear that in mind. When the Federal Government gets involved in something, it stays involved.

Accepting this immutable principle as we must on the face of decades of evidence, it is only logical to ask: How long will it be before Federal subsidization will be extended to other candidates and campaigns? That is the inevitable next step.

On my fourth point, Mr. President, we have long been a two-party Nation with a few minor parties making their influence felt from time to time. There are many diverse but persevering elements in our national political picture who will seize upon the promise of Federal funds as the stimulus needed to pursue formation of splinter parties much more assiduously than ever before in our history.

Look how long we have had the socialist party with us. We are now saying to the American taxpayer, if the Socialist Party can get enough votes in a given election, then you will have to help finance their campaign in the next election. That is what it amounts to.

I do not believe the majority of the American people will appreciate their tax dollars being used in such an arbitrary manner.

My fifth point is a rather interesting one—the problems which this measure presents to the Federal Government in administering such a program, and most especially the problems which it entails if it were to be placed into effect this year, which is the apparent intent of its sponsors.

In that connection I especially wish to call to this body's attention the comments of Mr. John S. Nolan, Deputy Assistant Secretary of the Department of the Treasury. They were first introduced by my friend from Maryland (Mr. MATHIAS) but they so clearly point up the administrative and mechanical nightmare we are heading into, that they bear repeating:

> The individual income tax returns for 1971 are now being printed and mailed to taxpayers. It would, therefore, be impossible to explain on the 1971 form or the instructions the right given the taxpayer to require that $1 of his tax liability be paid into the Presidential Election Campaign Fund. The best that could now be done would be to have a supplemental mailing to taxpayers of an additional sheet on which they could make their designation. However, this would be extremely costly. A preliminary estimate is that it would cost in the neighborhood of $500,000 to $1,000,000. It would be necessary to print the extra sheet containing detailed instructions on a "crash" basis and to repeat the just-completed task of mailing the new sheets to all taxpayers. There is even some question whether the Internal Revenue Service has the capability of accomplishing another national mailing at this crucial time.
>
> More importantly, however, it would not be possible to have all of these extra sheets in the hands of taxpayers until late February. Some 25.5 million taxpayers filed their 1970 returns in January and February of 1971, and it is reasonable to expect that many or more to file early next year. It is doubtful that many of these taxpayers, after they have already filed, would file the additional designation sheet. Even if it is assumed, however, that a significant portion of these taxpayers would thereafter file the supplemental sheet making their designation to the fund, it would be extremely difficult and time consuming for the Internal Revenue Service to associate the supplemental filings with the previously filed returns. This would, of course, be essential to ascertain that the individual had, in fact, filed a return and paid at least $1 in tax.

We daily express concern about the redtape involved in our governmental processes. We all profess to wish to eliminate as much of that redtape as we possibly can. It does not look to me, Mr. President, as if this measure can help but increase it in the Treasury Department and Bureau of Internal Revenue.

My next point is a most important one, in my opinion. It is the assumption that money is the all-important factor in electing a candidate. It must be granted that the cost of political campaigns continues to rise and the cost of electronic media is high.

Nevertheless, the crass commercial attitude that money is the most important ingredient for a candidate and the most important influence on the voter does a great disservice to both our public officials and our electorate.

Naturally everyone likes to have plenty of money when he is a candidate. Naturally almost everyone thinks he does not have enough. But are we to believe that the voters cannot be reached without television spectaculars? And are we to believe that the American people are so uninformed and naive in their political attitudes that their vote is to be determined by the number of appearances a candidate makes on the tube?

I remind my colleagues of one among us who campaigned last year with a distinct shortage of television funds. That is the Senator from Florida (Mr. CHILES). He overcame this campaign deficiency in a most unique and intriguing way, by walking and shaking hands. I do not know whether he has gotten rid of the callouses on his feet yet, but I do know he is very much among us, living proof that extensive campaign funds are not as important as having something to say which the voters want to hear.

If the proposition were put to the voters, Mr. President, there is no doubt in my mind that they would not appreciate the inference that the amount of campaign money available to a candidate for President is an effective influence upon their vote and their preference.

My next point is to remind this body that this is not the first time we have faced this measure. It was passed some 5 years ago, despite the fact that there has never been a clear-cut endorsement of the program by any President.

Nevertheless it was passed some 5 years ago. And then because some Members of this body from the other party did not think they wanted to trust their own President with such a fund, it was withdrawn. In other words, the members of the other party wanted establishment of the fund but when they were on their way to establishing it, they began to encounter the same fears which have been expressed on this floor the past few days.

In the 5 years since then we have seen no more of the proposition. If there is real need for it, prudent legislative practice would dictate some consideration by the appropriate committee, a review of past testimony on the measure and additional hearings if they were deemed necessary.

Another point, Mr. President, was raised earlier here, and that is that we are certainly dealing in the area of conflict of interest when we consider such a measure, inasmuch as virtually every viable candidate for President in the other party is a Member of this body.

We are allowing these candidates to pass upon a proposal which will put dollars from the U.S. Treasury into their own campaign organization. This is a dangerous precedent. How long will it be before we extend the privilege of Federal support to candidates for the party's nomination?

My final point is that the method prescribed is not voluntary. A taxpayer will be forced to see a larger part of his dollar go to at least two parties not of his choice; and the smaller part of that dollar goes to the party he favors.

For all of the foregoing reasons. I shall vote against the amendment—title X.

I propose to vote in favor of title IX which allows a tax credit of up to $25 on a tax deduction of up to $100 for those who suitably contribute to political campaigns.

This method is voluntary. It involves a contribution by the taxpayer of his own money. None of it goes into a Federal fund for distribution to political parties. Thus the Federal Government would not be involved at all. It should not be.

It is my hope that title X will be rejected; and that title IX will be approved.

Mr. TOWER. Mr. President, I am opposed to the Pastore amendment to the Revenue Act of 1971 and shall vote against it. One of the reasons why I am opposing it is, because it will jeopardize the enactment of the much needed tax bill just at a time when the President's economic program is taking hold and could jeopardize our entire economic program. From this point of view, it should not have been considered at all in this bill and should rightfully have gone through the proper committee process, as all other proposals should. It is my belief, that the fact that this amendment could upset the entire timetable is in itself sufficient reason to vote against this amendment.

There is, Mr. President, still another, more important reason to defeat the Pastore amendment. This so-called reform effort is nothing more than an attempt by a group in Congress to grab taxpayers' money for their own end. The idea that the Federal Government should finance the activities of candidates for the presidency is a totally alien concept to our American democracy. The idea that such an attempt should be masqueraded as "reform" is sheer hypocrisy. Senators on the other side will find out, if they force the taxpayers to unwillingly finance their campaign, that the American public is not so gullible as they believe them to be. When you force an American to contribute, involuntarily, to a candidate that he either does not sup-

port, or to whom he may be unalterably opposed, you are going to make him mad. It is just as simple as that.

The American voter is a very independent one and does not like to be told what to do. Senators on the other side are courting disaster by attempting to pass this measure with no bipartisan support whatsoever. Such a blatant power play which goes so much against the grain of the American voter must be resisted.

Mr. President, we are facing a taxpayer revolt in much of the country. That revolt is going so far as to defeat revenue measures to provide for better educational opportunities all over. I might add that most of the educational measures defeated would cost the average taxpayer much less than would the current proposal. When the taxpayers learn that someone is attempting to divert their hard-earned money to finance a wholly political endeavor, they are going to be quite rightly up in arms. There are many more pressing needs in the Nation for the taxpayers' money than financing political activities.

Mr. President, the overriding reason to oppose this amendment, is the fundamental principle of our American democracy that it subverts. That principle is that American political organizations are not governmental organizations and should forever remain separate. We cherish the separation of party and state just as much as we cherish the separation of church and state. This amendment is in effect Government subsidization of the two major American political parties and one minor one, practically excluding any other participation in this program. Such an arrangement which would institutionalize the American political scene is reminiscent of one-party States where the parties are in fact organs of the Government.

Mr. President, I am quite aware that there will be a long and loud denial that the political parties will become organs of the Government if this measure is enacted. However, the fact remains that wherever Government money goes, Government controls soon follow. No one here can tell me of one Government financed project that is not, in effect, controlled by a multitude of Federal regulations. I do not believe that the American people want Government control of their political parties. The very basic liberties of freedom of dissent and even the inherent duty of loyal opposition are cast in umbrage by this amendment.

If the two major parties can, under this amendment, raise some $40 million to spend on their own campaigns, what is to stop them from spending $100 million, or $200 million or any sum that they choose in future campaigns. Once the precedent of Federal financing is set and dissenters are excluded, as here, there will be no restraint on spending. We all know how Government programs grow ever larger and this one would be no exception. The institutionalizing of the two major parties and the use of Government money to perpetuate them is unconscionable action. Government has grown very large in recent years, but even those of us who have been the most concerned about this never thought that big Government would move so rapidly to take over the political parties. The full meaning of this attempt and how it could stifle any meaningful opposition is all too clear. The Pastore amendment must be defeated. Should it, for some reason, be included in the final version of the bill, and the fundamental structure of our American democracy therefore threatened by this completely unprecedented act, it is my hope that the President will veto the entire measure.

Mr. GRAVEL. Mr. President, the financing of political campaigns is the Achilles heel of the American governmental system.

Although it is an Achilles heel of long standing, the dramatic technological developments of recent years are threatening to transform a point of vulnerability into a galloping cancer which will eat away at the very vitals of our democratic political processes.

The cost of conducting a political campaign increased 100 percent over the past 15 years, and skyrocketed 50 percent in just the 4 years between 1964 and 1968. Spending for candidates at all levels of Government amounted to at least $200 million in 1964, but was up to $300 million for the 1968 contests.

What is even more distressing, these rapidly escalating costs of campaigning in the electronic era have increasingly made elective politics the special preserve of the wealthy or those who have access to the funds of well-heeled special interests.

Under the present system of financing campaigns exclusively from private funds, the candidate who does not have great personal wealth must raise these large sums by relying on large contributors—a fact that understandably tends to foster compromising obligations.

This potential of large contributions for corruption is aggravated by the secrecy and subterfuge surrounding present campaign-financing practices.

The dimensions of the problem are growing, but it has been with us a long time. It was Abraham Lincoln, dispirited on the night of his election to the Presidency, who commented to his campaign committee—

> They have gambled me all around, bought and sold me a hundred times. I cannot begin to fill the pledges made in my name.

We are at the crossroads. We can either seize the unprecedented opportunity of revitalizing the political process in the United States, or we can consciously allow the dangerous trend of the alienation of citizens from our political system to gain added momentum with every election.

The growing disaffection with the electoral process is directly traceable to our present methods of campaign funding. Immediate action to remedy the failings and weaknesses of present law regulating the campaign process is urgently needed.

Last January I introduced two bills, S. 1 and S. 9, to tackle this problem in a comprehensive way. A number of the ideas which I proposed in S. 1 are also contained in S. 382, which the Senate has already passed.

However, my other bill, S. 9 had not received similar consideration, until the Pastore amendment was offered. I think its basic approach—providing Federal subsidies for both presidential and congressional election campaigns—would constitute a more fundamental reform of our whole electoral process than any idea contained in S. 1. For that reason I am supporting the Pastore amendment.

It would fundamentally change how candidates for public office are financed and elected. Its enactment would on the one hand be a great step toward making candidates start off on a more equal footing financially, while on the other hand provide for the broadening of the base of citizen support in financing elections. The independence from big contributors, plus the creation of a financial bond between the citizens and their elected officials which this amendment can bring about would greatly heighten the effectiveness of representative Government in promoting the public interest.

Actually, the idea is nothing new.

In 1907 President Theodore Roosevelt, responding to the controversy over the influence of corporate contributions, recommended that political campaigns be paid for by public rather than by private funds. His proposal was rejected in favor of the limitation and disclosure approach, essentially only an earlier form of the legislation we adopted a few months ago.

But as important as they are, limitation and disclosure are not by themselves sufficient. Public harm stems not from how the money is spent, but from how it is raised in the first place.

Public financing would alleviate many of the fears and suspicions—many of them well founded—now generated by large special interest contributions.

This was the approach adopted by a special Senate committee that investigated campaign expenditures in the 1936 elections. It also recommended that private contributions to Federal campaigns be barred completely and that campaigns be financed by the Government. Again, no action was taken.

Most recently, in 1966 the presidential election campaign fund was enacted, under the leadership of the distinguished chairman of the Finance Committee, Senator LONG. But this law was then voted inoperative in May 1967.

Had it gone into effect, this law would have allowed each taxpayer, by checking a box on his return to have $1 of his taxes paid into a special fund for financing presidential elections. The moneys were to be used to reimburse major and minor parties for legitimate campaign expenses.

In my view, Government expenditure is still the most effective and most direct method of solving the vast financial problems entailed in all Federal campaigns.

This approach to campaign financing will bring an end to the present method of financing through either personal fortunes or from massive contributions from one or another special interest group. Although these public subsidies would not eliminate spending differences among candidates, they would make

the differences less critical by providing "floors" sufficient to make every election a real contest.

Campaigns should be financed in a way that will build support for our political institutions and respect for the political process. This obviously is not the case at present.

One of the most serious consequences of the present pattern of campaign funding is the loss to the American public of many talented men and women who are repelled from seeking public office since they are unprepared to go through the demeaning exercise of raising campaign funds as a preliminary to entering public offices.

The ideal campaign finance system is one based on relatively small voluntary contributions from large numbers of citizens. The most effective way to achieve this is to have every taxpaying citizen contribute a few cents a year—it would require less than 50 cents per person—toward financing elections.

Honest and informative election campaigns are the linchpin of American representative Government. There are few things which Congress could do that would more effectively strengthen our political processes and build respect for our political institutions than to enact this amendment to provide public financing of presidential election campaigns.

CALENDAR 1969—ALL RETURNS

[In millions]

Credits	Returns	Amounts
Retirement income	1.732	$197
Foreign tax	.201	147
Investment	1.088	245
Other expenses, etc., farm gas		182
Refundable	1.619	150
Investment tax credit for 1972		3,600

Mr. CHILES. Mr. President, it has been argued here today that by allowing a taxpayer to check the box on his income tax return form would in effect be diverting for political purposes money which belongs to the Treasury. This certainly should not come as any surprise for we permit this tax credit system to apply in other areas.

For example, in 1969, tax credit provisions involving billions of dollars were utilized:

Another area in which the Senate has explored earlier on this bill was an amendment which was adopted by the Senate calling for information for the Congress and the public of how much potential revenue we do not collect through the tax system. This involves special exemptions and privileges given to certain identifiable groups, such as the depletion allowance in the mineral industry, capital gains provisions for investors, and many other areas of income exclusion which the Senate has now expressed itself on record as wanting to be known to all.

Mr. SPONG. Mr. President, I support the amendment of the Senator from Rhode Island (Mr. PASTORE) to create a presidential campaign fund financed by $1 tax contributions and to establish spending limits for such campaigns.

In many respects, this amendment parallels at the presidential level the restrictions put on the spending of candidates for other Federal offices by the campaign spending bill passed earlier this session. Both seek to limit the amount of money being spent in campaigns and, in different ways, both seek to reduce the dependence of candidates on large and special interest contributors.

There is a vital public interest in seeing that elective offices do not become a prize of the well-to-do or of those who are willing to assume the obligations that dependence on large private contributions can bring. With the staggering costs of today's campaigns, we are dangerously close to that kind of electoral auction.

The distinguished syndicated columnist James J. Kilpatrick, who endorsed the approach taken in this amendment, has expressed the dangers of existing campaign practices as well as anyone:

> It is absurd, dangerous, and potentially scandalous that candidates seeking our highest office be dependent upon the kind of massive private contributions that have been required in recent years. It is idle to contend that large gifts create no obligation. Of course they create obligations—and these are equally suspect whether they are obligations to big labor or to big business. A president—any president—enters upon his office a compromised man.

In my judgment, there could be no sounder public investment than in the protection of the electoral process. There was a time in this country's history when we left it to the parties to provide ballots and polling places, but because of the abuses, this was replaced by a tax supported system. This amendment seeks to deal with the abuses of campaign spending in the same way.

Mr. President, the amendment before the Senate is much improved over similar proposals offered in years past. Where these other amendments would have funneled funds directly into party treasuries with very loose public control over the use of the money, this amendment establishes very rigid controls and supervision. Moreover, this amendment leaves it to the individual taxpayer not only to decide whether he will give a dollar, but also what party will benefit from his contributions. Finally, this amendment is vastly improved over the earlier proposals in establishing limits on spending by presidential candidates, and that is, perhaps, its most important effect.

Mr. GAMBRELL. Mr. President, as I have previously stated in debate on the Senate floor, I support the Pastore amendment to the Revenue Act of 1971. This amendment authorizes taxpayer deductions up to a total of $100 for all political contributions, and also permits each taxpayer to designate $1 of his taxes as a contribution to the presidential candidate of his choice. Candidates of major and minor parties are fairly provided for.

The tax deduction provision, and the presidential campaign fund checkoff plan are important reforms in our Federal political process. It should be the policy of our Government to encourage individual citizens to support candidates for public office by small contributions. In this way, the traditional reliance of candidates on major contributions from wealthy sources can be reduced, and possibly eliminated.

For too long, willing and qualified candidates have been excluded from public consideration by lack of financial resources and unwillingness to degrade themselves by seeking contributions from major contributors. The provisions contained in the Pastore amendment will make it possible for all candidates, regardless of party, and regardless of personal wealth, or wealth of supporters, to present their programs directly to the people.

The presidential campaign fund checkoff plan is a novel experiment, which carries with it some hazards. One of these is the possibility of abuse in the handling of funds. The bill restricts disbursements from the fund to legitimate general election campaign expenses, but this could be subject to a broad interpretation.

The bill provides for supervision of these expenditures by the Comptroller General of the United States, and a Campaign Fund Advisory Board. In this respect, I suggest that if and when the bill is adopted, the Comptroller immediately set about establishing a rigid set of controls on the disbursement of these funds. The laudable purpose of this legislation would be undermined if the administration of the funds were marred by scandal.

I also urge that the major political parties, and in particular my own Democratic Party, announce guidelines for the handling of these funds which would be incorporated in the national party platforms binding on their candidates. Our party should declare before the people of the United States that these funds will not be misapplied for exorbitant salaries and consultant fees, for party and primary debts, or for gaudy or slick "brainwashing" public relations activities.

It would be a major step in the development of the plan, if the Democratic Party and its candidates were to announce that these funds would be applied in accordance with procedures adopted by the Comptroller, approved by the national party, and supervised by an independent certified public accounting firm of national reputation.

Furthermore, I recommend that expenditure of these funds be placed under previously announced category limitations similar to those contained in the Campaign Spending Reform Act of 1971.

The survival of this plan is greatly dependent upon the manner in which the funds are managed in 1972, the first year of its application. I hope, after seeing the plan in use, that the public will be proud of it as a desirable reform, rather than disgusted with it, and with the Congress for adopting it.

Mr. DOLE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. MONDALE). The Senator will state it.

Mr. DOLE. Mr. President, notwithstanding the expiration of time under

the unanimous-consent agreement, is a point of order against the amendment still in order?

The PRESIDING OFFICER. Yes it is

Mr. JAVITS. Mr. President, will the Senator yield for another parliamentary inquiry?

Mr. DOLE. I yield.

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. Mr. President, when the vote comes, will it come separately on this amendment, on title IX and title X?

The PRESIDING OFFICER. The Senator is correct. There will be two votes.

Mr. JAVITS. Mr. President, have the yeas and nays been ordered on each title?

The PRESIDING OFFICER. They have not been ordered.

Mr. JAVITS. I ask for the yeas and nays on each title.

The yeas and nays on each title were ordered, unanimous consent having been granted that it be in order to order the yeas and nays on both amendments.

Mr. DOLE. A further parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOLE. Mr. President, I understand that since the time has expired, there will be no debate permitted on a point of order.

The PRESIDING OFFICER. Would the Senator please repeat that?

Mr. DOLE. Mr. President, since the time has expired under the unanimous-consent agreement, is debate possible under a point of order?

The PRESIDING OFFICER. Debate is not possible unless unanimous consent is obtained.

Mr. DOLE. Mr. President, I make a point of order against title IX financing presidential election campaigns because it is an appropriation and is in conflict and violation of article I, section 8, clause 7 of the Constitution which states:

> No money should be drawn from the Treasury, but in Consequence of Appropriations made by Law; . . .

The PRESIDING OFFICER. The point of order is made. The Parliamentarian advises the Chair that under the precedents, when a question of constitutionality is raised, the Chair does not pass thereon, but submits the question to the Senate for decision.

The question is, Is the point of order well taken?

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOLE. Mr. President, would sustaining the point of order be a yea vote?

The PRESIDING OFFICER. The Senator is correct. The question is, Is the point of order well taken? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. GRIFFIN. I announce that the Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The result was announced—yeas 41, nays 58, as follows:

[No. 382 Leg.]

YEAS—41

Aiken	Dole	Percy
Allott	Dominick	Roth
Baker	Fannin	Saxbe
Beall	Fong	Schweiker
Bellmon	Goldwater	Scott
Bennett	Griffin	Smith
Boggs	Gurney	Stafford
Brock	Hansen	Stevens
Brooke	Hatfield	Taft
Buckley	Hruska	Thurmond
Cook	Jordan, Idaho	Tower
Cooper	Miller	Weicker
Cotton	Packwood	Young
Curtis	Pearson	

NAYS—58

Allen	Harris	Mondale
Anderson	Hart	Montoya
Bayh	Hartke	Moss
Bentsen	Hollings	Muskie
Bible	Hughes	Nelson
Burdick	Humphrey	Pastore
Byrd, Va.	Inouye	Pell
Byrd, W. Va.	Jackson	Proxmire
Cannon	Javits	Randolph
Case	Jordan, N.C.	Ribicoff
Chiles	Kennedy	Sparkman
Church	Long	Spong
Cranston	Magnuson	Stennis
Eagleton	Mansfield	Stevenson
Eastland	Mathias	Symington
Ellender	McClellan	Talmadge
Ervin	McGee	Tunney
Fulbright	McGovern	Williams
Gambrell	McIntyre	
Gravel	Metcalf	

NOT VOTING—1

Mundt

So the point of order was rejected.

The PRESIDING OFFICER. Under the previous order the question recurs on title IX, as amended.

Mr. GRIFFIN. Mr. President——

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. GRIFFIN. There is an amendment at the desk by the Senator from New York (Mr. BUCKLEY).

The PRESIDING OFFICER. The Chair recognizes the Senator from New York.

Mr. BUCKLEY. Mr. President, I call up my amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The amendment was read as follows:

> On page 17, line 12, insert the following: strike the period, insert in lieu thereof a comma, and add the following: "except that no moneys shall be appropriated to the Presidential Election Campaign Fund in any fiscal year unless a majority of individuals filing returns in the fiscal year make such a designation."

The PRESIDING OFFICER. Under the previous order there can be no debate.

Mr. GRIFFIN. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York (Mr. BUCKLEY). The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. GRIFFIN. I announce that the Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The result was announced—yeas 40, nays 59, as follows:

[No. 383 Leg.]

YEAS—40

Aiken	Dominick	Roth
Allott	Fannin	Saxbe
Baker	Fong	Schweiker
Beall	Goldwater	Scott
Bellmon	Griffin	Smith
Bennett	Gurney	Stafford
Boggs	Hansen	Stevens
Brock	Hruska	Taft
Brooke	Jordan, Idaho	Thurmond
Buckley	Mathias	Tower
Cook	Miller	Weicker
Cotton	Packwood	Young
Curtis	Pearson	
Dole	Percy	

NAYS—59

Allen	Gravel	Metcalf
Anderson	Harris	Mondale
Bayh	Hart	Montoya
Bentsen	Hartke	Moss
Bible	Hatfield	Muskie
Burdick	Hollings	Nelson
Byrd, Va.	Hughes	Pastore
Byrd, W. Va.	Humphrey	Pell
Cannon	Inouye	Proxmire
Case	Jackson	Randolph
Chiles	Javits	Ribicoff
Church	Jordan, N.C.	Sparkman
Cooper	Kennedy	Spong
Cranston	Long	Stennis
Eagleton	Magnuson	Stevenson
Eastland	Mansfield	Symington
Ellender	McClellan	Talmadge
Ervin	McGee	Tunney
Fulbright	McGovern	Williams
Gambrell	McIntyre	

NOT VOTING—1

Mundt

So Mr. BUCKLEY's amendment was rejected.

The PRESIDING OFFICER. Under the previous order, the question is on title IX, as amended, as a part of amendment No. 692 of the Senator from Rhode Island. The yeas and nays have been ordered, and the clerk will call the roll.

Mr. PASTORE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PASTORE. A vote in the affirmative is a vote for title IX. Is that correct?

The PRESIDING OFFICER. That is correct.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. GRIFFIN. I announce that the Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The result was announced—yeas 82, nays 17, as follows:

[No. 384 Leg.]

YEAS—82

Allen	Eagleton	Jordan, Idaho
Anderson	Eastland	Kennedy
Baker	Ellender	Long
Bayh	Ervin	Magnuson
Bellmon	Fong	Mansfield
Bennett	Fulbright	Mathias
Bentsen	Gambrell	McClellan
Bible	Gravel	McGee
Boggs	Gurney	McGovern
Brock	Harris	McIntyre
Burdick	Hart	Metcalf
Byrd, Va.	Hartke	Miller
Byrd, W. Va.	Hatfield	Mondale
Cannon	Hollings	Montoya
Case	Hruska	Moss
Chiles	Hughes	Muskie
Church	Humphrey	Nelson
Cook	Inouye	Packwood
Cooper	Jackson	Pastore
Cranston	Javits	Pearson
Curtis	Jordan, N.C.	Pell

Percy	Spong	Talmadge
Proxmire	Stafford	Tower
Randolph	Stennis	Tunney
Ribicoff	Stevens	Williams
Roth	Stevenson	Young
Schweiker	Symington	
Sparkman	Taft	

NAYS—17

Aiken	Dole	Saxbe
Allott	Dominick	Scott
Beall	Fannin	Smith
Brooke	Goldwater	Thurmond
Buckley	Griffin	Weicker
Cotton	Hansen	

NOT VOTING—1

Mundt

So title IX, as amended, of Mr. PASTORE's amendment (No. 692) was agreed to.

Mr. PASTORE. Mr. President, I move to reconsider the vote by which title IX, as amended, was agreed to.

Mr. TALMADGE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. MONDALE). The question now is on agreeing to title X, as amended, of the amendment (No. 692) of the Senator from Rhode Island (Mr. PASTORE). On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

TITLE X

Mr. GRIFFIN. I announce that the Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The result was announced—yeas 52, nays 47, as follows:

[No. 385 Leg.]

YEAS—52

Allen	Hart	Montoya
Anderson	Hartke	Moss
Bayh	Hollings	Muskie
Bentsen	Hughes	Nelson
Bible	Humphrey	Pastore
Burdick	Inouye	Pell
Byrd, W. Va.	Jackson	Proxmire
Cannon	Jordan, N.C.	Randolph
Case	Kennedy	Ribicoff
Chiles	Long	Sparkman
Church	Magnuson	Spong
Cranston	Mansfield	Stevenson
Eagleton	Mathias	Symington
Ellender	McGee	Talmadge
Fulbright	McGovern	Tunney
Gambrell	McIntyre	Williams
Gravel	Metcalf	
Harris	Mondale	

NAYS—47

Aiken	Dominick	Pearson
Allott	Eastland	Percy
Baker	Ervin	Roth
Beall	Fannin	Saxbe
Bellmon	Fong	Schweiker
Bennett	Goldwater	Scott
Boggs	Griffin	Smith
Brock	Gurney	Stafford
Brooke	Hansen	Stennis
Buckley	Hatfield	Stevens
Byrd, Va.	Hruska	Taft
Cook	Javits	Thurmond
Cooper	Jordan, Idaho	Tower
Cotton	McClellan	Weicker
Curtis	Miller	Young
Dole	Packwood	

NOT VOTING—1

Mundt

So title X, as amended, of Mr. PASTORE's amendment (No. 692) was agreed to.

Mr. PASTORE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LONG. I move to lay the motion on the table.

The motion to lay on the table was agreed to.

Mr. SCOTT. Mr. President, I ask unanimous consent that I may proceed for 10 minutes without the time being charged to the bill or the amendment.

The PRESIDING OFFICER. Time is no longer controlled.

Mr. SCOTT. I ask unanimous consent to proceed for 10 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

PROGRAM

Mr. SCOTT. Mr. President, I rise to ask the distinguished majority leader about the program for the rest of the day, the rest of the week, the rest of the session, the rest of the year. We might as well begin with tonight.

First, I volunteer that I understand that the Senator from Oregon (Mr. PACKWOOD) has two more amendments of about 30 minutes each, on which the yeas and nays will be demanded. I know of no other——

Mr. JAVITS. If the Senator will yield, I have an amendment. It is printed. It depends upon what happens to the Packwood amendments.

Mr. SCOTT. Does the Senator from Iowa have an amendment?

Mr. MILLER. If the Senator will yield, I have an amendment on which I am working with the staff. It is a technical amendment, which I hope could be disposed of very promptly. I have another amendment I intend to offer which would probably require 30 minutes, 15 minutes to a side.

Mr. SCOTT. Does the Senator intend to ask for the yeas and nays?

Mr. MILLER. I hope it will not be necessary.

Mr. JAVITS. I will ask for the yeas and nays.

Mr. TAFT. I have three amendments and will ask for the yeas and nays on one.

Mr. BAKER. Mr. President, if the Senator will yield, I have one amendment that I want to call up before final passage. It need not be tonight. I will ask for the yeas and nays.

Mr. FULBRIGHT. I have two amendments.

Mr. BIBLE. My colleague and I will have one amendment tonight or tomorrow. We will not ask for the yeas and nays.

Mr. MANSFIELD. It looks like there remains at least three amendments on this side. There are others. There is a good possibility that we might finish the bill tonight, the Senate willing. It is the intention of the joint leadership to work with the manager of the bill and the distinguished Senator from Utah, the ranking Republican member of the committee, to see if it would be possible to arrive at a time limitation on each amendment as it is called up. The prospects look good in that respect.

Mr. SCOTT. Not more than 30 minutes.

Mr. MANSFIELD. Perhaps not more than 20 minutes to an amendment, the time to be equally divided, under the usual conditions.

When this bill is completed, either today or tomorrow, it is anticipated that the next order of business will be the Defense appropriation bill.

Following that, we will take up phase II, which has been reported by the Committee on Banking, Housing and Urban Affairs, and is now on the calendar. That will not be taken up until after the Thanksgiving Day recess, which covers just 2 working days—Thursday and Friday.

Then there will be some bills of lesser importance in between, about which there will not be much in the way of controversy, I hope.

Bringing up the rear will be the nomination of Mr. Butz as Secretary of Agriculture, to be followed——

[Laughter.]

I still do not get it. [Laughter.]

The rear of the program.

Mr. SCOTT. If the Senator will yield, I can envision the headlines: "Senate Sits on Butz." [Laughter.]

This is what we have been doing all year.

Mr. MANSFIELD. For the first time in many years, I feel my ears getting red.

Mr. COOK. We needed that.

Mr. MANSFIELD. We surely did.

Still further in the rear will be Messrs. Rehnquist and Powell and then I hope we will adjourn sine die. In the meantime, we will bring up for consideration the education measure, now at the desk to see what can be done about disposing of it, and hopefully the postcard voter registration bill.

Mr. SCOTT. Mr. President, before we adjourn, and I gather from the distinguished majority leader that the end is in sight [laughter] we will take up the supplemental appropriation bill and conference reports, if any. One thing, if the distinguished Senator from Vermont (Mr. AIKEN) were here, he could really put the topping on this cake.

Mr. JAVITS. Mr. President, if the Senator will yield, there is another measure on the calendar, the Genocide Treaty, reported favorably from the Committee on Foreign Relations. I mention that because the leadership thought it might take some time——

Mr. MANSFIELD. Yes; there is no possibility of taking up the Genocide Treaty this year. Hopefully, next year.

Mr. JAVITS. I hope that before the end of the year that we can have some concept of the order of priority that we would be facing on that treaty.

Mr. MANSFIELD. As of now, it looks like the Equal Opportunity Act will be the first business next year, to be followed, hopefully, by H.R. 1, then by the equal rights amendment and then somewhere to fit in, there is other legislation which I will be discussing with a distinguished Senator who has been after me all year to bring up.

Mr. ALLOTT. Mr. President, if the Senator will yield, I hesitate to ask this, but I wonder whether the majority leader would provide us with some kind of time schedule for tonight. I say that in this respect: The Senate has been working very diligently on this matter for a long time, and I would like to suggest, very respectfully, having in mind the leadership of the Senate, that per-

haps we could have one or two votes on these amendments tonight, make far more progress tomorrow, and perhaps get to the defense bill around noon. Then perhaps we could conclude action on that bill by Wednesday evening.

Mr. MANSFIELD. Mr. President, I appreciate the comments made by the Senator from Colorado, but frankly I would hope, conditions permitting, to see if it would not be possible to finish the bill tonight. If too many clogs appear in the way toward its completion, we will, of course, reconsider. But it seems to me that the mood of Senators offering amendments is most accommodating, so perhaps we should take advantage of that, because we have a tough schedule and will not be able to finish the defense appropriations bill in one day; so I would hope the Senator would give us a little leeway.

Mr. ALLOTT. May I say, I wish I could get this infamous microphone I hold in my hand to come alive when I take it out of its socket. I get so tired of standing here waiting for it to come alive. Having said that, I, of course, defer to the judgment of the distinguished majority leader.

Mr. MANSFIELD. It should be said that in addition to the other measures, we also have the fish-inspection bill, which we would like to bring up some time tomorrow——

The PRESIDING OFFICER (Mr. HUMPHREY). The distinguished majority leader has the floor. The Senate will please be in order.

Mr. MANSFIELD. And the credit union bill.

Mr. MILLER. Mr. President, will the Senator from Montana yield for a question?

The PRESIDING OFFICER. The Senator from Pennsylvania has the floor.

Mr. SCOTT. I yield to the Senator from Iowa.

Mr. MILLER. Did I understand the majority leader to say we will go out Wednesday evening and come back on the following Tuesday? Is that the program?

Mr. MANSFIELD. We will come back on the following Monday at 10 a.m.

Mr. MILLER. We will come back on the following Monday after Thanksgiving. I thank the Senator very much.

Mr. SCOTT. Mr. President, while I still have the floor, I had planned a fairly angry rejoinder to the not too surprising results of title X. With the mood of the Senate as it is, I think that perhaps rather than to exacerbate the situation, I shall ask unanimous consent to have printed in the RECORD the speech in which I give the majority party the very devil.

There being no objection, the remarks of the Senator from Pennsylvania (Mr. SCOTT) were ordered to be printed in the RECORD, as follows:

The relief of the American taxpayer is being sacrificed for the relief of the democratic party.

This is a money grab of the greatest magnitude. It is a greedy raid on the U.S. Treasury. It is irresponsible and would be ludicrous if it were not so degrading.

This is a raw deal that has been pulled over by a majority that fails to see its fiscal responsibilities to all of the people.

This unconscionable act will not help the poor.

This unconscionable act will not clean up the environment.

This unconscionable act will not improve our schools.

This unconscionable act will not put people to work.

This unconscionable act will not help solve our transportation problems.

All this unconscionable act will do is line the pockets of the democratic party. It will bail out an inefficient political organization that, like past democratic administrations, knows all about credit financing. Democrats don't care about fiscal responsibility. They say "print more money."

President Nixon promised tax relief for everyone in his August 15 message. He said he had a plan. Now the Democrats have made it quite clear that they plan to derail that plan. The President cannot succeed if the opposition denies any Presidential programs a chance for survival.

The merits of the Pastore amendment are so questionable that they did not come up through the normal legislative route . . . through public hearings. The fund raising amendment for George Wallace and the bail out amendment for the democrats is the biggest single raid on the Treasury by a party long accustomed to the process.

Mr. SCOTT. Mr. President, a 17th century writer of great dignity and tremendous control of the English language once said:

I set this down that men may know that I have not loosely, through silence, withheld my thoughts, as in a dream.

The writer was Richard Hooker, who wrote the book "Ecclesiastical Policy," among other things. He was called by Izaak Walton the "judicious Hooker."

I do not intend to throw a "judicious hooker" at my colleagues, but I am indeed compelled to say that I may have a further and more definitive statement to make on this tomorrow. First, I intend to vote against the bill as it now stands with title X in it. Second, I will urge the President to veto the bill. I have not made this statement before because past experience has taught me that shouting "Wolf! Wolf!" is one of the worst double adjectives in diplomatic legislative procedure; so I did not want to make that statement until there were valid reasons for making it.

Third, I did not want to run the risk of failing to persuade through reason rather than through handing down some sort of dread ultimatum.

I will urge the President to veto the bill. In the past, when I have done that, he has vetoed the bills I have recommended. This time I may not be so successful, and please do not hold it against me, but I will certainly urge that.

I believe there is a real possibility that this will happen, because this bill, with certain amendments which have carefully been woven into it, will breed a number of taxpayer suits. There is a possibility of its being quite unconstitutional. But I say this after the vote rather than before, and I want Senators to realize that, because I did not want them to feel I was exerting any form of pressure which could not be warranted by positive direct statements by the President as to his intentions.

It is my best guess at this time that the bill in this form, if it does not survive the other body and does not survive the conference without the substitution of rationality for the present Treasury raid, is liable to be "nulla bona," and that means no goodies. Therefore, I warn the Senate against nulla bona. I warn that the Republic will stand whether we adopt this tax bill or not. I do suggest, with all due respect, and with great reluctance, that this may delay deliberations among our delightful colleagues here in this friendly body.

Mr. MANSFIELD. May I express the hope, now that the Agriculture Committee has reported the new nominee for the office of Secretary of Agriculture, that his name will be placed on the calendar shortly. May I express the same hope insofar as the two Supreme Court nominations are concerned. I would like to see the Senate adjourning sine die at a reasonable time, and would like to see all of these matters considered. Therefore, I urge the appropriate committees to do what they can to expedite the business of the Senate.

REVENUE ACT OF 1971

The Senate continued with the consideration of the bill (H.R. 10947) to provide a job development investment credit, to reduce individual income taxes, to reduce certain excise taxes, and for other purposes.

AMENDMENT NO. 674

Mr. FULBRIGHT. Mr. President, I call up my amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 123, line 17, strike "1982" and insert "1977".

On page 147, line 10, strike "1982" and insert "1977".

On page 147, line 13, strike "1982" and insert "1977".

On page 161, line 5, strike "1982" and insert "1977".

On page 175, line 10, strike "1980" and insert "1975".

The PRESIDING OFFICER (Mr. HUMPHREY). The Senate will suspend until we have order in the Chamber. Senators will please be seated.

The Senator from Arkansas may proceed.

Mr. FULBRIGHT. Mr. President, this is a very simple amendment. It relates to DISC, which is authorized here for 10 years. All I am asking, since this is experimental and no one knows how it will work, is that it be limited to 5 years. This means that at the end of 5 years, the Committee on Finance will review it. If at that time it has worked properly and not in a discriminatory manner, but has actually added to our exports in an efficient way, it could be extended.

The present bill limits DISC to 10 years. It seems to me that this is a little long for an experimental program. There has been severe criticism of the amendment by such leading financial institutions as the Wall Street Journal in its editorial column and in reports by Mr. Stanley Surrey, as an individual and as a former Assistant Secretary of the Treasury. He has written a great deal

about it, talked about it, and has testified about it.

Mr. President, I realize that the committee has voted for it and that the Senate has authorized it. However, it does seem quite imprudent and improvident to let the 10-year term remain in the bill. It is an unknown quantity.

My amendment simply changes the date from 1982 to 1977. It calls for a review of DISC after 5 years instead of after 10 years.

Everyone knows about DISC. Everyone also knows that the conditions are such that unless there is such a limitation, it will not be reviewed but will go all the way, good or bad, for the 10 years unless we take a look at it after 5 years.

This is not to prejudge it and to say that it will not work. I do not know whether it will work. I do not think it will work, but I do not know. At least, as prudent Members of the Senate, we should take a look at it after 5 years. That is what my amendment does. It does not deal with the substance or alter the way it is administered.

Mr. President, I ask unanimous consent to have printed in the RECORD an editorial entitled "That Shiny DISC," published in the Wall Street Journal under "Review and Outlook," on September 20, 1971, and an article written by Stanley S. Surrey, entitled "DISC: Tax Windfall on Top of Trade Windfall," recently appearing in the Washington Post.

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

[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 these profits were applied to new export or "export-related" activities.

In a recent Washington Post article, Harvard Law School tax expert Stanley S. Surrey said that the administration proposal would, to a large degree, have been an exemption, not merely a deferral, that it would have revived the "tax haven" idea that Congress tried to kill nine years ago and that it would have cost the government some $1 billion a year. Professor Surrey, who was the Treasury's top tax specialist in the Kennedy and Johnson administrations, added that there is very little assurance that the tax bonus would in fact boost exports appreciably.

Professor Surrey's objections are persuasive and can be augmented. The use of special tax incentives to further public policy is a doubtful technique in principle, to begin with. It soon gets the entire tax structure out of kilter, creating loopholes for some taxpayers and transferring to others the burden that has been lifted from the fortunate. The result is a sense of unfairness and ill will among taxpayers, which is the first step towards wide scale efforts at evasion.

There are still other objections. DISC is another example of the practice, which is becoming too popular, of trying to fudge against the accepted rules of international trade.

U.S. authorities who try to justify such activities insist that other nations give incentives to exporters. They do, but such things are partly a matter of degree, and few nations have gone as far as the original DISC proposal would have gone 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 years, Ways and Means did not kill DISC outright this time. The committee tried to provide that the tax benefit would actually be an incentive and at the same time sharply cut its potential impact on revenues. In the new version, DISC tax benefits would be based mainly on the amount by which their export sales exceeded the three previous years.

Treasury Secretary Connally doesn't think this would be sufficient "incentive" to exporters. In our view, it is a better incentive than the original, since only measurable gains would be rewarded.

But the Ways and Means version still doesn't answer the objection to tax incentives in principle. Nor does it preclude the possibility that once DISCs are established they will win further concessions. With that thought in mind, we would be very happy if the full Congress decides to send this particular DISC sailing, far enough that it wouldn't be likely to return.

DISC: TAX WINDFALL ON TOP OF TRADE WINDFALL

(By Stanley S. Surrey)

In an earlier article appearing in The Washington Post of Sept. 19, I described the DISC proposal of the Treasury Department as a billion-dollar tax loophole hidden in the New Economic Policy of the administration. This proposal would permit an exporter to form a DISC—Domestic International Sales Corporation—which would be a "paper" subsidiary corporation in the United States through which the exporter could channel its exports. The actual consequences of the operations that would be permitted under the DISC mechanics represent a major tax windfall, whose size and effects are carefully cloaked in Treasury Department descriptions of the proposal. Thus:

The profits on DISC exports would in effect be tax exempt under the Federal income tax. While technically the tax would be "deferred" as long as the profits were used in "export-related activities," the operative and intended result would be a deferral over a long period of time. For a profitable company the present value of a long deferral is just about the amount of the tax itself, which turns the deferral into virtual tax exemption.

The export profits of the DISC could be used by the parent of the DISC in any of its domestic operations having nothing to do with exports, such as meeting domestic competition. Or, if other funds were being used for normal domestic expansion, the DISC profits could even be invested in a manufacturing plant abroad, thereby curtailing U.S. exports.

The proposal would encourage the use of a FISC—a foreign sales corporation—as a subsidiary of the DISC but located in a tax haven country such as Bermuda or Panama or the Cayman Islands or Switzerland. This would reverse the policy established in 1962 to end the then widespread use of tax havens to reduce taxes. The DISC policy would bring back the exploitation of these tax havens and make them an instrument of U.S. trade policy.

The annual revenue cost of the Treasury Department DISC proposal would be close to a $1 billion a year. The tax reduction involved would go to our largest corporations since they conduct a major part of our export trade.

The House Ways and Means Committee, which favored the DISC in 1970, became highly suspicious of it this year, as well it might. As a consequence, that committee adopted the DISC proposal in its version of the current tax bill, but only on an "incremental bass." Under this incremental approach, the DISC tax benefits are given only to exports in excess of 75 per cent of the average of export sales for the particular company in the period 1968–1970.

The incremental approach is complex, creates inequities as between different classes of business depending on their histories in the 1968–1970 base period; will disrupt normal trade channels as taxpayers seek to divert their exports into new organizations so as to create the artificial existence of a low or zero base period. Thus, suppose a manufacturer is exporting through an independent merchant export corporation whose sole function is to handle the exports of various manufacturers. Such a corporation, when structured as a DISC, will have base period sales. But if the manufacturer ceases to use the merchant export corporation and instead creates his own DISC for his exports, that DISC will have a zero base period. Hence all its exports will be exempt even though there has been no change in the volume of exports by the manufacturer.

Even within the logic of an incremental approach, the House version has its defects:

There is no reason to use only 75 per cent of the base period export sales as the base and thus allow windfall exemption for the remaining 25 per cent of exports. The base period should not remain static but should constantly move forward; otherwise windfall exemption is granted for the growth in exports that normally occurs as our economy and those of other nations expand.

If a choice had to be made, Congress should choose the incremental approach, and strengthen the House bill. But Congress need not consider itself limited only to the painful task of choosing between two unattractive alternatives, each with its own set of problems and defects.

Given the unsatisfactory results either with full exemption or an incremental approach, there is a further reason not to be forced to a choice at this time. The United States has set in motion forces that will greatly alter the present currency relationships and the future international monetary system. These forces will also bring about a dismantling of some of the existing trade restrictions in other countries, the end result of which is bound to be a real improvement in the United States trade position. It is therefore advisable to await the outcome to see what further steps, if any, are needed to assist our exporters.

Indeed, it is ironic that the very success of our New Economic Policy in the international area will, under DISC, hand over to our large exporting corporations a completely undeserved windfall. Their exports will increase—and under DISC provide tax-exempt profits—not because of any efforts on their part but simply because the dollar will be devalued relative to other currencies.

This windfall exists under either version of DISC, since such devaluation of a guaran-

tor of increased exports. We must not forget that the devaluation means a price to be paid by some Americans. Those parts of our economy that depend on imports, our tourists and others similarly affected by the higher cost of foreign goods, must pay in higher costs the price for the increase in exports. It is their higher costs and consequent burdens that are being traded off against the larger profits for our exporters and the consequent benefits for those associated with export commodities. These readjustments may be appropriate in the national interest. But it is not in the national interest to accompany this trade-off with additional automatic tax exemption for the larger profits virtually being handed over to our exporters.

To give a DISC exemption to these windfall profits is thus to provide a windfall on top of a windfall—which would be a new record in tax policy mistakes.

It would therefore be folly to lock ourselves into a permanent DISC at this time, whether it be the Treasury full exemption or the House incremental approach. There is no need for such a permanent commitment between unwise alternatives. Far greater forces are in motion that will improve our trade position, and it therefore would be wise policy to place all DISC proposals aside to await the outcome of those forces.

Mr. FULBRIGHT. Mr. President, I ask for the yeas and nays on my amendment.

Mr. BENNETT. Mr. President, will the Senator withhold his request?

MR. FULBRIGHT. Mr. President, I withhold my request.

Mr. BENNETT. Mr. President, if the Senator were to amend his amendment to say what he says he intends to say, I would be happy to join with the chairman of the committee and accept the amendment. If the Senator would delete "5 years" and say "at the end of 5 years," I think that would be acceptable. However, if he leaves it at 5 and it would then be cut off, I would oppose it.

Mr. FULBRIGHT. I would say that the only way to get a real review is to be faced with a cutoff unless it is reviewed. If we say that we hope it will be reviewed, I do not think anything will happen.

Mr. BENNETT. I think it could be required.

Mr. FULBRIGHT. Would the Senator tell me how to do that? I would be amenable. All I suggested was that we force a review and a serious examination of DISC at the end of 5 years. That is all I have in mind. I am not prejudging it, although I am very persuaded by the comments of people who are actually in this business and are as near to experts in this field as anyone could be.

Obviously, at the end of 5 years if the Congress wishes, it can extend it. I know of no other way to require it.

Mr. BENNETT. Mr. President, the staff tells me the Senator is correct. There is no other way.

Mr. FULBRIGHT. I have talked to the staff about this. I do not want to get them involved in my judgment about it, but that is all that I have in mind.

The Senator will admit that among some very knowledgeable people there is much question about the wisdom of DISC.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. FULBRIGHT. In conference, in any event, we could give further attention to it.

Mr. CURTIS. Mr. President, I do not concede that there is no way in which we could add some provision that would help trigger a review. In any event, we cannot bind a future Congress. We could do two things. We could require the Treasury to report to the House Ways and Means Committee and the Senate Finance Committee. We could require a report at the end of 5 years by the staff of the Joint Committee on Internal Revenue.

I am not suggesting that we do that. I think that 10 years is reasonable. However, there are ways in which we could bring this matter to the attention of Congress and the committees so that they may take a look at it. I believe that both the Treasury and the staff of the Joint Committee on Internal Revenue would in such a case give a very objective report on what has happened.

Mr. BENNETT. Mr. President, the reason why I feel it unwise to cut it to 5 years is that to create a corporation of this type, to staff it, and get it physically into operation requires not only time, but also money.

It would seem to me that if we were to say to the potential exporters that in 5 years they must abandon this corporation and that it must be closed out, many companies, corporations, and exporters who might feel that such an opportunity would be worth while would be prevented from entering upon it. Good management and good judgment would suggest that they not invest the time and money for something that can last only until 1977, assuming that it may take as long as 1 year or more to get the organization physically started.

Mr. FULBRIGHT. Mr. President, my amendment does not disturb the program during the first 5 years. It is estimated that this proposal over the next 4 years would involve nearly $1 billion. That is one of the estimates. I did not intend to go into all of the arguments made on the merits of the proposal. That battle was lost. I think this is a very modest proposal. Proponents of DISC will get their 5 years. No one is going to take it away from them. However, in the case of the Foreign Aid programs and a number of other highly controversial programs, they have never been reviewed except when faced with the necessity of review.

Whoever the staffman is that advised the Senator that that was the only way is correct. I have seen it work that way in a number of other programs. Therefore, in view of that necessity, I would hope that the Senate would find that though DISC may have merit it is a very unproven device. It involves a lot of money and is a form of subsidy.

I have gone along with many of the administration's proposals, and I hope that phase 2 and phase 3 will work. But we have the possibility, if they do not, that international trade may get into very serious trouble trending toward a depression. I know the Senator does not want that. I think there is a great deal of psychology involved in these domestic and international matters if we give the impression that we are on a 40-year program of subsidizing exports to other countries. I would not want to start on a course leading to serious trade consequences.

Mr. BENNETT. Does the Senator realize that the manger of a business interested in entering the export trade already may create a subsidiary and move it abroad and get indefinite deferrals? Now we are suggesting that if he keeps it home and the products are manufactured at home he will get deferrals for 10 years. He can get an indefinite deferral now by going abroad although he may have to pay foreign taxes if he goes abroad. This way, hopefully, he would not need to. There is considerable incentive here.

Mr. FULBRIGHT. It may turn out all right, but I think this proposal is designed to encourage people to go stronger in this direction. To a certain extent there is some degree of windfall involved. Deferrals are given to people already in the business.

I am impressed with the fact that spokesmen for big business people, such as the Wall Street Journal, take this dim view. That is why I think the operation should be looked at at the end of 5 years. That is all this amendment does. At the end of 5 years, let us take a look at it.

Mr. BENNETT. Mr. President, the DISC proposal is intended to affect the decision of U.S. companies on whether they produce products here or abroad. This means they must decide where to build factories, where to install new production lines, and where to maintain or add to their employment. A 5-year limitation on the DISC will not have any significant impact on these decisions since major planning will involve a lag of several years and the period during which the deferral will be available will be so limited in the light of other alternatives.

This is equally true in deciding whether to transfer existing facilities where competitive factors and foreign tax incentives are now putting pressure on the movement of production abroad.

Deferral for foreign subsidiaries is indefinite and solely at the discretion of the U.S. parent investor. The DISC must offer meaningful benefit in contrast to the foreign deferral. A 5-year limit is not meaningful.

The DISC provisions require the establishment of a separate corporate entity. It is not reasonable to expect the establishment and staffing of export corporations with such a limited future.

The Treasury and House version originally proposed an unlimited duration for the DISC. The Senate Finance bill provides that at the end of the 10-year limitation on the DISC deferral the Congress will have an opportunity to review the effect of the DISC and other developments in our own and foreign tax and trade policies on our exports, on foreign competition, and foreign investment. This is a reasonable approach. In the meantime, the DISC will be available now at a time of crisis and with sufficient impact to be meaningful since it will be available long enough to influence decisions and to help our exporters compete

with the exporters of other countries who benefit from Government support for exports.

The suggestion of a 5-year limitation was specifically considered and rejected by the Senate Finance Committee.

I know that the chairman of the committee, who is temporarily away from the Chamber, is prepared to take the amendment to conference with the understanding that the House has no limitation and that the conferees are free to move between 5 years and eternity.

Mr. FULBRIGHT. This gives them the opportunity to consider this point of view. I think that is very wise.

Mr. BENNETT. Under the circumstances, considering the time of day and the other amendments we have, if the chairman will confirm my statement, I will join him, and we will take it to conference.

Mr. FULBRIGHT. Very well.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. CURTIS addressed the Chair.

The PRESIDING OFFICER. The Chair wishes to state to the Senator from Nebraska that the Chair had been asked to recognize the Senator from Oregon (Mr. PACKWOOD).

Mr. CURTIS. I have only a brief matter I wish to take up with the chairman concerning the intent of the section of the bill on which I wish to establish a legislative history.

The PRESIDING OFFICER. The Chair recognizes the Senator from Nebraska.

Mr. CURTIS. Mr. President, during the consideration of this bill by the Committee on Finance, I called the special attention of the committee to certain structures and related feeding equipment used in pork factories. Under the job development investment credit of the bill, buildings in general are not eligible for the credit. Nevertheless, it is my understanding that a structure will qualify for the credit if it houses property used in manufacturing or production and the structure can be expected to be replaced when the property it houses is expected to be replaced. One factor to be considered is whether the structure has been specifically designed to provide for the stress and other demands of the equipment which it houses. Of course, I have in mind the pork factory structures which I brought to the attention of the committee. Am I correct in my understanding?

Mr. LONG. I would like to assure the distinguished Senator from Nebraska that he is entirely correct in his statement. As a matter of fact the Committee on Finance included the pork factories which you mention as an example of structures qualifying for the credit in the committee report. I will read the appropriate part of the report:

One example of a type of structure closely related to the product it houses which was called to the attention of the committee is a unitary system for raising hogs which includes automatic feed systems, special airflow units, slatted flooring, pens and partitions. The structure which can be added to, according to the number of hogs raised, is no more than a cover and way of tying together the specially designed pens, automatic feed systems, etc. There is no other practical use for the structure and it can, therefore, be expected to be used only so long as the equipment it houses is used. Such a structure would be eligible for an investment credit.

Mr. CURTIS. I thank the Senator.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. PACKWOOD. Mr. President, I call up my amendment No. 706.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the further reading of the amendment be dispensed with and that the amendment be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered; and without objection, the amendment will be printed in the RECORD.

The amendment ordered to be printed in the RECORD is as follows:

On page 72, at the end of section 210, add the following new section:

SEC. 211. TO PROVIDE FOR FULL TAX BENEFITS FOR UNMARRIED INDIVIDUALS.

(a) Section 1 of the Internal Revenue Code of 1954 (relating to rates of tax on individuals) is amended—

(1) by striking out subsections (b) and (c);

(2) by redesignating subsection (d) as (b); and

(3) by striking out so much of subsection (a) as precedes the table therein and inserting in lieu thereof the following:

"(a) GENERAL RULE.—There is hereby imposed on the taxable income of every individual, other than an individual to whom subsection (b) applies, a tax determined in accordance with the following table:".

(b) Section 2 of such Code (relating to definitions and special rules) is amended—

(1) by striking out subsections (a) and (b); and

(2) by redesignating subsections (c), (d), and (e) as subsections (a), (b), and (c), respectively.

(c) Sections 511(b)(1) and 641 of such Code are each amended by striking out "section 1(d)" and inserting in lieu thereof "section 1(b)".

(d) Section 6015(a)(1) of such Code is amended to read as follows:

"(1) the gross income for the taxable year can reasonably be expected to exceed $10,000 ($5,000, in the case of an individual subject to the tax imposed by section 1(b) for the taxable year); or".

(e) The amendments made by this section shall apply to taxable years beginning after December 31, 1971.

(f) The Secretary of the Treasury or his delegate shall prescribe and publish tables reflecting the amendments made by this section which shall apply, in lieu of the tables set forth in section 3402(a) of the Internal Revenue Code of 1954 (relating to percentage methods of withholding), with respect to wages paid on or after the first day of the first month which begins more than 20 days after the date of enactment of this section.

PRIVILEGE OF THE FLOOR

Mr. PACKWOOD. Mr. President, I ask unanimous consent that my aide, Carol Crawford, may be permitted the privilege of the floor during the debate and vote on this matter.

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

Mr. PACKWOOD. Mr. President, today in this country of more than 200 million people, we are openly discriminating against 30 million of our citizens.

These Americans to whom I refer come in all sizes, shapes, and colors. Some are doctors and some are elevator operators. Some are bakers and some are bricklayers. Some are football players and some are toymakers. Some are farmers and some are undertakers. All, however, share two things in common: They are unmarried and they are victims of the gross inequities contained in the Internal Revenue Code.

Let me cite two examples of such inequities.

A single taxpayer having a taxable income of $8,000 pays $1,590 in Federal taxes. By contrast, a married taxpayer having the same taxable income of $8,000, will pay only $1,380—a difference of $210.

In another instance, a single taxpayer having a taxable income of $14,000 will pay $3,210 in Federal taxes compared with $2,760 for his married neighbors living next door. That comes down to a single-person "surtax" of $450.

The two situations I have just described are not isolated cases. We are talking about 30 million taxpaying Americans who are paying more than their fair share. There are more than 6 million of these second-class citizens who are unmarried heads of households; 200,000 live in my home State of Oregon. We are asking these citizens to unfairly assume a disproportionate share of the taxload.

In 1969 Congress made a partial effort to remedy this situation. I think it is high time we gave these forgotten citizens of our land the fair and equal treatment that they should have received years ago. There is neither rhyme nor reason to this discriminatory treatment of one-seventh of our citizens. Why should these 30 million people contribute an estimated additional $1.6 billion to the Federal Treasury every year simply because they are not married? It is preposterous that this unfair element of the Internal Revenue Code has been allowed to go seriously unchallenged all these years. As we all know, Congress is responsible for this gross inequity. We can change the situation tonight if we want to.

The PRESIDING OFFICER. Who yields time?

Mr. BENNETT. Mr. President, are we operating on controlled time?

Mr. PACKWOOD. We are under controlled time of 30 minutes, with 15 minutes to a side.

Mr. BENNETT. Mr. President, will the chairman of the committee yield to me? I would like about 6 minutes.

Mr. LONG. I yield to the Senator from Oregon.

Mr. BENNETT. Mr. President, this amendment would give single persons the income-splitting benefits——

Mr. BYRD of West Virginia. Mr. President, will the Senator from Oregon yield?

Mr. PACKWOOD. I am happy to yield.

Mr. BYRD of West Virginia. I believe the distinguished Senator from Oregon

is under the impression that we are on controlled time on this amendment because we did set the amendment up for action on Saturday with a special time limitation, but we vacated that order, so there is no time limitation.

Mr. PACKWOOD. I would be happy to agree that the time be limited as we did before.

Mr. BENNETT. I do not think we will need that much time. I am going to use 6 or 7 minutes.

Mr. PACKWOOD. I would be glad to agree to a 30-minute time limitation with 15 minutes on a side.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Who yields time?

Mr. BENNETT. Mr. President, is it the understanding of the Senator from Utah that the time already taken by the Senator from Oregon is included in the 30 minutes?

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

Mr. BENNETT. Mr. President, this amendment would give single persons the income-splitting benefits now available only to married persons.

This amendment would result in a revenue loss of $1.6 billion per year. It would upset the treatment of married persons which has been established under our tax laws for nearly 25 years, a treatment which is thoroughly sound and rational. Finally, it ignores the fact that Congress carefully considered this matter only 2 years ago in 1969 and reduced the tax on single persons to achieve a proper allocation of the tax burden.

The tax law has for a number of years given married couples the right to file a joint income tax return, thus combining the income of both spouses on one return. Because our tax rates are progressive—the tax rate goes up as total income subject to tax increases—this combining of income on one return would increase the total tax the married couple would pay over the total amount they paid before marriage when each spouse reported his taxable income separately. For that reason, the income on a joint return is "split"—the tax imposed is double the amount of tax which would be paid on half the income taxed at the normal progressive rates. Another way of stating the same thing is that a less progressive rate of tax is applicable to married couples filing a joint return than that applicable to single persons.

In 1969, the Congress became concerned about the lower rate of tax applicable to married couples and reduced the rate of tax on single persons so that, in general, the tax paid by a single person would never exceed the amount of tax by a married couple filing a joint return by more than 20 percent.

There is a rational basis for imposing a smaller tax on married couples than single persons. If both spouses work or each have their own income, it clearly does not make sense to add their independent incomes together and thus push them into a significantly higher tax bracket. We cannot impose such a penalty on marriage.

In approximately 40 percent of married couples today, both spouses work. In addition, in many cases both spouses will have independent incomes even where only one spouse works. For all of these couples it is obviously equitable to allow income splitting.

Even in the case of a married couple where only one spouse has income, there is a sound basis for allowing income splitting. Such a couple makes a conscious choice—one partner chooses not to work outside of the home but contributes to the marital partnership by caring for the house and children. She could have chosen to work and earn additional income with which to pay someone to perform the household chores. In either case, she contributes in a very real sense to the couple's total income. Consequently, it is rational to split the total income between the spouses for tax purposes.

A single person, on the other hand, obviously does not present the same equitable claim for income splitting. There is simply no rational basis for allowing income splitting with respect to the income of one taxpayer. Our progressive rates of tax are designed to tax such an individual at higher rates at his income increases. This is the essence of our system—it taxes according to the ability to pay.

In 1969 when we considered this problem and reduced the tax burden on single persons, the report of the Finance Committee recorded the reasons as follows:

> The committee concluded that the difference in tax liability between single persons and married couples filing joint returns is too large. Under present law, the tax rates imposed on single persons are too heavy relative to those imposed on married couples at the same income level; a single person's tax is as much as 40.9 percent higher—

This is talking about the law before 1969—

> than the tax paid on a joint return with the same amount of taxable income. While some difference between the rate of tax paid by single persons and joint returns is appropriate to reflect the additional living expenses of married taxpayers, the existing differential of as much as 41 percent which results from income-splitting cannot be justified on this basis.
>
> The committee concluded that the proper solution to the tax differential between married and single taxpayers is a new single person rate schedule that insures that the tax of single persons will never be more than 120 percent of that of married taxpayers with the same amount of taxable income.

Thus, Congress has assessed the relative burden of single persons and married couples and made a decision. Congress further reduced the tax rates on single persons who are heads of households, halfway between the new single person's rate schedules and the joint return schedule, based on evaluation of the relative burden of a single person with dependents. We should not change these decisions as to relative burdens without public hearings and committee action.

Mr. PACKWOOD. Mr. President, will the Senator yield for just a moment so I may ask for the yeas and nays while we have a sufficient number of Senators present?

Mr. BENNETT. I yield.

Mr. PACKWOOD. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BENNETT. The present tax treatment of single persons does not, as many persons mistakenly allege, involve a penalty to single persons. A single person does not pay a higher tax on an amount of income than a married person with the same income if the other spouse also has income. The single person's tax is higher only if the combined income of the married couple is the same amount, and the tax is higher in this case only because the combined income of the married couple is treated as if half was earned by each spouse—a wholly rational concept. Thus, if the husband and wife both have incomes equal to the single person's income, there is no advantage and in fact is a disadvantage; their combined tax will be more than twice as high as the single person's tax because they individually cannot qualify for the new lower single person's rate schedule. The joint return principle merely provides for taxing each spouse on one-half the income of the two of them combined, an entirely reasonable concept.

For these reasons the Senate should reject the Packwood amendment.

Mr. LONG. Mr. President, as it stands today, if a man and his wife are both working and file a joint return, it is true that they would pay less taxes than a single person who was working. On the other hand, if each of them were not married and filed as single persons, they would save $410 on $12,000 of income by virtue of the fact that they had not formalized their relationship with marriage.

So the law already penalizes two married people for making a joint income of $12,000 a year to the extent of $410, the way it is now. The Senator would penalize them much more than that.

As far as income tax splitting is concerned, in Louisiana there is a community property tax law. Half of the income is regarded as belonging to the wife to begin with. It is split. So if there is a $12,000 income, the State regards $6,000 as belonging to the wife and $6,000 as belonging to the husband, and the income splitting automatically is in effect.

In the point of view of many married people, there already is discrimination against them because of the extent to which we have gone to try to take account of the argument of single people. If a couple is making, for example, $12,000, there is one more $800 personal exemption than there would be in the case of a single taxpayer. In this case it would be for the wife. The problem here is that everyone knows he is not going to have a wife with a whit of intelligence who is going to cost him $800. It is going to cost much more than that to support a wife if he makes $12,000 a year. The point is that the difference in basic living costs is greater for a married couple than a single person by more than the amount of the additional personal exemption available to the married couple. So some difference in tax rates is necessary to take account of this. We adjusted the difference in 1969, giving a better break to single people and ending up about where we ought to be with these tax rates.

So we are having many complaints, once people understand how it works, that we went too far in favoring single people over married people in the Tax Reform Act of 1969.

If the Senator's amendment were agreed to, it would result in a substantially larger discrimination against married people, and it would be a disincentive for people to get married, or, to put it the other way, an incentive for people not to marry and not to formalize a relationship between them because those people would have a major tax saving in remaining single.

Mr. President, that is hardly the kind of result that we would want to bring about, and I do not think we ought to adopt tax policy that would encourage it.

Mr. PACKWOOD. Mr. President, if I might respond just a moment to the Senator from Louisiana, I am struck by his argument that the tax policies of this country, if we were to change them in accordance with my amendment, would discourage people from getting married. I hate to think that the tax policies of this country are such today that they are encouraging people to get married. I would hope there would be a stronger bond to induce people to marry than the fact that tax policies might encourage them to do so.

I yield 5 minutes to the Senator from Connecticut (Mr. RIBICOFF).

Mr. RIBICOFF. Mr. President, I am a cosponsor with Senator PACKWOOD of this amendment to H.R. 10947. This amendment would extend to unmarried persons the benefits of income splitting now enjoyed by married persons filing joint returns. I supported a similar amendment during the last Congress, and introduced identical legislation on February 18, 1971. That proposal, S. 869, is still pending in the Senate Finance Committee.

As my colleagues know, the income splitting procedure arose out of a historical accident. Before World War II, eight States had community property laws which treated income as divided equally between husband and wife. The U.S. Supreme Court ruled that married couples in the States could divide their income and file separate U.S. tax returns. With this in mind, several other States soon passed laws giving their citizens a similar break. In an effort to restore tax equality and to prevent wholesale disruption of local tax and property laws, Congress in 1948 made income splitting a national procedure.

This solved the problem for all the married couples, but only served to increase the relative tax burdens on single citizens. As Joseph Pechman has pointed out:

> The practical effect of income splitting is to produce large differences in the tax burdens of single persons and married couples, differences which depend on the rate of graduation and not the level of rates. Such difficulties are difficult to rationalize on any theoretical grounds.

The income tax should reflect differences in condition and responsibilities by allowing reasonable deductions.

However, once the taxable income is determined the same rate should apply to all who have the same income, regardless of whether they are married or single.

Many people attempt to explain the present system by saying that single persons do not bear the costs and responsibilities of raising children. But income splitting under the present law does not differentiate among taxpayers in this respect, since the benefit is the same whether or not they have children.

The Tax Reform Act of 1969 moved toward eliminating this inequity, but did not go far enough. This amendment finishes the job. It provides the benefits of income splitting for unmarried taxpayers placing them on an equal footing with married couples filing joint returns.

I urge all my colleagues to support this amendment offered by the Senator from Oregon and myself.

The PRESIDING OFFICER. Who yields time?

Mr. PACKWOOD. Mr. President, how much time do we have remaining?

The PRESIDING OFFICER (Mr. CHILES). The Senator from Oregon has 9 minutes remaining.

Mr. PACKWOOD. Mr. President, this is one of the few occasions where we can legislate on the floor of the Senate in the form of an amendment, knowing full well what we are doing, and knowing full well what it is going to cost, which is about $1.6 billion. We have the ability now to make the decision, to weigh on the one hand, the tax revenue loss, against on the other hand, what I regard as the immorality of the inequity that now exists in the tax law.

In the last 15 or 20 years, we have come a long way in this country, in attempting to treat single people as equals. But we have not gone the full distance yet. All of us who sit in this body hire staff members, many of them women. We know what it costs to live in this city, but we tax them inordinately. At the same time we have in our offices men making the same pay or probably more, but perhaps married and taxed at a substantially different rate.

There is no longer any reason in this country, when we are doing everything we can in the field of day care, when we are doing everything we can in the area of an equal rights amendment, and when we are doing everything we can to make it possible for men and women, married or single, to be treated equally, to continue this discrimination in the tax laws which, in essence, says to single persons, "We are going to tax all of you collectively and penalize you $1.6 billion a year because you have not decided to get married."

This is an anachronism. It no longer fits with most of the legislation we have been considering in the last 2 years, and I would hope we would take this opportunity to eliminate one of the last great vestiges of discrimination between single people and married people.

Mr. CURTIS. Mr. President, will the Senator yield for a question?

Mr. PACKWOOD. I yield.

Mr. CURTIS. Should the Senator's amendment be adopted, what will be the tax consequences in so-called community property States?

Mr. PACKWOOD. The tax consequences on the so-called community property States?

Mr. CURTIS. Yes.

Mr. PACKWOOD. I am not sure.

Mr. CURTIS. It seems to me that we do have a problem. There are some States where half of the income belongs to each spouse.

Mr. PACKWOOD. In that case it would not affect them. My amendment would not change the situation of married couples generally, so I do not see how it would affect them.

Mr. CURTIS. Does the Senator regard marriage as a civil partnership?

Mr. PACKWOOD. A civil partnership?

Mr. CURTIS. Yes.

Mr. PACKWOOD. I have thought of it as more romantic than that, but if——

Mr. CURTIS. No, I am not limiting it to that; but, among other things, is it that?

Mr. PACKWOOD. I am not sure what the Senator means by a civil partnership.

Mr. CURTIS. Well, there is a line of decisions that essentially it is a civil contract in the eyes of the law. I am sure it is much more than that in the eyes of the people, the eyes of the church, and so on. But if it is a partnership, I would call to the attention of the Senator that we do not tax equal partners in a business venture on the basis of their aggregate income; we tax them on the basis of each one's share.

Mr. PACKWOOD. Does the Senator understand that my amendment would not in any way affect the rates on married people?

Mr. CURTIS. Well, it will affect their taxes, because if we lower the taxes on one group, it raises them on another, because the money has to come from some place.

Mr. PACKWOOD. The Senator has greater faith than I do that Congress is going to make it come from somewhere else.

Mr. CURTIS. I think it will. I do not think we will always go on managing the Government by expanding the debt. But I thank the Senator.

Mr. LONG. Mr. President, with the adjustments that we have made, we already provide that where two people are married, whether they both earn it or one earns it for the two, on any given amount of income they pay more taxes than two people who are single, each earning his own.

If we adopt the Senator's amendment, those taxpayers who are married and already paying more taxes than each would pay if they were single and earning their own way, would be further discriminated against because they signed a marriage contract and stood before a preacher and united to form a family.

The discrimination, for example, is such that if one thinks of two single people separately, who become married, the Senator would increase the discrimination against those people by about $175 if they were making $7,500 each. That is in addition to the discrimination that already exists. So one cannot justify this continual move toward discriminating against married people, unless one wants to contend that we ought to denounce

the institution of marriage, and encourage people not to marry and not have their children born in holy wedlock.

When the Senator proceeds to go down this road to where we would require people not only to assume additional obligations, but to assume a heavier tax liability in addition to assuming the obligations that one owes the other, in my judgment, it just cannot be justified. If we do this we will then be met by the married people complaining they are discriminated against, which will be exactly the truth. They would be discriminated against whether both are working or just one is working, by mere virtue of the fact of marriage. This proposal would cost an additional $1,565,000,000 to discriminate against the institution of marriage, to discriminate against married people just because they do not choose to live together in some other kind of relationship. What kind of sense does that make?

We have done, Mr. President, about everything that can be justified to help single people. We actually went along with the discrimination we already stated, and we think we have gone for enough. It is a minor discrimination now, and it will become a major discrimination if we do what the Senator wants us to do. Moreover, we have also provided a much more liberal additional child care deduction which will be of major help to single people with children.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

The Senator from Oregon has 6 minutes.

Mr. PACKWOOD. I will yield the time to anyone who wants it, even on the other side.

Mr. President, we are faced with a philosophical proposition. The Senator from Louisiana says this is a discrimination against married people, and I am saying it is an attempt to end discrimination against single people.

Our present law says to a perfectly rational 20- or 25-year-old man or woman, "Get married, and we will give you an economic tax break. Don't stay single. As a single person, you are a detriment to this society. So we're going to give you a surtax and penalize you."

I am asking, once and for all, for the Senate to say to the people of this country, married or single, "We are going to regard you as equals, treat you as equals, tax you as equals."

The PRESIDING OFFICER. Is all time yielded back?

Mr. PACKWOOD. If no one else wishes to speak, I yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment is yielded back.

The question is on agreeing to the amendment of the Senator from Oregon. 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 Maine (Mr. MUSKIE) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Kentucky (Mr. COOPER) and the Senator from Arizona (Mr. GOLDWATER) are necessarily absent.

The result was announced—yeas 41, nays 55, as follows:

[No. 386 Leg.]

YEAS—41

Allott	Hartke	Packwood
Baker	Hatfield	Pearson
Bayh	Hughes	Pell
Brooke	Humphrey	Proxmire
Burdick	Inouye	Ribicoff
Chiles	Jackson	Schweiker
Cranston	Magnuson	Stevens
Dole	McClellan	Stevenson
Eagleton	McGee	Symington
Fong	McGovern	Thurmond
Gravel	McIntyre	Weicker
Griffin	Metcalf	Williams
Harris	Mondale	Young
Hart	Nelson	

NAYS—55

Aiken	Dominick	Montoya
Allen	Eastland	Moss
Anderson	Ellender	Pastore
Beall	Ervin	Percy
Bellmon	Fannin	Randolph
Bennett	Fulbright	Roth
Bentsen	Gambrell	Saxbe
Bible	Gurney	Scott
Boggs	Hansen	Smith
Brock	Hollings	Sparkman
Buckley	Hruska	Spong
Byrd, Va.	Javits	Stafford
Byrd, W. Va.	Jordan, N.C.	Stennis
Cannon	Jordan, Idaho	Taft
Case	Kennedy	Talmadge
Church	Long	Tower
Cook	Mansfield	Tunney
Cotton	Mathias	
Curtis	Miller	

NOT VOTING—4

Cooper	Mundt	Muskie
Goldwater		

So Mr. PACKWOOD's amendment (No. 706) was rejected.

AMENDMENT NO. 684

Mr. TAFT. Mr. President, I call up my amendment No. 684 and ask that it be stated.

The PRESIDING OFFICER (Mr. STEVENSON). The amendment will be stated.

The legislative clerk read the amendment as follows:

On page 2, in the table of contents immediately after the item relating to section 315, insert the following:

"Sec. 316. Deposit of certain employment taxes by small employers."

On page 106, between lines 2 and 3, insert the following new section:

"SEC. 316. DEPOSIT OF CERTAIN EMPLOYMENT TAXES BY SMALL EMPLOYERS.

"(a) IN GENERAL.—Section 6302 (relating to mode or time of collection) is amended by adding at the end thereof the following new subsection:

"'(d) COLLECTION OF CERTAIN TAXES FROM EMPLOYERS OF 50 OR LESS EMPLOYEESS.—Payment or deposit of—

"'(1) taxes deducted under section 3101 from wages paid by an employer during a calendar quarter,

"'(2) taxes imposed under section 3111 on wages paid by such employer during such calendar quarter, and

"'(3) taxes deducted and withheld under section 3402 upon wages paid by such employer during such calendar quarter,

shall not be required more than one time, if at all times during the preceding calendar quarter such employer had 50 or less individuals in his employ.'

"(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the first day of the first calendar quarter beginning more than 30 days after the date of the enactment of this Act."

Mr. TAFT. Mr. President, today the small businessman is pressured on many sides. The rate of business failures shows that the road of the small businessman is not an easy one.

In the Congress we have a Select Committee on Small Business and it generally expresses great concern for the problems which the small businessman must face. How ironic it is, therefore, that we have compounded his burdens with unnecessary paper work and red tape. I refer specifically to the deposits which are required to be made by our small businessmen for FICA taxes and income tax withholdings. At the present time returns are to be filed quarterly on Form 941. Deposits, however, must be made in accordance with the following rules published by the Internal Revenue Service:

DEPOSITS OF TAXES

Each month you must add together the employer and employee taxes under the Federal Insurance Contributions Act (Social Security tax) and the income tax withheld for that month. Your total liability arrived at will determine whether deposits are necessary and, if so, how often they must be made.

Less than $200 liability per quarter. No deposit will be required if your liability for the quarter is less than $200. The total liability for the quarter will be remitted with the quarterly return on or before the last day of the month following the close of the quarter. Thus, payment and the return for the first calendar quarter will be due on or before April 30, 1971; for the second calendar quarter on or before August 2, 1971, etc.

Employers with $200 or more liability per quarter but less than $200 liability in any month. If at the end of the first month in the quarter the cumulative liability is less than $200, but by the end of the second month it is $200 or more, the employer must deposit such cumulative amount by the 15th day of the third month in the quarter. The liability for the third month of the quarter may be remitted with the return which will be due on or before the last day of the month following the close of the quarter.

If the cumulative liability does not reach $200 until the third month of the quarter, the total liability must be deposited by the last day of the month following the close of the quarter.

Employers with $200 but under $2,000 liability per month. For each of the first two calendar months in the quarter deposits will be required on or before the 15th day of the next month. For the last month in a quarter, employers will not have to deposit until the last day of the month following the close of the quarter.

Employers with $2,000 or over liability per month. If so the 7th, 15th, 22nd, or last day of the month, cumulative liability is $2,000 or more, a deposit will be required within the next three banking days.

It is the frequency of these deposits which creates an enormous bookkeeping problem and a great deal of overhead and paperwork for the small businessman. For large firms which have computerized data processing, frequent deposits are no problem. But for the small businessman of America the frequency of these deposits results in a great deal of administrative expense.

It is estimated by the Small Business Administration that 94 percent of all businesses in America have 50 or fewer employees. My amendment would simply

provide that businesses having 50 or fewer employees could not be required to make their FICA and income tax withholding deposits more than once a quarter.

Let me emphasize that this amendment would in no way affect their financial obligations and would not reduce the amount which they must remit to the Federal Government. The amendment would simply reduce the amount of red-tape, bookkeeping, and clerical expense with which they are now confronted. This amendment would also reduce administrative expenses on the part of the Federal Government.

Recently, the National Federation of Independent Businesses conducted a nationwide survey of independent businessmen as to whether or not they favored S. 1890, a bill identical to this amendment. That survey indicated that 74 percent of the Nation's independent businesses favored this measure. I ask unanimous consent to have printed at this point in the RECORD the figures indicating the support of this amendment on a State-by-State basis.

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

STATE BREAKDOWN FIGURES—RELIEVE EMPLOYERS OF UP TO 50 PERSONS OF HAVING TO DEPOSIT TAXES MORE THAN ONCE A QUARTER

State	Percent in favor	Percent against	Percent undecided
Alabama	80	15	5
Alaska	71	25	4
Arizona	69	26	5
Arkansas	72	23	5
California	71	24	5
Colorado	71	24	5
Connecticut	69	26	5
Delaware	80	18	2
Florida	69	25	6
Georgia	80	18	2
Hawaii	71	25	4
Idaho	83	14	3
Illinois	72	24	4
Indiana	75	20	5
Iowa	70	25	5
Kansas	73	22	5
Kentucky	75	18	7
Louisiana	80	16	4
Maine	68	25	7
Maryland	75	19	6
Massachusetts	74	23	3
Michigan	73	22	5
Minnesota	74	21	5
Mississippi	79	16	5
Missouri	74	19	7
Montana	75	19	6
Nebraska	79	16	5
Nevada	73	24	3
New Hampshire	74	22	4
New Jersey	71	24	5
New Mexico	70	25	5
New York	73	22	5
North Carolina	77	20	3
North Dakota	79	17	4
Ohio	74	20	6
Oklahoma	76	19	5
Oregon	72	25	3
Pennsylvania	75	22	3
Rhode Island	67	33	
South Carolina	79	16	5
South Dakota	72	22	6
Tennessee	77	19	4
Texas	75	21	4
Utah	78	17	5
Vermont	72	24	4
Virginia	75	22	3
Washington	75	21	4
Washington, D.C.	71	29	
West Virginia	82	16	2
Wisconsin	73	22	5
Wyoming	71	24	5

Mr. TAFT. Mr. President, that summarizes my presentation on this point.

I feel very strongly that this is an amendment that ought to be accepted. I think we are putting tremendous burdens on the small businessman just to read the instructions, which I read, in themselves. They indicate to some extent the kind of burden we put upon many of our small businessmen today. It really takes a lawyer to interpret most of the regulations and an accountant to keep track of them, and an experienced accountant of considerable skill.

If in any way we can simplify due process—and I believe this amendment would in great part simplify it—I believe we have the obligation in Congress to do just that.

Mr. LONG. Mr. President, my understanding is that the Treasury does not favor the amendment. However, some in the Senate agree with the Senator from Ohio. I know that the Senator from Alabama (Mr. SPARKMAN) tells me that he thinks it is a good amendment. He recommends that we agree to the amendment. I would be willing to agree to the amendment here with the understanding that we will discuss it in conference, hear the views of the Treasury, and do with it the best we can.

Mr. TAFT. I appreciate the Senator's statement very much.

Mr. President, I ask unanimous consent that the name of the Senator from New Hampshire (Mr. MCINTYRE) be added as a cosponsor.

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

The question is on agreeing to the amendment of the Senator from Ohio.

The amendment was agreed to.

AMENDMENT NO. 688

The PRESIDING OFFICER. The Chair recognizes the Senator from Oregon.

Mr. PACKWOOD. Mr. President, I call up my amendment No. 688.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to state the amendment.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment reads as follows:

Beginning on page 7, line 5, strike out section 103; and redesignate sections 104 through 109, following, as sections 103 through 108, respectively.

Mr. PACKWOOD. Mr. President, at this time I have called up my amendment No. 688 to the Revenue Act of 1971. The effect of this amendment will be to extend the investment tax credit to the purchase of foreign produced goods.

A few weeks ago, I introduced a similar amendment for the consideration of the Finance Committee. Of course, it is evident that the committee chose to reject my proposition. Accordingly, I am presenting it for the consideration of the entire Senate.

I am extremely distressed with the manner in which the Revenue Act is being debated in the Senate. There would seem to be no intention to undertake a serious discussion of the very real impact that a number of the provisions contained in the Revenue Act might have on the long-term relationships between the United States and our trading partners around the globe. This potential impact is particularly evident in the matter of the discriminatory investment credit the committee has presented for our consideration.

As currently provided for, the investment credit would not apply to the purchase of foreign-produced goods for the duration of the 10-percent tariff surcharge—or for such longer duration as the President deems necessary and in the national interest. I need not dwell on the problem I have with this further surrender of discretionary authority to the Executive by the Congress. It should be enough to indicate that once more the Congress is being urged to divest itself of its historical powers and responsibilities in the name of expediency and swift action by the Executive. It occurs to me now, as it has many times in the recent past, that to continue this irresponsible pattern can only result in the Congress becoming little more than a debating society a few years in the future.

However, although the matter of surrender of congressional authority and control deeply disturbs me, I am even more concerned about the more immediate impact that passage of the discriminatory investment credit proposal might have on our international trading relationships. As I indicated earlier, at the time of introduction of my prior amendment, I have always felt that given a choice between protectionism and expansion of free trade, it is always in the best long-range interests of not only the United States, but the world as a whole, to chose free trade. I still believe this, and I believe that the evidence is even now beginning to bear this out.

We have word from Europe that the Common Market is seriously considering joining with several other Western European nations to form a solidarity trading bloc; there is always the possibility that Japan might once again begin to consider the possibility of a present-day, informal Asian co-prosperity sphere in the Far East. All protestations to the contrary notwithstanding, the principal stimuli for this renewed discussion of formation of trading blocs are clearly the action taken by the President last August, and the action proposed to be taken by the Congress now. The combined effect of these protectionist actions is to establish a fortress America in the mistaken belief that we do not need them, but they need us. The fact of the matter is that we all need each other. Until we recognize this fact, we will all continue to suffer the consequences of a chauvinistic commercial conflict bordering on a full-scale trade war.

This spector of an international trade war is evident in the discussions taking place around the globe as to the specific impact that a discriminatory investment credit might have on world markets. It occurs to me that there is no rational explanation for this proposed discrimination. I should point out to my colleagues that America's position in the international market for goods which will qualify for the investment credit has always been, and continues to be, one of unrivaled superiority.

I would suggest that this is one of the

few, and certainly one of the best, consistently positive showings the United States makes in the overall balance of trade picture. The effect of the proposed discriminatory investment credit could very well be to cause other nations to retaliate by erecting barriers to free trade in investment goods, thereby weakening, if not destroying, this positive showing by U.S. manufacturers. Plainly stated, by passage of this discriminatory investment credit, we run a very real risk of contributing to a worsening of our own balance of payments. This is a risk we can ill afford to take.

Further, there is little justification for the discriminatory nature of the proposed investment credit in terms of reduced Treasury receipts. The Finance Committee estimates indicate that the investment credit, as proposed, would result in an average annual loss of about $2.7 billion in revenues. With the inclusion of foreign-produced investment goods, the additional revenue loss will be in the neighborhood of $130 million. This is, indeed, a small price to pay for the elimination of what portends the engendering of a considerable amount of ill will among our trading partners were this discriminatory investment credit to be enacted into law. Again, history indicates that this miniscule momentary loss will be compensated for many times over as the world succeeds in preventing the onset of the creeping paralysis that must inevitably obtain to any rise in the protectionist fever.

Finally, let me address myself to those of my colleagues who would suggest that the United States has gone far enough in reducing barriers to freedom of commercial intercourse among nations. It is evident that we have gone further than any other nation. It is true that corresponding reductions in the number and severity of barriers erected by other nations against our own products are long overdue.

However, this is most emphatically not an argument that must, or even can, logically lead one to argue that the United States should all of a sudden begin to erect barriers of its own. Rather, I would suggest that this is a time to sit down with our friends and partners in international commerce and to discuss rationally our differences and the greater good that can be had for all by the reduction of their trade barriers.

Let me remind my colleagues, briefly, of the history of the formation of the United States of America. Prior to 1789, each of the newly independent States was on its own; with little but the weakest of common bonds to be found in the Articles of Confederation. It was soon recognized by each of the 13 States that they could either suffer or prosper in common in their economic interrelationships. It was finally decided, after much travail and hardship, that they must band together and eliminate the trade barriers among the several States which were growing ever larger and increasingly more severe.

The lesson to be learned from this is quite clear. America could never have become the great and prosperous Nation we are today had it not been for the wisdom and foresight of our Founders, who could see the benefits to be had by cooperation rather than economic conflict among the States. The idea they advanced at the time was no less unpopular than that which I am suggesting today, that we must forget the momentary gain—both political and economic—to be had from further protectionist devices, and focus our attention on the long-range good to be derived from freedom of commerce.

I would suggest that we take the advice of Santayana and remember our history, lest we be condemned to relive it. Let us put a stop to the throwing of protectionist bricks at one another and begin to use those same bricks to build bridges of free-flowing commerce among our neighbors on this all too beleaguered planet.

To follow the lead of the Finance Committee and the House of Representatives down this neoprotectionist primrose path is not the best means by which to achieve the climate of mutual understanding and cooperation toward which we must all strive. We are presented with a clear choice as to the future we will mold for America's role in the world of commercial trade.

I suppose we could follow the path indicated by the various provisions in the Revenue Act of 1971—most notably the discriminatory investment credit. This is the easier of the two roads down which we might travel. Unfortunately, this is the path that will certainly lead to continuing escalation of the embryonic protectionist war—a war which none among the community of nations can win, but in which all must, of historical imperative, lose.

Or, we can choose the path indicated by my amendment. By so doing, we will have proclaimed to the world that the Congress of the United States recognizes the very clear and present danger inherent in protectionist moves. We will have shown that we are willing to suffer a possible—though unlikely—momentary hardship in favor of the long-range benefits to be derived by every nation from a sponsorship of additional freedom of commerce around the globe.

Mr. President, I ask unanimous consent to have printed in the RECORD at this time a few news articles and commentaries that reflect on the issues I have been discussing.

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

[From the New York Times, Sept. 23, 1971]

SMOOT-HAWLEY REVISITED—TRADE PROTECTIONISTS SHOULD CONSIDER HAVOC CAUSED BY BILL OF 40 YEARS AGO

(By Leonard S. Silk)

COPENHAGEN, September 22.—Representatives of the central banks and finance ministries of 115 countries, assembled here for the annual meeting of the International Monetary Fund and World Bank, are looking anxiously toward Washington as the Congress takes up a bill that would reverse three and one half decades of United States support for freer international trade. The bill adopted by the House Ways and Means Committee, which now goes to the floor of the House, would fix import quotas on textiles, shoes, oil, mink, glycerin and, in all probability, a long list of other goods from abroad. Proponents of the bill contend that it would protect the jobs of American workers, safeguard American industries from low-wage foreign competition, and strengthen the United States balance of trade.

Opponents say it would do none of these things but would aggravate inflation, touch off a trade war, hurt consumers, and damage the American and world economy.

The last time a confrontation on these issues was resolved in favor of protectionist trade legislation occurred 40 years ago when Congress enacted the Smoot-Hawley Act.

Europeans, even more heavily dependent on international trade than Americans, have not forgotten the disastrous train of events set in motion by Smoot-Hawley.

But many Americans, including Congressmen, apparently need to be reminded of the dictum of the philosopher George Santayana that those who forget history are condemned to relive it.

The Smoot-Hawley Act was the product of ingrained American political habits and of confused efforts to alleviate particular economic problems.

The Republican party had traditionally favored protectionist tariff policies as a formula for economic prosperity, and the Republican party platform of 1928 promised to relieve the depression in agriculture by raising tariff rates on farm products.

Soon after taking office, President Herbert Hoover called a special session to consider aid for the farmers. Congress met in April, 1929, although the House Ways and Means Committee had started hearings on trade legislation in January.

By June, a tariff bill was reported to the floor of the House in substantially the form recommended by the President.

Then the process of log-rolling and what today is called Christmas-treeing began. A great many amendments were added, raising rates across the entire range of the tariff schedule.

The politically appetizing process of increasing tariff rates and extending coverage continued in the Senate Finance Committee and on the Senate floor.

COMPROMISE ARRANGED

The Senate-House Conference Committee generally compromised by accepting the highest rates set by either house.

President Hoover finally signed the bill on June 17, 1930, although he had threatened to veto a limited revision of the tariff schedule early in the session.

But, as Prof. Frank W. Taussig of Harvard wrote at the time, "when the bill finally came to him, he could hardly do otherwise than approve. His party could not go before the country stultified by having nothing whatever to show for a year's prolonged and conspicuous labor."

Public indignation had run high during the Congressional deliberations, but some of the more important pressure groups traditionally in favor of liberal trade had not maintained firm and unyielding opposition to the bill.

Labor realized that higher prices would result, but succumbed to the chimerical hope that the bill would relieve unemployment, which was already rising seriously, by stimulating domestic output of goods to replace imports.

Farmers were willing to grasp for any protection that might possibly help them, despite their need for foreign markets.

However, a petition of 1,038 economists—including virtually every reputable economist in the country of whatever political view—urged the President to veto the bill, warning that if enacted, it "would inevitably provoke other countries to pay us back in kind."

That 40-year-old petition of the economists has just been reissued by more than 4,000 American economists, together with a new one reaffirming the old warnings of the damage, that protectionism would do.

The last time the economists' forecasts

were right. Following the passage of Smoot Hawley, there rapidly ensued a series of retaliatory measures in the major trading nations of the world.

TARIFF BARRIERS RAISED

France, Italy, Spain and others raised tariff barriers or introduced drastic quotas in 1930. Switzerland initiated a largely successful boycott of American products. Canada raised its tariff walls to the highest point in its history.

Great Britain passed the Emergency Tariff Act of 1931 and the Import Duties Act of 1932. The British Commonwealth concluded severely discriminatory preferential tariff arrangements in Ottawa in 1932.

The higher trade barriers of the United States frustrated the efforts of the Japanese Government to improve economic conditions through expanded trade and led to a more nationalistic and militant policy. Smooth-Hawley sowed the seeds of the Japanese Asian Co-Prosperity Sphere.

International conventions to work out a truce in the trade war failed in 1931, 1932, and 1933.

NATION WAS WORSE OFF

The United States was worse off after Smoot-Hawley than it had been before. Other countries raised their tariff rates and other trade barriers even more than we did.

American exports sank like a stone—because of both the higher trade barriers and the spreading world depression, to which the collapse of trade contributed.

By 1932, U.S. exports to Great Britain had fallen to one-third of their 1929 level. In 1932, American exports to Canada and France were only one-fourth of 1929, and, in the case of Australia and Oceania, one-fifth of 1929.

The decline in some specific American export commodities was even more dramatic. Agriculture, the sector that the President had originally sought to benefit, suffered most. Wheat exports, which had totaled $200-million 10 years earlier, fell to $5-million in 1932.

Exports of the automobile industry fell from $541-million in 1929 to $76-million in 1932.

NO PROBLEMS SOLVED

In retrospect, the protectionist Smoot-Hawley Act was worse than futile. It did not solve unemployment or other problems of American labor, industry, and agriculture but, instead, worsened them by helping to shatter world trade.

Its repercussions contributed to the growth of nationalism and economic autocracy in many countries and to the deepening crisis of the 1930's.

Some other philosopher than Santayana has said, "The only thing we learn from history is that we learn nothing from history." Certainly there are no simple re-runs of history.

In Copenhagen this week, Pierre-Paul Schweitzer, the Managing Director of the I.M.F., when asked how far the protectionism of the United States will affect the international monetary system, replied cautiously:

"Well, the United States Government has stated the United States will not switch to protectionist policies. Measures are under discussion in Congress, but I understand they would not be mandatory but just give the President additional leeway. We would be the first ones to deplore, of course, any regression in the freedom of international trade. Presently we are already deploring that there is not more progress."

Other participants here are less guarded, in private conversations, in expressing their worries about the trade legislation before the United States Congress—and the international effects it would have, if enacted.

They firmly state that, if the United States takes a protectionist course, severe retaliation from European and other countries will follow.

[From the New York Times, Dec. 12, 1970]

COMMERCE GROUP ASKS NATIONS TO NEGOTIATE TO STEM PROTECTIONISM

(By Clyde H. Farnsworth)

PARIS.—An organization representing private industry in 80 countries is seeking to prod governments into a new round of trade liberalization after conclusion of negotiations to enlarge the European Economic Community.

The recommendations of the International Chamber of Commerce, aimed at turning back the present protectionist tide, were disclosed here following a meeting of the business leaders with the heads of United Nations agencies and other international bodies.

The chamber called for a ministerial conference to prepare for a new round of trade talks.

GOALS ARE LISTED

The negotiation would:

Progressively eliminate tariffs on manufactured goods in the developed countries, and also the non-tariff barriers such as quotas or sanitary and safety regulations that have an equally disruptive effect on trade.

Liberalize trade in agricultural products.

Harmonize monetary and economic policies in the developed countries.

Extend to developing countries the benefits of greater access to markets that the rich countries would receive.

Walter Hill, the chamber's secretary general, said the initiative was encouraged by the heads of international organizations present at today's meeting.

These included Olivier Long, director general of the multinational trade organization known as GATT, the General Agreement on Tariffs and Trade; Pierre-Paul Schweitzer, managing director of the International Monetary Fund; Emile Van Lennep, secretary general of the Organization for Economic Cooperation and Development, and Philippe de Seynes, under secretary general for economic and social affairs at the United Nations.

The proposed trade talks would be carried out within the framework of the GATT fair trade charter, as have all previous liberalization rounds since World War II.

In these efforts, the most recent being the 1967 Kennedy round, the United States supplied the initiative. The chamber decided to try to maintain the momentum in view of the resurgence of protectionist feelings in the United States, and the trade disputes over agricultural protectionism in Europe that have erupted between the United States and the European Economic Community.

The world trading picture may be sharply changed should Britain, Ireland, Norway and Denmark gain admission into the Common Market. There would be one vast European market of 250 million people.

While no one is certain what the trend will be, there would be a tendency for the Europeans to trade more among themselves than with the outside world. Washington has already made representations to Britain over the possibility of losing important Britain markets in feed grains and wheat.

Early in the nineteen-sixties when Britain was conducting her first abortive round of negotiations to enter the E.E.C., President John F. Kennedy decided that the bull should be taken by the horns. He got Congress to empower the executive branch to negotiate massive tariff cuts on a worldwide basis to deal with the expected new trading situation.

What President Kennedy envisaged now seems likely to take place as the British-E.E.C. negotiations progress favorable in Brussels.

While successful, the Kennedy round still left many obstacles to trade, and with protectionism apparently increasing on both sides of the Atlantic there has been little political will to remove them.

The businessmen, representing internationally minded corporations, manufacturers organizations, banking associations and other groups, are hoping they can bring enough pressure to bear on their governments to reverse the trend.

[From the New York Times, Dec. 12, 1970]

U.S. MISSION HEADED BY HARDIN WARNS EEC ON ITS FARM POLICIES

PARIS.—An emissary of President Nixon, stepping up the American assault against discriminatory Common Market farm policies, has warned that protectionism cannot be beaten back in the United States without a positive response from Europe.

Clifford M. Hardin, Secretary of Agriculture, heads a large and important trade mission that has been carrying this message to officials in European capitals over the last two weeks.

Mr. Hardin, who arrived in the European Economic Community's capital of Brussels yesterday, has been firing away at high farm prices that have reduced American agricultural sales in Europe.

COINCIDES WITH DEBATE

His mission has coincided with debate in the Congress on a protectionist trade bill. Although it looks as if time may run out before the bill can pass in the present lame-duck session, there will probably be new trade legislation introduced in the next Congress.

Mr. Hardin is serving notice that if Europeans want to see better legislation—they have strongly protested against the current bill and threatened massive retaliation—they must take a more reasonable attitude in some of their own policies.

The six-nation E.E.C., made up of France, West Germany, Italy, Belgium, the Netherlands and Luxembourg, imposes a variable levy system in assessing duties on American farm imports. This is one of the practices the American Administration finds most pernicious.

The levy is designed to bring the price of the imported product to the inflated E.E.C. level. Proceeds from the levy are used to subsidize farm exports of the six. The high Community prices induce greater production, which means the six have more to export.

Variable levels are imposed on imports of grain, beef, pork, poultry, lard and dairy products. In each of these sectors American sales to the E.E.C. have markedly dropped since 1966.

FIVE NATIONS VISITED

Mr. Hardin, who is accompanied by officials from the State and Commerce Departments as well as his own department and by two members of the Presidential Commission on International Investment and Trade, began his tour Dec. 2. He has now visited five of the six E.E.C. countries. He next goes to London.

Apart from the variable levies, which the United States cannot do much about, Mr. Hardin is showing Administration concern over specific E.E.C. policies in tobacco, grain and citrus products.

[From the Wall Street Journal, Sept. 14, 1971]

FREE TRADE EVENTUALLY, TOUGH ACTION NOW TO BOLSTER U.S. URGED BY BLUE-CHIP PANEL

WASHINGTON.—A blue-chip presidential commission urged sweeping and tough actions to shore up the U.S. foreign-trade position, including antitrust-law relief for companies hurt by imports.

The ultimate policy aim, said the secrecy-shrouded "Williams Commission," should be "elimination of all barriers to international trade and capital movements within the next 25 years." To achieve this, though, the U.S.

in the meantime may have to resort to such seemingly protectionist steps as "orderly marketing" quotas and temporary tariff increases against some very rapidly rising imports, the panel contended.

Despite its many long-range aspects and the forbidding bulk of its nearly 2,000 printed pages, the three-volume report of the Commission on International Trade and Investment Policy is likely to be spared the dust-gathering fate that often has befallen efforts of other presidential commissions.

President Nixon, in making his Aug. 15 policy changes, is understood to have been influenced significantly by the business-dominated Williams panel findings that were made known to him over the past several months. The wage-price freeze and 10% import surcharge were the "necessary emergency steps to lay the foundation for the longer-term negotiations which lie ahead," commented Albert L. Williams, commission chairman and finance committee chairman of International Business Machines Corp.

The proposals have "even greater relevancy and urgency" than when they were submitted in July, Mr. Williams said after meeting with Mr. Nixon for 45 minutes yesterday. The President's Aug. 15 initiatives were "only the opening gun" in a move to restructure international trade and monetary arrangements, Mr. Williams said, adding that "I don't think we have a realignment of currencies yet, all tidied up, by a long shot."

NEGOTIATIONS REQUIRED

Many of the 147 specific recommendations would require immediate negotiations with other countries, such as the talks on currency rates starting tomorrow in London by the finance ministers and central bank governors of the "Group of 10" key industrial countries. Others, such as proposals for greatly enlarged federal aid for industrial research and development, already are being prepared by the Nixon administration for submission to Congress in January.

The report's tone and thrust clearly coincide with Mr. Nixon's inclinations in the international field, analysts say and probably provide clues as to the details of demands the U.S. will be making in return for ending the import surcharge and the dollar's float. The panel consulted with many key administration strategists, the analysts add, and channeled its thought along the way to Mr. Nixon mainly through Peter G. Peterson, the key White House international economic aide who has voiced many similar views.

Some of the commission's proposals could prove quite controversial on Capitol Hill, however. Congress always has icily rejected, for instance, the idea the panel espoused of delegating to the President even "limited authority to alter tax rates" within the U.S. Many lawmakers would be likely to balk at the panel-endorsed ideas of the U.S. conforming to the much looser limits of Western European countries on the goods that can be sold to Communist nations, or of letting new trade pacts take effect automatically unless rejected by Congress within 60 days.

OPPOSING ANTITRUST CHANGES

At least some resistance would be assured, too, if the administration embraces the commission's request for altering antitrust laws "to permit mergers if the firm in question is encountering serious difficulty because of import competition." Because this would happen only if imports were entering in large amounts, the panel argued, such mergers of weak companies into stronger ones normally could take place without competition being "substantially lessened."

On at least a few points, the Williams Commission failed to support present Nixon administration thinking. The members "failed to reach a consensus" on Mr. Nixon's Domestic International Sales Corp. bill, one insider says, because about half of them worried that the cost of tax deferral on export profits would outweigh the benefit of encouraging exports. Similarly, the panel found evidence too mixed on the trade benefits that might come from a European-style "value-added tax" to reach a conclusion, observing that any such national sales tax ought to be decided only on the basis of domestic impact.

Nor is it clear how many of the commission's positive proposals the administration is likely to pick up. The great liberalization the panel advocated for "adjustment assistance" to companies and workers affected by imports could be costly in budget terms, and deficit-plagued officials might be unwilling to spur the economy enough through the budget to honor the commission's wish that the Federal Reserve Board's monetary policy be left more free to gear interest rates to international flows.

"NEW REALISM" NEEDED

But the panel argued strongly that a "new realism" and "bold" moves are required to cope with a world economy that has changed fundamentally since most arrangements were worked out at the end of World War II. Europe and Japan have become vastly stronger economically, and relatively free movements of money, goods and other activities of multinational corporations transmit both technology and tensions very rapidly, the commission said, warning: "Today there is serious risk that the world may break up into hostile regional economic blocs."

Since the commission was appointed in May 1970, its members were exceptionally closemouthed about its work. Even as broad conclusions were reached several months ago, only a few inner-circle White House aides were tipped to the report's contents, partly because of the surprise element necessary if President Nixon picked up the "border tax" idea to force bargaining by other countries. The Williams panel proposed a tax rebatable on exports, but Mr. Nixon went only for the import levy to avoid the need for legislation, a commission official said.

The report's basic conclusions were supported by 25 of the 27 members, the panel reported, with strong dissents by I. W. Abel, president of the United Steelworkers, and Floyd E. Smith, president of the Machinists union. Sticking with an earlier AFL–CIO executive counsel position, the union leaders called for tight curbs on imports and a crackdown on the "export of U.S. production and jobs" through multinational corporations' investing in plants overseas.

The majority, which included 18 business leaders, six professors and a farm group leader, conceded only that U.S. foreign direct investment "may have displaced U.S. manufactured exports in some cases." But it stressed that after a lag, "the export markets would probably have been lost in any case" on the ground that foreigners would have undertaken such manufacturing abroad if U.S. companies hadn't done it first. Thus, the committee called for a phase-out of existing capital-outflow controls "over the next three to five years."

Among key negotiating aims, the panel favored a "more responsive" system for currency-exchange rates and retaining but tightening the operations of the Geneva-based General Agreement on Tariffs and Trade. The commission urged that GATT's rules against export subsidies be made clearer and more enforceable and that the U.S. work in GATT for elimination of "illegal" Common Market hurdles to U.S. agricultural and other exports, and for coordinated lowering of tariff and nontariff barriers, with special attention to assuring that antipollution safeguards aren't unfairly used to restrict trade.

The extent of agreement reached among the business members is significant, insiders say, because they were chosen from potentially conflicting sectors, such as those which face heavy import competition, or import heavily, or export and produce extensively abroad.

[From the Washington Post, Oct. 15, 1971]

(By Hobart Rowen)

EEC OFFICIALS WARN UNITED STATES ON RECESSION

High Common Market officials have warned American officials in the past few days that "the European economic situation is deteriorating," and suggest that if President Nixon's New Economic Policy is pursued without relief, the American Government will be responsible for having pushed Europe into a broad-scale recession.

They cite, especially, the 10 per cent surtax as one of the new U.S. "protectionist measures" that are certain to be used "as a pretext for escalating retaliatory measures," by March or April of 1972 at the latest.

At the same time, these officials offer as a "personal opinion" that the U.S. is "entering a period of second thoughts" about the international phases of the N.E.P.

"The American Government is well informed of the evolution of opinion in the other countries," one EEC official said. He mentioned particularly that the West German Government was disillusioned because it had "not been rewarded for friendlier behavior." A higher D-mark rate, combined with the surcharge and the disadvantages of the DISC proposal and the "Buy American" investment credit creates "a strong dimunition of the competitiveness of German industry," he asserted in a meeting with American newsmen.

"The U.S. authorities," he asserted, "are looking for a settlement as quickly as possible."

The European officials hinted, without saying so directly, that the United States will eventually raise the price of gold modestly as its contribution to a general re-alignment of exchange rates. "The United States is intelligent enough," one Commart source said, "to know that this would be a useful political contribution."

The suggestion was that there would be "a general bargain" in which the actual changes in exchange rates will be set by the Group of Ten financial ministers, and that at the same time, "there will be agreement on how the further deficits of the United States can be financed."

But it will take perhaps 4 to 5 years, sources said, before the United States payments picture can be brought into equilibrium.

American officials, it was ascertained independently, are well aware that the 10 per cent surcharge is adding to the economic problems of some countries already experiencing a slump in activity. But it is not clear that there has been any significant change in the U.S. timetable or goals in seeking a $13 billion "swing" in its balance of trade.

In respect to the deteriorating situation in Europe, the Common Market officials cited a reduction in the plans of Italian exporting firms for new investments, which would cut production and jobs in that country; the possibility that a slowdown now evident in West Germany would turn next year "into stagnation and perhaps recession"; and "a very bad situation" in the Netherlands, where there has been a serious increase in prices accompanied by a worsening balance of payments situation.

In France, sources said, the situation was somewhat better, but there is a serious concern that the economy is not expanding enough to absorb a growing labor force; especially, it was said, the French problem is to find enough jobs for young people.

One specific complaint lodged by Common Market officials with the U.S. Government is that European countries are being asked to make a "sacrifice" by reducing their trade surpluses—or going into deficit—while the

U.S. says it intends to remove all restrictions on capital movements.

The argument is that it is "difficult to accept" a reduction of trade surpluses while the U.S. "continues its policy of the acquisition of assets abroad."

Even where European Governments would prefer to resist retaliation, "it would be difficult to resist public opinion," reporters were told. "Therefore, it would be useful to reach at least a partial solution to these problems by the end of the year . . . It would be better to get out of this situation . . . and not waste time."

The officials urged that the Nixon Administration and other governments put aside the charges and countercharges "of the past" and instead "examine objectively what we are willing to do in the future."

Half-in-jest, it was suggested that a "marathon" session which has come to typify internal Common Market hassling might be used as a form to shake loose a general bargain which could produce a new set of fixed exchange rates, abolition of the surcharge and "a reciprocal commitment to discuss other problems," all by the end of 1972.

[From the Wall Street Journal, Oct. 19, 1971]

THE PROTECTIONIST VIRUS

The protectionist virus is steadily spreading—through the government, through the country, through the world at large. Unless some means are found to check it, its toll could be enormous.

Peter G. Peterson, the White House top foreign economic policy aide, professes to be so worried about the trend that he's afraid to push the other way. That view, moreover, isn't as odd as it may at first sound.

The administration, for instance, is well aware that its 10% import surcharge is hitting painfully at poorer countries in Latin America and elsewhere, even though the move was designed primarily to pressure Japan and other major nations into agreeing to more realistic currency exchange rates.

For sometime, the administration has favored trade measures that would give the developing countries greater access to markets in the U.S. and other industrial nations. So far such proposals have gotten nowhere, and for the present at any rate the administration does not intend to push them.

Why? Well, Mr. Peterson said the other day, the mood of Congress and of the U.S. generally is "so protectionist" that any administration bills to extend trade preferences or enlarge aid to poor countries would probably be transformed by the lawmakers into "permanent, fixed quotas" against imports. Considering some of the legislators' recent performances, the prediction isn't at all unrealistic.

Thus the House Labor Committee elected to attach a protectionist rider to, of all things, a bill to increase the federal minimum wage. The rider seeks to bar the federal government from giving contracts of more than $10,000 to foreign suppliers who pay their workers "substantially less" than whatever the U.S. minimum wage happens to be at the moment.

"Substantially" is not defined, and the proponents seem to think that's a plus. The vagueness, they say, will give the administration "a lot of latitude" in deciding whether or not to give business to foreign suppliers. It will also give the protectionist Congressmen, as well as lobbyists for special interests, a lot of latitude to put pressure on the administration.

Meanwhile, the 10% surcharge continues to embitter some major countries that, until recently, the U.S. saw as friends. Unemployment in Canada rose to 7.1% of the labor force in September, a 10-year high and well above the U.S. rate. Canadian officials are quick to note that September was the first full month after imposition of the surcharge; while the levy probably is not the only reason for the jobless upsurge, it may be hard to convince Canadians of that.

More than 60% of Canada's exports go to the U.S. and about 25%, or close to $3 billion, are affected by the surcharge. In retaliation for the U.S. levy, the Canadian Parliament already has approved a program to subsidize Canadian exports and offset a large part of the surcharge.

In Japan, the primary target of the U.S. get-tough policy, the anti-U.S. sentiments are even more evident. With the threat of mandatory quotas, the U.S. bludgeoned Japan into a new "voluntary" pact to restrict textile shipments to the U.S. Even though the 10% import surcharge now will be dropped for textiles, Japan's sagging economy and its angry textile industry make it certain that the agreement leaves little good will in a country whose cooperation the U.S. desperately needs in the Far East.

Meanwhile, a Common Market official warns that, if the surcharge lasts much longer on other products, the world will "enter escalation in retaliatory measures." Such measures, he appears to recognize, won't really be good for anybody, but nations seldom worry much about that sort of thing when a trade war gets under way.

There was a definite need for a realignment of international trade rules, and America's rough talk and actions at least have made that plain to everybody. In the process, they have also done a great deal to spread and strengthen protectionism both in this country and abroad.

If the government doesn't come up with antidotes soon, a lot of people are going to wind up awfully sick.

[From the New York Times, Oct. 20, 1971]

SPLITTING OF BLOCS—NATIONALISM AND MONETARY INSTABILITY ARE PULLING NATIONS OF THE WORLD APART

(By Leonard Silk)

The drive of the Nixon Administration to swing the United States' balance of payments from deficit to surplus is running into a serious obstacle—rising unemployment in Europe and Japan. Although the slump abroad had begun before President Nixon's Aug. 15 actions in floating the dollar and imposing the 10 per cent import tax, the American trade and monetary moves are coming under heavy fire for aggravating what many businessmen and Government officials abroad now fear may become a major recession.

Under pressure from their domestic industries, foreign governments are likely to resist letting their currencies float higher against the dollar. Some economists even foresee the possibility of competitive devaluations.

If unemployment continues to increase overseas and world trade should decline, there could be a more decisive breakdown in the international monetary system than has occurred.

The effect on world trade and development would be grave. The business decline of 1929–30, which for more than a year seemed like a characteristic cyclical downturn, was turned into the most serious world depression in history by the collapse of the international monetary system.

There is danger today that the non-Communist world, which since the end of World War II has been led by the United States, may split into isolated and protectionist blocs.

The forces of fission in the Western World are aggravated by recessionary factors today—but they are not the result of a temporary situation.

A year ago, the National Planning Association, a private study and policy group with international membership, warned that grave difficulties in the relationships between North America and Western Europe could split the Atlantic region into two contending blocs.

The N.P.A. study said that this trend arose from the tensions between two major developments of the last decade:

A "new nationalism" in all Atlantic countries, resulting from growing pressures to improve living standards at home and to reduce foreign commitments.

And, on the other hand, closer economic integration and interdependence among Atlantic countries resulting from the reduction of trade and payments barriers, the rise of multinational companies and the growth of the Eurodollar market.

C. Fred Bergsten, a former economic adviser to the National Security Council, warns that a United States effort to maintain dollar hegemony beyond the time when this country's true power position permitted it—and when other countries were therefore willing to accept such dominance—"courts disaster."

Mr. Bergsten believes that Europe, through unification will regain its traditional world role. He says that Japan's assumption of leadership in Asia is only a matter of time; he regards Communist China rather than the United States as likely to become Japan's chief rival in the Pacific region.

In the "third world" of developing countries, Mr. Bergsten expects the United States, though remaining important in absolute terms, to continue its relative decline, as the "new nationalism" continues to intensify.

In his view, the United States should have an international monetary policy that is the corollary of the military-political Nixon doctrine calling for a scaling down of American commitments and a transfer of responsibilities to other countries. The dollar standard, he suggests, represents a costly and dangerous overcommitment for the United States.

The new nationalism, said the N.P.A. study, is impelling governments on both sides of the Atlantic to take more and more direct action to maximize national welfare and minimize income losses at the same time as regional economic integration is restricting their freedom of action and subjecting their economies to rapid and painful adjustment.

Similarly, in a study for the United Shoe Machinery Company, Walter P. Hertz, a consulting economist, has predicted that, in the 1970's, what he called "economic cross-pollination"—that is, the establishment of manufacturing subsidiaries of European companies in North America and, conversely, of North American companies in Europe—would cause a rapid slowdown of direct trans-Atlantic trade with customers.

North American companies, according to the Hertz study, would continue to trade, but at reduced levels, with Latin America, as closer integration of a Latin American bloc developed.

The Hertz study said that American companies would be confronted with growing competition from a Far Eastern bloc, led by Japan, in trade with the developing countries of Latin America, Africa and Asia.

What is to be America's monetary role in a world breaking into such regional blocs?

Immediately, the Nixon-Connally international trade and monetary actions that began Aug. 15 were designed to prove that the United States still possesses the power to make other nations adjust to its requirements—by upvaluing their currencies, by unilaterally dropping barriers to American goods or accepting American trade discrimination against them, and by assuming additional defense costs.

In the short run, this policy has scored victories in Japan in the areas of quotas on synthetic, cotton and woolen textiles and in military burden-sharing. However, the resolution of the struggle over the exchange rate of yen still lies ahead.

In Europe, the United States faces stiff

resistance which growing unemployment will intensify.

There is now deep resentment in both Europe and Japan—and in Canada and Latin America as well—over the Administration's tough trade and monetary policies, which may be costly to the United States in the long run. A number of internationally minded American businessmen have begun to warn the White House that an early realignment of currencies, a return to stable exchange rates, and an effort to cool the incipient trade war may be necessary to prevent lasting damage to American interests abroad.

These men are afraid that the Administration may wait too long and lose the strong position it held in the weeks that followed the Nixon "shock" campaign of Aug. 15.

[From the New York Times, Oct. 20, 1971]

DENMARK PLANS SURCHARGE AS PROTECTIONIST MEASURE—EUROPEAN TRADING PARTNERS CRITICAL—COMMON MARKET RETALIATION AGAINST UNITED STATES IS SAID TO BE A FRENCH GOAL

(By Clyde H. Farnsworth)

PARIS.—Two signs of what has been feared most in the world monetary crisis—spreading protectionism—appeared in Europe today. They were:

Denmark's new Social Democratic government, presumably following the American example, said it would impose a 10 per cent tariff surcharge of its own to help the nation out of severe balance-of-payments difficulties. Denmark's European trading partners were critical of the action.

Henri Ziegler, leader of the French aerospace industry, told newsman in Paris that France has asked her Common Market partners to agree on a bloc barrier against imports from the United States. M. Ziegler said his industry wants a 15 per cent customs barrier against American imports to retaliate against the American surcharge.

In another development, the Common Market's foreign ministers reacted strongly in Luxembourg today to what appeared to them to be American divide-and-conquer tactics in the monetary crisis.

These developments occurred as monetary deputies of the 10 richest and most powerful industrial countries continued to differ over the degree of the balance-of-payments adjustment needed to restore improved trading conditions.

The deputies of the Group of 10 today completed the first stage of their technical but highly important discussions on the adjustment process convinced that only high-level negotiations by ministers can resolve the differences. The nations that compose the Group of 10 are Belgium, Canada, France, West Germany, Italy, Japan, the Netherlands, Sweden, Britain and the United States. Switzerland participates as an observer.

Washington has demanded that other countries to take steps to reduce or eliminate their trading surpluses to help American exporters.

The argument centers on the magnitude. The United States wants more help than the others represented at the Paris meeting are prepared to give. Washington has served notice that it will retain its 10 per cent tariff surcharge until it gets satisfaction.

The United States is negotiating special exemptions from the surcharge for Canada and Mexico. Treasury Secretary John B. Connally said in Washington Sunday that he was also "ready to consider" a selective lifting of the surcharge for West Germany because it has allowed its mark "to float upwards to a realistic new parity with the dollar."

The upward revaluation of foreign currencies is one of the objectives the United States is seeking to improve the terms of trade for American exporters. The German mark has been trading 9 to 10 per cent above its old parity of 27.3 cents.

BONN ISSUES DENIALS

Reports stirred by Secretary Connally's remarks that a private American-German deal was in the works drew strong denials from the German authorities in Bonn.

Because of the common commercial policy of the six-nation trade bloc, German acceptance of a special accommodation would drive a wedge deep into the European Economic Community, as the Common Market is formally called.

Mr. Connally's comment was seen in European circles today as a negotiating maneuver that may have had a result opposite to that intended.

The Luxembourg ministerial meeting, according to France's Foreign Minister, Maurice Schumann, showed a strengthened resolve of the Six (France, West Germany, Italy, Belgium, the Netherlands and Luxembourg) to maintain a common front against the United States.

"Every word by the West German delegation was a denial" of a bilateral German-American deal, Mr. Schumann told reporters.

MEETING CALLED USEFUL

The Paris meeting of the monetary officials of the Group of 10, which lasts through tomorrow, was seen by its chairman, Otmar Emminger, a top German central banker, as "highly useful in laying the groundwork for the political process."

Both Dr. Emminger and American officials declared that it was not necessary to reach full agreement on the amounts of balance-of-payments adjustments needed before the final negotiations take place.

This was seen as a positive development. It means that, if the political will to make concessions exists on both sides, an agreement could come relatively quickly.

Another positive element emerged from the Paris meeting. There has been much concern of late that the world is headed into a recessionary spin, accelerated by the monetary difficulties.

But the staff of the Organization for Economic Cooperation and Development produced forecasts for the meeting that indicated a pickup in industrial activity for the first half of next year. It was freely conceded that economic forecasting is a hazardous profession, but the O.E.C.D. staff has had a fairly good record in spotting trends.

What the O.E.C.D. economists anticipate is a big surge in the United States in the first half of 1972 and somewhat slower growth in six other major countries taken together (Canada, France, West Germany, Italy, Britain and Japan).

American growth is projected at 6.3 per cent in the first half of next year compared with the last half of this year. Growth in the second half of this year would be 4.6 per cent more than in the first half.

The O.E.C.D. calculations amount to independent corroboration at the international level of forecasts made by many private American economists and the Nixon Administration.

OUTLOOK FOR OTHERS

For the other countries as a group, the O.E.C.D. sees a 4.8 per cent pickup in economic activity in the first half of 1972 from the second half of this year. And it sees a 3.4 per cent pickup in the second half of this year compared with the first half.

The strength would come mainly from Britain and France. West German economic growth in the first half of 1972 would be only 1.8 per cent higher than in the second half of this year.

The German economy is seen by many private bankers as on the brink of a serious recession. Because of its size, Germany has enormous influence on economic activity elsewhere in Europe. For this reason some private observers were a little skeptical of the O.E.C.D. projections. If the O.E.C.D. is proven right, however, it would make the adjustment sought by the United States easier to achieve.

Dr. Emminger pointed out that if spread over two years, the adjustment would involve a growth sacrifice of only one-quarter to one-third percentage point by the major American trading partners.

The figures are a rough calculation applying either to what foreign countries are prepared to give up in trade concessions to the United States or to what the United States is demanding.

The United States wants a $13-billion turnaround in its trade and services account. Dr. Emminger said "alternative suggestions" were presented at the meeting by some of the foreign delegates who felt that an $8-billion to $9-billion turnaround would be sufficient.

Dr. Emminger left the impression that this was a gap that could be narrowed at a ministerial meeting that is being planned for mid-November. The date has yet to be fixed.

[From the New York Times, Oct. 20, 1971]

LIST OF GRIEVANCES SET

LUXEMBOURG.—The Common Market closed ranks today against reported American moves during the weekend to split West Germany from its partners by offering a bilateral arrangement under which German goods would be exempted from the 10 per cent surcharge.

Meeting in restricted session here, the foreign ministers of the six-nation trade bloc agreed on the need to reach a common position on both monetary and trade questions. They ordered their Brussels commission to draw up a joint list of grievances against the trade policy of the United States.

This list is likely to be used in bargaining by the Europeans to counter American criticisms of their own trade policy, such as the network of European trade agreements with Mediterranean countries and the protectionist common agricultural policy of the Six.

Participants in the meetings described the reported United States attempt and Secretary Connally's willingness to consider a "selective" lifting of the surcharge as "extraordinary."

Officials of the Common Market said they hoped to reach agreement with the United States on a general settlement involving an upward revaluing in community parities in return for removal of the surcharge. But this is not the first priority of the Common Market, they stressed.

Considered more important are attempts to reach a Common position within the Community, perhaps by a realignment of the widely differing parities of the six countries' currencies.

The wide difference between the German mark, which has floated up 9 to 10 per cent, and the French Franc, which has not been allowed to float, has caused grave difficulties for the common agricultural policy of the Six. This is because Common farm prices paid to farmers in the Community are quoted in dollars.

At the beginning of today's session, the commission president, Franco-Maria Malfatti, called for speedy agreement on a joint position. No such position was reached today.

UNITY STRESSED

Ralf Dahrendorf, the member of the commission who will fly to the United States next week to talk with Administration officials on trade questions, said today that the surest way for the United States to unify the six Common Market countries would be to seem to try to divide them.

The Deputy Foreign Minister of the Netherlands, Tjerk Westerterp, said: "Up to now we have reacted moderately because we believe the surcharge was only a temporary measure. But, when we hear of selective re-

moval of the surcharge, it becomes much harder to believe that it is merely temporary."

The European countries appear likely to take a significantly harder attitude following today's meeting.

[From the Washington Post, Oct. 24, 1971]

NIXON IGNORES U.S. BARRIERS WHILE PRESSING 10-PERCENT SURTAX

(By Hobart Rowen)

President Nixon and Treasury Secretary John B. Connally, in the high stakes international poker game they're playing to win lowered trade barriers, are trying to convince the world—and appear to have convinced themselves in the process—that the cards have been stacked against the United States in recent years.

And so, with great reluctance (they say) they uncorked a lethal weapon, the 10 per cent import surcharge, to set things straight.

Now, it is true that since the Bretton Woods monetary system was set up in 1944, many of the world's currencies have been devalued, and the United States has suffered from this cumulative, competitive cheapening of money.

Moreover, Japan and West Germany were allowed to start out at the end of World War II with deliberately undervalued currencies to give them, as defeated nations, a head-start on economic recovery.

So the dollar had gotten out of whack—it was overvalued, especially in comparison to the yen and the Deutschemark, and a realignment of currencies and reform of the antiquated Bretton Woods system was long overdue.

But the facts on the trade situation do not square with the administration's charges. The truth is that the United States has just as many, if not more, trade restrictions than our partners and competitors all over the world, although one would never learn this from Mr. Connally's Treasury Department.

And the insensitive use of the surtax as a lever to force trade concessions in seriously jeopardizing many long-term and close relationships—as in Canada—which may never be repaired.

A speech given by John C. Renner, Director of the State Department's Office of International Trade on January 30, 1971, deserves to be recalled. It showed:

Although the U.S. and European average staff rates will be very close at the end of the Kennedy round (8.3 per cent and 8.4 per cent), a breakdown of major industrial sectors shows that the European community (EEC) will have the highest tariff in nine of the 23 major industrial sectors, and the lowest in 11. The U.S. score is not quite so good: the highest in 4, and lowest in 6.

In the distribution among 919 categories of industrial products, the U.S. has considerably more high tariffs and also more laws, whereas the EEC's tariffs are grouped more closely around the average.

A small but significant number of the 919 industrials is also hampered by quantitative restrictions such as quotas. The U.S., Canada, and the U.K. are using this device more freely than a decade ago, while discrimnation against Japan—especially by the EEC—is widespread.

On the agricultural side, as everyone knows, the Europeans have a bad record, with a highly protectionist Common Agricultural Policy. But in terms of industrial quotas, according to Renner, the U.S. restrictions "cover a relatively large number of products and relate to the largest amount of trade," whereas the EEC's quotas, which also cover a large number "pertain to a comparatively small amount of trade." Japan's quotas cover the largest number of products and affect "a considerable amount" of trade.

The point of Mr. Renner's exercise in January is just as valid today: all of the industrialized countries, including the United States, maintain substantial tariff and non-tariff barriers against industrial and agricultural products.

He said then, and it is worth repeating to his colleagues elsewhere in the U.S. government:

"Unilateral action by any country to restrict trade, changes the balance of concessions arrived at over the years, and is most likely to provoke counteraction to restore equilibrium."

Moreover, the anti-American feeling generated by the bull-in-the-China-shop technique has lost us friends. Thoughtful Canadians (distressed as well that President Nixon erroneously named Japan, not Canada, as the No. 1 U.S. trading partner) wonder whether their government should seek to maintain the historic ties between the two nations. "When they imposed the surtax," said one Canadian sadly, "they didn't even say they were sorry they had to do it."

But U.S. policy, in the face of concern abroad over the possibility of retaliation and world recession seems unbending. Secretary Connally told the American Bankers Association in San Francisco the other day that the surtax "is going to stay on for awhile because it frankly is to our advantage to keep it on for awhile."

Mr. Renner's analysis shows there is plenty of discrimination on our side, running from the American Selling Price valuation system to Buy American practices, now exacerbated by the 7 per cent investment tax credit proposal and the DISC idea (see Professor Surrey's separate piece on that issue.)

Perhaps Messrs. Nixon and Connally should be reminded that a cut-throat international trade policy between the two great wars brought on Hitler.

ECONOMIC IMPACT OF GLOBAL POLITICS VIEWED

(By H. Erich Heinemann)

SAN FRANCISCO.—One of the nation's leading international bankers took the Nixon Administration to task here last week for its tactics in negotiating a limitation on imports of Japanese textiles into the United States.

Constant M. Van. Vlierden, executive vice president in charge of international operations at the Bank of America, who discussed the political and economic implications of the world money crisis in a long interview, said that he was "awfully sorry" that negotiations with Japan over resolving the current monetary crisis had fallen "together with the textile agreement—we still dare to call this a voluntary agreement."

Mr. Van Vlierden, who runs what he readily concedes is a "miniature State Department" with offices or affiliates in 78 countries, charged that the United States had "bludgeoned the Japanese into submission almost, for domestic political reasons, not taking into consideration the long-range interest of this country with the Japanese, and with the currency crisis."

Mr. Van Vlierden argued that negotiations in the economic and financial sector were subject to overriding political considerations.

"Where does the United States have the greatest political leverage?" he asked rhetorically. "Undoubtedly in Germany." We are supporting Willie Brandt [Chancelor of West Germany] with an East-West approach that has made him most vulnerable in Germany.

SUPPORT TERMED NEEDED

"The support of the United States of the Brandt Government in that respect is most necessary."

In bilateral negotiations, first with the Germans, then with the Japanese and the British, Mr. Van Vlierden stated, a uniform position would have to be developed that could be taken then to the other members of the Group of Ten, and finally to the community of nations at large.

He argued that President Nixon's initiatives in the economic and financial area should not be viewed apart from the President's decision to go to Peking and to Moscow.

"All these things we are talking about," Mr. Van Vleirden stated, "are coming forth out of the changes of power positions in the world."

The timetable of financial negotiations at present, he said, was such that "one cannot expect anything to happen of substance on parties (that is, the setting of currency relationships), say, in less than four months, and hopefully within six months."

The negotiators, he stated, should be aiming at developing interim working relationships among naions over the next few months that would keep trade and investment flowing until a final solution could be agreed upon in two to three years.

Mr. Van Vlierden, who is based at the Bank of America headquarters here in San Francisco and is responsible for overseas offices with deposits of more than $8.5-billion, said the "the principal key element [In such an interim understanding] would be agreement in principle on the elements that have to go into setting up a new international monetary system.

Secondly, I think that an immediate widening of the band (within which currencies are allowed to fluctuate above and below their defined par values) after there has been a reasonable change in parities could also be most helpful."

This trading band is currently set at 1 per cent either side of par in the Articles of Agreement of the International Monetary Fund.

INTERIM ARRANGEMENTS

He went on to state that such interim arrangements could provide for "further adjustments of parties . . . with a maximum of maybe 2 per cent on a yearly basis, assuming that the whole thing will take about three years.

Mr. Van Vlierden also made the following points:

It would be "completely fallacious for the United States to eliminate its controls on overseas investment and bank lending at this time. It would give the wrong emphasis; it would be highly antagonistic of our foreign friends and it would really get us off the track."

"We must in the new world environment insist on the dollar having the same flexibility and freedom as other currencies . . . We must have the flexibility of currency rates without bringing the whole system down."

Special Drawing Rights (so-called "paper gold" created by members of the I.M.F. to provide a means of payment between nations) should be the "numeraire" or common denominator of the future monetary system, to replace the role presently played by the United States dollar.

Over the next 10 or 15 years, the "thrust" of the new monetary system "must be a phasing out of gold in the system as a reserve asset."

The United States should resist European demands that it increase the official 35 per ounce prices of gold, in part because such a move would be "fraught with political danger" that it would set off protectionist forces in Congress.

Mr. Van Vlierden warned that, even with steady progress toward settlement of international financial problems, "we are going into a far more restrictive world over the next five to seven years than ever before in the last 15."

He said: "We will have more difficulty in getting the capital investment flows between countries going. Probably we will go into certain types of trade blocs—the European-Middle Eastern-African bloc is already there; North America will have some type of further integration with South America where the dollar will play the main role, and in the

Pacific there will be some bastard arrangement between the yen and the dollar in terms of servicing that area from an international point of view."

[From the Wall Street Journal, Oct. 26, 1971]

DID PROTECTIONISM CREATE HITLER?

The quick answer to that question is obviously no. Yet protectionism helped; it watered the soil that could nurture a Hitler—and other disasters. It is more than a little disheartening that so many in Washington and in the country's executive suites seem to have such short memories.

Granted, the roots of the Hitler phenomenon are gnarled and stretch far back, directly to World War I and even farther into the past of a Germany with little experience in democracy. On the economic side, the hideous post-World War I German inflation was followed by bitter depression, facilitating the rise of a dictator. And of course depression was a general condition in those days, in the U.S. as elsewhere.

The stock-market crash of 1929 heralded the onset of depression in the U.S., but it was less its cause than the result of previous profligacy. Certainly one tangible cause of the protracted nature of the great depression was the Smoot-Hawley tariff legislation of 1930, the very symbol of extreme protectionism. It set in motion a series of international moves that seriously inhibited the movement of trade and money.

As Lewis Douglas, former ambassador to Great Britain, recently recalled in a letter to The New York Times: "Foreign trade withered, prices fell precipitately, all values plummeted; (U.S.) unemployment rose from approximately 5.5 million to 11 million in the short span of about six months. The world was plunged into the deepest depression of which there is any known record.

"These events identify the cause of the economic anguish through which the United States and the entire Western world passed during the Thirties and which was not alleviated until World War II."

The abiding vice was economic nationalism, and it is not at all difficult to fathom why it should have had such dire results. Have our officials and too many of our executives forgotten the meaning of the word autarky, the notion that a country could be economically self-sufficient? In Nazi Germany it was personified in Hitler's financier Hjalmar Schacht.

The policy is almost by definition regressive. It portends the diminution of healthy relations among nations. Hence, apart from its direct economic consequences, it breeds suspicion and hatred and can become a cause of war.

After World War II the statesmen of the Western world read the record aright. With the U.S. far in the lead, they set about freeing the international movement of men, capital and commerce from the abnormal restrictions of the past. Undoubtedly they could have done more, but they accomplished much. It is no coincidence that the post-war years by and large, for Americans and their counterparts in the other advanced nations, have witnessed mass prosperity unparalleled in history.

For just as economic nationalism—protectionism—is a divisive and depressive influence, so the liberalization of international economic relationships is a powerfully uplifting, broadening and wholesome force. Men do want to be free; it is innate, and a large part of that sense is the freedom to cross borders with one's person, investment and goods as little as possible bothered by the pesky functionaries of economic nationalism.

Why, then, should the U.S. and other nations want to turn back down that dismal road? The U.S. government has taken steps in that direction, and even more ominous is the impression that protectionist sentiment generally is probably stronger today than at any time since before World War II.

Well, as far as the U.S. is concerned, it is true that other countries have been taking advantage of it in recent years. Some more than others, they have imposed a variety of trade restrictions that have the effect of making he U.S. a freer market for their goods than their markets are for America's. This circumstance has enabled the hard-line protectionists, who have never given up, to rehearse their dreary pleas with more impact than heretofore.

But the U.S. ought to be sufficiently grown up to avoid the petty path of trade retaliation, which naturally prompts retaliation against it. We believe Washington had far from exhausted the resources of negotiation to get its trading partners to dismantle their impediments to American exports. Even failing that, the fact remains that protectionism is simply not a viable course.

We do not necessarily contend that unbridled protectionism would bring on political and economic horrors similar to those of the Thirties (although if it is indeed unbridled we would not bet that it wouldn't). We merely say that the liberating history of freer trade is as clear as are the demontrated dangers of protectionism.

[From the New York Times, Oct. 29, 1971]

CANADA WARY ON TRADE: SIGNS OF PROTECTIONISM BEGIN TO STIR AS OTTAWA PONDERS AMERICA'S CURBS

(By Edward Cowan)

TORONTO, October 28.—In his 1970 book, "Canada and the Canadians," George Woodcock recommended that his countrymen take measures to diminish the United States influence over the Canadian economy.

ECONOMIC ANALYSIS

"The United States could hardly do more than apply economic sanctions, and these would be largely negated by the fact that Japan and the Western European countries are anxious to expand their trade with Canada," the writer observed.

In the autumn of 1971 Canada finds itself grasping the thorn, which Mr. Woodcock promised would not pierce, without having plucked the rose.

As Canada sees it, Washington, for its own reasons, has imposed the sanctions—the tariff surcharge on some imports, the buy-American feature of the proposed investment credit and the proposed tax-shelter for special export corporations. Poised overhead like a guillotine blade are changes Washington wants in the bilateral trade relationship—changes to benefit the United States.

The Canadian-American Committee, a business-labor group, has calculated that the surcharge affects 3.4 per cent of Canada's gross national product, as against 2.8 per cent for Japan and 1.2 per cent for Western Europe.

Canada is plainly nervous. As the Ottawa correspondent of The Financial Post, Clive Baxter, put it this week, Washington is whipsawing Canada with a "combination of off-the-record leaps and on-the-record refusal to get down to business" about conditions for removal of the surcharge.

Inasmuch as Canada generates one-fourth of her income from exports, of which two-thirds are sold in the States, Ottawa is wary of what it regards as an incipient global drift toward regionalism and protectionism.

Protectionism may be reviving in Ontario, whose industry was built behind a high-tariff policy. The International Ladies Garment Workers Union has broadened its traditional union-labeled campaign to include opposition to foreign goods. "Help fight imports—the job you save may be your own," say union posters. "Buy Canadian fashions."

AN INDUSTRY RESCUED

Last week Ottawa imposed an import quota on low-cost knit shirts. That may have been a special case rather than a new policy departure. Indeed, Ottawa has begun to talk up the case for a new, multilateral round of trade negotiations. But to rescue one uncompetitive industry is to invite others to seek help.

As an alternative to protectionism there is some sentiment (but not much) for closer, formal economic integration with the United States. Most Canadians and their government oppose it. They say that it might make economic sense but that it would erode Canada's political sovereignty and cultural distinctiveness.

Moreover, according to Jean-Luc-Pepin, the Minister of Industry, Trade and Commerce, in bilateral negotiations "Canada is in a relatively weak bargaining position vis-a-vis the U.S.A."

FACING THE PROBLEM

What, then, to do? The general answer—by now a truism endorsed by Canadians who disclaim any competence in economic matters—is to be less dependent on the United States. But now?

Those who would like to put more distance between Canada and the States have recommended turning to other countries for both capital funds and export markets.

Canadian provinces and corporations have been probing European capital markets for several years. It is slow, painstaking work and the fruits may be modest. "You have to line up in the queue behind everyone else," a banker commented in a reference to European restrictions on capital exports.

Moreover, capital imports would tend to strengthen the Canadian dollar, now all but equal to the American dollar, just when Canada wants to a cheaper dollar to help exporters.

So the emphasis is on finding new export markets. The amiable Mr. Pepin led missions to the Soviet Union, China and West Germany this year. He will go to Algeria in November and to Japan in 1972.

These trips, incidentally, are good grooming for the next job Mr. Pepin is rumored to be in line for, Minister of External Affairs.

In the last two years Canada has opened trade offices in the Ivory Coast, Algeria and Costa Rica. She also has opened offices in Peking and Warsaw, has reopened offices in Cairo and Havana and has expanded her trade missions in Moscow and Belgrade.

Officials concede that this is necessary spade work but hardly sufficient to guarantee that trade will flower.

DIFFERENCES NOTED

Where economics are closely controlled by the state, it must be assumed that trade agreements are more likely to work to the advantage of the other countries, not Canada. Their export agencies can approach Canadian customers directly and the Canadians do not need official permission to spend foreign exchange.

Such diffierences are presumably the principal reason. Ottawa is said to be cool, despite the show of cordiality to Premier Alexsei Kosygin this week, to extension of most-favored-nation status to the Soviet Union.

Mr. Woodcock said that other countries were "anxious to expand their trade with Canada." That comforting wish-thought may help Canadians gird themselves for the economic risks of a more nationalistic policy, but is it realistic?

Countries are usually more eager to sell than buy. Canada's exports to Britain, especially farm products would be jeopardized by British entry to the Common Market.

Ottawa argues that expansion of the European community makes more imperative adjustment of the Common Market's relations with outside countries, but does Brussels feel any such pressure?

Reorienting exports is a slow and highly uncertain process. Most important, the size, openness and convenience of the United States market—same language, same system

of measure, direct telephone dialing, overnight business trips, similar financial systems, relatively short transportation times for goods, decades of cross-fertilization—may have spoiled Canadian businessmen, just as they have failed to make most American producers export-minded.

[From the New York Times, Oct. 30, 1971]

MONETARY CRISIS CALLED A DANGER FOR EEC

COUVE DE MURVILLE WARNS THAT RISK OF PROTECTIONISM IS BIG

(By Gerd Wilcke)

Former French Premier Maurice Couve de Murville warned here yesterday that here was a "big risk" that the current international monetary crisis could lead to a wave of protectionism.

He asserted that the crisis was seriously undermining the "solidarity" of the European Economic Community at a time when the Common Market was grappling with the problem of adding Britain as a new member.

In an address to students of Columbia University, Mr. Couve de Murville also said that he did not think that the E.E.C. would retaliate against the United States surcharge on imports "for a long time to come." However, he cautioned the United States against a policy of bilateral agreements to remove the surcharge because it would split the Common Market, which is made up of France, West Germany, Italy, Belgium, the Netherlands and Luxembourg.

Mr. Couve de Murville, who served under President Charles de Gaulle while the general twice vetoed Britain's E.E.C. entry bid, seemed to welcome however cautiously, that the British Government's move to enter the market was approved by the House of Commons on Thursday.

In reply to questions from students gathered in the university's new International Affairs Building, he said with a smile that he had not changed his attitude on Britain's membership.

"The only thing that has changed is that I no longer carry responsibilities," he added in reference to his being dropped from the French Government in June, 1969.

The former Premier insisted that France's position on the question of Britain's entry had been "misunderstood." France, he said, always, felt that Britain, as a European country, should be a Common Market member, but should agree to its rules.

Pointing to Britain's responsibilities toward the Commonwealth, Mr. Couve de Murville said that a nation could not belong to two camps. In many ways, he asserted, Britain's relations to other Commonwealth nations had diminished in the last 10 years, while her ties to the Continent had grown stronger.

Asked whether it was coincidental that the agreement with the Common Market came after the death of General de Gaulle, Mr. Couve de Murville replied: "It's difficult to answer that question because it would be attempting to remake history."

TRUDEAU: CANADA MOVING TO WEAN ITSELF FROM UNITED STATES

(By Claude Lemelin)

MONTREAL.—Prime Minister Pierre Elliott Trudeau said over the weekend that Canada's trade surplus with the United States resulted from a deliberate policy on the part of his government.

The shift in the country's trade and payments situation, he said, was designed to wean the Canadian economy from its excessive dependence on foreign—mostly American—investment; it would enable Canadians to live within their means and to finance more of their country's development with their own savings.

Since President Nixon's Aug. 15 announcement of his new plan for the American economy, U.S. officials have been sharply critical of Canada's recent but substantial trade surplus with the United States, and especially on some of the policies Ottawa used to bring it about.

The Nixon administration's response to Canada's "new economic policy" has led Trudeau to wonder if the United States is not determined to buy up more and more of the Canadian economy—and, indeed, to buy up as much of the world economy as possible, he said.

Noting that such intentions would correspond to Marxist theories on monopoly capitalism and economic imperialism, the Canadian prime minister expressed doubt that the Americans "deliberately want to do that," or even that "they have thought this through."

At the same time, Trudeau stressed that Washington had not yet come up with a clearcut answer on that issue, so that U.S.-Canadian relations have become a test case of American intentions.

"I think we're forcing them to come to grips with that problem," said Trudeau. "I don't think that they would admit that they are behaving as capitalists the way the Marxists say that they are behaving."

In the course of a lengthy interview with the Southam newspaper chain, the Canadian prime minister also took a much stronger stand on foreign investment than he has done since he came to power three years ago.

"For the first time in our history," Trudeau said, "we're in a position to say to the Americans: 'Look, we like your investments, we were glad you helped us develop our country, we're glad to pay dividends and interest to you on your long-term debt of equity capital, but now we will pay it to you by selling you more than we buy from you.'

"In other words, we will begin to live within our means, and this was a deliberate policy of this government, and we did it by some belt-tightening and by our determined fight against inflation, and by doing better than the Americans on these economic fronts.

"Having succeeded in doing that, we were finally in a position where we were able to, I don't say buy back the country, or even buy into the future, but maintain the status quo. We made sure that we didn't continue living beyond our means, as we always had in the past, and in order to pay our debts give chunks of our country to the Americans, or to other foreign investors."

Trudeau repeatedly made it clear that his government's "minimum posture" on foreign investment was the maintenance of the status quo, which means putting a ceiling on foreign subsidiaries' share of ownership and control of Canada's main industries.

"American control of our oil and gas is 95 per cent; we wouldn't like it to go to 99 per cent," Trudeau said. American control of our manufactuering industry is 60 per cent; we wouldn't like it to go to 80 per cent; and so on."

To prevent the foreign stake in Canadian industry from growing he said, Canada must export more to the United States than it imports from that country—or, more generally, Canada must maintain a postive trade balance with the rest of the world.

"The United States is now telling us that it doesn't want to have a trade deficit with us," Trudeau went on. "We're saying: 'If we don't have a trade surplus with you, how are we going to pay the interest and dividends which we have to pay you every year?' "

Fundamentally, Trudeau continued, the Canadian authorities are putting the following question to the Nixon administration:

"Are you saying that you will continue to want to receive from Canada and indeed from all the world, interest and dividends coming back into the United States every year, and not let the rest of the world and Canada pay for that by selling more goods to you because you still want to sell more goods to them? Therefore, are you saying that you must export long-term American capital to all countries of the world? In other words, are you saying that your economic system is leading you to try and buy up as much of the world as possible?

"You know, this is real Marxist theory about imperialism being the last phase of capitalism," Trudeau added. "I remember a book [published] 25 years ago by Paul Sweezy [an American Marxist scholar] called imperialism that last stage of capitalism, and I don't think the Americans would want to say they are doing that.

"On the contrary, they would say: "Sure, as a capitalist system, we have accumulated savings that we can direct toward the rest of the world, but we are not doing so in order to be imperialistic. Look at what we did with the Marshall Plan: We sent gobs of capital to Europe to help it build itself up. Look what we're doing with foreign aid: We sent vast quantities of capital to help the poor nations of the world develop themselves. This is how we are using our capital.'

"If this is their answer—fine," Trudeau concluded. "I think, you know, that it's a noble way of making American progress serve and help the world. In this particular crunch, following the Nixon measures, I think we have a very good test case—asking them that exact question and getting them, I hope, to think through their answer."

[From the Washington Post, Nov. 2, 1971]

WORLD TRADE CUTBACK SEEN—MAJOR NATIONS' GROWTH PREDICTED UNDER 5 PERCENT IN 1972

Uncertainty over exchange rates, and the imposition of the U.S. import surcharge will limit economic growth of the major nations to less than 5 per cent next year, according to a new study by a leading multi-national investment bank.

The Societe Financiere Europene (SFE)—jointly owned by the Bank of America and six banks in other countries—says that the effect of President Nixon's New Economic Policy will be "a further slowdown in the growth of world trade."

Prior to the Nixon program, the SFE report said, the expected real growth rate for the major industrial countries was 6 per cent, a major gain from 3.8 per cent in 1971.

Canada, Japan, and Germany will be most affected by the U.S. program, suffering a worsening of their trade balances. But the United States, according to the report, will benefit with the restoration of a small trade surplus.

Assessing the American domestic outlook, the report says the economy here is "now poised to make strong gains over the next year." A moderate recovery "would turn interest rate differentials in favor of the dollar. In these circumstances, the settlement of international monetary difficulties could produce a flow of funds back to the United States."

But until the question of parity relationships is settled, the report suggested, the flow of dollars from foreign private banks to central banks via the Euro-dollar market will continue.

Because of the unsettled international monetary conditions, the report concluded, "the outlook for the Euro-dollar market is uncertain." There probably will be a slower rate of growth in 1972, or even an absolute decrease in volume, with a further easing of interest rates.

"The main factor behind the general easing and possible decreased volume," SFE said, "is lower demand for Euro-dollars by both U.S. banks and European companies."

SFE, based in Paris and Luxembourg, was formed in 1967 to assist European companies in modernization, expansion, and mergers.

Meanwhile, the Commerce Department reported yesterday that foreign direct investments in the U.S. increased a record $1.4 billion in 1970 to a total of $13.2 billion at the end of the year.

In another development, Reps. William S.

Moorhead (D–Pa.) and William S. Broomfield (R-Mich.) introduced legislation that would enable the U.S. to use foreign currencies to pay the import duties on American goods. They said the bill would allow the U.S. to use foreign capital it owns to boost the nation's exports.

[From the Washington Post, Nov. 8, 1971]

PLANS UNIT WARNS ON TRADE POLICIES

(By Hobart Rowen)

The National Planning Association, in a report issued today, warns the Nixon administration that its new Economic Policy may be touching off trade restrictions and retaliations that "might get out of control."

The group, a nonprofit, nonpolitical organization, offered a set of what it described as "constructive measures" for detailing with the present international economic crisis that would avoid "further relapse" into protectionism.

Theodore Geiger, chief of NPA's International Studies, referring to the 10 per cent import tax imposed Aug. 15 by President Nixon, said that the United States "is the latest offender in shifting the burden (of competitive trade pressures) to others, and this pattern, if allowed to continue, will destroy the international trading system."

The NPA's report was signed by all 21 members of an NPA advising committee, including representatives of business, labor, agriculture, and universities. But there was substantial and pointed dissent from labor members, notably Nat Weinberg of the UAW, urging more control of multinational companies and for "full compensation" to industries and employees affected by import competition.

One of the most innovative suggestions of the NPA report would allow quotas only where imports have a "drastic and rapid" impact—on a domestic industry—and then only if the industry agrees to a modernization program to be completed in three years.

A supporting paper for this idea by economic consultant Harald B. Malmgren, suggests that such a phasing-out technique would "minimize begar thy neighbor" effects of the typical quota system, most often used to protect "sick industries characterized by low wages and high unemployment."

Another supporting paper, by Robert E. Hunter, a fellow at the Overseas Development Council, suggested that foreign exchange saving from the Nixon "burden-sharing" approach would be smaller than most people expect, and the domestic budget savings would be about nil.

U.S. policies aimed at getting Europe and Japan to pick up a larger share of the defense tab, Hunter said, "can result in greater costs to the United States or greater instability."

The NPA warning for the U.S. to reduce its tough approach to other countries was based on "a significant decline in the economic position" of the U.S. vis-a-vis Europe and Japan. "This country is no longer the competitive superpower it was in the post-war period," Geiger told reporters.

Future policy should be keyed to greater international integration, the report said. In addition to the quota plan, the report calls for:

Immediate elimination of all tariffs now at 5 per cent or less, and a gradual reduction, and then elimination of all higher tariffs.

A small increase in the price of gold as part of a general currency re-alignment.

Generalized trade preferences for developing countries.

[From the New York Times, Nov. 9, 1971]

U.S. SCORES PLAN BY SIX ON TRADE—PREFERENTIAL ARRANGEMENT BY EEC FOR EUROPE STIR FEAR OF EXPORT LOSS

(By Clyde H. Farnsworth)

BRUSSELS, November 8.—A sharp dispute has arisen between the United States and the European Economic Community over the trading arrangements the enlarged block would make with the industrialized countries of Europe that do not intend to join.

The United States delivered a formal verbal protest of the contemplated arrangements to the six members of the Common Market and its Brussels executive authority last Friday.

While the governments have not yet drafted a reply, the chief of the E.E.C. executives, Franco Maria Malfatti, and the commissioner in charge of trade relations, Ralf Dahrendorf, took exception to the American protest at a meeting of the foreign ministers of the E.E.C. member countries here today.

Mr. Dahrendorf said he took a "dim view" of Washington's move, calling it "direct interference with autonomous policies" of the community—a reference to the timing of the protest three days before the E.E.C. ministers were to deliberate again on the subject.

The E.E.C. foreign ministers apparently ignoring the protest tonight gave the Executive Commission a loosely framed mandate to negotiate an agreement with the European non-candidates. The aim is to set up a giant free-trade area.

EXPORT LOSS FEARED

The United States is worried about the probable loss of export markets, particularly in farm products, if anything like the arrangements now being discussed go through.

The Community argued that what it was doing was perfectly legal under the world trade charter known as the General Agreement on Tariffs and Trade, or GATT.

If this is so, then the United States reserves the right to get the rules changed. They were drawn up in 1947 when world trading patterns were much different than today.

What brings the matter to a head is the impending enlargement of the E.E.C. to include Britain, and if their electorates agree, Ireland, Denmark and Norway as well.

ONE-THIRD OF TRADE

Together with the six present members—France, West Germany, Italy, Belgium, the Netherlands and Luxembourg—the emerging bloc would account for roughly one third of all world trade, against around 15 per cent for the United States.

This huge new trading force casts a long shadow over Europe and the rest of the world. Many countries feel they have to come to terms with the E.E.C. if their trade is not to be hurt.

There are two types of trading arrangements—nonpreferential in which concessions made by the parties are available to other countries as well under the most-favored-nation principle and preferential in which the concessions are made in a discriminatory fashion.

The GATT rules permit preferential agreements if the aim is to construct either a customs union or a free-trade area.

What has angered the United States, especially under the tough New Economic Program of the last three months, is that the Community wants to set up a giant preferential trading area within Europe, as it has already done with the Mediterranean states.

Specifically, the plans now being discussed involve the elimination of trade barriers on industrial goods (except for certain sensitive products) between the enlarged community and the following nations: Sweden, Switzerland, Austria, Finland, Portugal and Iceland.

In addition France, Italy and the Netherlands in the community councils, want agriculture side agreements to get rid of surplus grains, fruits and vegetables and dairy products.

The other countries are all members of the European Free Trade Association (EFTA), the trade bloc that was formed by Britain in the early nineteen-sixties as a rival to the E.F.C. Inasmuch as Britain is about to join the E.E.C. now, EFTA is expected to be dissolved.

$200 MILLION LOSS FEARED

The United States recognizes that there is a problem in the treatment of European countries that will not join the community. But it argues that such treatment must not be at the expense of American foreign trade.

According to some rough calculations from American sources, the United States stands to lose $200–300-million of foreign sales through the contemplated EFTA trade diversion. Countries like Sweden and Switzerland, for instance, might tend to place present purchases from the United States with purchases from the E.E.C. bloc.

What the United States wants is the extension of the most-favored-nation principle so that whatever concessions are offered to the EFTA countries also become available to the United States. The community has no intention of agreeing to this.

The United States is also expected to seek compensation for any trade losses it suffers. This it can do under the GATT rules.

But the heart of the matter is the community's ever-greater impact in the world of commerce. The farmers of the GATT charter did not envisage such a development back in 1947. As an illustration of the way one country after another is trying to come to terms with the community, even mainland China has already had unofficial contacts, and according to sources here is believed to want diplomatic accreditation with the community institutions.

China is expected to send an ambassador to Belgium in the next couple of weeks, who according to these sources, would also seek accreditation with the community.

Today, a nonpreferential three-year trade agreement was signed by the community and Argentina, it is the first such arrangement with a Latin American country. Negotiations for a similar type of accord have already begun with Uruguay while negotiations are expected to open shortly with Brazil.

[From the Washington Post, Nov. 11, 1971]

PROTECTIONIST DANGER: TREASURY'S FORAY INTO FOREIGN POLICY

(By Hobart Rowen)

If one needed proof of the dangerous protectionism unleashed by President Nixon's new foreign economic policy on August 15, it may be found in the vote of the Senate Finance Committee to give the President sweeping new powers to impose trade quotas. Beyond that, the committee voted to allow the President to slap a tariff surcharge of 15 per cent on imported products, even more severe than the 10 per cent additional charge put in place on August 15.

The 10 per cent surcharge, to the rest of the free world, has become a unique symbol of the new inward look of America, a determination on the part of President Nixon to assert U.S. will, forgetting the niceties of international co-operation. Ironically, Mr. Nixon imposed the surcharge under the authority of the Trade Expansion Act of 1962, a contradiction in terms that would be erased by the new restrictive legislation being discussed by the Senate Committee.

But as harmful to free trade as is the surcharge—dramatically evidenced by a total of more than 2,000 requests for product exemption filed with the Treasury Department—there are phases of the new foreign economic policy that may be even worse.

Take the matter of the proposed 7 per cent investment credit, titled the "Job Development Credit" in an abortive effort to avoid it being labeled a bonanza for business. The credit, as most businessmen admit, is unlikely to do much more this year than to add to business profits: it is most unlikely to stimulate production and jobs because output is so far below existing capacity. That's the first weakness of the proposal.

There is no real connection between the investment credit and job development—and the administration doesn't seem interested in creating such a link. Yet, at least one way is, at hand in Senate bill 2632, proposed by Senator Javits of New York, which would give a specific tax credit for each additional employee hired over the preceding year.

But beyond this deficiency of the administration bill on the domestic side, it carries a "Buy America" feature which is anathema to some of our closest trading partners. That is to say, the 7 per cent credit is allowed for purchases of domestic machines, and is not allowed for foreign purchases.

When the "Buy America" feature of the "Job Development Credit" is combined with the 10 per cent import charge, the supplier, of foreign capital goods is at a disadvantage of about 27 per cent. And if the devaluation of the dollar is taken into account, the "swing" in favor of the American capital, goods seller is probably 30 per cent or more.

The figure may seem staggering, but it is correct. An example provided by a British study (U.K. capital goods producers would be hard hit) goes as follows:

Compare businessmen, A, B, and C, each of whom makes $1,000 gross profit over the period of depreciation of any investment asset he buys.

Businessman A buys no machinery, and pays a tax of $480 (the corporate rate of 48 per cent per $1,000 in the top bracket).

Businessman B buys an American-made machine costing $100. His taxable income is reduced thereby to $900, and his tax is $432 (48 per cent of $900). In addition, the 7 per cent Job Development Credit lops $7 off his tax bill making it $425. Compared to Businessman A, saves $55 in tax, and the final cost of the machine is $45 ($100 minus the $55).

Businessman C buys a foreign machine which costs $100, and pays a $10 surcharge. His taxable income is reduced to $890, and the tax payable is $427.20 (48 per cent of $890). Compared with Businessman A, he saves $52.80, and the final cost to him of the foreign-made machine is $57.20 ($110 minus $52.80), or $12.20 more than the $45 cost of Businessman B's machine.

Thus, the "Buy American" provision gives Businessman B a 27.11 per cent preferential margin over Businessman C. The shift in exchange rates against foreign suppliers easily raises the margin to 30 per cent or more.

"On this basis," asks an indignant European, "who the hell would want to buy a foreign machine?"

Other countries have resisted this kind of discriminatory practice, using investment incentives primarily to advance the modernization of their industry. The Nixon plan tends to defeat the very notion inherent in "Job Development": the provision of a way of making American factories more competitive by using the best, lowest priced machines available.

But the new American foreign economic policy, under Treasury Secretary John Connally's guidance, bowls along without regard to whether the Buy American investment credit is a breach of the GATT (General Agreement on Tariffs and Trade) as our trading partners insist it is.

We as a nation seem to be oblivious to the views and concerns of our friends, even the great fears building up among the Canadians, our nearest big neighbor and our No. 1 trading partner. The special relationship that we have enjoyed with Canada is on the verge of coming apart.

Over their strong objections (and those of much of the rest of the world), we bulled ahead with the Cannikan atomic test. Now, although the import charge has a tremendous impact on the Canadian economy, the only request for surcharge exemption that is likely to be considered seriously is for lumber—because American building and political interests are worried about a shortage.

The danger in protectionist measures is that one gets used to them. Like drugs, they are addictive. The combined August 15 measures in the foreign economic field, if not soon removed or alleviated, could set off a sickening round of discriminations and retaliations that, as the National Planning Association said in a good report over the week-end, could get out of control.

Mr. Nixon might do well to restore the management of foreign policy to the State Department: Treasury Secretary Connally would seem to have enough of a job planning to get the domestic economy moving out of a rut.

[From the Wall Street Journal, Nov. 11, 1971]

REVERSE TWIST: MANY IN UNITED STATES FEAR IMPACT ON AMERICA OF EUROPE'S RECESSION—"FALLOUT COULD BE HARMFUL BEFORE LONG, THEY THINK"; IS MR. NIXON THE CULPRIT?—THE THREAT OF RETALIATION

(By Richard F. Janssen)

WASHINGTON.—Now that Europe's economy is catching a cold, it may become harder for the U.S. economy to stop sneezing.

It's a reverse twist on the old truism that when the U.S. economy sneezes, Europe catches cold, but it's being heard increasingly here. The foreign contagion is rapidly coming to rival uncertainty about Phase 2 controls as a dark cloud on the business horizon.

The economic recovery at home remains so weak that it can't afford any fallout from Europe's slowdown, U.S. government officials, bankers and businessmen agree. Lately, production cutbacks have been spreading and unemployment has been mounting in Germany, Italy and other lands. And many sources contend that this faltering abroad is apt to worsen, so long as currency values remain afloat and the U.S. 10% import surcharge remains in force. If the foreign slump does worsen, says one worried businessman, it could drag the U.S. into a "downward spiral."

And in recent days, optimism has been fading about an early end to the business-dampening currency and tariff conditions. For one thing, foreigners remain frustrated about the absence of specific U.S. demands on currency and trade that they deem necessary to get brass-tacks talks started.

WILL IT RUB OFF?

American businessmen are reluctant to borrow and expand boldly at home when they have reason to worry that U.S. policies are "producing a recession in Europe and Japan which can only rub off on us," says Richard D. Hill, chairman of First National Bank of Boston.

The rubbing-off, analysis say, could take a variety of forms:

More sluggish markets abroad could slow the growth of U.S. exports in 1972, limiting this country's gain in jobs and output.

Crimping of production by U.S. subsidiaries abroad could thin the stream of their foreign profits, major factors for many big U.S. corporations.

Retaliation by foreign governments blaming the U.S. for their own slumps could bring a choking chain-reaction of protectionist measures.

One administration insider figures that the foreign problem will come more to the fore whenever Phase 2 wage-and-price policies become clearer. "It's something we should be worrying about," agrees a Republican aide on Capitol Hill, who sees the major threat in retaliation by other countries.

WHY THE UNITED STATES IS VULNERABLE

So far, businessmen say, the U.S. has seen few tangible effects of the European woes. But "This could become a worry six months from now," says an executive at a metals company. Recession abroad probably will slow U.S. sales of capital equipment next year—"but not seriously," says an executive at a leading producer.

Some analysts say the U.S. is more vulnerable now than ever to being caught up in a foreign recession. They cite the massive increase in size of foreign economies in the last decade and the intimate involvement of U.S.-controlled "multinational corporations" around the world. "I don't distinguish much any more between what would happen in this market or that market," says Judd Polk, economist for the U.S. Council of the International Chamber of Commerce. "If there's a lower level of profits there, we're probably talking about a lower profit rate here."

Most other free-world economies have lost their long upward momentum, nearly everyone agrees. How much the economies will slow, however, is a matter of debate.

The administration position is that no risk of world-wide depression exists. High officials simply assert other nations apparently need to be put to some economic pain before they'll grant the monetary and trade "reforms" the White House wants. And once these policy changes are effected, government men believe, the foreigners' economies will perk up and the U.S. economy will be strengthened.

By and large, businessmen and bankers continue to agree that Mr. Nixon's Aug. 15 trade and currency initiatives were worthwhile, and some even support the official view that little harm to the U.S. is likely in the short run. Talk of a need to call off the U.S. actions, lest the U.S. economy suffer, is "principally propaganda," maintains one representative of large businesses. He attributes it to European governments wanting to see the U.S. humbled by devaluing the dollar through raising the official $35-an-ounce gold price.

But the fear that unsettled conditions will drag on is increasingly predominating here. The import surcharge could lead to "a cumulative contraction in world trade," says William C. Freund, economist at the New York Stock Exchange. "Frankly, I have some worries on this score."

Thus the Treasury is coming under more pressure from U.S. business to take away the surcharge. The speech Treasury Secretary John Connally will give to the Economic Club of New York next Tuesday evening is sure to be watched closely for signs of movement in this direction.

The current slump in demand abroad, traced partly to the surcharge, plainly threatens to hurt U.S. exports in 1972. They amounted to $43 billion last year and have been moving up only erratically this year. A drop in shipments next year could cost some jobs in the U.S., of course.

More important than any export loss, some analysts say, is the effect of the Nixon moves on U.S.-owned businesses that produce abroad; this volume is estimated at $100 billion to $200 billion annually. Many expansion projects for abroad are in abeyance because of uncertain currency values, U.S. executives say, and this means delay in building machinery here to equip foreign plants. If sales of U.S. subsidiaries abroad turn downward, the profits are apt to suffer accordingly. Last year the earnings of some $6 billion from U.S. direct investments abroad helped moderate the impact of the U.S. recession. For 1972, one private economist sees "a real possibility" of a reverse impact on profits.

Much less certain but much more alarming, business sources say, is that other governments blaming the U.S. for their economic slowdowns may make reprisals. It is widely agreed here that some sort of recession was taking shape abroad well before Aug. 15 and that it could linger after the U.S. import surcharge might come off. But

the U.S. is being blamed by some foreigners, whether it deserves the blame or not. And that's what is important—and troubling to U.S. businessmen.

Even if the U.S. doesn't deserve any of the blame, says one banker, other governments could find it politically necessary to retaliate. Not just on trade, as Denmark is doing with its own 10% surcharge on imports, he suggests, but in harassing U.S. investments abroad. This could involve anything from tight limits on fresh investment inflows to restrictions on repatriating profits or even to expropriations of U.S.-owned plants, as in Chile.

"The disease of protectionism, once contracted, is dangerous for American international business and the U.S. economy," warns Willis C. Armstrong, president of the New York-based U.S. unit of the International Chamber of Commerce. Since President Nixon's August actions, the Washington-based National Planning Association agrees, "the danger that increasing resort to restrictions, discriminations and retaliations might get out of control has become very much greater."

[From the Wall Street Journal, Nov. 12, 1971]

CANADA'S NEW "ANTI-AMERICANISM"

(By Mitchell C. Lynch)

OTTAWA.—Is Canada going anti-American?

Prime Minister Pierre Trudeau says certainly not. The government, through the cabinet, says relations between the two countries are as warm and friendly as ever. And no polls have shown that the Canadian people themselves are getting hot under the collar about their neighbors to the south. ("Some of my best friends—and relatives—are American," deadpans Charles King in a recent column in The Ottawa Citizen.)

So, with all that evidence in hand, the hottest topic from Vancouver to Halifax today is why Canada is turning anti-American.

The Canadian House of Commons recently held an extraordinary two-day debate. The topic: "the continuing deterioration" of relations between Canada and the U.S. Nary a newspaper columnist in Canada is probing much else than the widening gap between Ottawa and Washington.

The letters-to-the-editor column in most newspapers is devoted almost exclusively to anxious Canadians saying they like Americans. And an American correspondent in Canada can't have a quiet drink at his favorite bar without receiving many unsolicited assurances from his fellow patrons that *they* aren't to be counted among the other Canadians who don't like Americans.

The whole controversy—or noncontroversy—looms as a major election issue next year. What's hard to determine now is which side will use it—Mr. Trudeau's Liberal Party or the opposition Conservative, or Tory, Party. The Tories say the Liberals will blame the U.S. for Canada's economic plight while the Liberals say the Conservatives will howl that Canada wouldn't be in such economic hot water if the government had maintained closer ties with Washington.

(This certainly wouldn't be the first time the U.S. was an election issue in Canada. In 1911, for instance, the incumbent Liberals ran on the idea of establishing a common market with the U.S., while the Tory slogan was, "No truck nor trade with the Yanks." The Tories won handily.)

The latest swirl on relations with the U.S. was caused by a strangely coincidental series of events. On one side were President Nixon's new economic policy and the nuclear blast at Amchitka, while on the other were the recent visits of Soviet Premier Kosygin and Yugoslav President Tito, plus Canada's strong support for admitting China to the United Nations. All of this came amid Ottawa talk that Canada must lessen its dependence on the U.S. and begin to look elsewhere for trading partners—a "re-examination of our ties," Mr. Trudeau calls it.

A DEVASTATING EFFECT

The new economic policy is expected to have a devastating effect on Canada, which is America's biggest trading partner. The 10% import surcharge, for instance, affects about 25%, or close to $3 billion, of Canada's annual shipments to the U.S. In addition, the investment-tax credit, which would apply to U.S.-made equipment and machinery only, could bite into $1 billion more of Canadian southern-bound exports.

Partially as a result of these U.S. moves, Canada's seasonally adjusted unemployment rate in mid-September—one month after Mr. Nixon announced his new policy—shot up to 7.1% of the labor force. Ottawa immediately announced a 7% cut in corporate taxes and a 3% reduction in personal income taxes. It also instituted a $498 million winter works program for such job-creating projects as road-building, housing construction and erecting federal exhibition buildings throughout Canada. The jobless rate dropped to 6.7% in October, but that decline didn't cause any jubilation in Ottawa. "That still represents an awful lot of people out of work by anybody's standards," concedes a government aide.

A Canadian delegation, led by Finance Minister Edgar J. Benson, went to Washington shortly after the Nixon program was announced to see if Canada could get an exemption from the surcharge. After all, the delegation said, Canada had done nothing to cause America's woes; the Canadian dollar had been floated more than a year earlier, and Canada had set up no discriminatory import barriers against American goods.

What the delegation received, it's known now, wasn't a flat no, but a reminder that Canada had posted a $1.09 billion balance-of-trade surplus with the U.S. last year. In addition, the Canadians were reminded, Ottawa in 1965 signed an automobile trade agreement with Washington that contained a few temporary "safeguards" to enable the Canadian industry to get on its feet. The safeguards are a complicated set of insertions in the agreement that include ways of maintaining a certain degree of "Canadian content" in autos sold in Canada.

Washington argues that it's time these safeguards were removed. After all, it adds, the agreement was aimed at allowing autos and auto parts duty-free access across the border from both sides.

"The Yanks have lowered the boom on us," says one disgruntled Ottawa aide. "They're belting us at a time when we're weak as hell."

MR. TRUDEAU'S ASSERTION

This hard-nosed attitude, to many Canadians, gives credence to Mr. Trudeau's assertion that Americans "neither know very much nor care very much really about Canada." When asked if he still felt this way a few weeks ago the prime minister said, "I suppose that they wouldn't have changed overnight and suddenly begun massively caring about Canada."

Mr. Trudeau is expected to give Mr. Nixon a refresher course in Canadian affairs when the two meet here in Ottawa sometime next spring.

This lack of concern, Canadians say, was reflected again when the U.S. detonated the nuclear blast at Amchitka in the Aleutian Islands. The Canadian parliament had adopted a resolution condemning the planned test, protesters had taken to the streets in Canada and petitions bearing hundreds of thousands of names had been sent to Washington.

In the meantime, though, a curious thing happened. Soviet Premier Kosygin came to Ottawa and during a luncheon toast hinted that Canada was being victimized by "economic miscalculations" of the U.S. Without mentioning the U.S. by name, Mr. Kosygin said the Canadian economic unrest "is all the more unacceptable when these miscalculations aren't due to chance circumstances, but, in fact rendered inevitable by the pursuit of policies creating focuses of tension and conflict in various parts of the world."

Many Canadians obviously resented this outside intrusion in what they felt to be a U.S.-Canadian squabble. Robert L Stanfield, head of the Conservative Party, reportedly received a standing ovation when he said, "It is inappropriate, it is stupid . . . to encourage Soviet leaders to use a Canadian platform to attack the United States."

PRESIDENT TITO'S VISIT

The slight unease caused by Mr. Kosygin's visit was heightened a week later with the arrival of Yugoslav President Tito in Ottawa for talks. At the same time, Canada voted for the admission of Peking to the U.N.

"It is evident," columnist George Bain said in The Toronto Globe and Mail, "evident even to the government, that an uncertain number of Canadians share this vague fear that somehow, as a country, we have been very recently dangerously anti-American—dangerous because we are bound to pay for our sins."

Heath MacQuarrie, who would be external affairs minister if the Conservatives were to win power in the next election, said, "It would be naive, regrettably naive, perhaps dangerously naive to suggest that all is well" between Canada and the U.S.

Nonsense, says Mitchell Sharp, external affairs minister. "It is childish and, I suggest, very immature to suggest the tentative and the positive Canadian moves toward better and more rewarding relations with China, the Soviet Union and other Communist nations are an act of defiance toward the United States."

He said Mr. Kosygin was merely repaying a visit that Prime Minister Trudeau made earlier this year to the Soviet Union; President Tito was merely dropping by on his way back from Washington; supporting China in the UN was a logical extension of Canada's recognition of Peking in October 1970.

The U.S. isn't alarmed about President Nixon's forthcoming trips to Peking and Moscow, Ottawa says. And anyway, adds Mr. Trudeau, Canada considers the Soviet Union its neighbor to the north, across the Arctic, "Canada and Canadians want very much to look to the north, as they long have looked to the south, and see friends in each direction."

So why all the fuss? "Conflict is a function of contact," Mr. Sharp says. "Canada has very little in the way of conflict with Mongolia," he adds. "Our relations with that country might be regarded as the model for all nations—if we were to overlook the fact that our contact with the people of Mongolia is almost non-existent.

"No two nations in the world have so many contacts at so many levels, official and non-official, as Canada and the United States."

J. Leonard Walker, president of the Bank of Montreal, goes deeper than that. He says Canada has a "love-hate relationship" with the U.S. While Canadians enjoy the overflow of wealth and technology from America, he says, at the same time they resent the intrusion on the culture of the American way of life and the dependence they have on the United States in general.

[From the New York Times, Nov. 13, 1971]

INVESTING CURBS URGED IN CANADA—AGENCY SOUGHT TO REGULATE EXPANSION ACTIVITIES OF FOREIGN COMPANIES

(By Edward Cowan)

TORONTO, November 12.—A task-force report that the Canadian Government has refused to publish recommends creation of an agency to regulate new foreign investment in

Canada and expansion of existing foreign-controlled companies.

The principal goals of such screening would be to diminish United States economic and political influence in Canada, to increase Ottawa's power to guide industrial and resources development and to enhance the economic benefits Canada derives from foreign investment.

The Government has been drafting a major policy statement on foreign investment that Prime Minister Pierre Elliott Trudeau has promised to issue soon. The statement is expected to draw heavily on a 200,000-word report to the Cabinet by a task force headed by Herb Gray, the Minister of National Revenue.

SUBMITTED IN MAY

The report was submitted last May. Since then, the Government has resisted repeated attempts to have it released officially.

An unauthorized, abridged version was published today by The Canadian Forum, a monthly magazine with strong nationalistic leanings which describes itself as "an independent journal of opinion and the arts."

Abraham Rotstein, the University of Toronto economist, who is The Forum's managing editor, said the decision to publish a 70,000-word condensation was taken after The Forum's editors concluded that the report contained "no material prejudicial to the national interest, nor any data that would aid a foreign power."

A copy of the report was made available to The Forum by someone who was not, according to Mr. Rotstein, a party to "the dispute within the Cabinet" about publication.

As published by The Forum, the report contained a number of candid passages that presumably would have been omitted in an official version.

The report said that "Canada's bargaining strength in the manufacturing field is not overwhelming."

It implied that by insisting on more internal processing and fabricating of raw materials, Ottawa would cause American corporate parents to pressure Washington to relax certain import restrictions.

The report admitted that Canada's foreign trade policy is hobbled to a degree by the large shares of Canadian manufacturing and resources controlled from the United States.

One result of this integration, the report said, is that in international negotiations, such as the Kennedy Round, other countries, especially the European Economic Community, assume that the United States position embraces the Canadian. "In this way, actual and distinct Canadian problems, aims or differences of view can be overlooked," the report said.

"There may be merit in considering whether more of an arms-length relationship" with the United States "would not be possible and more in the Canadian interest," the report said.

"If Canada wishes to continue to limit continentalism"—a term Canadians take to mean the assimilation of Canada into the American sphere of influence—"It makes little sense to maintain no controls at all on the development of ownership links which accelerate the process," the report declared.

The task force came down strongly in favor of a screening process in preference to foreign-exchange controls, designation of key industrial sectors, mandatory Canadian shareholdings and mandatory Canadian seats on board of directors.

However, such considerations could be weighed by a screening agency, the report observed. The agency's role would be not so much to say yes or no to a proposal as to bargain to obtain the best possible terms for Canada.

It could, the report suggested, negotiate over production for export, installation in Canada of research and product-development facilities, future expansion, processing in Canada of raw materials, product lines, the kind of technology to be used, capital structure and financing.

"The use of Canadian managers and directors would normally not be a matter for bargaining," the study said, "but would be taken into account in the final cost-benefit judgment. The employment of Canadians in these positions is unlikely to have a significant impact on the behavior of the foreign-controlled firms but is of benefit because of the training it provides."

The screening authority would consider, the report suggested, whether Canada could obtain the proposed benefits—such as new products or modern technology or additional jobs—through other arrangements, such as a joint venture or licensing.

That was the premise on which the Gray group wrote a lengthy appraisal of alternative methods for regulating foreign investment, proposed and existing.

[From the Fortune, August 1971]

THE SURPLUS OF GLOOM ABOUT TRADE

Americans live, as no people ever did before, on the banks of a statistical river. The figures that surge by each day range from very gloomy to very cheerful. Because no human mind, no computer, can encompass this mighty flow, a selection has to be presented to the public. Ideally, it would be a true and balanced sample. In fact, the selection is influenced by advocacy, by fad, by mood.

In recent years the samples have inclined toward the side of gloom. In 1971 this dark perception turns especially upon the U.S. position and prospects in world trade. There is no lack of statistics showing a precipitous U.S. decline from a position of colossal predominance twenty years ago. Such industries as steel, autos, textiles, to which the word "basic" can be plausibly attached, are now threatened by imports as never before. The statistics that record these setbacks resound noisily within a nation worried about high levels of unemployment and inflation. The U.S., according to the fashionable analysis, must pull in its horns because it can no longer compete with leaner, more muscular industrial countries.

Some of this pessimism is obviously inspired by the advocates of particular industries that are feeling the pressure of imports. But perennial protectionism is by no means the only reason for the gloomy selection. Other alarmists are concerned because inflationary collective-bargaining settlements pose a genuine danger to the U.S. trading position. Arguments along this line, though valid in themselves, can be pushed so far that they contribute to an unbalanced view of what the U.S. prospect in world competition really is. Several spokesmen for the Nixon Administration, intent on restoring stronger wage and price discipline to U.S. markets, have made statements that reinforce a pessimistically distorted view. Some businessmen, overzealous to emphasize the cost pressures of high wages, high taxes, and the rising costs of environmental protection, have overstated and overgeneralized their case.

Organized labor, which had a long and creditable record of faith in world trade, has swung its weight to the protectionist side of the argument. Journalistic pundits embrace gloomy statistics about the nation's trade prospects as further evidence in support of their central theme of general U.S. confusion and decline.

Among the figures that one hardly ever sees, because the gloom-biased selection ignores them, are those showing that U.S. exports rose from about $10 billion in 1950 to $32 billion in 1960 and then to $43 billion in 1970. The U.S. Department of Labor estimates that this $33-billion increase over two decades added nearly three million production jobs (not counting freight handling, etc.) to U.S. payrolls.

It's not that anybody is deliberately trying to mislead the public by falsifying particular statistics. Rather, we are confronted with a problem in perspective.

QUICK CHANGE FROM CAESAR TO JOB

Let's cast back to the early Fifties when a very different view of the U.S. position in the world prevailed. Then, the U.S. was producing at least half of all the world's manufactured goods. The U.S. was almost the sole source of capital for large-scale development. Its lead in science, technology, and mass higher education was huge.

In every one of these categories, moreover, it seemed to many analysts that the U.S. advantage was bound to increase. How could European industrialists ever overcome the national fragmentation that deprived them of economies of scale? How could Japan and Great Britain, stripped of their empires, compensate for the lack of raw materials and oil? How could significant amounts of capital ever be generated in these "second-rate" economies that lay beyond U.S. shores? How could their technology and their reservoirs of highly educated people ever approach the U.S. level—especially when the "brain drain" would siphon off a large proportion of their brightest young minds, drawn to the U.S. by higher salaries and wider opportunities?

All this convinced many Americans—and even more foreigners—that the U.S. was inexorably destined for a role of imperial economic dominance. It would be the lone rich man admidst relative poverty and stagnation. Others would have to depend on its philanthropy.

From this perspective certain inferences were drawn. They were not cheerful. In world politics, the U.S. would have puppets, but no true and trustworthy allies. In trade, it would have victims, but no partners. Internally, too, the U.S. would change as giant corporations, bloated by overseas profits, monopolized more and more political and economic power within the nation. One philosopher developed the view that the U.S. was headed for Caesarism.

Within a few years this vision of the American economic colossus was dissolved by events, to be succeeded by the vision of the American economic invalid. Not long after the U.S. had escaped from imaginary Caesarism, the doomsayers began to cast it in the role of Job.

NOT A ZERO-SUM GAME

But in the real world the U.S. has not been, like Job, afflicted. Its economy waxed stronger, but other industrial countries achieved very rapid growth. The trading environment became much freer than the semi-autarky that had prevailed in the Thirties.

The new international economic order was based on recognition that capitalist competition, within any nation or among nations, was not a zero-sum game: that is to say, one nation's gain did not imply another nation's loss. As world trade rose far above levels previously dreamed of, there were in the Fifties and Sixties no national losers. All benefited to one degree or another from the widened competition that spurred productivity and innovation. Though the U.S. profited hugely from the rise of its trading partners, its enormous relative predominance was sharply reduced.

In this new game no nation can take for granted its permanent possession of the world lead in any industry. If one line of products is forced to retreat in the face of competition, the only hope may be that another line will advance. Who would have thought that the Japanese could sell us all those cars? Who would have thought, for that matter, that the U.S. could sell Japan $412 million worth of coal in 1970?

The U.S. today is not alone in feeling the pressure of imports. Raw silk, once Japan's leading export, is now largely imported. Low-quality textiles flow into Japan from Korea

and Taiwan, pushing the Japanese textile industry toward more sophisticated products, which, in turn, compete with U.S. textiles. Coca-Cola drives Japanese soft-drink manufacturers to (or up) the wall. Though the Japanese have had great success here with radios and other electronic products, some other Asian countries are new selling these products in Japan. Even production of that traditional Japanese speciality, edible seaweed, has been largely taken over by Korea, as a combination of high labor costs and water pollution all but destroyed the Japanese industry.

Millions of Japanese workers have been displaced in the course of this intense international competition. Nearly all of them found other (often better) jobs. Has it been so different in the U.S.? Statistics of 1971 U.S. unemployment should not be dipped from the river of digits without a balancing series: in the Sixties, while U.S. imports rose, the number of Americans employed increased faster than the population.

It's possible—though by no means certain—that within the next ten years U.S. imports will regularly exceed exports. Even this would not spell inevitable decline or crisis for the U.S. This point is examined in some detail in "U.S. Foreign Trade: There's No Need to Panic," on page 109 of this issue. The article calls attention to the increasingly important part that will be played by the return on U.S. investments abroad. In 1970 income from foreign investments brought the U.S. $6 billion, nearly five times the 1950 figure, while fees and royalties brought in nearly $1.9 billion, fifteen times the 1950 level. As these payments on our huge 1950–70 foreign investment increase, as they should, a U.S. deficit in trade might be balanced by the inflow from investment. Why will dividends, royalties, and fees from abroad increase? Because the rising prosperity of our competitors-partners will mean a higher return on U.S. investment abroad and a stronger demand for U.S. patents and know-how.

That shift will probably contribute to the long decline in the proportion of American workers employed in manufacturing and agriculture. Basically, this trend is not caused in any substantial part by foreign competition. It results from a rapid evolution of the internal U.S. economy toward the mechanization of manufacturing and agriculture—a process that releases workers for generally better-paid and more interesting white-collar work. So far the expansion of white-collar jobs has absorbed more than the numbers displaced from blue-collar work—and there is no reason to suppose that this process will be interrupted.

UNIMPAIRED STRENGTHS

Some farsighted Americans believe that the U.S. is now spending too little on research and development. They may well be right. But it's a mistake to support this argument by the dire warnings that U.S. technological strength is about to be overshadowed by development elsewhere.

All in all, the basic U.S. strengths in world trade remain unimpaired: a huge internal market, highly competitive and lively with innovation; a labor force increasing in size and quality; a long lead in technology and a longer one in the organizational skills through which technology is deployed; an immense capacity to generate capital through a wide and varied investment market. An American who understands these strengths will hardly panic over Toyota's U.S. sales figures.

THE PRICE OF LIVELINESS

The right lesson to be drawn by the U.S. from the present world economic scene is certainly not one of complacency. If markets are going to be shaken up and jobs erased, the consequent displacements can have grave social and political consequences, even in boom times. But these painful dislocations occur not only or mainly because of foreign competition. One of the prices we pay for our lively internal economy and our rising productivity is the insecurity of both jobs and profits.

Public policy must find effective ways to cushion the effects of foreign—and domestic—competition on displaced workers. Besides retraining of the unemployed, governmental action may be required to conserve capital and managerial resources threatened by the livelier world economic scene.

Without doubt, rapidly rising labor costs are hurting the U.S. competitive position in foreign markets, even though most of our competitors are under similar pressures. But cost-push inflation also damages the domestic economy. We would need to moderate the upward thrust of labor costs even if they did not create a disadvantage in world competition. If we were to cut our imports drastically by trade barriers, there would be less restraint on rising wages and prices than there is now.

Not all the U.S. complaints about the unfair practices of competitor countries are spurious. Japanese barriers to foreign investment, for instance, have not come down as fast as they should have. The wrong way to deal with this kind of problem is to impose retaliatory bilateral restrictions on Japan in a mood of desperation. The right way is to mobilize all the main trading nations, in the cause of freer world trade, against the Japanese barriers.

How to recognize a specific peril without exaggerating it or falling into paralyzing gloom is an old, old problem that is made more severe by the availability of so many facts and figures that we can "prove" anything. Specific U.S. problems in world trade ought not be generalized in a way that impairs national self-confidence.

World trade has indeed become a tough game. Internal U.S. business has long been a very tough game. Both are going to get tougher. How, otherwise, could we and our competitor-partner nations possibly go on making all that money?

U.S. FOREIGN TRADE: THERE'S NO NEED TO PANIC

(By Sanford Rose)

Listening to U.S. businessmen talk about foreign competition these days, it seems almost impossible to believe that only a decade ago most businessmen were enthusiastic free traders. America's great flagship industries, beginning with steel and autos, appeared to be firmly committed to free trade. Henry Ford II was fond of quoting a statement that his illustrious grandfather had made some years earlier: "Comfortably tucked away behind a tariff wall which shuts out competition and gives industry an undue profit which it has not earned, the business of our country would grow soft and neglectful. We need competition the world over to keep us on our toes and sharpen our wits."

Scarcely any businessmen talk that way nowadays—certainly not any in steel or autos. Both industries had trade surpluses in the early 1960's. But by 1970 the trade balance on iron and steel products was over $750 million in the red, while the automotive deficit approached $2 billion. Ford himself told his shareholders last May: "I frankly don't see how we're going to meet foreign competition. We've only seen the beginning. We may become a service nation someday because our manufacturers could not compete with foreigners."

To be sure, many of the companies threatened by stiff competition from imports are divided about how to react. They want protection at home but are concerned that foreign retaliation against U.S. protectionist measures may imperil their global earnings. C. Peter McColough, president of Xerox, is for imposing some trade restrictions, but admits, "Joe Wilson, my chairman, and I don't agree on this. I think I represent more people in my company than he does."

The textile companies, reputed to be bastions of protectionist thinking, are also somewhat less than monolithic. Says Tilford Gaines, a vice president at Manufacturers Hanover Trust, who is a director of United Merchants, a large textile company: "As a company, United Merchants stands shoulder to shoulder with the textile industry in asking for quotas on imports. But in actual fact it doesn't give a damn. For one thing, a substantial part of the company's earnings comes from overseas investments. For another, the company is highly innovative and believes that it can 'outcompete' any Japanese producer."

THE CHANGE IN GEORGE MEANY

Still, there are a lot of new protectionists in American business, and they have an important ally: the American labor movement. The old-line industrial and craft unions that speak for labor—with the possible and increasingly equivocal exception of the United Auto Workers—are determined to restrict imports and prevent multinational corporations from "exporting U.S. jobs," as they put it, by producing overseas.

This position, too, represents a major change. In March, 1962, President George Meany of the A.F.L.–C.I.O. said: "We need the things we import. To get what we need, we have to open up our own markets to such products as British woolens, German cars, and Japanese toys." In May, 1971, Meany was calling for "an orderly marketing mechanism . . . to regulate the flow of imports into the U.S. in industries where these imports are displacing significant percentages of U.S. production and employment."

The current campaign for trade restrictions is being waged with an almost apocalyptic intensity, with a shrillness that often drowns out sober voices in the business community. Either you are for trade restrictions, say many businessmen, or else you are against America and its future. Ely Callaway, the president of Burlington Industries, strikes a particularly martial pose: "I say that a trade war is *here*—we are in it, and we are losing it." Callaway is particularly incensed at those companies that have established plants overseas to export inexpensive goods back to the U.S. He says flatly: "Kayser-Roth is a company that is bad for America. And so is Bell & Howell."

WHO'S CHEATING WHOM?

The new protectionists, then, have a lot of zeal and a lot of support. It is not so clear that they have a good case. And to anyone who has followed the history of free-trade debates over the years, their arguments will seem less original—and less compelling—than the protectionists suppose them to be.

One of the most insistent themes of current protectionist rhetoric involves an assertion that the U.S. is being victimized by the unfair trading practices of foreign competitors. Actually, the protectionists repeat almost ceremonially, they would themselves be all in favor of free trade—except that no one else practices it. Most other countries are run by conscious economic nationalists. They artificially restrain their imports and stimulate their exports. The U.S. has far lower tariff barriers and far fewer quotas on imports than other industrialized countries, especially those in the European Economic Community and Japan, and these countries habitually sell to the United States at lower prices than prevail in their own domestic markets—i.e., they "dump" goods.

These constantly reiterated assertions are gospel to protectionists nowadays, and they are seldom challenged. Yet their main point—that other countries are taking advantage of the U.S. commitment to free trade—is debatable. An unpublished analysis by John Renner, head of the international-trade section of the State Department,

shows that when the Kennedy Round reductions are completed at the end of this year the U.S. will have an average nominal tariff rate of 8.3 percent on industrial products. The rate will be 8.4 percent for the Common Market, 10.9 percent for Japan, and 11 percent for Canada. In other words, less than three points separate the lowest from the highest aggregate rate.

Renner also breaks down these over-all averages into a number of detailed product categories. Although the U.S. has many more low tariffs on industrial products than either the Europeans or the Japanese, it also has considerably more high tariffs. For example, the U.S. levies tariffs of 20 percent or more on sixty of the 919 most frequently traded industrial-product categories, whereas Japan's tariff exceeds 20 percent on only twenty-six of these product categories.

In addition, Renner's data show an increased use of quotas by the U.S. We now have so-called universal quotas, i.e., those working to limit imports from nearly all major countries, on sixty-seven industrial-product categories; the products range from essential industrial commodities like steel and oil to minor consumer items like brooms. The Europeans have sixty-five universal quotas and the Japanese sixty-one. (The Europeans also have a number of quotas aimed exclusively at Japanese goods.) Since 1963 the Japanese have eliminated seventy-one quotas and they plan to drop another twenty by October. The E.E.C. has eliminated eleven quotas since 1963. The U.S. has *added* sixty of them during the same period. Moreover, U.S. quotas cover close to 17 percent of total industrial imports. The Japanese barriers cover nearly 12 percent of their imports, while E.E.C. restrictions cover approximately 4 percent of imports.

Admittedly, as Renner points out, these percentages cannot just be taken at face value. A lot depends on the *kinds* of quotas a country has. Very generous quotas, for example, permit substantial imports, which raise the percentages. Renner nevertheless concludes that, when all is said and done, the E.E.C.'s quantitative restrictions affect a comparatively small amount of industrial trade, Japan's quotas affect a considerable amount of this trade, and U.S. restrictions affect the *largest* volume of trade.

A number of U.S. businessmen point out, however, that Japan and the E.E.C. practice forms of trade restriction that are not in their laws—what might be called restriction by administrative nonfeasance. Walter Wriston, chairman of First National City Bank, quips that whenever the Europeans or Japanese want to exclude a particular U.S. product without imposing a formal quota, "the customs inspector simply goes out for lunch when the ship docks." Renner acknowledges that he heard numerous complaints of this type from businessmen when he was our economic counselor to the E.E.C. in Brussels. But, he adds, "whenever I asked for documentation so I could complain to the appropriate foreign authorities, businessmen were never able to come up with any. When specifics are not forthcoming, I usually conclude that the problem does not exist."

THEY DON'T GET THE EVIDENCE

There is also a remarkable lack of documentation of the rather widely held belief that other countries—in particular, Japan—have in recent years intensified their dumping in the U.S. market. Many businessmen complain endlessly about Japanese dumping; but few of them, oddly enough, have managed to persuade the government. If the Bureau of Customs in the Treasury Department decides that a sale has been made at less than "fair market value," it sends the case to the Tariff Commission to determine whether the complainant has been injured by the sale. If the commission agrees that there has been some injury antidumping duties are imposed on the foreign product.

In recent years the staff that handles dumping complaints at the Treasury has been increased from five to thirty-five. Nevertheless, the Treasury has sent very few cases to the Tariff Commission—only fifteen in the period from the beginning of 1970 to mid-1971, and only seven involving Japanese goods. Says Peter Flanigan, an assistant to the President who specializes in economic affairs: "I keep telling businessmen who think they have evidence of foreign dumping to give us the facts. But they don't." Renner adds: "I know the people who handle dumping matters at the Treasury. They would be *delighted* to find more cases, but they don't get the evidence."

If foreign companies were dumping a lot of goods in the U.S., that would certainly be a problem for American companies operating in the same markets. Whether it would be bad for the U.S. as a whole is quite another question. It is a fundamental question but one that, in the somewhat hysterical atmosphere that now envelops much discussion of free trade, is seldom asked. As Leland Yeager, a professor of economics at the University of Virginia, puts it: "How is the American economy hurt if foreign sellers set prices that discriminate in favor of Americans? The circumstances that permit the foreign sellers to discriminate against their own countrymen may be regrettable from some points of view, but to Americans, bargains are bargains."

According to economists like Yeager, persistent dumping means, in effect, that foreign producers have successfully conned their fellow citizens into working cheaply for the U.S. by trading many of their goods for a few of our own. If foreigners want to make us a gift of their resources, this just increases our welfare at their expense. Moreover, if they dump goods whose prices, even under so-called competitive conditions, seriously understate their social cost (because the cost of pollution is not included), they're doing even more for our welfare. This point is made by Milton Friedman, perhaps the best known apostle of free trade in the U.S. economics profession (which is overwhelmingly committed to free trade). Says Friedman: "If Japan exports steel at artificially low prices, it is also exporting clean air. Why shouldn't we take it?"

THE CALCULATING JAPANESE

Dumping might be a serious problem if it were predatory—that is, if foreign competitors kept their prices down in order to drive U.S. producers out of business, only to jack the prices up later on. But that tactic is hard to execute wherever the cost of reviving domestic production would be comparatively slight—as it would be in many industries now being affected by import competition.

For example, in the past few years the Japanese have taken over most of the U.S. market for business electronic calculators. Edward Lesnick, director of product planning at Wang Laboratories, Inc., a major U.S. calculator company, charges that the Japanese have been able to penetrate the U.S. market in part because their government is subsidizing the overseas sales of Japanese calculator companies. The facts about this matter are most unclear. The Japanese sell calculators in the U.S. for as little as $200, whereas an inexpensive U.S.-made business calculator sells for about $600. And no one seems able to pinpoint any Japanese Government subsidy or other action that knocks $400 off the price of a calculator. Lesnick himself admits that the Japanese calculator companies are "much more productive than U.S. firms," and, of course, they pay far lower wages.

Suppose, however, that the Japanese penetration of the U.S. market does somehow stem from a form of governmental manipulation of the market mechanism. Could the Japanese take advantage of this manipulation to raise prices? It is hard to see how. Lesnick says that the Japanese may be in the process of forming a cartel that would fix prices. But if prices rose by several hundred dollars, U.S. companies might find it economical to get back in production. And it would be relatively easy even for small companies to compete. Lesnick notes that economies of scale in calculator production are fully exhausted at 10,000 units—i.e., unit costs stop decreasing at a comparatively low level. U.S. companies coming back into the business could attain this level of output quite rapidly.

A second major theme developed at length by the new protectionists concerns the U.S. trade balance. Our trade surplus has declined sharply in recent years, from $7.1 billion in 1964 to $2.7 billion last year, and possibly to even less this year. A sizable number of businessmen now argue that this slippage results from our commitment to free trade.

In fact, it is most unlikely that our export surplus has deteriorated because of any difference between our trade practices and those of our competitors. U.S. trade difficulties can more plausibly be explained by differences in the rate of inflation and in the level of economic activity among the major industrial countries. Until last year's recession the U.S. maintained an excessively high level of economic activity and also experienced a rapid rise in prices. On the other hand, a number of our major trading partners had a considerable amount of slack in their economies during parts of this period—notably Germany in 1966–67, Japan in 1965–66, France and Belgium from 1966 to early 1968, and Italy for much of the period since 1964. At the same time, prices in these countries increased more slowly than in the U.S.

F. Gerard Adams, a professor of economics at the University of Pennsylvania, and Helen Junz, an economist with the Federal Reserve Board, have made a serious effort to discover how trade flows would have been affected if the major industrial countries had kept their economies fully employed during 1965–69 while the U.S. and Canada had grown at noninflationary rates. Using an econometric model of world trade, the two analysts concluded that the U.S. trade balance in the first half of 1969 would have been improved by an annual rate of more than $5 billion.

Actually, there are good reasons to expect the trade balance to remain positive over the next few years without any help from protection. One reason is simply that the U.S. economy, plagued by excess industrial capacity and above-average unemployment, is likely to grow more slowly than that of other countries. The Council of Economic Advisers estimates that our real G.N.P. is likely to grow at an average annual rate of slightly over 5 percent, compounded, for the next few years, whereas world G.N.P. will probably rise by a little more than 6 percent. U.S. wholesale prices are also expected to lag behind those of other countries. Robert Goodman, an econometrician at the First National City Bank of New York, anticipates a positive balance over the next four years.

A LITTLE REVALUATION GOES A LONG WAY

The trade balance would be in even better shape if certain changes were made in exchange rates. Changes are in fact quite likely. Hendrik Houthakker, until recently a member of the Council of Economic Advisers (he is now back at Harvard), confidently expects the Japanese to revalue their currency upward some time in the next two years.

Meanwhile, Japanese businessmen are behaving as if revaluation were only a question of time. Charles Robinson, president of Marcona Corp. of San Francisco, notes: "These days when you do business with Japan, you argue more about revaluation insurance than you do about price." Robinson is currently

planning to buy $30 million to $40 million worth of Japanese heavy equipment in order to produce beneficiated iron ore for resale to Japan. He reports that the Japanese are trying to sell the equipment for yen while paying for the ore in dollars. This means that, in the event of a revaluation, the Japanese would lose none of their yen profits on the sale of the equipment, while every dollar of iron ore would cost them less of their own currency. A revaluation of the yen would enormously stimulate U.S. exports to Japan; there is abundant evidence that Japanese demand for U.S. goods is extremely sensitive to price changes. Stephen Magee, who is a professor of International business at the University of California at Berkeley, and who has done considerable research on trade for the C.E.A., estimates that for every 1 percent drop in U.S. export prices the volume of U.S. exports to Japan would rise by about 3 percent. To be sure, revaluation would eventually work to hold down Japanese incomes and Japanese prices, and this would moderate the increase in U.S. exports.

On the other hand, Japanese sales to the U.S. and other countries would obviously fall off somewhat because the dollar price of those exports would rise. After weighing all these considerations, Magee concluded that if the Japanese revalued by 10 percent at the beginning of 1971, the U.S. trade balance for the year would have improved by as much as $2.4 billion. A revaluation of 5 percent—the figure commonly suggested by Japanese economists—would have produced half the improvement, or $1.2 billion. Evidently, small changes in the price of the yen will generate rather large changes in the total U.S. foreign-trade position.

THE PAYOFF ON FOREIGN INVESTMENTS

But the trade balance after 1975 is admittedly a quite different matter. In the late 1970's the trade balance may well turn negative—and stay negative for many years thereafter. The reason is that U.S. business will probably be earning so much on its overseas investments that other countries may have to export more than they import from us in order to obtain enough dollars to pay us our dividends.

According to tentative projections made by the Council of Economic Advisers, by 1975 other countries will be paying us $17 billion a year in dividends, fees, and royalties on our foreign investments, while we pay them only about $6.5 billion on their U.S. investments. Houthakker says that this projection of our investment income is actually somewhat conservative since it is based on the low rates of return on U.S. overseas assets that prevailed for most of the 1960's.

The council did not estimate the size of the investment-income balance after 1975, but Lawrence Krause, an economist at the Brookings Institution, has continued the exercise for the years through 1980. Krause concludes that the net balance on investment income and fees could rise to $16 billion by that year. He believes the U.S. is fast becoming a "mature creditor" country, something like Great Britain during much of the nineteenth and twentieth centuries. Britain had no difficulty balancing its international accounts even though it routinely bought more goods than it sold in foreign markets. The country simply lived off the income from its foreign assets. Krause suggests that the U.S. can and should play the same role during the late twentieth century.

Not all students of trade agree that this arrangement would work. Harold van B. Cleveland, an economist at the First National City Bank, is uneasy over Krause's projections and their implications. Notes Cleveland: "I don't think Europe can get the dollars it will need by selling us more goods than it buys. It is politically difficult for the U.S. to maintain a liberal import policy unless we also run a trade surplus."

An alternative trade scenario for the late 1970's has the U.S. balancing its accounts by exporting more to the less-developed world than it imports, while importing more from the industrial world than it exports. The trade deficit with Europe would be financed by dividend remittances, while the trade surplus with the less-developed world might be financed by an increase in U.S. investment and by foreign aid. The details of all such scenarios are arguable, of course; but it seems clear that neither our trade balance nor our over-all payments position is in the sorry state described by the protectionists.

REAL GAINS AND HYPOTHETICAL LOSSES

Even if the country's trade and other international accounts were in balance or in surplus, some industries would always be losing their advantage in international trade (and thus encountering stiffer competition from imports). These industries might be able to point to declining emloyment. Not surprisingly, unemployment is another major theme of the new protectionists today.

In the opinion of George Meany, American labor has been one of the casualties of trade. He cites a Department of Labor finding that in 1966 it would have taken about 1,800,000 workers to produce domestically those imported goods that are most competitive with U.S. products. By 1969 it would have required 2,500,000 workers—i.e., the number of jobs lost to imports rose by 700,000. During this period the number of "export jobs" increased by 200,000. Therefore, argues Meany, from 1966 to 1969 we had a net loss of 500,000 jobs because of trade.

The trouble with this analysis is that the export jobs created during this period were real, whereas the jobs lost because we imported what could have been produced domestically are hypothetical. From 1966 to 1969 the U.S. had full employment; much of the time there were severe labor shortages. We probably couldn't have found those extra 500,000 people even if we had tried. And if we had somehow managed to create that many more jobs, the result would have been an enormous increase in inflationary pressures. The fact is that under full-employment conditions imports help most people, including most workers, because they enable us to acquire goods that we cannot produce domestically without overstraining our resources.

Viewed from the perspective of a 6 percent rather than a 4 percent unemployment figure, the cost is admittedly quite different. But can we eliminate our unemployment through trade restrictions? The answer is that we almost certainly cannot. If we attempted to "export our recession" by cutting down our imports, other countries would obviously export it right back by cutting off our overseas sales.

Many businessmen and labor leaders believe that import restrictions would help low-paid southern textile workers or New England shoemakers. But if we placed restrictions on imports of textiles and shoes, Europe and Japan would obviously retaliate. And retaliation would surely reduce the income of, for example, Mississippi soybean farmers, who are big exporters to Europe and Asia. It would also seriously hurt the Appalachian coal miners; U.S. exports of coal to Japan have risen from $77 million in 1965 to $412 million in 1970. And it would produce considerable distress among the farmers of the state of Washington, about 75 percent of whose wheat output is exported to Asia, principally to Japan. As union leaders had considerable opportunity to learn in the 1930's, trade wars don't cure unemployment; they worsen it.

It is true, however, that unemployment may be a real problem in particular industries that are having trouble competing with imports. In an unpublished paper, the Department of Labor has been trying to shed some light on the "industry-specific" (i.e., as opposed to aggregate) employment effects of rising imports. The department's economists have been matching up employment changes with changes in imports in 190 industries; the industries cover most of U.S. manufacturing employment.

The department found that in 1965–69, the period of greatest import penetration, only thirty-seven of the 190 industries suffered any net employment decline at all. In eleven of the thirty-seven there were no imports to speak of; only twenty-six had both employment declines and a rising level of imports. The total number of jobs lost in these twenty-six industries from 1965 to 1969 was 117,000—about 0.5 percent of total manufacturing jobs were being created.)

Moreover, even though employment in a particular industry is declining while imports are increasing, it does not necessarily follow that the imports are causing the decline. In a number of these twenty-six industries, employment fell, not because imports rose but because domestic demand dropped or productivity increased. Indeed, according to Jerome Mark of the U.S. Labor Department, normal productivity increases alone are probably pushing out more workers in these twenty-six industries than are imports.

Just about everyone in the Labor Department who has worked on the problem of import-related joblessness is persuaded that it is not especially widespread. Figures on labor turnover rates tend to reinforce this belief. If imports have in fact caused companies to shut down plants and throw workers out of jobs in substantial numbers, this fact should be reflected in high layoff rates in the industries affected. Yet over the last five years the number of people laid off in these industries has consistently been less than the number who voluntarily leave their jobs.

COMING AND GOING IN GREENVILLE

In the shoe industry, for example, the average quit rate was never less than twice and was often as high as three to four times the average layoff rate in every year since 1965. During this period, then, the shoe industry was not losing nearly as many jobs to imports as it was losing workers to other industries. The shoe companies could not hold on to these workers because their wages were low, and many of them had the drive and mobility to find better-paying jobs.

The regional turnover rates tell much the same story. For example, in Greenville, South Carolina, where textiles account for an average of about 40 percent of total manufacturing employment, quit rates in manufacturing have remained about eight times higher than layoff rates since 1967. In part, this extraordinary ratio is explained by the transitory nature of much of southern textile employment; women enter the labor force to make a little money, then leave when they've made it. But in part the low layoff rates reflect the simple fact that textile mills in Greenville have not been forced by imports to throw many workers out of their jobs.

In general, those who argue for import quotas to protect the South from economic disaster seriously underestimate the mobility of the average southern worker. Most southern states have actually been growing at faster rates than the U.S. as a whole. Indeed, the textile industry in the South has grown, not contracted, in the last decade. The same is true of the chemical and electronics industries in the South. Moreover, the region is now building up its lumber and furniture industry to help satisfy the prospective surge in nationwide housing demand. The average southern worker, it would appear, can choose from a growing number of employment opportunities should competition from imports eventually force him out of the textile mill.

Textile executives nevertheless continue to talk as though their displaced workers had practically no place to go. In a recent panel

discussion on trade, Donald McCullough, president of Collins & Aikman, a medium-sized textile company argued that other industries that might absorb these workers had import problems of their own. "We have heard a great deal about shifting people from low- to high-technology industries," he said. "What is a high-technology industry? We used to call that electronics. Well, in fact, the electronics industry has a greater import penetration than many parts of the textile industry." McCullough is factually correct, but it is also a fact that electronics *exports* have been rising. Indeed, in 1970 the net trade balance of electronics (the excess of exports over imports) was $700 million greater than in 1966. And employment in the industry had actually risen by 90,000.

Moreover, if the textile or apparel worker displaced by imports really had no place to go, this fact would be reflected in the statistics on hard-core unemployment. The proportion of the total work force that has been jobless for long periods naturally rises during recession periods; but otherwise it has stayed remarkably stable over the past decade.

SOME DON'T WANT ASSISTANCE

It would be foolish to suggest that rising imports have no adverse employment effects at all. Obviously, some workers and businesses have been hurt by imports. And even if the total unemployment rate is held down to levels of about 4 percent, some of the displaced workers will have to be assisted to enter new lines of work. The government has recognized its responsibility to provide assistance, but existing laws have made the assistance too difficult to get.

Workers and companies can qualify for retraining and relocation allowances, tax incentives, or supplemental compensation only if the imports threatening their jobs have entered the country as a result of tariff concessions made by the U.S. Government. If imports that displace workers cannot be related to concessions, the workers are out of luck. In addition, companies can qualify for assistance only when the entire firm is injured. If a particular plant is affected but the company as a whole is not, assistance is denied. As a result of these provisions, very few companies or individuals have been able to obtain help. The Tariff Commission, the agency responsible for hearing adjustment-assistance cases, has recently begun interpreting its legislative mandate somewhat more liberally. But it would obviously be helpful if Congress passed new legislation that made assistance easier to get.

When many businessmen hear the phrase "adjustment assistance," they reach for their proverbial guns. Burlington's Callaway comments acidly: "Who wants to be paid to go out of business? When people like Professor Houthakker talk about adjustment assistance, they usually throw out a figure of between $200 million and $250 million a year. Burlington's annual payroll is twice that amount."

Fortunately, it isn't likely that entire companies will go out of business because of imports—least of all Burlington—and adjustment assistance might prove useful to a lot of them. But the assistance must be used in conjunction with research. We need many more in-depth Labor Department studies to dissociate the effect of imports from other sources of business or employment decline—for example, bad management, shifts in domestic demand, or increased automation. After such studies have been made, it may indeed be found that the cost is more than $250 million a year. Whatever figure is arrived at, it will probably be a bargain. The gains to society from increasing imports would appear to exceed by a great deal the costs of providing assistance.

DISTURBING THE "QUIET LIFE"

Last year Andrew Brimmer, a governor of the Federal Reserve Board, made an analysis of the gains from trade in two industries, apparel and shoes, that are asking for protection from imports. He estimated that consumer spending on apparel would probably reach $52.7 billion by 1975. But, Brimmer argued, if there were quotas on apparel imports (they were then being advocated by Representative Wilbur Mills), consumers would have to pay $54.5 billion for the same amount of clothing. In other words, those increased imports would save the consumer about $1.8 billion. Similarly, without a quota, the public would pay about $5.9 billion for shoes. With a quota the cost would be about $7.8 billion.

The cost of import restrictions was also developed at some length a year ago by a Cabinet Task Force on Oil Import Controls. Its study found that "in 1969 consumers paid $5 billion more for oil products than they would have paid in the absence of import restrictions. And by 1980 the annual cost to consumers would approximate $8.4 billion."

Studies like these do not even attempt to take into account the indirect benefits of increased imports. Countries that supply imports to the U.S. market acquire the wherewithal to buy U.S. goods, and this stimulates employment in our export industries. Also, as imports drive prices down, consumers change their spending patterns: they may decide to buy more apparel, shoes, and oil products than they had originally intended. Part of the increased demand will be satisfied by foreign suppliers, but another part will be met by domestic companies. As a result, some of the workers initially displaced by imports may be rehired.

Many of the gains from increased imports are almost impossible to estimate—even though these gains may be more sizable than those that can be measured. In many areas of the economy, for example, price competition is particularly weak. If companies in these industries had to worry only about domestic competition, they could relax and enjoy a business life with no undue strains. Foreign competition may force the inherently inefficient out of business, but it also forces the potentially efficient to work a little harder at staying competitive. The ultimate beneficiary is the consumer. And he gets so many tangible benefits that he ought to be willing to pay to assist those who must be retrained for jobs.

Protectionists are in effect rejecting long-term social gains in order to avoid much smaller short-term costs. Since policy makers and legislators are inevitably preoccupied with the short term, they tend to pay far too much attention to the protectionist din. The case for protection is a little like the case against technological progress. Clearly, if we bottled up progress, some people would be spared the necessity of finding new jobs. But we would also be undercutting the dynamism of the economy, and eventually we would all end up a little poorer.

[From Fortune magazine, August 1971]

THE WORLD ECONOMY: INTO A TIME OF STAGFLATION

(By Lawrence A. Mayer)

(Charts referred to are not printed in the RECORD.)

If there are periods of "drift" and of "mastery" in human affairs, as Walter Lippman once wrote, there is no doubt that, economically speaking, mastery was preeminent in the industrialized world during the past quarter century. Over most of the span the world's industrialized economies have performed very well. It has been a period of reasonably sustained economic growth and unparalleled international economic cooperation.

But now, almost suddenly, troubling signs indicate that drift is taking over. Economic problems that, for the time being at least, seem to defy solution have been surfacing. The results are unproductive international bickering and an uneasy sense that events may be overtaking men.

From the perspective of 1971 it is clear that economic growth in the industrialized world has been slowing down (see charts, following page). In Japan, the growth champion, the pace is slower for the third year in a row, though this deceleration may be part of a transition to a long-term growth target of 10 percent a year in real G.N.P. In Western Europe this will be the second successive year of diminished growth. The growth of the industrialized world's *total* G.N.P., it is true, will speed up somewhat in 1971, but merely to 3.5 percent—and this only because the huge U.S. economy, which failed to grow at all last year, will advance a lackluster 2.5 percent or so this year.

What is hobbling growth? The most obvious factor is the broad-scale effort to contain a pandemic inflation, largely through tight monetary and fiscal policies. By and large, the industrialized economies have been battling wage and price rises in this way for three years now without success. Even in Germany, where fear of inflation runs deep, some wage contracts have been settled with increases of as much as 15 percent a year, and the consumer price index is climbing 5 percent a year. Europe's inflation is now being exacerbated by the mounting prices of fuels, a result of the higher costs of Middle Eastern oil.

COLLECTIVE LAZINESS

Various voices keep calling for greater resort to incomes policies to break the wage-price spiral. The 1971 annual report of the Bank for International Settlements argues for such policies with as much urgency as last year's report did; this year, however, the bank puts greater emphasis on slowing the rise in wages. In a report issued last June, the Organization for Economic Cooperation and Development observes that a number of important countries are suffering from "stagflation," which the O.E.C.D. defines as "continuing inflation under conditions of stagnant output and rising unemployment." Britain and Italy certainly fit the definition, the U.S. and Sweden are practically in the same class, and some West Germans fear that their country may come to qualify.

The spread of stagflation is partly attributable to widening labor unrest. To a great extent this unrest stems from social dissatisfactions as much as from desires for better working conditions or wages. It is for these reasons that demonstrations and strikes broke out in France in 1968 and have been erupting intermittently in Italy since late 1969. Italy has also witnessed increasing absenteeism, recently troublesome in the U.S., too, and work stoppages by small groups, a characteristic of labor behavior in Britain. Some Europeans feel that even the Germans are losing their vaunted zest for work. An Italian economist calls the erosion of labor discipline that is spreading through Europe "collective laziness."

TRADE: A LOST LEADER

On another front, the quality of international trade relations shows signs of deteriorating. The Kennedy Round of tariff negotiations, signed in 1967, appears to have marked the end for a while of any substantial liberalization of international trade. Now, indeed, it can be seen that the Kennedy Round itself sent up a sort of warning signal. It was probably the toughest of the six postwar mutilateral trade negotiations to bring off. In fact, the U.S. has as yet failed to fulfill an important provision of the agree-

ment it negotiated with the Common Market in the Kennedy Round: abolition of the "American Selling Price" system for chemicals. The A.S.P. is a method of customs valuation that places fictitious high prices—and hence high tariffs—on a large category of chemical imports.

Over the future hangs the threat that the U.S., under pressure from many domestic industries as well as labor unions, will enact quotas against a variety of imports. So far a number of considerations have held back action: counterpressures from free-trade groups, opposition by key members of Congress, and the reluctance of the Nixon Administration to touch off trade wars. In hopes of forestalling international escalation of tariffs and quotas, the U.S. is pressing other nations to dismantle various subsidies or other discriminatory aids to their exports, and to reduce nontariff barriers to their imports from the U.S. Clearly, all this adds up to a marked change in the U.S. role in international trade relations. Whereas the U.S. was once the leader in urging all nations to move toward free trade, its interest has now largely shifted to improving its own trade position (see "U.S. Foreign Trade: There's No Need to Panic," page 109). That is perhaps understandable, given the remarkable decline in the U.S. trade surplus since 1964, but the change of role leaves the cause of freer trade leaderless.

AFLOAT AGAINST THE RULES

Drift is particularly apparent, to a dangerous degree, in international monetary affairs. In a monetary system supposedly based on fixed exchange rates, three major currencies—the Canadian dollar, starting in June, 1970, and lately the German mark and the Dutch guilder—have been set afloat without specified parities. When a system's basic rules are contravened by some of its most important members, major changes in that system appear to be unavoidable. The difficulty is that there is no working consensus among nations as to the appropriate remedy or even the nature of the ailment.

What brought on last spring's exchange crisis was a huge pile-up of U.S. dollars in Europe. Central banks were obligated to redeem these dollars with their domestic currencies within small, specified ranges of their par values. The German central bank, the Bundesbank, was under by far the heaviest pressure. It is estimated that the bank had to absorb between two and three billion dollars in the two days before it shut down its foreign-exchange window on May 5. (And in the months before that deluge there had already been an inflow of billions.) By exchanging marks for the dollars that had moved into German commercial banks, the Bundesbank was flooding the German economy with liquidity. This cascade of dollars worked against the Brandt government's efforts to curb domestic inflation.

One possible course for the West German Government was to revalue the mark directly. That would have halted the influx of dollars, but would also have guaranteed an immediate profit to the banks, corporations, and individuals who had been acquiring marks for dollars. A more basic objection to quick revaluation was that Germany had raised the mark's value as recently as October, 1969; businessmen feared that another revaluation would put German export prices out of line with world prices.

Another course would have been to put controls on capital movements into Germany, a move advocated by Karl Klasen, president of the Bundesbank. This is what the French urged the Germans to do. But Karl Schiller, the powerful Economics Minister, opposed controls. Besides presenting administrative difficulties, controls run counter to the German freemarket philosophy, and they are always easier to install than to dismantle. Schiller wanted revaluation in some form because of its deflationary impact on the economy—it would make imports cheaper and exports more expensive, and the side effects would make it harder for German employers to grant large wage increases.

PROSPECTS FOR UNIONS

The Bundesbank actually took neither of these two courses. Instead, it ceased to specify the upside or downside limits at which it would buy or sell dollars—that is, it allowed the mark to float. The accompanying uncertainty discouraged the entry of dollars. Additional administrative measures such as a halt to payment of interest on certain foreign-owned deposits encouraged the exit of dollars. With inflows halted the Bundesbank has been gradually selling off some of its swollen dollar holdings, a process that led to a de facto German revaluation of around 4.5 percent by early July (and thereby conceded some profit to foreign holders of marks). When the Bundesbank has sold off enough excess dollars, an attempt can be made to restore the former dollar-mark relationship, as the Germans have promised their Common Market partners.

Germany and France disagreed sharply about the monetary actions of May. When the floating of the mark became a *fait accompli*, the French talked of a float lasting for weeks, while the Germans were talking about months. There have since been attempts to reach a compromise, but whatever short-term accommodation is made, there is still a big question about the prospects for unifying the currencies of Common Market members. Some experts have always stressed the difficulty of coordinating national economic and social policies to the extent required by a unified currency.

Now they tend to think that the tremors of the spring have made unification more difficult than ever to achieve or have even dealt it a fatal setback. The countries involved cannot unify their currencies unless the exchange parties between them remain quite stable. On the other hand, some European officials and observers see the recent crisis as a spur to get on with the currency union as rapidly as possible; they believe it may shock governments into an awareness of the perils that lurk in long delay

The D-mark float perturbed some other European countries. The Netherlands, Belgium, Austria, and Switzerland feared that when dollars were deflected from Germany, the funds would flow their way instead, and so flood them with liquidity. Moreover, a revaluation of the mark would have important effects on their economic relationships with Germany. These countries reacted in various ways. The Dutch followed the Germans and floated their currency. The Belgians set up a free market in the franc for monetary and investment transactions (but not for commercial ones). The Austrians raised the par value of their currency by a bit over 5 percent and Swiss raised theirs by 7 percent. The Austrian and Swiss revaluations suggest that the German mark might in the end be revalued by approximately 5 percent.

There is widespread general agreement on the immediate reason why dollars piled up in Europe early this year. Interest rates in the U.S. and in the Eurodollar market had been well below rates in Europe, most importantly those in Germany. German companies borrowed large amounts of Eurodollars and converted them into marks for domestic uses. The spread also made it profitable for foreigners to shift funds into marks. By early May the flow became a torrent as corporations and banks saw that by moving into marks they could bet on revaluation while enjoying an interest-rate advantage with no downside risk. These flows stopped not only because of the monetary actions taken by Germany and some of its neighbors, but also because U.S. interest rates have been converging with those abroad, and may converge further.

Some American officials, among them Secretary of the Treasury John Connally, have said that the crisis was almost purely an interest-rate phenomenon. Most European officials, however, believe that if the chronic deficit in the U.S. balance of payments had not undermined confidence in the dollar, far fewer dollars would have moved into Germany.

AN ARTIFICIAL PLETHORA

Drift has also characterized policies affecting the Eurodollar market. Since the end of 1964 the number of Eurodollars in existence has increased about sixfold. Some of this enormous expansion resulted from the continuing U.S. balance-of-payments deficits, insofar as dollars accruing to foreigners were deposited in banks outside of the U.S. Some of the expansion, though, resulted from continual relending of Eurodollar deposits. And some, curiously enough, resulted from the unwitting actions of European central banks. Paul A. Volcker Undersecretary of the Treasury has described the sequence: "A central bank deposits some or all of a dollar inflow in the Eurodollar market. The dollars are relent to European borrowers, to be converted for local use. At that point another central bank—or maybe even the same central bank—receives those dollars in its reserves. Thus official reserves are swelled and the market's private credit extensions expanded in the process."

In other words, the swelling in official dollar reserves abroad is in some sense artificial—some dollars are counted more than once. And experts agree that there is a Eurodollar "multiplier" in action in the lending activities of commercial banks, but they do not agree on its size. Students of the subject admit that to this day the workings of the Eurodollar market are incompletely understood. It is clear enough, however, that not all Eurodollars really constitute claims against the U.S. Now that the European central banks have become aware of the duplications and confusions, they are limiting their deposits into Eurodollar accounts and have begun to place restrictions on the hitherto uncontrolled Eurodollar market.

CROSSROADS FOR THE DOLLAR

In view of the weaknesses and stresses revealed by last spring's events, many observers fear that another currency crisis may soon erupt. Of course no one can forecast the timing of currency squalls with any accuracy, but it's clear that faith in present arrangements, as well as the U.S. role in them, is far from strong. Government and banking officials, as well as academic experts, keep putting forward ideas for changes in the international monetary system. There are signs, indeed, that the dollar may be approaching a crossroads. It is a fair assumption that the U.S. payments deficit will continue for quite a while at $3 billion a year or even more. It is also commonly believed that the U.S. gold stock, now just over $10 billion, will not be allowed to fall much below that point.

Some foreign countries are already registering unwillingness to hold more U.S. dollars. France, with $3.5 billion of gold in its own coffers, used dollars to buy $282 million of U.S. gold to pay a debt to the International Monetary Fund. By midyear Switzerland had bought $125 million of U.S. gold versus $50 million in all of last year, and Belgium had bought $85 million versus none last year. The U.S. has also been using its Special Drawing Rights and digging into its automatic credit lines at the I.M.F. for the wherewithal to buy up dollars other nations want to cash in. In addition there is talk that the U.S. will at some point redeem dollars by

offering bonds repayable in the foreign country's currency at the exchange rate prevailing on the issue date of the bonds. In that way the holders would be protected against both revaluation of their own currencies and devaluation of the dollar.

By the end of May total U.S. reserve assets were down to $13.8 billion from $16.2 billion twelve months earlier. So if the U.S. Government wants to hold on to a minimal gold stock of around $10 billion, only about $4 billion is left to pay out to other countries. And the Netherlands and Belgium are nearing the point where, under I.M.F. regulations, they could refuse any more Special Drawing Rights and demand gold instead.

WAIT UNTIL NEXT YEAR

There are some bright spots in the industrialized world, to be sure. At long last it seems that Britain, Norway, Denmark, and Ireland may get into the Common Market (providing their Parliaments approve). World trade continues to expand. And the world economy may embark on a widespread and vigorous upturn sometime in 1972. Some economists think an upturn is bound to take place, what with national elections coming along in the U.S. in 1972 and Germany in 1973, and with Britain's Conservative party needing a dose of economic cheer well before its present mandate runs out in 1975.

Right now, though, the outlook in many countries is on the somber side.

Britain's economic outlook is clouded by political uncertainty about whether Parliament will approve entry into the Common Market. The odds are no better than three to two in favor. Failure to join could help prolong Britain's economic stagnation, which is partly due to lagging capital investment (down 7 percent this year). Business might raise investment plans quickly if it were sure of free access to the larger market across the Channel.

Meanwhile, pressure to stimulate the economy is building. Industrial production is weak. Unemployment stands at 750,000 or so, a level not experienced in thirty years or more, and there is speculation that the figure might hit one million by the winter. These developments have been accompanied by large wage increases and a year-to-year rise of nearly 10 percent in retail prices.

Resisting appeals for stimulation, the government is in effect trying to improve the competitiveness of British industry by making it harder to earn gross profits, while at the same time reducing taxes so more of the gross will go down to net. The hope is that those fortified net profits will encourage enough investment to get the economy going again. This is a hard program to carry out, particularly for a government whose popularity has already begun to slip. As one of Prime Minister Edward Heath's pre-election advisers says, "He's taken on the job of changing attitudes that are fifty years old in two or three years." Moreover, Heath has to contend with the difficulty of halting a deep-seated inflation. That, says Russell Clark, chief economic adviser at National Westminster, Britain's second-largest bank, "means that the government's problem is to have an incomes policy—which it has flatly opposed in the past—without saying so."

Italy's severe economic problems are mainly political and social in origin. The important question now is whether Italy will continue developing into an economically advanced welfare democracy or falter because of political muddling and ideological dissension. The coalition government is weak and divided, and the political initiative lies in the parliament, where the pulling and hauling among the parties is to a great extent influenced by trade unions affiliated with political parties—Christian Democratic, Socialist, and Communist.

The unions are pushing for a group of reforms that are widely considered reasonable. The health-insurance system operates poorly. There is a severe housing shortage, particularly in the industrial cities such as Milan and Turin, where large numbers of workers from the poverty-stricken South are living in squalor. The unions also want better urban transport for these workers; at present it takes many of them two hours or more to get to their jobs. These grievances as well as job dissatisfactions have led to an uncounted number of strikes and work stoppages. Industrial wages, meanwhile, continue to rise rapidly, yet there has been no commensurate increase in consumer demand. The hesitation among consumers plus the political uncertainties and the chaos on the factory floor have done much to cut back investment outlays. Industrial production was down in the first quarter of 1971, while real G.N.P., which rose 5.2 percent last year, is expected to grow only 3 percent this year.

Germany is hovering on the brink of a recession, according to many forecasters. The O.E.C.D., for example, projects a fall in the growth rate from about 5 percent in 1970 to 3.5 percent in 1971, with a marked deceleration in the second half of this year. Leading German business associations and economic research institutes have arrived at similar forecasts.

The latest statistics available, however, don't quite bear out these gray-sky views. Industrial production has been rising. New orders have been holding their own or even increasing—at least they were before the mark was set afloat. Some of the favorable trends may be temporary, to be sure. For example, a speedup in construction in the first quarter might have been due to unusually good weather, and a rise in capital spending to a reduction in taxes affecting investment.

If an economic slowdown is in the offing, it could well be milder than many foresee. The June report of the Bundesbank has this more optimistic tone. Among other things, the bank points out that profit margins improved in the first quarter; many other observers have been stressing the depressant effects of last year's poor profits in the steel, chemical, machinery, and auto industries. How well the German economy actually does will have important effects on the entire European economic tempo. West Germany produces about one-quarter of Western Europe's industrial output (42 percent of the Common Market's). And it is an important customer for the output of other European nations, absorbing 20 percent or more of the exports of Austria, Belgium, the Netherlands, France, and Italy, and between 15 and 20 percent of the exports of Switzerland, Greece, and Norway.

France currently has the most vigorous of the larger European economies. The only serious concern is about new outbreaks of strikes or other disturbances; not long ago a strike begun by eighty-two craftsmen swelled to the point where it shut down almost all of Renault's auto production for twenty-five days.

In France, as elsewhere, wages and prices are rising too fast, and Finance Minister Valéry Giscard d'Estaing is striving to put an 8 percent limit on wage increases. Moreover, Giscard has taken a number of measures to restrain credit somewhat, and the government budget is tight. Conceivably, if pursued with more vigor, restrictive policies could curb economic growth, but more likely the 1971 increase in real G.N.P. will come to 5.5 percent, not far below last year's 5.9 percent. Exports and consumer outlays have been rising nicely. With industrial production improving, unemployment—which has been high—is abating.

Elsewhere in Europe, Austria's boom is in its fourth year, through reduced investment will cut growth from 7 to perhaps 5 percent. It's an enviable record. Belgium's exports have been weakening, and that is one of the reasons the economy's growth is slowing from 5.4 percent last year to about 4 percent. Denmark wants to cut its foreign trade deficit and is taking steps to reduce huge increases in expenditures by local authorities. Such curbs might make it possible to avoid devaluation. Finland has introduced credit restraints and new taxes, and has raised the discount rate for the first time in nine years. The trade deficit has widened swiftly, and the balanced prosperity the country has enjoyed ever since the devaluation of 1967 is slipping away. In the Netherlands the new coalition government may find it difficult to agree on a coherent policy to cope with inflation and a swollen trade deficit. The government may also have to contend with large wage demands by year-end.

In Norway a labor shortage has been developing with the rise in investment and industrial output. Norway might be one of the few European countries whose real G.N.P. will grow faster this year than last—more than 4 percent as against 3.5. Spain has succeeded in greatly improving its balance of payments without greatly depressing its high growth rate. Sweden has been afflicted with an unusual outbreak of labor trouble in the civil service. The main cause is the resentment felt by professional and other skilled employees of the state because the pay of those with less training is catching up with their own. Switzerland's outlook is for more inflation, pressure on profit margins, and a possible drop below 4 percent in the growth rate.

Canada is closer to price stability than any other advanced nation. The consumer price index is only about 2 percent higher than a year ago, partly because of a drop in food prices. Even excluding food, Canada is still at the top of the inflation-fighting league. The unemployment rate, however, is running above 6 percent. The economy grew more than 3 percent last year and should gain at least 5 percent this year.

The government has just put forward a thorough tax reform, the aim being to attain as much equity among taxpayers as political reality will allow. The proposals, which include the first capital-gains tax in Canadian history, seem to have won acceptance. Uncertainty about coming tax changes was a factor discouraging business investment. Now that most of this uncertainty is gone, investment may be getting a stimulus at just the time when the economy is losing the impetus of a big gain in the export surplus, now the largest in Canada's history.

Japan, after fifty-eight straight months of economic expansion, ran into a slowdown last year. For the full year, economic growth came to nearly 11 percent, but industrial output stopped rising in September. Purchases of color TV's and autos increased much more slowly than before. Consumers were incensed to learn that TV sets were being sold far more cheaply abroad than at home, and higher taxes and credit restraints, together with concern about safety and pollution, cut into auto sales. These slowdowns also brought on an inventory adjustment. Expansion has now resumed, and growth should come to 8 percent this year. The recovery stems primarily from an increase in government outlays and a resumption of very rapid gains in consumer outlays.

In the three years ending in 1970, Japan's foreign-exchange reserves more than doubled to $4.8 billion. At the end of June they probably exceeded $8 billion, and a further climb was expected. Trying to fend off mounting pressure from abroad to revalue the yen, the Japanese are speeding up the liberalization of trade and investment policies. Only when commerce with other economies is substantially free, the argument runs, can a sensible decision be made on whether to revalue and by how much. But if reserves keep growing at anything like the recent rate, re-

valuation may come anyway, though it may involve Cabinet shakeups or even the fall of a government.

[From Fortune magazine, November 1971]

OUR STRANGE NEW HARD LINE ON TRADE

(By Sanford Rose)

When President Nixon exploded his international economic bombshell last August, it appeared for a while that his objective was simply to persuade other nations to help end the chronic U.S. balance-of-payments deficit. In the weeks since then, however, it has often seemed as though the U.S. were seeking a good deal more. We have appeared to be aiming not merely to end a deficit but to assure ourselves a surplus. If that is indeed our aim—if our ambitions demands represent more than a bargaining tactic—then the U.S. may well bring about a new age of mercantilism in the international economy.

The notion that we might be encouraging any such trend would doubtless astound the millions of Americans who have been taught, in elementary economics courses, that mercantilism is a primitive and thoroughly discredited approach to national economic health. Mercantilist doctrine holds that a healthy nation is one with a large trade surplus—one that, by selling abroad more than it buys, accumulates substantial hoards of money. Modern economists have generally insisted that mercantilist nations are actually worse off than their customers. Individual producers may benefit from mercantilist policies, but for society as a whole it involves deprivation. The ultimate aim of economic activity, after all, is consumption, not production.

Not that mercantilism is unknown in modern times—or that the U.S. would be alone in bringing it back. In the 1930's there was a rash of competitive currency devaluations as nations strove vainly and unheroically to preserve favorable balances of trade at the expense of their neighbors. Since 1966, another pattern of competitive devaluation has emerged. This time, however, the mechanism has been somewhat different: some nations have devalued, but others have reached a desired state of undervaluation by simply declining to revalue (or not revaluing enough).

The major trading nations of the world have vied with each other to see which could retain the cheapest currency and, therefore, the largest trade surplus. But this was a competition from which the U.S. was excluded. Other nations had control over their exchange rates, while, under the Bretton Woods agreement, the U.S. did not. The value of the dollar was determined by the movement of other exchange rates. This meant that other nations could use the U.S. as a residual market for their products; their undervalued currencies were the equivalent of a subsidy for their exports (and the overvalued dollar was in effect a subsidy for U.S. imports).

All this changed, of course, on August 15. President Nixon's new international program, in one dramatic stroke, changed the rules of world trade. It severed the link between the dollar and gold, imposed a 10 percent surcharge on U.S. imports, and proposed a buy-American policy for capital goods. These actions were designed to force the Japanese and the major European nations to revalue their currencies by undetermined amounts, to remove manifold barriers to U.S. trade, and to share the cost of U.S. military forces stationed abroad.

WHERE THAT $13 BILLION COMES FROM

It soon became apparent that the U.S. was asking for larger currency and trade concessions than the major industrial nations were prepared to grant. The demands have been been justified by calculations purporting to show an emerging crisis in the U.S. trade balance. Walther Lederer, an economist and balance-of-payments specialist at the Treasury Department, has produced figures showing that, under conditions of relatively full employment, the U.S. trade deficit could reach $5 billion in 1972. Lederer argues that the U.S. would not only have to eliminate this deficit but would have to generate a trade surplus of about $6 billion to cover other outflows—e.g., for overseas military expenditures, foreign aid, and capital investment. When Treasury officials received this $11-billion estimate they added on an extra $2 billion, presumably as a margin of safety. The result was the much-publicized demand for a $13-billion turnaround on trade.

It is certainly possible that this extreme demand is only a bargaining counter and that it will be modified in exchange for reasonable concessions by other nations. In that case, the hard-line U.S. policy the U.S. has been articulating would have served to end the post-1966 drift to mercantilism. But it is also possible that the demand is real, and that it represents a bold new bid by the U.S., not to end the mercantilist game, but to *compete* in it.

There should at least be no doubt that our demands represent a very hard line. Even setting aside that gratuitous $2-billion addition, it is questionable whether Lederer's figures should be used to support the demands. C. Fred Bergsten, a former economic adviser to Presidential Assistant Henry Kissinger, feels that the figures underestimate the improvement that should take place in U.S. exports as nations like Japan, the U.K., and Canada start to recover from their own business slowdowns. Bergsten and many other economists also criticize Lederer for not taking into account an anticipated decline in U.S. interest payments to foreigners. As other countries revalue their currencies, those U.S. speculators who originally exchanged domestic dollar balances for foreign assets will reverse these transactions in order to take their profits. This will reduce the dollar holdings of foreign central banks in the U.S., and the resulting decline in overseas interest payments will reduce the size of the trade surplus we will require.

Most businessmen and government officials are, of course, unconcerned about, if not unaware of, Lederer's highly sophisticated calculations. They have, however, registered intense concern about the all-to-obvious deterioration in the current trade figures: a trade deficit of about $1 billion to $2 billion is now expected for this year, versus a $2.1-billion surplus in 1970. But it would be a serious error to base any generalizations about the trend on this year's trade performance.

Trade flows during the first eight months of 1971 were seriously distorted by the effects of three potential strikes, the threat of legislative curbs on imports, and, finally, the prospect of exchange-rate changes themselves. Anticipating first a West Coast dock strike, next a steel strike, and then a shutdown of east-coast ports importers frantically stepped up their buying, lest they be caught short later in the year. For example, during the spring quarter, the U.S. imported 36 percent more textiles than it did in the comparable period of 1970. Hendrik Houthakker, a professor of economics at Harvard University and formerly a member of the Council of Economic Advisers, commented recently that "the trade deficit from April through August reflects many temporary factors, of which the potential dock strikes were the most significant." He added: "I have personal knowledge of the situation in two commodities. Beyond doubt, imports of steel and of meat were substantially accelerated in the first half of the year." And Frank Vargo, a trade expert at the Commerce Department, estimates that U.S. businessmen bought between $1 billion and $1.5 billion more than they normally would have in the first seven to eight months of 1971 *solely* as a hedge against the two dock strikes.

This process, moreover, led to another kind of hedge buying by importers. As the trade data turned ominously bad, beginning in April, foreign producers and U.S. importers became persuaded that import controls or exchange-rate changes were inevitable. Since these would raise the price of foreign goods in the U.S. market, importers hurried to make still more purchases, which, under normal cricumstances, would have been spaced out over a year or more. In short, the fear of strikes stimulated imports, and inflated imports begat more imports.

WAITING FOR AN UPTURN

Meanwhile, the prospect of exchange-rate adjustments also hurt U.S. exports. Foreign buyers slowed down purchases in the expectation that later they would be able to buy U.S. goods cheaper (because their own currencies would be worth more in dollars). In turn, U.S. exporters may have delayed shipments in anticipation of exchange-rate changes: after a devaluation of the dollar, they would be able to raise the dollar price of their goods somewhat and still expand overseas sales (because the price in foreign currencies would be falling).

Thus imports were being artificially stimulated while exports were being artificially inhibited. It is likely that the trade balance will eventually turn up once hedge buying slackens and exchange-rate changes are made. Jack J. Bame, head of the balance-of-payments section of the Commerce Department, thinks the merchandise-trade figures for the final quarter of the year should show a substantial improvement over the figures for last spring.

The trade picture, though worrisome, hardly justifies the hand wringing and lamentations emanating from Washington. The international position of the U.S. is basically quite healthy. Our net assets abroad have risen from $26.8 billion in 1960 to around $60 billion, primarily because of increases in the book value of our overseas direct investments. The return flow of dividends, fees, and royalties on these investments is beginning to assume very large proportions; last year the total was $7.9 billion. In fact, this income might shortly be large enough to wipe out our balance-of-payments problems once and for all.

The problems have been centered, of course, in the large deficits we traditionally run in certain parts of our international accounts—e.g., from exporting private capital, foreign aid, tourism. Despite these deficits, the Council of Economic Advisers recently projected an $800-million over-all balance-of-payments surplus by 1975. This projection, admittedly tentative, assumed only a $1-billion positive balance on merchandise trade. The primary reason for the Council's optimism is the flow of those dividends, fees and royalties, which are expected to rise to $17 billion by 1975.

ARE WE IMPORTING UNEMPLOYMENT?

But the Administration seems to have its eye on 1972, not 1975. It seems to feel that it needs a large trade surplus as soon as possible, not only for reasons of external balance but, more important, to stimulate the domestic economy. An excess of exports over imports withdraws goods and services from the domestic market while pumping in foreign money. As Americans spend this money, they generate income for other Americans; thus trade surpluses, whether derived from increases in exports or reductions in imports, have a multiplier effect on U.S. income and jobs, much like an increase in business investment. The C.E.A. estimates that every $1 of additional net exports increases the G.N.P. by $2.54 within one year and $3.29 within two years. Conversely, a trade deficit tends to have a depressing effect on income and jobs. Indeed, many Americans feel that

other countries have been exporting unemployment to the U.S. by rigging their trade policies or exchange rates in order to produce favorable trade balances with this country.

But, here again, there are reasons to believe that the Administration is misreading the data, and that the employment effect of our trade problems has been much exaggerated. From 1964 to 1969, the U.S. trade surplus dropped from $6.8 billion to $700 million, but unemployment also declined—from 5.2 percent to 3.5 percent. Though the trade balance did exercise a depressing influence, the economy was buoyant enough not merely to absorb any workers displaced by the growth of imports but also to provide jobs for new entrants into the labor force. Since 1969, of course, the economy has been slack and the jobs allegedly lost because of foreign trade have become the focus of unusual attention.

How much unemployment has the U.S. actually been importing? Lawrence Krause, an economist with the Brookings Institution who is regarded as one of the most knowledgeable foreign-trade specialists, has attempted to measure the amount for the period from the first quarter of 1970 through the first quarter of 1971. His analysis, based on detailed data for specific industries, concludes that very little of our unemployment is related to foreign trade. During this period imports increased at an annual rate of about $4.1 billion, while exports rose by only about $3.1 billion. Yet this $1-billion difference did not cause any direct loss of jobs to the economy as a whole. While the rise in imports and the decline in certain categories of exports wiped out 182,200 jobs, the increase in other exports and the decline in a few categories of imports created 182,700 jobs.

Adding in the indirect job effects—that is, the impact on industries that supply parts or intermediate goods either to the export industries or to those that compete with imports—Krause found that the aggregate job loss for the year was a mere 17,000. He notes: "If unemployment had increased only because of trade dislocations, the unemployment rate would have risen from 4.16 percent at the beginning of the period to only 4.18 at the end, rather than to the actual 5.93 percent."

The reason for this minuscule job loss is that many U.S. exports have a higher labor content than the production displaced by U.S. imports. For example, capital goods—which account for about 35 percent of U.S. exports—generally use a far higher ratio of labor to capital than do autos and many other types of consumer goods that represent a large part of U.S. imports.

Having overestimated the problem, the Administration is overreacting in its proposed solution. Perhaps the major reason for being concerned about our reinforcing a trend to mercantilism lies in the weapon we have employed in our attack on trade problems. The weapon, the 10 percent surcharge on imports, will not in fact cut out many imports or create many new jobs in the short run. And as long as it remains in effect, it will certainly delay, or even frustrate, the efforts to achieve a reasonable long-term solution to the international monetary crisis. There are many encouraging signs that the Administration is becoming aware of this fact. And so we can hope the tax may not be around for too much longer.

If the surcharge remains, its impact during the rest of 1971 will probably be minimal. U.S. importers or distributors who have been relying on a foreign source of supply will not find it easy to shift quickly to a domestic source without experiencing unacceptable delays in the delivery of merchandise. The importer will continue to buy foreign merchandise and will try to pass the tax on to his U.S. customer. If the customer's demand for imports is relatively insensitive to price changes—because, for example, the merchandise is desperately needed—most, if not all, of the tax can be passed on. But if the customer is acutely sensitive to price changes, the importer will either have to reduce his own profit margin or ask the foreign producer to absorb part of the tax. Whether the foreign producer will agree depends on how interested he is in retaining his share of the U.S. market. And that, in turn, depends on how quickly he can expand sales in his home market or in third markets.

SOME CUSTOMERS ARE INSENSITIVE

For many kinds of imported industrial supplies, customers are relatively insensitive to changes in price. Metals, fibers, and building materials, for example, cannot readily be supplied by domestic producers in large enough quantities to displace imports; thus the customers will continue to buy imported supplies despite the surcharge, which applies to some, though not all, of such items. Therefore the quantity of these imports will fall only marginally, and buyers will end up paying nearly the full amount of the import duty to the U.S. Treasury.

In theory, buyers are much more sensitive to changes in the price of finished manufactures; after all, domestic substitutes for these goods can usually be obtained in sufficient quantities. Thus, one might expect imports of finished manufactures to fall substantially as the surcharge pushes up their prices. But foreign suppliers of these goods will obviously fight to maintain their stake in the U.S. market; indeed, in the very short run—three to six months, say—they may be more interested in preserving market shares than in maintaining profit margins. If so, they will reduce prices, thereby sharing the tax burden with the U.S. customer.

For a while, then, the domestic price of these imports may not change very much, and the quantity of imports will not fall by much. According to an analysis made by the Federal Reserve Board, imports in the last half of 1971 are apt to drop only by $300 million to $600 million as a result of the surcharge. One of the Fed's calculations has imports of industrial supplies declining by only $88 million, those of finished manufactures by somewhere between $278 million and $552 million. On the other hand, imports of foreign cars may actually rise: a modest decline in the sale of Japanese and European cars might be more than offset by a rise in imports of Canadian vehicles, which are exempt from the surcharge and benefit from the abolition of the 7 percent U.S. excise tax.

The surcharge will have a somewhat larger impact in 1972 and, in the unlikely event that it is still with us, a still greater effect in 1973. Foreign suppliers will be increasingly reluctant to absorb any part of the import duty. Japan and Canada, which account for more than 40 percent of U.S. imports, may be recovering from their own business slowdowns, and so they may use more of their own output domestically and earmark less for export. Producers in these countries will therefore be in a better position to resist pressures to cut prices for the U.S. market. At the same time, suppliers in all countries will have begun lining up alternative market outlets, which means that they will be competing more aggressively with U.S. producers in third markets.

As foreign producers become more reluctant to absorb any appreciable part of the surcharge, there might well be sharp declines of U.S. imports in product categories where demand is highly sensitive to price increases. According to the Fed, the total value of 1972 imports could drop by something like $2.25 billion to $3 billion below previously estimated levels.

A BOON TO THE TREASURY, NOT THE ECONOMY

Those figures sound as though retaining the surcharge might do a lot to stimulate the U.S. economy. Actually, the stimulus would not be particularly great—at least, not in 1972. Although Americans would be cutting down on imports, they would also be paying higher prices for goods they continued to buy. Payments to foreigners would drop by about $2.6 billion, but payments to the U.S. Tretasury (i.e., for the surcharge) would rise by an estimated $2 billion. So the private economy could conceivably benefit by only about $600 million. This injection into the domestic income stream would probably create no more than 30,000 or 35,000 new jobs, according to data prepared by the Department of Labor. And even this gain could be jeopardized if rougher competition in foreign markets—which the surcharge itself stimulates—inhibited U.S. export sales. Since a dollar of increased exports creates more jobs than a dollar of forgone imports, a decline of only a bit more than 1 percent in U.S. exports could wipe out the entire 1972 employment gain generated by the import surcharge.

Actually, there is a danger, if the surcharge is retained, that it will be stimulating the economy at a time when things are booming anyway. Frank Vargo of the Commerce Department has calculated that the surcharge will reduce imports by about $2.3 billion in this fiscal year, by $4.4 billion in fiscal 1973, and by $6.7 billion in fiscal 1974. By that time, we may be trying to *restrain* the economy.

THE POOR WILL GET POORER

And while the surcharge cannot provide much immediate benefit to the U.S. economy, it may have a devastating effect on other countries. Its impact could fall with particular severity on the smaller, less-developed countries rather than on the major industrial powers—at whom it was ostensibly aimed. When countries were ranked according to the proportion of their world exports affected by the surcharge, some of the biggest losers turned out to be Mexico, Korea, Taiwan, Haiti, Hong Kong, Iceland, Israel, Philippines, and Barbados. With the exception of Japan and Canada, most of the countries the U.S. is trying to pressure into revaluing their currencies are not seriously affected by the import surcharge. For example, only 4 percent of France's global exports will be subject to it.

The major industrial countries, including Japan and Canada, should have no difficulty in "sterilizing" the depressive effect of the surcharge on their own economies. They can use monetary and fiscal policies to restimulate internal demand. Of course, such policies would increase their imports at a time when their exports were declining. But, for the most part, these countries have sufficient international reserves to finance any potential trade deficits. The less-developed countries, on the other hand, have little or no reserves. If they attempt to offset the impact of the U.S. surcharge by expansionary domestic policies, they will fall into acute balance-of-payments crises. They will have to either devalue their currencies or else impose additional controls on imports. Either way, U.S. exports will suffer.

Many countries—both industrial powers and less-developed countries—are likely to react to the surcharge with measures directed against U.S. capital rather than U.S. trade. There is the worrisome prospect that countries will try to tamper with the repatriation of dividends earned by U.S. subsidiaries. Central banks could simply refuse to provide dollars in exchange for local currency profits, or they could provide them at discriminatory rates.

Right now, there is a real hope that the U.S. might shortly earn enough on its overseas investments to solve its international payments problems. But concerted action by foreign countries against U.S. investment income would obviously change matters. The U.S. may not need a large trade surplus by 1975. But if we persist in trying to create too large a surplus in the short run, we may so imperil the earning power of our overseas assets that we would, in effect, "manufac-

ture" the need for the surplus. The Administration would have made a classic self-fulfilling prophecy.

The surcharge has had one possibly beneficial effect. Since August 15, most major countries have allowed their currencies to float upward in relation to the dollar. They might never have agreed to float if the import surcharge had not been imposed—though it is also conceivable that the suspension of gold convertibility alone would have exerted enough pressure to get a float going. Yet even if the surcharge was an essential prod, it should have been removed once the float got under way, both as a gesture of good will and simply for the sake of good economic sense.

AN IMPORT TAX IS AN EXPORT TAX

Although the Administration has hinted that it may remove the surcharge, it has said nothing about another of its proposals that also has a mercantilist look to it: the proposal to attach a buy-American provision to the investment tax credit. The buy-American clause is even more bitterly resented by other countries than the surcharge itself. According to the pending legislation, when a U.S. company buys a piece of equipment that is more than 50 percent of American origin, the company can deduct 7 percent of the cost of the equipment from its corporate tax liability.

Thus a U.S.-made machine that sold for $100,000 might cost the buyer only $93,000. But the buyer gets to take his depreciation deduction as if the equipment had cost $100,000. This would typically reduce the effective cost of the machine to something like $90,000. Meanwhile, if the import surcharge is retained, the price of a $100,000 foreign-made machine could rise to $110,000. Taken together, then, the buy-American clause and the surcharge could give the domestic seller of machinery a theoretical 18 percent price advantage over the foreign supplier (the difference between $110,000 and $90,000).

In practice, the advantage would not be quite that high because the surcharge is imposed on what amounts to the wholesale value of the machine, rather than the higher retail price. In addition, the U.S. company probably would not have considered buying the foreign machine in the first place unless it had been either cheaper or of better quality. Still, the kind of price advantage provided by the surcharge and the buy-American clause could conceivably cut imports of capital goods by about $750 million

As long as they remain in effect, the surcharge and the buy-American clause work to prevent foreign currencies from appreciating by as much as they otherwise might. For example, a drop in British exports to the U.S. (resulting from the surcharge or the buy-American clause) will inevitably cause a floating pound to decline in value, or what amounts to the same thing, prevent it from rising in value. This process will raise prices of U.S. goods in pounds, relative to what they would have been. Thus in the last analysis a tax on British exports to the U.S. ends up as a tax on U.S. exports to Britain. Some industries in the U.S. will be more effectively insulated from British competition, but only at the expense of other industries that will find it harder than ever to penetrate the British market.

Meanwhile, it is unrealistic to suppose that the surcharge and the buy-American clause will ensure the continued floating of other currencies. It is highly unlikely, in fact, that the major currencies will continue to float for any sustained period of time. Economists tend to favor fluctuating exchange rates, but practical men abhor them. Since practical men make policy, the return to some sort of par-value system—one with perhaps a little more flexibility—seems assured. Besides, most economists have always said that the transition from a system of fixed rates to one of fluctuating rates will probably be a painful one.

The pain is being aggravated now because acceptance of fluctuating rates is only half-hearted. International traders have no confidence in currently prevailing exchange rates, and many expect that new par values, differing materially from the current exchange rates, will shortly be set. As a result, international business has been seriously affected. In turn, this has reinforced the poor opinion that most businessmen hold of fluctuating rates and has increased the pressure for a quick settlement of currency problems.

THE KICK FROM REVALUATION

The U.S. may have already won all or most of the currency changes that it needs. The changes that have already taken place will powerfully influence the U.S. trade balance and, therefore, domestic income. As of mid-October, the German mark had appreciated a total of more than 10 percent since the beginning of the year. The Canadian dollar had appreciated by about 7.5 percent since 1970. The Japanese yen had appreciated by close to 10 percent since August 15. The Belgians had gone up by over 7 percent, the British by close to 4 percent, and the Swiss had gone up by about 10 percent.

The effect of exchange-rate changes like these on U.S. exports depends on, among other things, the foreign customer's response to price changes. Estimates of this response—in technical language, the price elasticity of demand for U.S. exports—vary quite substantially. One of the most systematic efforts to calculate these elasticities has been made by Professor Stephen Magee (see the box on page 138). Magee has computed the effects on U.S. trade with the fifteen major trading countries of the world, and also with a sixteenth bloc that includes most of the less-developed countries. He concludes that world demand for U.S. exports is far more sensitive to price changes than most people suppose.

For every 1 percent decline in the price of U.S. goods, expressed in foreign currencies, the dollar value of U.S. exports could rise by as much as 2.74 percent, provided the price of exports in dollars did not change. Thus if the fifteen industrial countries simultaneously revalued by 10 percent, the value of U.S. exports to these countries might rise by over 27 percent. In practice, however, this is most unlikely to happen. In the first place, U.S. producers may be taking advantage of the increased demand for U.S. exports to raise their prices in dollars. As a result, the price of U.S. exports in foreign currencies may not fall by the full amount of the currency revaluations, and this may greatly offset the initial increase in the demand for U.S. products.

Increased demand for U.S. exports will be partially offset in other ways too. When Japan, for example,, revalues, its imports will cost less in yen and its exports will become more expensive in dollars. However, as Japanese producers encounter overseas resistance to the higher dollar prices, they will reduce prices of their goods in yen—though perhaps only slightly—in an effort to overcome the resistance. The drop in the domestic prices of both imports and exportable goods, Magee calculates, will lower the Japanese wholesale price index significantly: a 10 percent revaluation would lower it by close to 1 percent. In turn, this fall in domestic prices will gradually moderate wage pressures and increase the competitiveness of Japanese-made goods, thus tending to offset the initial rise in the demand for U.S. exports.

Finally, real income in other countries will tend to fall in the wake of their revaluations. A rise in imports and a decline in exports means that foreign goods are being pumped in while local money is being sent out. In these circumstances, foreigners will buy fewer U.S. goods than would otherwise have been expected. Magee has calculated the initial decline in real income, but he has assumed that the fifteen countries will prevent any multiplier effects.

Adjusting for all the forces that would tend to offset the rise in U.S. exports. Magee nevertheless concludes that a revaluation of these fifteen currencies by 10 percent, or even 5 percent, would give U.S. exporters quite a sizable sales advantage. A revaluation of 10 percent in the industrialized countries will increase the value of global U.S. exports by about 13 percent. On Magee's estimates of final 1971 exports, that would represent an increase of about $5.8 billion. (Based on the tentative projection of 1971 exports made by Walther Lederer, of the U.S. Treasury, the 13 percent rise would represent $5.2 billion.) In turn, a 5 percent revaluation of these currencies would increase U.S. exports by about 6 percent, or between $2.4 billion and $2.7 billion.

The revaluation of foreign currencies will naturally reduce U.S. imports. But, according to Magee's research, a 1 percent rise in the dollar price of U.S. imports will probably reduce their physical volume by only 1.34 percent and their value by only 0.34 percent. Apparently, U.S. demand for foreign goods is less sensitive to changes in price than is foreign demand for U.S. goods. Magee believes that a 5 percent currency appreciation in the fifteen countries would cut U.S. imports from these areas by only $700 million to $800 million. A 10 percent change would cut imports by $1.3 billion to $1.6 billion.

To be sure, the full impact of the currency changes, like those of the surcharge, will not be felt within the first year. Some drop in imports and rise in exports can be expected in 1972, but the full benefits won't be felt before 1973 or 1974.

THE PENDULUM EFFECT

If Magee's findings are accurate—there are, admittedly, many who disagree with them—they suggest a curious paradox. Although the deterioration in U.S. foreign trade in the last few years has been caused by rising imports, the easiest way to arrest this deterioration is not to attack imports per se, but rather to concentrate on increasing our exports. Imports cannot be easily reduced—short of severe measures that engender considerable foreign hostility—whereas exports can be readily expanded by small changes in currency parities.

The Administration, which is apparently relying on very different research findings, and is also responding to political pressure from industries that compete with imports, has unfortunately chosen to restrict imports directly. To the extent that its principal weapons—the import surcharge and the buy-American clause—make it more difficult to secure changes in currency parities, its policies might prove counter productive. Moreover, these policies will reduce the total volume of U.S. trade, whereas, if Magee is right, changes in the value of currencies would increase U.S. trade.

U.S. international economic policy over the past few years has exhibited a marked pendulum effect. After nearly three years of doing virtually nothing at all about our international payments problems, President Nixon seems in one dramatic action to have done too much. There is evidence that the President was guided by a set of highly questionable statistics that tended to overstate the seriousness of our problems. What is needed now is a program to encourage the unfolding process of exchange-rate flexibility. The suspension of gold convertibility constituted a step in this direction, but our new barriers to the free movement of goods will unquestionably delay the process.

Mr. PACKWOOD. Mr. President, I yield 5 minutes to the Senator from New York.

The PRESIDING OFFICER. The Sen-

ator from New York is recognized for 5 minutes.

Mr. JAVITS. Mr. President, I think that a person like myself who is heavily concerned with the trading policy of the country would be remiss in his duty if he did not call to the attention of the Senate a very serious matter.

I am a cosponsor of the Packwood amendment to strike the discriminatory "Buy American" provision from the investment tax credit.

I am deeply convinced, after a close reading of the situation, that the "Buy American" policy, restricting the tax credit to the use of American-made goods, is probably the most nettling single thing we are doing to our trading partners. It is deeply resented because it is a weapon that we are using, one that has been rarely, if at all, used by any of them.

Mr. President, coming on top of that we have a 10-percent surcharge; the fact is that some of our best friends, like Germany and Canada, have floated their currency. This would make a total package susceptible of being incorporated in the currency realinement were it not for what they consider to be an outrageous violation of the General Agreement on Tariffs and Trade; I refer to the "Buy American" provision, that is most deeply resented.

The Senate committee, in addition to accepting the House provision which would have ended after the 10-percent surcharge was lifted, even rubbed it in, as it were, by adding yet another provision in the Senate to give the President power even when he lifted the surcharge to keep the "Buy American" provision as an element of the tax credit, thereby guaranteeing that it remain a bone in the throat, as it were, of our trading partners, even though they are working out a currency realinement. I repeat again that it is the most deeply resented of all things we are doing, beginning with August 15, in our effort to obtain stabilized prices in this country and to deal with our balance of payments.

When we add that to the import surcharge and to the various currency floats, it means that the bill represents a 20-percent barrier against machinery imports coming into the United States. That is very deeply resented, as I have said.

I point out that if there is retaliation, it is we and not they who will suffer the most, because a growing percentage of our exports consists of capital goods. Imports of capital goods are also increasing, but our export surplus in this category increased from an average of $5.5 billion in 1959–65 to $8.5 billion in 1966–69, and $10.5 billion in 1970, the last recorded year.

So enactment of a new, discriminatory Buy-American provision is bound to be retaliated against and will be nonproductive and counter-productive for the United States and will rub salt in the wound. It is most unwise.

In closing, I repeat if the other nations retaliate—and they must; why should there not be "Buy German," "Buy Italy," "Buy UK," "Buy France"—it will hurt us because this is an area in which we have a real bulge in exports over imports.

For all these reasons I hope the Senate agrees to the amendment and strikes this provision from the bill.

I thank the Senator for yielding.

Mr. PACKWOOD. I yield 5 minutes to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. PERCY. Mr. President, again I find myself agreeing wholeheartedly with the Senator from Oregon (Mr. PACKWOOD) and my distinguished and esteemed colleague from New York (Mr. JAVITS). I think for the reasons they have given this is a very worthy amendment.

It is a very easy thing to call something a "buy America" provision and then have it automatically linked with patriotism—with what is right for America. But if we look very carefully at this it actually has an anti-American effect.

How about manufacturers in this country who built businesses, employed workers, and paid taxes based on the purchase of certain capital equipment from abroad? We are always happy to have industries in other countries build their businesses based on American capital goods. We encourage them in every way to import those American goods and we discourage them from putting on border taxes; as the Senator from New York said, we object to "Buy France," "Buy Germany," or "Buy Japan" policies.

But if a company has built an efficient, effective business serving American consumers which depends on advanced foreign capital equipment to stay competitive, we are saying to these companies: "Do not modernize or invest because if you do we will not give you this tax incentive and in addition we will hit you with a 10 percent border tax."

We also need to look at the examples set by countries like France and Germany. They do not apply their border taxes to capital equipment so as not to discourage their industries from modernization. Every country wants to encourage its industries to modernize and the investment of capital equipment is the best way to fight inflation, to be able to afford larger wage increases, and to deliver high quality products at low cost to the consumer.

Why should we go so far out of the way not only to discriminate against our friends abroad, but against manufacturers in this country? If we are trying to protect industry let us look at capital goods, because if we include in capital goods such items as trucks and buses, then we had in 1970 a $10 billion surplus of exports over imports in our capital goods trade. It is not an industry that is becoming less competitive, it is becoming more competitive.

We had a $6.7 billion trade surplus in 1964, $6.8 billion in 1965, $6.9 billion in 1966, $7.6 billion in 1967, $8.2 billion in 1968, $8.9 billion in 1969, and a whopping $10.414 billion surplus—that is exports from the United States over imports into this country—in 1970. This is the kind of export business we would not want other countries to discriminate against, in any way. It is vital to our balance of payments.

We are slitting our own throats when we put this discriminatory tax on imported machine tools, which only bring greater efficiency to our own American industry. That is why I say the "Buy American" provision may sound good for America, but it is actually bad for America.

I thank the distinguished Senator for offering a fine point in this amendment and I support the concept behind it.

Mr. BENNETT. Mr. President, I am opposed to the amendment offered by the Senator from Oregon. This amendment would strike from the bill section 103, which would temporarily deny the investment credit with respect to foreign-produced property.

Section 103 of the bill has been unfairly criticized as a foray into protecttionism; nothing could be further from the truth. For years, the United States has had a serious balance-of-payments problem, a problem that is the result of many factors. These include deliberate undervaluation of foreign currencies, special tax incentives allowed by our trading partners to capital investment, and the imposition of trade barriers and quotas curtailing the importation of American goods. This situation is no longer tolerable and must be altered. The temporary import surcharge and the temporary denial of the investment credit with respect to foreign-produced property are the means by which this situation can and will be altered.

As the President and the Secretary of the Treasury have said on many occasions, these are temporary measures whose applicability will be terminated as soon as the existing intolerable situation terminates. They in no way derogate from our traditional and wholehearted committment to free trade among nations. But free trade is not a one-way street, or at least not for long. And our trading partners must realize this and remove the barriers and preferences which they have erected.

Deleting section 103 from the bill will seriously hamper us in the pending negotiations of a new international monetary system. Our success in these negotiations will depend in large part upon the strength of the position from which we negotiate. Section 103 of the bill will provide the President with this strength. I hope that the Senate will reject this amendment.

Mr. PACKWOOD. Mr. President, I think the proponents have made their point. I withdraw the amendment from further consideration.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. JAVITS. Mr. President, I call up my amendment No. 711.

The PRESIDING OFFICER. The amendment will be stated.

The amendment was read as follows:

On page 9, line 14, strike lines 14 through 25 inclusive.

Mr. JAVITS. Mr. President, this amendment would seek to strike out that part of the so-called Buy America provision of the investment tax credit which

was added by the Committee on Finance in the Senate. We have just had an opportunity to discuss this matter.

I deeply believe this particular provision is very unwise, quite apart from the unwisdom of the whole "Buy America" section, because this will inhibit rather than promote agreement of realinement with other countries and a current settlement of trade problems. Unless the President denounces the power and intention to use any power this gives him, he cannot make a deal, because an essential element in that deal would be the fact that if the surcharge goes off, the "Buy America" provision will go with it.

The bill contains many other powers in respect of procurement—the Cotton amendment and other trade restrictions in section 6 dealing with tariffs. But no single thing is more nettling than this provision which enables America to continue the "buy America" provision of the investment tax credit, even after the surcharge is lifted. That is why the other body did not put it in. They considered it extremely unwise to put the President in this situation. That is why it was a grave mistake for the committee to have inserted it.

This is likely to be the real bone in the throat of any effort to settle the existing stalemate between ourselves and other countries. I know we wish to take a tough and vigorous position, but that does not mean a position so offensive as to make it even more difficult than it is to settle our problems. It adds nothing and if the President does not want to use it, he does not have to, but it puts him in that demeaning position where he will have to renounce it.

Since it was not in the other body, I hope it will be left out here.

Mr. LONG. Mr. President, this matter was not considered in the House but it was by the Senate Finance Committee. The Senate Finance Committee concluded that this could be one of the powers available to the President to bargain with other countries. He could deny the investment tax credit for equipment from a country where, for example, they are discriminating against the United States with regard to the same commodity. He could continue the denial of the investment tax credit after the surcharge was lifted, if he thought it desirable. We have situations where it might be desirable. For example, some countries have a 30-percent tax and we have a low tax in our country on a similar commodity. There are all sorts of discriminations against American manufacturers, so where it is desirable the President should have this tool. He could deny the tax advantage of investment tax credit to the other country's commodity if they do not discontinue their discrimination against our commodity.

The administration thinks it is a good idea, and we think it should be that way. This is one of the tools we think should be in the hands of the President to protect this Nation's interests and assist him to negotiate a bargain for the removal of barriers against American products.

One would think it would not be used unless America were being discriminated against or we needed to reach an agreement with a foreign country.

This is a small power compared with the power to impose a 15 percent tax which is in this bill.

This is one of the items the administration agreed to and liked and that we think ought to be available to the President in negotiating with foreign countries for the removal of discrimination against American products.

I think it would be a big mistake to strike this provision from the bill. This is in the interest of free trade. It is in the interest of reciprocal free trade, not just somebody shipping to us. It is a means for removing discrimination against our products so we can trade on an equal basis. I think it would be a big mistake to strike it from the bill.

Mr. BENNETT. Mr. President, my colleague from New York has said several times—this is what I understood him to say—that if the President tries to use this he will have to abandon it and then it will be demeaning. That is not the way I look at this particular flexible tool which this proposal, adopted by the Finance Committee, gives to the President. It is another blue chip in his negotiating process. It is something he can give up when he feels he has been given an adequate quid pro quo. I think the President should go into the negotiating process with a number of things he can hang onto or give up rather than just have one—the repeal of the surcharge. I think this provision strengthens his hand.

It is obvious that before we get through with this problem we will have to have bilateral negotiations with all the countries involved. We are not going to reach it by a broad international negotiation.

While one can talk in total terms about the volume of capital goods, there may be one or two very sticky situations. The President may like to be in a position where, as to a particular country, he can insist, as a bargaining tool, that certain things must be done before he will accord this particular credit to either all the capital products or perhaps a particular capital product of that country.

The committee is concerned that, now that we have embarked on this process of negotiation in order to develop a new, modern, and more equitable basis for international trade, we solve the problem while we are at it. I think it would greatly weaken the President's opportunity to achieve an effective solution if this particular asset, this particular trading item, were taken away from him.

I think it would be demeaning to the President if we in Congress should say to him now, "We cannot trust you to use that particular asset, so we are going to deny it to you."

I think he should have it. The committee thought he should have it. I hope the Senate will stay with us.

Mr. JAVITS. Mr. President, it seems to me that everything that I have alleged about this amendment has been admitted. This amendment has no date. It gives the President power for any Executive order he makes to continue the application of the buy American clause. He is not going to be able to make a deal unless he states he is not going to use that power, even though it is his by law. It is demeaning the Chief Executive when the President has to renounce a power, which Congress gave him and which he signed into law, when he negotiates with a foreign country.

I have no illusions about the fate of this amendment, but I think it is still important to record one's views and arguments in regard to such critical matters as face us. We have cast crucial votes in respect of and in deference to the grave emergency we are faced with. Not based on my own views, but I consider this important limitation not less than one as to which, unless we work out a suitable arrangement in the near term on currency realignment—and at the most I guess 120 days—we will face a serious world recession into which we will be dragged, with all the dire consequences to our society. I think it is that serious.

It is in that spirit that these arguments, whatever may be their fate at the hands of the Senate, need to be uttered, so that our people and the world will know there are some people who give consideration to these vexing questions which are so deeply controverted in the great public forums of the world.

Mr. PERCY. Mr. President, if I may have a few moments, I do not want to prolong the debate, but I think there are several reasons why this is an important amendment.

First of all, the bill is becoming tagged as a protectionist bill. Certainly this provision, above all others, is in that category. It would be unfortunate if we were to accept, at this critical time in our history, a bill which could be labeled as a protectionist bill. We would be reversing and overturning a policy this country has had for 40 years, and under which we have prospered and benefited so greatly.

Second, it is harmful to the President to have this power available because of the pressures that can be brought to bear upon him to use it. Why put the President in that position? The President has said he does not want this power and does not intend to use it if it is given to him. Why force it on him? Why put him in that position? It should be our purpose to reduce the pressures put on the President of the United States, rather than increase those pressures.

I would certainly believe there would be no weakening of the President's bargaining power if the provision were stricken.

So I fully support the effort of the distinguished Senator from New York in his amendment. I think it is statesmanlike and certainly consistent with the long-standing, bipartisan trade policy that this Nation has had for 40 years.

Mr. LONG. Mr. President, I just want to make clear that the administration does propose to use this power in connection with the investment credit to seek other nations to realine their currencies in relation to ours, and to seek

removal of discrimination against American products.

This is a provision which was worked out with the administration to provide a tool which will be used to negotiate a better arrangement for American products and a better realinement of currencies in this Nation's interest.

I hope the amendment is rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York (putting the question).

The amendment was rejected.

AMENDMENT NO. 738

Mr. PELL. Mr. President, I call up my amendment No. 738.

The PRESIDING OFFICER. The clerk will state the amendment.

Mr. PELL. Mr. President, I ask unanimous consent to dispense with the reading of the amendment.

Let me briefly explain it to the Senator from Louisiana and the Senator from Utah and to all my colleagues.

The PRESIDING OFFICER. Without objection, reading of the amendment will be dispensed with and it will be printed in the RECORD.

Amendment No. 738 is as follows:

On page 17, after line 6, insert the following new subsection:

"(i) Any resource from ocean waters and any submarine deposit explored, developed, removed, or transported with property for which a tax credit is allowed under clause (ix) of subsection 104(d) of this Act shall be permitted to enter the United States without regard to quota limitation."

Mr. PELL. Mr. President, this amendment provides that when the tax credit is used on the ground of increasing productivity for the development of oil rigs outside of the continental limits of the United States, the oil produced shall be admitted to the United States without regard to the present oil import quotas.

What is bothersome to me, and I hope to some of our colleagues, is that we should give a tax credit to develop a product outside the United States and then put limitations on bringing that product in at the reduced price that has resulted from the increased productivity. I think that would be illogical. Either the oil rigs outside the United States should get the tax credit, but the product should come into the United States free of the quota; or, they should not get the tax credit, but the oil that is produced should remain subject to the oil import quota.

I would very much hope that the Senator from Louisiana would accept this amendment, though I realize he has indicated that he would not.

Mr. LONG. Mr. President, I cannot agree to this proposal. The committee felt that these big floating drilling rigs—which cost a great deal of money—which are used to find oil in the North Sea or on the Continental Shelf of foreign countries are like ships that are entitled to the credit.

We are competing with foreign countries which manufacture the same type of rigs. We felt that to make our manufacturing industry competitive with others, we should provide the credit where the rigs are used in international waters and outside the shorelines of foreign countries.

What the Senator is contending for would be like saying that no tariffs and no quotas would be imposed on an item, even though they would otherwise be applicable, if the item was hauled here in an American ship.

The quota on oil imports has to do with trying to preserve the capability in this country to produce enough to meet our requirements. It is only because we have the quota that we have an oil and gas industry today that can produce at the level it does, notwithstanding that providers of fuel are being required to ration it as to whom it will be provided, even up here in this area. They are certainly doing it in Louisiana today, because we have already gone too far in making it less and less attractive to produce this Nation's requirements of fuel.

Just because we might find the oil over there with an American rig does not in any respect increase the security of the United States. It is still foreign oil and we would still have the difficulty of getting it to this country to use it, because it is completely under the dominion and control of foreign countries.

So I would say that we should not exempt from quotas oil produced abroad in an area which is entirely, under international law, the property of a foreign nation, regardless of whether it is done with an American produced rig or a foreign produced rig.

Mr. PELL. Would not this be like giving an investment credit to an American factory that was set up in France? I do not think the tax bill does this; nor should it.

Mr. LONG. When the committee agreed to this treatment, we equated it with an American ship, which sails in international and foreign waters and which does get the investment tax credit. Incidentally, many of these rigs are made so that you just tow them over, put them down, and drill for oil, and if you do not find oil, you pump the water out of the inside of the structure—they are made of tubing and pipe—so that it will float again; and you then move them somewhere else and try again.

So the comparison to a ship or dredge is very appropriate, and of course floating dredges would get the investment tax credit, no matter where they would go, as long as they are not actually within the rivers of a foreign country.

Mr. PELL. I sought to get from the Treasury Department the costs involved but they could not come up with the figures.

Mr. LONG. As of now, we will be spending about $25 billion within the next decade for offshore development. Each year we are now spending about a billion dollars in offshore exploration. So the amount of money involved is considerable.

Mr. PELL. When it comes to manufacturing oil rigs, the amount of competition from foreign countries is negligible. Accordingly, I wonder if knocking out the investment credit for oil rigs would be more acceptable to the Senator from Louisiana than knocking out the import quotas of the oil that is produced.

Mr. LONG. Well, if the Senator wants to deny American companies producing these rigs the consideration that seemed fair to the committee, we would much prefer that be done, rather than to try to contend that certain foreign oil should be favored over other foreign oil just because it is an American rig that produces the oil. There is no reason why it should be. These oil import quotas are determined on considerations of foreign policy as between one country and another, and it may be that in the administration of the program, perhaps the President and his advisers might want to take into consideration the fact that it was an American company using American equipment that found the oil and produced it in some area, but they certainly should not be required to.

The oil that is produced ought to be subject to the same quotas as any other oil produced around the world.

Mr. PELL. I see the Senator's point, but is it not true that with this provision in the tax bill, we are really subsidizing the production of those products whose entry into the United States is then limited?

The example of the ship the Senator used is not the same thing, because the ship moves and is based within America. But the factory, which does not move and is outside the United States, is a better example. I do not think we would ever want to subsidize or give an investment credit to an American factory set up in France, Germany, or any other nation. That is what this provision really does.

Mr. LONG. Whether we do or do not give the investment tax credit to a product manufactured in the United States and used to produce oil out on the high seas, in any event, should make no difference with regard to whether that oil comes into this Nation under a quota or not. It really is totally irrelevant to that.

The committee felt that American know-how and technical competence and American genius in this area is greater, the manufacture of these rigs is an area where we are still preeminent, where we can still compete, and that the credit should be extended to these rigs. Allowing the credit will provide a lot of jobs here for people who manufacture these big structures that are hauled out and moved around the world to produce oil. They provide jobs for American people. The rigs are operated by American labor, they are moved around the world on American ships, towed by American labor, and they bring in revenue to this country.

If the Senator wants to change it so that our industry is not competitive with the Japanese, the Germans, and others who are moving in this same direction, that is his privilege. But whether we do or do not, in either event I would have to strongly oppose any suggestion that there would be no limitation on the oil that can be imported into this country merely because the oil was produced with American-manufactured rigs.

Mr. PELL. Mr. President, the revenue bill before us provides for a new, special taxpayer subsidy to the U.S. oil industry. My amendment would guarantee that the taxpayers of the United States would

receive some benefit in return for this subsidy.

As reported by the committee, the bill gives the oil industry special treatment in claiming investment tax credits. The general rule is that a tax credit will be allowed only for qualified property used in the United States or on the Outer Continental Shelf of the United States. But section 104(d) of the bill would allow the tax credit for "any property of the United States person (other than a vessel or an aircraft) which is used in international or territorial waters for the purpose of exploring for, developing, removing, or transporting resources from ocean waters or submarine deposits."

Now what does this mean? It means that an American oil company will be allowed a tax credit on investments in exploiting offshore oil in the territorial waters of any foreign nation around the world.

It means, to the extent of the tax credit, the taxpapers of my State and your State could be paying part of the cost for oil drilling rigs, pipelines, and other equipment in the territorial waters of Indonesia, South Korea, South Vietnam, the North Sea, the China Sea, and anywhere else in the world where offshore petroleum deposits are found.

The only way to justify this taxpaper subsidy of the oil industry overseas, in my view, is to make sure that our taxpayers receive something in return. My amendment, therefore, simply states that any resources, including oil, that are developed overseas with the help of tax credits, shall be permitted to enter the United States without regard to quota limitations.

To put it bluntly, if the taxpayers of my State of Rhode Island are going to help finance offshore oil development in Indonesia or Kuwait, those Rhode Island taxpayers should at least have the right to buy some of the oil.

But we have an oil import quota system that permits only a relative trickle of foreign oil to enter this country. I see no reason why our taxpayers should subsidize the development of oil resources overseas, unless the oil is allowed to come into the United States to help meet our energy needs, to help heat our homes, and run our factories.

Without my amendment, the provision of a special investment tax credit for overseas oil development just does not make sense. Why should our taxpayers subsidize the development of offshore oil fields which, because of the import quota system, will never produce oil for American homes and industry?

Let us consider for a moment the conflicting arguments put forward on behalf of this oil investment tax credit, and for the oil import quota system. We are told we must limit imports of oil so that American oil companies will have an incentive to develop our own domestic oil sources—so we will not be dependent on foreign sources. That is the argument for the oil import quota system.

Then we are told that we should subsidize, through a tax credit, development of foreign oil sources, even if the oil cannot be used in the United States.

I would hope that the oil industry might look upon my amendment as a sensible and reasonable way of resolving the conflicting arguments they have put forward. If it is indeed important to our country to develop these foreign oil deposits, then let us provide a special tax credit—but let us also make sure that the oil is made available to American taxpayers, American homes, and American industry.

I would emphasize that my amendment does not eliminate the oil import quota system. It does not open wide the floodgates for indiscriminate imports of foreign oil. It does say that any overseas oil that has been developed, in part with the taxpayers' dollars through this special investment tax credit, will not be subject to the import quotas. It guarantees that we would not be using the taxpayers' money to subsidize development of overseas oil resources that will be used to meet the needs of Europe, Asia, and Africa, without at least a chance that some of the oil can be brought to the United States.

I know the taxpayers of my own State are mighty tired of subsidizing the domestic oil industry through high fuel costs caused by the oil import quota system. It is unthinkable that these taxpayers should now be forced to subsidize the development of foreign oil fields without at least a chance of using some of the oil. I have another amendment which simply knocks out the investment credit for the rig. Would the Senator consider accepting that? It does not mention the import quotas.

Mr. LONG. I will not accept it. The Senator is privileged to offer it.

Mr. PELL. I think we know each other's minds. In order not to consume the time of the Senate any further, I would like a rollcall vote on my amendment, but I will not use up any further time.

Mr. LONG. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. STEVENSON). The question is on agreeing to the amendment of the Senator from Rhode Island (Mr. PELL). 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 South Dakota (Mr. McGOVERN) and the Senator from Maine (Mr. MUSKIE) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

The result was announced—yeas 38, nays 58, as follows:

[No. 387 Leg.]

YEAS—38

Aiken	Fong	McIntyre
Bayh	Harris	Metcalf
Brooke	Hart	Mondale
Buckley	Hartke	Nelson
Case	Hughes	Packwood
Chiles	Inouye	Pastore
Church	Jackson	Pell
Cotton	Javits	Percy
Cranston	Kennedy	Proxmire
Eagleton	Magnuson	Ribicoff
Roth	Stevenson	Weicker
Smith	Symington	Williams
Stafford	Tunney	

NAYS—58

Allen	Eastland	McGee
Allott	Ellender	Miller
Anderson	Ervin	Montoya
Baker	Fannin	Moss
Beall	Fulbright	Pearson
Bellmon	Gambrell	Randolph
Bennett	Gravel	Saxbe
Bentsen	Griffin	Schweiker
Bible	Gurney	Scott
Boggs	Hansen	Sparkman
Brock	Hatfield	Spong
Burdick	Hollings	Stennis
Byrd, Va.	Hruska	Stevens
Byrd, W. Va.	Humphrey	Taft
Cannon	Jordan, N.C.	Talmadge
Cook	Jordan, Idaho	Thurmond
Cooper	Long	Tower
Curtis	Mansfield	Young
Dole	Mathias	
Dominick	McClellan	

NOT VOTING—4

Goldwater	Mundt	Muskie
McGovern		

So Mr. PELL's amendment was rejected.

AMENDMENT NO. 683

Mr. TAFT. Mr. President, I call up my amendment No. 683 and ask that it be stated.

The PRESIDING OFFICER (Mr. INOUYE). The amendment will be stated.

The legislative clerk read the amendment as follows:

On page 3, before line 1, in the table of contents immediately after the item relating to section 702, insert the following:

"TITLE VIII—MISCELLANEOUS

"Sec. 801. Short title.

"Sec. 802. Certification by Secretary of the Interior.

"Sec. 803. Tax credit for maintenance of historic barns."

At the end of the bill add the following title:

"TITLE VIII—MISCELLANEOUS

"SEC. 801. SHORT TITLE.

"This title may be cited as the 'Preservation of Historic Barns Act'.

"SEC. 802. CERTIFICATION BY SECRETARY OF THE INTERIOR.

"Upon application made therefore, the Secretary of the Interior is authorized to certify, for purposes of this title, any barn which he determines (1) was constructed at least forty years prior to the year in which certification is made, and (2) is of historic, architectural, or artistic significance because of its location, construction, or exterior appearance. In carrying out the provisions of this section, the Secretary of the Interior is authorized to consult with the Advisory Board on National Parks, Historic Sites, Buildings, and Monuments.

"SEC. 803. TAX CREDIT FOR MAINTENANCE OF HISTORIC BARNS.

"(a) Subpart A of part IV of subchapter A of chapter 1 (relating to credits against tax), as amended by title VII of this Act, is amended by renumbering section 41 as 42, and by inserting after section 40 the following new section:

"SEC. 41. MAINTENANCE OF HISTORIC BARNS

"'(a) GENERAL RULE.—There shall be allowed, as a credit against the tax imposed by this chapter for the taxable year, an amount equal to 10 percent of the amounts paid or incurred during that taxable year by the taxpayer for maintaining the exterior appearance and structural soundness of any historic barn owned by him and certified by the Secretary of the Interior under section 802 of the Preservation of Historic Barns Act

as being of historic, architectural, or artistic significance.

"'(b) LIMITATION.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowable under section 33 (relating to foreign tax credit), section 35 (relating to partially tax-exempt interest), section 37 (relating to retirement income), and section 38 (relating to investment in certain depreciable property).

"'(c) REGULATIONS.—The Secretary or his delegate is authorized to prescribe such regulations as may be necessary to carry out the provisions of this section.'

"(b) CLERICAL AMENDMENT.—The table of sections for such subpart, as amended by title VII of this Act, is amended by striking out

"'Sec. 41. Overpayments of tax.'

and inserting in lieu thereof:

"'Sec. 41. Maintenance of historic barns.

"'Sec. 42. Overpayments of tax.'

'"(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1971."

Mr. TAFT. Mr. President, since the turn of this century our conservation efforts have largely been directed toward the preservation of the wilderness. As important as these efforts are, I think that we must recognize the need to preserve some of the artistic, historic and architecturally beautiful buildings which have graced our Nation's landscape. They have become so much a part of the great heritage of this country. This is particularly true with some of our Nation's barns.

As each year passes more and more of our rural countryside is being gradually destroyed by the suburban sprawl of hotdog stands, used car lots and gasoline stations. The American countryside, which reflected the artistic talents of men who built America with their hands, is being tragically uprooted with graceless and impersonal structures.

For example, economic forces today weigh in favor of replacing old, artistic barns with new structures that give up much of the beauty of America's past.

The beauty of these barns is nowhere more apparent than in the Amish sections of Ohio, Pennsylvania, Indiana and Wisconsin. Much of the beauty and the great joy of New England lies in the barns which grace that landscape.

I think we must come to recognize that the replacement of a beautiful building with a corrugated metal structure is just as much a destruction of our environmental beauty as would be the erection of a hotdog stand in Glacier National Park.

Amendment No. 683 would authorize the Secretary of Interior to certify certain barns 40 years of age or older which he determines to be of historic, artistic or architectural significance because of their location, construction or exterior appearance.

This amendment provides that as to barns so certified the owners would be allowed a 10-percent tax credit for funds expended in maintaining their exterior appearance and structural soundness. Interior improvements that do not relate to structural soundness would not be covered by this amendment. This amendment is identical to S. 2602 which was cosponsored by the Senator from Wisconsin (Mr. NELSON), the Senator from Ohio (Mr. SAXBE), the Senator from Pennsylvania (Mr. SCOTT), and the Senator from Pennsylvania (Mr. SCHWEIKER).

The beauty of the American countryside must be preserved. It would be a tragic mistake if we were to think that this could be done entirely within the context of wilderness programs. I think the time has come for us to act so that the grace, beauty and artistic talents which these barns represent are preserved as a part of the American heritage. If our great grandchildren are to come to see America's countryside as more than a collection of prefabricated buildings we should adopt this amendment.

Mr. BENNETT. Mr. President, while the Senator from Ohio was talking, I have been sitting here thinking about an old historic barn that used to be in the backyard in which I played as a child. If I had known that there would be some kind of program to preserve it, I am sure that my father would not have torn it down.

Mr. President, this amendment represents a partial solution to one limited aspect of the broad problems affecting our environment. The amendment provides a cash subsidy—in the form of a tax credit—equal to 10 percent of the cost of maintaining the exterior appearance and structural soundness of historic barns. I emphasize that this is a cash subsidy, and not a tax provision, because the program would be entirely within the discretion of the Secretary of the Interior. The Secretary of the Interior would have the sole discretion to determine who would receive the benefits of the provision.

If a cash subsidy of this type is to be provided at the discretion of the Secretary of the Interior, it should be provided through an appropriate bill to appropriate funds to the Secretary for that purpose. There is simply no reason or justification to utilize back-door financing through a tax credit.

The proposed tax credit amounts to a tax-exempt subsidy for the costs of maintenance which are already deductible by any farmer with a qualifying barn. The farmer who qualifies for this subsidy would receive both a credit and a deduction.

The President, and his Council on Environmental Quality, have repeatedly emphasized the concern of this administration with the problems of historic preservation. In his environmental message of February 6, 1971, the President reaffirmed his commitment to develop a balanced program for historic preservation, including tax provisions to remove some of the present incentives for destruction of historic buildings. No one questions the importance of the problem, and I applaud the Senator from Ohio for his concern. But the problem is too complex, and too important, to be dealt with on a piecemeal basis without proper study and consideration by the Senate, and by the Senate committees charged with responsibility for solutions to the need.

Mr. President, I believe we should afford the administration, and the Senate, an opportunity to consider the problem of historic barns and other historic structures; and to develop a series of balanced, comprehensive proposals in this important area.

There is no reason or justification of the utilization of back-door financing through a tax bill for this purpose. The proposed tax credit amounts to a tax-exempt subsidy for the maintenance expenses which are owner-deductible by the owner of the qualifying barn. The farmer or owner qualifies for this subsidy and then receives both a credit and a deduction.

Mr. President, I believe the problem is too complex and too important to be dealt with on such a basis as we would be dealing with it here at this time of night. No Senate committee has studied it properly. I suppose it would be the Senate Committee on Interior and Insular Affairs that should study the question of these historic barns and other historic structures.

Therefore, much as I hate to do it, I respectfully suggest to the Senator from Ohio that this amendment does not belong on the tax bill.

Mr. TAFT. Mr. President, I would like to correct one comment which I perhaps unintentionally made, that all expenditures on bonds of this type would be deductible. That might or might not be. If they were capital investments, of course, they would be subject to depreciation if the farms on which they are located were being run as businesses.

However, there is nothing in this amendment which would require this. A barn to qualify would have to be on a farm being operated as a business. It could still be maintained where a farm was being operated. I imagine that quite a few of these might not even have any depreciation remaining because of the fact that the barns have no longer any part in the farm operation as a business.

Mr. BENNETT. Mr. President, it is the impression of the Senator from Utah that whenever we get into the business of preserving historic structures, sooner or later somebody organizes a nonprofit tax-exempt organization to take over the structure. In that case, all of the expenses to preserve the barn would be treated in that manner.

Mr. TAFT. That would be all too late, unfortunately. I think that it is some of the reason that we have lost some of the historic structures that we have lost in our country. I think it is a great shame.

Mr. LONG. Mr. President, I hope the amendment is rejected. I know that we own a few old barns that might come under that heading. I hate to say it, but when I think of all the barns on our property and on the property of my family, the country would be better off without them. We are trying to get rid of them now. Frankly, they are eyesores.

In the area where our barns are located, if we could tear them down and plant trees in their place, the country would be improved. However, I am sure that is not the case that the Senator has in mind. But we have barns of this type

where we will give a person a 100-percent tax exemption if he is willing to get into it and preserve the historic value of things of that type.

I think we should start with historic homes. We have not gotten around yet to establishing a tax exemption for historic homes.

In our family we are talking of doing something with a historic home now. The home would meet the 40-year test.

It would be better to let the Secretary of the Interior propose to preserve historic homes, historic trees, historic brooks, historic rocks, or anything that he thinks he might spend some money on preserving. We have given the Secretary large amounts of money for this type of thing. If he wants to do anything like that, that is a good place for him to start. If he wants to go beyond that and add countless additional items, we would pay tax money or give him tax credits to save items that are of historical significance.

Let me say that if the Secretary proposes all the different things that his able and his imaginative mind can think of giving a tax credit to, we will start everybody in the whole country looking for a tax credit.

Mr. President, I should think that, as the distinguished Senator from Utah has said, if we are going to have a program for this kind of thing, this is not the place to start it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio.

The amendment was rejected.

Mr. MONDALE. Mr. President, I send an amendment to the desk on behalf of myself and the Senator from Minnesota (Mr. HUMPHREY).

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to state the amendment.

Mr. MONDALE. 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 will be printed in the RECORD.

The amendment reads as follows:

On page 3, before line 1, in the table of contents immediately after the item relating to section 605, insert the following:

Sec. 606. Import surcharge exemption for engines imported for installation in snowmobiles.

At the end of the bill insert the following:

SEC. 606. IMPORT SURCHARGE EXEMPTION FOR ENGINES IMPORTED FOR INSTALLATION IN SNOWMOBILES.

The Secretary of the Treasury shall exempt piston-type internal combustion engines to be installed in snowmobiles from the additional duty imposed by Presidential Proclamation 4074 (36 Federal Register 15724, August 17, 1971).

Mr. MONDALE. Mr. President, this amendment deals with a unique problem which arises in terms of the competitive areas between Canadian-made snowmobiles and U.S.-made snowmobiles. Both Canadian- and American-made snowmobiles are built with foreign engines.

Because of trade with Canada, these snowmobiles come into the United States duty free, and it is by way of a fluke that 10-percent surcharge on snowmobiles assembled in the United States, which include foreign engines, works as a tax encouragement for employment in Canada and their return to the United States. That is not what is intended.

I do not know the position of the Internal Revenue Service on this. However, we have checked with them and they have said that this is a unique case in itself and that in a sense the tax provides an inducement for U.S. employment. However, it works the other way, giving almost the total snowmobile business to Canadian companies.

Mr. HUMPHREY, Mr. President, will the Senator yield?

Mr. MONDALE. I yield.

Mr. HUMPHREY. Mr. President, we have most of the production of the snowmobiles that are American-made in the State of Minnesota. We have three large corporations, the Polaris, the Scorpion, and the Arctic Cat.

These three companies are located in the northern area of our State.

May I say most respectfully to the Senate that this is about the only form of industrial production that we have. These are very hard-hit areas that have a large percentage of unemployment.

One of these corporations is just a few miles from the Canadian border. It employs several hundred workers. The management of that company is faced with an immediate decision as to whether he can stay in the United States or whether he has to move across the border.

Both the Canadian and the American-made snowmobiles, as my colleague has said, use imported engines because no American company makes an engine that is suitable for this kind of vehicle.

These engines come either from West Germany or Japan. American companies have ceased to make this particular engine or product.

We have to pay under the present ruling the 10-percent surcharge, and yet the Canadians use exactly the same engine and the engines come into Canada duty free.

If that engine comes into the United States, there is a 10-percent surcharge. Yet the Canadian companies produce the snowmobile, as my colleague has stated, and it comes in duty free today.

Quite frankly, unless this is remedied, we will have three companies that will, for all practical purposes, have to go out of business. We will have literally hundreds and hundreds of workers who will lose their jobs and the business will all go to Canada, as well as the companies and the workers.

Mr. President, this is why we are so concerned about the matter.

Mr. CHURCH. Mr. President, will the Senator yield for a question?

Mr. MONDALE. I am glad to yield to the Senator from Idaho.

Mr. CHURCH. For purposes of clarification, the Senators did not propose to revise the law in such a way as to abrogate the treaty with Canada; do they?

Mr. MONDALE. No. But this tariff adds $24 to each machine which will destroy U.S. manufacturers and send them to Canada. It has the effect of working in the opposite direction as was the intention of the surtax.

Mr. LONG. Mr. President, I personally have no objection to the amendment. There may be some problems on which the Treasury can enlighten us that I am not aware of. If there are maybe we can work them out in conference with the House. I understand there may be some opposition to the amendment but as far as I am concerned we would be pleased to agree to it and to work out the best arrangements we can in conference.

Mr. BENNETT. Mr. President, I am sympathetic to the problems the Senators from Minnesota are facing because it is a prototype of the problem manufacturers all around the country face with varying conditions. The only thing making it different here is that it is so close to the border of Canada that people can solve the problem by moving a short distance, whereas manufacturers in my part of the country would have to go out of business, with no opportunity to do that.

There is one thing about this proposal with respect to which I must protest for the RECORD. We are taking it upon ourselves now to write particular exemptions to the 10 percent import surcharge. If we start that we will make it difficult, if not impossible, for the President to do his negotiating with the various countries with which he must negotiate in order to solve these problems.

Behind this bill are 30 other tax bills on the way over from the House of Representatives. If we set the example, particularly if it stays in, then everyone who has an industry that would benefit by breaching the surcharge can quote this as a precedent and say, "You did it for snowmobiles; why do you not do it for us?"

I am not going to ask for a vote. I support the chairman in his decision to take the amendment to conference. But I felt that it would be unfair to the committee and the President if I did not make it perfectly clear that this is not simply a case of trying to help a few hundred people in northern Minnesota. This is the first breach in the wall we are trying to build for the President so he can negotiate a more satisfactory basis for a new long-term trading pattern around the world.

As I say, I will not object to it. The chairman has the right to take it and I will stand with him in that regard.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. RIBICOFF. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield to the Senator from Connecticut.

Mr. RIBICOFF. Mr. President, this particular amendment, which I support, indicates one of the basic problems that has developed because we passed the "Made in America Automobile Agreement" which was basically a disaster for the United States. In 1966 when we approved it, I think over the bitter objection of the Senator from Georgia (Mr. TALMADGE) and myself, we predicted a consequence. At that time the United States enjoyed a favorable trade balance with Canada to the tune of some $600 million; because of the American-Cana-

dian auto agreement we are faced with an unfavorable trade balance of $1.5 billion.

This was the danger in treating cavalierly the economic problems between countries, and especially when we take a trade problem, for political reasons, and as a result we sell short the American people and American industry.

I am glad the Senators from Minnesota have called this matter to the attention of the Senate and the consequences that happened to the industries of Minnesota because of this agreement.

May I say to the Senator from Utah that if any other industry in the United States were so similarly situated it would be my personal opinion, and I hope the Committee on Finance would give them the same consideration I hope the Senate gives these Minnesota companies that are faced with this unfair competition because of this act, whether promulgated by the executive or the President.

Mr. BENNETT. I appreciate what the Senator said. My face is a little red because I did vote for the automobile agreement. The solution should be to cure the automobile agreement and not breach the surtax. But I realize we do not have time to do that under the circumstances.

Mr. RIBICOFF. I do not think we can do that. Our relations with Canada today are tenuous enough. But we must keep in mind in this body while a general order was promulgated which we supported, we must be careful that in the process of supporting that agreement which the President wants to help American business, in the process we do not hurt and destroy that business.

I hope the Committee on Finance has been alerted by the action of the Senators from Minnesota and when the bills the Senator from Utah mentioned come to the Committee on Finance we will examine them carefully to make sure we do not hurt American industry by the 10-percent surcharge and help foreign competition.

Mr. ALLOTT. Mr. President, I would like to address a remark and a question to the manager of the bill and the ranking minority member of the committee, the Senator from Utah (Mr. BENNETT).

As I understand this matter involving the State of Minnesota, I would like to be sure that the acceptance of the amendment and taking it to conference would also include motors which come into Canada and are placed in snowmobiles that come into the United States.

I have a snowmobile manufacturer in Colorado who was hurt by this. Despite the fact he was hurt by it he is not screaming to the high heavens. He realizes this has to be done for the good of the country.

What I want to know is if this involves motors coming from Germany, does it involve motors that go into Canada from Japan and then into the United States?

Mr. BENNETT. I, in turn, will address the question to the Senator from Minnesota. Does the Senator's amendment protect only people in Minnesota or all snowmobile manufacturers?

Mr. HUMPHREY. All manufacturers of this particular item.

Mr. BENNETT. That is what I thought.

Mr. ALLOTT. I wanted to be sure that no other manufacturer, because of the source of motors used, would be placed in an inferior position. We have an understanding it would also include people in Colorado who manufacture snowmobiles with engines which come from Japan. I am perfectly willing to rest my case.

Mr. BENNETT. I understand it is so written it covers all snowmobiles with foreign engines.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senators from Minnesota.

The amendment was agreed to.

Mr. MILLER. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The amendment was read as follows:

On page 173, line 7, strike out "paragraph," and insert: "paragraph, or because the foreign corporation fails to qualify as an export trade corporation as defined in section 971 because it fails to meet the 75 per cent export receipts requirement in section 971 (a)(1)(B) but the foreign corporation is engaged in a substantial export sales business,".

Mr. MILLER. Mr. President, this will take only a couple of minutes. It is in the nature of a technical, corrective amendment, to conform the bill in accordance with the release that was made at the time of the DISC proposal acceptance by the House Ways and Means Committee.

The Secretary of the Treasury was asking that the Treasury Department be authorized to determine the extent to which taxable gain is realized on the transfer of property from an export trade corporation to a DISC.

The House put language in the bill to pretty well cover this situation. However, there were some cases that it was foreseen would not be covered, and the explanation from the House Ways and Means Committee reads as follows:

Generally, "other" foreign sales corporations will not be considered by the Internal Revenue Service to have a United States tax avoidance motive for purposes of section 367 in transferring their assets to a DISC in connection with a restructuring of the organization's foreign operations.

What happened was that this release never showed up in either the House Ways and Means report or in our Senate Finance Committee report. On page 173 of the bill we covered this situation only in part by reference to these special cases, in which some of these corporations are not owned in the manner described, but we forgot to put in those which do not have a 75-percent export sales requirement.

My amendment seeks to cover that particular gap by requiring that there shall be a substantial export sale requirement.

In both cases we have provided in the bill that this type of special case shall nevertheless be covered by the tax-exempt provision, but only in accordance with such rules as may be prescribed by the Secretary.

I am quite sure the amendment is technically proper and in accordance with the views expressed in the release by the Ways and Means Committee and in our discussion of the amendment with the committee.

I hope my colleague from Louisiana is willing to accept the amendment.

Mr. LONG. Mr. President, the Senator has raised a technical problem that we have not had occasion to consider in the committee. It would be well to consider it in conference, and I hope the amendment will be agreed to for that purpose.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. MILLER. Mr. President, I call up another amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk proceeded to read the amendment.

Mr. MILLER. 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:

At the end of the bill add a new section as follows:

SEC. —. ADDITIONAL EXEMPTION FOR BLINDNESS OR DISABILITY OF TAXPAYER OR SPOUSE.

(a) Subsection (d) of section 151 of the Internal Revenue Code of 1954 is amended to read as follows:

"(d) ADDITIONAL EXEMPTION FOR BLINDNESS OR DISABILITY OF TAXPAYER OR SPOUSE.—

"(1) FOR TAXPAYER.—An additional exemption of $800 for the taxpayer if he is blind or disabled at the close of his taxable year.

"(2) FOR SPOUSE.—An additional exemption of $800 for the spouse of the taxpayer if a separate return is made by the taxpayer, and if the spouse is blind or disabled and, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer. For the purposes of this paragraph, the determination of whether the spouse is blind or disabled shall be made as of the close of the taxable year of the taxpayer; except that if the spouse dies during such taxable year such determination shall be made as of the time of such death.

"(3) BLINDNESS DEFINED.—For purposes of this subsection, an individual is blind only if his central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or if his visual acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

"(4) DISABLED DEFINED.—For the purposes of this subsection, an individual is disabled only if he is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration."

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1971.

Mr. MILLER. Mr. President, the amendment is designed to cover those tragic cases which might be called catastrophic illnesses, disease, or accident cases; for example, people who would be completely paralyzed.

The Senate did adopt the amendment during the debate of the Tax Reform

Act in 1969. I would hope we would renew our approach to that problem by adopting this amendment. I hope my colleague from Louisiana will take it to conference, as he did in 1969.

Mr. LONG. Mr. President, in view of the fact that the Senate saw fit to agree to this amendment on a previous occasion, I see no point in opposing it. Therefore, I agree to accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from Iowa.

The amendment was agreed to.

AMENDMENTS NO. 682

Mr. TAFT. Mr. President, I call up my amendments No. 682 and ask to have them stated.

The PRESIDING OFFICER. The amendments will be stated.

The assistant legislative clerk read the amendments (No. 682) as follows:

On page 2, in the table of contents immediately after the item relating to section 210, insert the following:

"Sec. 211. Exclusion from gross income of certain pay received by law enforcement officers and firemen."

On page 72, after line 19, insert the following:

"SEC. 211. EXCLUSION FROM GROSS INCOME OF CERTAIN PAY RECEIVED BY LAW ENFORCEMENT OFFICERS AND FIREMEN.

"(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by redesignating section 124 as section 125 and by inserting after section 123 the following new section:

"'SEC. 124. CERTAIN PAY OF STATE, TERRITORIAL, AND LOCAL POLICE AND LAW ENFORCEMENT OFFICERS AND FIREMEN.

"'Gross income does not include so much of the compensation (exclusive of pensions and retirement pay) as does not exceed $200 received by an individual for any full month of regular active full-time service as a member of a police force or other law enforcement officer, or as a fireman, in the employ of a State, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States or in the employ of a political subdivision of any of the foregoing.'

"(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by striking out

"'Sec. 124. Cross reference to other Acts.'

and inserting in lieu thereof

"'Sec. 124. Certain pay of State, territorial, and local police and law enforcement officers and firemen.

"'Sec. 125. Cross references to other Acts.'

"(c) EFFECTIVE DATE.—The amendments made by this section shall apply only with respect to compensation received for months commencing after the date of the enactment of this Act."

Mr. TAFT. Mr. President, I ask unanimous consent that the Senator from New Hampshire (Mr. MCINTYRE) be included as a cosponsor.

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

Mr. TAFT. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. TAFT. Mr. President, I shall not take a great deal of time on the amendment. It is a proposition which is a relatively simple one.

The amendment would permit full-time policemen and firemen to exclude from their taxable income the first $200 earned each month in police or fire duty. The effect of this amendment would be to give those public servants an immediate pay raise of approximately $35 a month, on the average—the resulting reduction in Federal income taxes which they would owe.

I am told the total would be rather hard to estimate, but the estimates that we have been able to get are that it would cost approximately $180 million.

During the 1960's our population increased 13 percent, but serious reported crime increased 148 percent. We are all familiar with the alarming statistics on the rise in criminal activity, unfortunately still unchecked throughout the country. We are all for law, order, and justice. What we must do is recognize that it is not enough for us merely to advocate good law enforcement. If we are going to have good law enforcement, we must act now to increase the pay of our law enforcement officers.

This is not a sudden, new idea that has come upon us. I took a look at the situation in 1967, when I was running for Congress, and became convinced that if indeed we were to do something about rising crime rates in this country, we needed some real recognition of the importance and the priority of these professions. At that time in the Congress, and every year since, I have had pending a bill of the very form of this particular amendment.

If a law officer is to function properly, he must act in part as a detective, a criminal lawyer, a counselor, an athlete, and sometimes a midwife.

The lot of the fireman is no more enviable. They are called into burning buildings, and as they arrive they have often been bombarded with rocks and fired upon by snipers.

If we are to undertake a high level of professional competence in law enforcement and firefighting, we must do more than pat these men on the back. We must give them much needed recognition, and I suggest that this amendment is a very appropriate way in which to do it.

It is not a matter of the money involved; it is a recognition of these important tasks.

America's combat soldiers have for many years received similar tax benefits. Enlisted men can exclude all of their combat pay and officers can exclude their first $500 per month in combat pay. Why are they so different from those who serve in our armed services, when they are on duty equally important, if not even more important, to the public? In a very real sense our policemen and firemen are defending the public in our cities.

I recognize that policemen and firemen are basically local officials, and we want to keep the responsibility at that level, but I think we ought to grant some national recognition of the tremendously important service they perform, and they should receive tax consideration similar to that earned by those who defend us on the battlefields.

At the present time America has 267,000 full-time policemen and 160,000 full-time firemen.

In amendment 682 we have an opportunity to turn our words into action. I urge that the Senate adopt the amendment.

I ask unanimous consent to add the names of the Senator from Tennessee (Mr. BAKER) and the Senator from Kentucky (Mr. COOK) as cosponsors of the amendment.

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

Mr. BENNETT. Mr. President, there are several reasons why this amendment should be opposed. In the first place, our system is intended to impose equal tax burdens on similarly situated taxpayers. If we are going to say that to work in dangerous situations is a justification for a $200-a-month exclusion from your taxable income, then there are a lot of other people we should be talking about: construction workers, the FBI, men who wash windows in high buildings, miners, crop dusters, and so forth.

It is true that special tax treatment is given to men who serve in combat. But men who serve in combat, serve there for a brief period of time, and when they leave the combat zone, the special preference ends. We are talking here, however, about picking out certain professions and giving them a life-long special tax relief provision.

Another reason why this amendment should be opposed is that it does not treat taxpayers equally, even within the recognized professions. It treats the single policeman better than the married policeman. It treats the policeman or fireman with some outside income better than the man who has no outside income.

Mr. President, I am in full sympathy with the problems of such hazardous professions as those of our policemen and firemen, but the tax law is plainly and simply not the proper vehicle for demonstration of such concern.

As I indicated, one of the basic philosophical bases of our tax system is to impose an equivalent amount of tax on all similarly situated taxpayers, and while this principle might not always be met, there is little point in directly violating it with a measure such as this one. Many taxpayers are engaged in hazardous professions greatly beneficial to our society. A small sampling might include agents of the FBI, construction workers—bridges, tunnels, and so forth—men who wash windows in high-rise buildings, miners, crop duster pilots, and many others. All of these professions—including police and firefighting—are chosen voluntarily, with knowledge of the risks and hazards which they involve. Certainly, there is no fair basis for isolating one or two professions for special treatment just because they may happen to receive more publicity at the moment.

We should oppose special purpose tax legislation designed to benefit any one relatively small group of taxpayers or special situations. The tax system is an inappropriate vehicle for providing such financial assistance. This is so principally because the benefits bestowed if the tax

system is used are incorrectly distributed within the group to be benefited. A tax exemption gives the most financial assistance to those within the group who need it the least. For example, a policeman or fireman who is single would get more benefit from the exemption than one who is married; the married policeman or fireman with one or two children would receive more benefit than one with a large family. Also, a policeman or fireman who had a source of income other than his salary would be benefited more than the man without any additional means. This distribution of the financial assistance the amendment seeks to bestow is clearly inappropriate and inequitable.

We should also oppose such legislation because it only serves to open the door for other similar tax relief provisions. Shall we next grant a similar exemption for construction workers? then FBI men? and where will we stop?

It is true that Congress has in the past seen fit to provide an income-tax exclusion for combat pay of individuals in the military service. This exclusion is, however, justified principally as an expression of the country's gratitude to those protecting our way of life and our freedom. The combat pay exclusion should not be considered a method of bestowing financial benefit on our servicemen.

Any analogy of the proposed amendment to the combat pay exclusion is simply inapposite. The combat pay exclusion is strictly limited to members of the Armed Forces who serve in a combat zone, and was passed by Congress with this limitation on the basis of the extraordinary conditions in an actual war arena. It is obvious that circumstances in such an area are far more extraordinary than almost any other situation; moreover, many members of the Armed Forces serving in such an area are doing so on a nonvoluntary basis.

Further, it is important to realize that Congress did not extend the combat pay exclusion to all members of the Armed Forces, but only to those actually serving in the combat zone itself. Thus, a soldier or sailor serving his country at any place other than a combat zone—even if such service is nonvoluntary—does not get an exclusion. This was a recognition by Congress that such noncombat zone service lacks those unique circumstances which could be said to justify an income tax exclusion.

Certainly, we cannot single out one group of individuals in this country, who are following a career they have voluntarily chosen, and say they should bear a smaller portion of the costs of running the country than all other U.S. taxpayers.

Therefore, Mr. President, I think the amendment should be rejected.

Mr. LONG. Mr. President, I would like to do something to help the policemen, but I think this would not be the right starting point. If we are going to proceed on this basis, it would be appropriate to proceed to pick out all those fine people who have, for some reason or another, the right to be exalted, or at least praised and admired, beyond the ordinary person.

For example, we could give a special treatment to social workers, because those people volunteer to do dedicated work and bring people along in good habits and high ideals. We could give a special tax advantage to school teachers, because they are good people, and we would like to recognize the fine work they do. We could give a special advantage to all kinds of people—doctors, because they save lives; dentists, because they relieve people from pain—all kinds of very fine people who tend to do more than the average person does in his ordinary line of endeavor, to recognize the fine work that they do.

But where to stop is difficult, because wherever you draw the line, you are making an invidious comparison that these other people are not worthy of the same consideration, and that would, I think, cause some trouble.

I would like to support a number of things that would aid policemen, such as a provision that has been suggested that we pay $50,000—it would be all right with me to pay $100,000—to a policeman's family if he were killed in line of duty, with special disability benefits, and so forth.

But I think this tax approach would set an example that would go from first one thing into another.

The Senator makes reference to combat pay for servicemen. That is an efficient provision, because it is paid to those who are in the combat area, and not to those not in the combat area; so it saves a lot of money compared to what it would cost to pay it to all servicemen, whether they are in a combat area or not.

I hope, Mr. President, that the amendment will not be agreed to, with the express understanding that I, and I am sure others, probably the majority of us here, do very much want to support some matters that have been recommended to us by the appropriate committees to properly and more fully recognize the fine service of our policemen and firemen.

Mr. TAFT. Mr. President, I think that the chairman of the committee and the ranking minority member, whose views I certainly respect, have missed the main point with respect to this amendment, and I would like to make that main point.

The main point is that we have a tremendous crisis in this country, in the field of crime. These are the men who are dealing with that problem, just as in war, when those in the armed services, in combat situations, are dealing with the problem at that time.

I do not offer this amendment because I have a warm feeling for policemen and firemen, though they are fine men, because I want to be nice to them, or even because they have dangerous jobs. They are dangerous jobs, but we are dealing with a national crisis. There is very little we can do in Congress to help out with that national crisis. We are spending hundreds of millions of dollars on the Law Enforcement Assistance Act, within certain formulas, trying to approach this problem. I suggest that this is another arm of the Law Enforcement Assistance Act, whereby the Federal Government can attract better men to perform all of these vital functions.

In the case of the FBI, which has been mentioned, we can raise their salaries right here. We do not have to worry about them in a tax situation. As to school teachers, they are serving a vital function, but not in the frontline of a dangerous combat situation.

As to those in other dangerous professions, they chose to go into those dangerous professions, and are compensated for them. The risks are taken into account in those jobs. Unfortunately, because of the place of State and local governments under the revenue system, these are the people who are hurting. But I do not propose this amendment because those men are hurting individually. I propose the amendment because the fact that those men are hurting individually is inhibiting the problem of attacking crime in this country. That is the whole philosophy behind my amendment.

Mr. LONG. Mr. President, is the Senator aware of the package that has been asked for by the association which represents the sheriffs and deputies and State policemen?

Mr. TAFT. I am sure the Senator is aware that there are quite a number of associations that represent these groups, but they have not, in my opinion, been successful in getting adequate recognition on a national level. This amendment is something we can do at that level.

Mr. LONG. My impression is that a group known as the Law Enforcement Association, if my memory serves me correctly, which does pretty well speak for all the law enforcement personnel in the country—is the Senator aware of their program and what they recommend be done?

Mr. TAFT. I am aware of a number of organizations, the Fraternal Order of Police and others. The Senator has mentioned what they are trying to do to improve widows' pensions and welfare benefits and things of that type, to make sure that the families of those men are taken care of. Unfortunately, despite all the efforts, we still see the rate of crime rising in this country.

Mr. LONG. What I want to know is whether or not the National Sheriffs' Association is asking for this proposal.

Mr. TAFT. As I say, I have had this proposal in every Congress since 1967. It is a little harder to get issues on tax questions before the body on the other side of the Capitol, because of the closed-rule problem they have. But we have had the strongest backing, over the years, from all these various associations. We believe this is a fine proposal.

Mr. LONG. I am trying to recall if this is what the sheriffs' association is recommending or the law enforcement association is recommending, and whether this is a priority item in what the sheriffs, State police, and law-enforcement officers generally are asking for in this country. If so, I might be inclined to vote for it. But if this is not a part of that program——

Mr. TAFT. I can assure the Senator that I know we have the support of several of those organizations. I do not know of a single organization of the sort that does not think this is an important part of its program.

Mr. LONG. I do not think this is a priority item in their programs. I know a number of fine people in those organizations, and would like to go along with them, if possible. I know they have a list of what they are asking for, and I have been made aware of it on occasion. I am just taxing my memory to recall if this is included in what they have asked for. There are a number of things they have asked for, that I have said I would vote for when I had an occasion. I cannot recall if this is one of them.

Mr. TAFT. I think this is a high priority item. They may have taken this into consideration in the hope of achieving other items of that sort.

I am not saying to the chairman of the Finance Committee that this is one of those items. I assure the Senator that he is not going to find it opposed by such groups.

Mr. LONG. I am sure they are deserving people, and anything that may come their way they would like to have. This would cost an estimated $265 million, and I would like to know if they prefer to have this rather than some of the other things they have indicated they would like to have. I do not know that that is the case.

Mr. TAFT. I am sure that there are few things we properly, at the Federal function, can take on and give to them that really have a major impact, and this is one.

Mr. COOK. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. COOK. Mr. President, I might be able to enlighten the Senator from Louisiana.

Prior to my coming to the Senate, for 8 years before, part of my responsibilities was to run a police department in a major community in the United States of three-quarters of a million people. I know that one of the problems of the FOP in the State of Kentucky, through all those years, was to exert its influence in the national organization and to try its best at the State legislative level to get a credit in the nature of an increase in salary, in the nature of an exemption for them, because of the duties and the responsibilities they assumed—duties and responsibilities, for example, that they assumed at the local level that were comparable to the assumption of policemen at the State level who were getting certain credits and exemptions that police at the local level were not receiving. This has been a part of their legislative package, because they know that at the State level, at the local level, and at the county level the resources were short, that the resources were not available, and that the only way they could get any kind of relief was to get it in the nature of a credit.

They have been trying to get a guaranteed income in the nature of a guaranteed floor, trying to get the State government to support a guaranteed floor over and above the meager salaries they could be paid at the local levels. They have been trying to do this for years.

So, obviously, this type of amendment would have to constitute a tremendously high priority on their list, if they could be given, for the work they do and the responsibilities they assume, a credit for being a public servant, for being in this line of duty.

Many of them, believe it or not—at least, this was not the case at our level—many of the forces throughout the country, at extremely lower levels, have to provide their own uniforms, their own equipment, their own hardware. All this they must do as a matter of qualifying and being a part of a law enforcement agency. Yet, they deal every day not only with the local situation in their local community, their local county, but also with Federal matters and State matters for which they are not compensated in any way, shape, or form.

I can only say to the Senator that, under these circumstances, the amendment of the Senator from Ohio would have to be considered as one of the highest priorities on their list of what they would like to achieve for the benefit of the people who put out every day in the protection of the community, either through the fire departments or through the police departments.

Mr. TAFT. I ask the Senator this because of his experience: Would the Senator comment on the morale effect that a proposal of this sort, adopted by Congress at this time, might have?

Mr. COOK. Of course, I cannot even begin to tell the Senator what the morale effect would be, particularly on the law enforcement agencies throughout the United States, because these contracts are negotiated separately at the local level, as the Senator knows. I can only tell the Senator that from the standpoint of morale, this would be one of the greatest boosts; because right now they are under attack all over the United States for everything they do and everything they fail to do. From the standpoint of being recognized, to the extent that they are public servants—and we are not talking about what a policeman is paid in the city of Washington. We are talking about policemen who work for $5,000, $5,500, $6,000, and $7,200 a year, and provide their own equipment and provide everything.

So I can only say to the Senator that from the morale standpoint, for this individual it would be one of the greatest things that could occur, in the protection of the individual and the community, if for one time, he could be recognized for what he does rather than have to fight like the devil to get the slightest degree of raise because the county or the local community or the city no longer has any funds to do it.

Mr. TAFT. I thank the Senator.

Mr. BENNETT. Mr. President, what we are talking about here is a form of revenue sharing. It is the proposal that Federal money be used to supplement local money for the payment of policemen and firemen.

If we realize that that is what we are talking about, we are going at this thing backward. We should have authorizing legislation which would appropriate the funds paid to these people and put it out in the open, instead of going through the back door and trying to avoid making this obvious by reducing the Federal revenue through special tax provisions, rather than putting the money out and letting everybody see it.

Interestingly enough, this is not the only group that has asked the committee for special revenue sharing, a special gift of Federal funds through the back door tax route. Our civil servants have asked for $3,000 a year exemption, and we have a proposal before the committee to give this special kind of tax treatment to doctors and nurses in areas where there are shortages of doctors and nurses.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. AIKEN. I ask to be excused from voting on this amendment. I have one full-time and one part-time deputy sheriff in the family. Therefore, I think there is a serious conflict of interest.

Mr. BENNETT. I think it is obvious to us that we do not know where to draw the line. The minute you decide to supplement local income by giving Federal tax benefits, then the door is wide open, and nobody knows where that proposal will lead. Therefore, appealing as this is, I hope the Senate wil not force us to solve this problem this way.

Mr. TAFT. Mr. President, I am not going to belabor the point, but I do think that the Senator has missed the point.

We have a crisis situation in this area which is unique and which rules out all the other areas.

As to revenue sharing, I have not seen any great success with the revenue sharing proposals; and to the extent that this is revenue sharing and it coincides with the public interest in doing something about the crime problem, it is an appropriate area in which to start.

Mr. PERCY. Mr. President, I intend to vote against this amendment not because I do not have a high and proper regard for the services rendered to our society by policemen and firemen. These men, and women, have difficult jobs—we learn how difficult their jobs are every day in the press and other news media. Reports of firemen attacked by the very people whose homes and neighborhoods they are trying to save and protect are too frequent.

It is partly because of my deep concern that we do not discriminate against certain valued professions and occupations that I vote against this amendment.

I think it worthy of note that it is only when members of the armed services are in combat zones that their pay is not taxed. When we call out the National Guard, as we so frequently have had to do in order to keep peace in our cities, we do not make the pay these Guardsmen get for that tough duty tax free. It is still taxed.

Finally, not all firemen and policemen are underpaid, nor do they all daily face the special threats on their lives similar to the danger of a military combat zone. Some small towns and cities in our country have little crime, while large metropolitan areas frequently have intense crime levels. Do both deserve the bene-

fit of this provision? The case that this provision applies too broadly is well taken. For all these reasons I feel compelled to vote against the amendment.

Mr. BUCKLEY. Mr. President, as sympathetic as I am to the objective of the Taft amendment, we need to demonstrate our special regard for men on whom we depend for public order and safety. I will vote against the amendment for the reason that the adequate compensation and reward for our Nation's police and firemen must remain the responsibility of the communities which they protect.

Also, if we begin to draw tax distinctions between professions, we will invite an infinite amount of special legislation which can never hope to be fair in the measurement of the respective contributions of various groups.

The best means of expressing our appreciation for the contribution of any one group must remain their level of pay. I hope that communities and States across the Nation will maintain levels of pay, and retirement and other benefits, which will properly recognize the special contributions which our police and firemen daily make in their hazardous occupations.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. AIKEN (when his name was called). Mr. President, I ask unanimous consent to be excused from voting on this amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Vermont is excused from voting.

The legislative clerk resumed and concluded the call of the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Maine (Mr. MUSKIE) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

The Senator from Vermont (Mr. AIKEN) has been excused from voting.

The result was announced—yeas 46, nays 50, as follows:

[No. 388 Leg.]

YEAS—46

Allen	Hatfield	Randolph
Allott	Hollings	Ribicoff
Baker	Humphrey	Roth
Beall	Inouye	Saxbe
Boggs	Jackson	Schweiker
Brock	Magnuson	Sparkman
Brooke	Mathias	Spong
Byrd, W. Va.	McClellan	Stafford
Chiles	McIntyre	Stevens
Cook	Mondale	Taft
Cotton	Moss	Thurmond
Cranston	Packwood	Tower
Dole	Pastore	Weicker
Eagleton	Pearson	Williams
Gurney	Pell	
Hartke	Proxmire	

NAYS—50

Anderson	Buckley	Cooper
Bayh	Burdick	Curtis
Bellmon	Byrd, Va.	Dominick
Bennett	Cannon	Eastland
Bentsen	Case	Ellender
Bible	Church	Ervin
Fannin	Javits	Nelson
Fong	Jordan, N.C.	Percy
Fulbright	Jordan, Idaho	Scott
Gambrell	Kennedy	Smith
Gravel	Long	Stennis
Griffin	Mansfield	Stevenson
Hansen	McGee	Symington
Harris	McGovern	Talmadge
Hart	Metcalf	Tunney
Hruska	Miller	Young
Hughes	Montoya	

NOT VOTING—3

Goldwater	Mundt	Muskie

EXCUSED—1

Aiken

So Mr. TAFT's amendment was rejected.

Mr. LONG. Mr. President, while many Senators are here, permit me to say that it may not be known to most Senators, but most people knowledgeable in taxation tell us that it was this very kind of special tax treatment, for the most part, as embodied in the principle of this amendment, that destroyed the French income tax system. Once France started to tax people based on a different rate schedule for different professions and broke it down to a different rate for each profession, it became so outrageous and discriminatory that the people refused to pay anything. It got to the point where now the people do not pay until they negotiate. They negotiate as to what the tax will be. Everyone there decides for himself what he should pay. It got that way when they started to have one tax schedule for one profession and another tax schedule for another profession.

I hope that when Senators start to think about this and meditate about where we will be when some dedicated and some very fine people pay their tax on one schedule and those who render less noble service pay on the basis of a higher schedule and then even higher for a working man, I wonder who will be put at the bottom of the listing for preferential tax treatment. When they pick out very fine motivated people and recognize their dedication and decide who will be put at the bottom of the list, I would hate to make that comparison.

Mr. SCOTT. Mr. President, I send to the desk amendment No. 477, as modified, on behalf of myself, Senators SCHWEIKER, COOPER, RANDOLPH, and COOK, and ask that it be stated.

The legislative clerk read as follows:

On page 15, line 16, strike "187,".

Mr. SCOTT. Mr. President, I understand that this amendment has been cleared with both sides of the aisle as modified.

Mr. President, as originally introduced, this amendment would have allowed taxpayers to elect both the 7 percent tax credit and the 5-year amortization for pollution control and mine safety equipment. The amendment was not adopted by the Finance Committee because, among other things, of the uncertain revenue loss associated with pollution control equipment, which has been estimated in excess of $130 million. My amendment, as now modified, restricts this election to mine safety devices only, which brings with it revenue loss of no more than $1 million.

I asked the Treasury Department to estimate the revenue loss associated with this amendment and ask unanimous consent to have printed in the RECORD a letter indicating that the loss has been estimated at no more than $1 million.

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

THE DEPARTMENT OF THE TREASURY,
November 12, 1971.

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

DEAR SENATOR SCOTT: You have requested an estimate of the revenue loss from allowing five year amortization of certain coal mine safety equipment under section 187 of the Internal Revenue Code of 1954 in addition to the 7 percent Job Development Credit for such property. Amendment No. 477 to H.R. 10947 would provide, among other things, that the five year amortization may be allowed in addition to the Job Development Credit.

The revenue loss from this action would be not in excess of $1 million.

Sincerely yours,

JOHN S. NOLAN,
Deputy Assistant Secretary,

Mr. SCOTT. Mr. President, as I indicated several weeks ago, mine safety devices are, for the most part, required by law and certain regulations promulgated pursuant to the Coal Mine Health and Safety Act of 1969. The life of this equipment, and the coal mines in which it is installed, is considerably greater than 10 years, thus making the tax credit more useful. This additional tax break is sorely needed to assure this Nation of continued coal production, unhampered by closings due to fiscal insolvency and the physical deterioration of coal miners themselves.

I urge the Senate to consider favorably this amendment.

Mr. President, I yield now to the distinguished senior Senator from West Virginia (Mr. RANDOLPH).

Mr. RANDOLPH. Mr. President, the amendment offered by the able minority leader, the senior Senator from Pennsylvania (Mr. SCOTT), is directed toward assisting in securing mine safety equipment required under the Coal Mine Health and Safety Act of 1969. We are exceedingly conscious of the efforts of Congress in its many approaches not only to protect the health and safety of those who toil in the mine, but also to bring assistance to those companies and operators who of necessity have to meet stringent health standards and safety standards. At the same time, we are aware of the urgent need to continue the production of coal for our Nation's increasing energy requirements. This amendment to bring about a tax credit and amortization is a realistic approach to help meet these objectives.

Mr. President, I feel that the cost of this proposal is not excessive as a revenue loss. But to the operators it represents significant assistance in their continuing efforts to improve the health and safety of miners. The Congress, having placed its stamp of approval on the efforts to bring the mining industry into as safe an operating condition as possible, will understand the need for this amendment not only as a way to keep as solvent companies the small companies—rather than just large companies—but also to improve the working conditions in the mines. It is a privilege to join the Senator

from Pennsylvania (Mr. SCOTT) in this effort.

Mr. SCOTT. Mr. President, I thank the distinguished Senator from West Virginia who has such an unusual and long-term expertise in this field.

Mr. President, I ask unanimous consent that the Senators from Tennessee (Mr. BAKER and Mr. BROCK), along with the distinguished assistant majority leader, the Senator from West Virginia (Mr. BYRD) be added as cosponsors of the amendment.

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

Mr. SCOTT. Mr. President, I yield to the distinguished Senator from Pennsylvania (Mr. SCHWEIKER).

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SCHWEIKER. Mr. President, I thank the distinguished Republican leader, my senior colleague, for yielding.

I join with him in this very important amendment because, first of all, I think the work done by the Committee on Labor and Public Welfare, on which I serve, was very helpful in writing the strongest health and safety law of any industry in this country in 1969. Unfortunately, the goals and objectives, and the number of lives saved, have not yet been realized by this strong and good law for a number of reasons, but one of the most important reasons is the inability to get the kind of safety, occupational and health equipment needed to prolong the life of miners to make it as safe to work below the ground as above the ground. This is an important step to make realization of the 1969 law a reality. I support the amendment.

Mr. SCOTT. Mr. President, I know the hour is late but I had agreed to yield to the senior Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. COOPER. Mr. President, I offered this amendment in 1969, following action on the mine safety bill. It was supported by members of the Committee on Labor and Public Welfare, who passed the bill. The Senator from New York (Mr. JAVITS) and the Senator from New Jersey (Mr. WILLIAMS), and other Senators, were for it.

This is terribly necessary to insure the ability to purchase machinery which is required by this act.

An unfortunate consequence so far has been that hundreds of miners have been thrown out of work, and it has spread strip mining all over the landscape, which destroys the environment.

I hope the amendment is agreed to.

Mr. COOK. Mr. President, I wish to echo the words of my colleague on this matter and to say that this is needed today very badly. We are in a situation where, as the distinguished senior Senator from Kentucky said, the increase in strip mining has been absolutely phenomenal in my State in relation to underground mining, which has decreased tremendously.

With all respect to the distinguished Senator from New York and the distinguished Senator from New Jersey, with regard to the Mine Safety Act, it required the purchase of equipment which had not been invented. As a result, many were placed in a position where they did not know what to do with the equipment they had. They did not know what to do. This would be a minor small relief to the overall problem of what must be done. I must say for the distinguished senior Senator from Kentucky and myself that we were delighted to have the Senator from West Virginia talking about this.

I am delighted to say that I think it was sometime last month that the Commonwealth of Kentucky became the No. 1 coal producer in the United States.

Mr. COOPER. I am happy to join in the amendment (as modified) as offered by the distinguished senior Senator from Pennsylvania (Mr. SCOTT).

This amendment would continue the 5-year amortization of coal mine safety equipment which was enacted in the 1969 tax reform as a result of an amendment I introduced on the floor.

By way of background, I would note that the House-passed bill and the bill as reported by the Senate provides the taxpayer with the option of selecting either the 5-year amortization for coal mine safety equipment or taking the investment tax credit, but not both. The amendment before us would make both the 5-year amortization and investment tax credit available for coal mine safety equipment.

Mr. President, I ask unanimous consent that excerpts from the House Ways and Means Committee report on this point be included in the RECORD.

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

Amortized property.—Under prior law, various rules were provided regarding the availability of the credit for property subject to special 5-year amortization. For a limited period of time railroad rolling stock, expenditures for rehabilitating low-income housing, and certain coal mine safety equipment were eligible for a special 5-year amortization provision as well as for the credit. On the other hand, the credit was denied to expenditures for pollution control facilities subject to special 5-year amortization.

These special amortization provisions were enacted as part of the Tax Reform Act of 1969 which also repealed the investment tax credit. Moreover, in large measure these amortization provisions were intended as a substitute for the investment credit then being repealed. In view of the reinstatement of the credit, your committee has concluded that it is not appropriate to provide both the credit and special 5-year amortization with respect to the same property.

As a result the bill provides that if the taxpayer elects the special 5-year amortization provided for pollution control facilities, railroad rolling stock, coal mine safety equipment, expenditures for the rehabilitation of low-income housing, job training facilities, or day care facilities (the last two categories are new amortization provisions added by this bill), the property subject to the amortization election is not to be eligible for the credit. (If the amortization election is made subsequent to the allowance of the credit, the credit is to be retroactively denied for the year in which it was previously allowed.) Since in the case of pollution control facilities only the proportion of the cost of the facility attributable to the first 15 years of its useful life is eligible for special 5-year amortization, the bill provides that the credit is to be denied only for the portion of the cost of a facility subject to rapid amortization. Therefore, a taxpayer acquiring a pollution control facility may be eligible for the credit with respect to the cost attributable to the useful life in excess of 15 years even though he elects rapid amortization with respect to the property.

Mr. COOPER. The need for such tax incentives to the small coal operators has been well documented by material I submitted for the RECORD, the debate on the Tax Reform Act of 1969 and additional statements I received from the Bureau of Mines. Now in the year 1971, it is more needed than ever as the economic effects of the Federal Coal Mine Health and Safety Act on the small nongassy coal mines becomes apparent. Many of the small underground coal mines in eastern Kentucky have shut down because of the high financial cost of installing the "permissible" equipment required by the act. It seems to me that the least Congress can do is to continue the present tax incentives and I urge the adoption of the Scott amendment.

Mr. President, the Kentucky Coal Mine Research Institute of Morehead State University retained Prof. David Hylbert to analyze the problems of the coal industry in eastern Kentucky and to make suggestions and recommendations for dealing with these problems. In his report to the research institute on September 29, Professor Hylbert points out the high cost of equipping small mines with the "permissible equipment" required by the 1969 act. Professor Hylbert states:

COMPLAINTS COMMON TO MOST MINES

The gassy classification

Prior to the enactment of the Federal Health and Safety Act of 1969, the Bureau of Mines recognized a twofold classification of mines based on the presence of methane—gassy and nongassy. The gassy mine was one in which tests with a flame safety lamp showed the presence of methane, a gas ignition had occurred, or an airsample taken one foot from the face, rib and roof indicated methane gas in quantity greater than 0.25 of 1 percent. Conversely, a nongassy mine was one where gas had not been detected by a flame safety lamp, no gas ignition had occurred, or where gas had not been found in quantity greater than 0.25 of 1 percent in an airsample taken one foot from the face, rib and roof.

Testimony given by several leading authorities in the coal mining industry in Kentucky and Virginia before the U.S. Senate Subcommittee on Labor prior to the enactment of the Federal Health and Safety Act of 1969 argued against the abolishment of the distinction between gassy and nongassy mines. It was pointed out that in 1969, about 5 percent of the mines in Kentucky were classed as gassy and that if all mines were to be classed as gassy the cost of converting nonpermissible equipment to permissible as required in gassy mines would cause the closing of many small mines. It was also pointed out that mine explosions can be traced to human carelessness, smoking, or improper procedures in blasting and not to gassy conditions in a mine properly classed as nongassy.

However, the advice of such testimony was not followed and provisions in the 1969 act now force all mines to operate as if they are in fact gassy.

In the course of this investigation, practically everyone interviewed in eastern Kentucky, including coal operators, working miners, and some Federal and State personnel were personally opposed to classifying all

mines as gassy. In fact, this single part of the 1969 act is protested more than any other.

More important than personal opinion, however, is the fact that the prohibitive cost of converting nonpermissible equipment to permissible or to replace nonpermissible equipment has caused many smaller mines to close as was predicted. Pike County, which is the leading producer of underground coal in Kentucky, had approximately 615 underground mines operating in 1970 according to official estimates. At present, Pike County has only about 275 mines operating with more predicted to close. This trend is present in other counties in eastern Kentucky as well. In addition to the prohibitive cost of permissible equipment, other factors have contributed to the closing of small mines. Many of these mines were in existence before enactment of the 1969 act and were developed and engineered in such a way that compliance with new requirements is much more difficult and costly than for a new mine. Also, many small mines have not developed the management capability to cope with the complexities and bookkeeping involved in complying with the 1969 act. The closing of small mines is also making an economic impact on communities where coal is the major local industry.

Mine explosions and ignitions have continued to occur in Kentucky as was predicted. However, these have been caused by carelessness, ignorance of or the disregard for safety regulations in existence prior to the 1969 act and not by gassy conditions. An example is the mine disaster of December 30, 1970 at the Finley Coal Company, Leslie County, Kentucky where 38 men lost their lives. According to the Kentucky Department of Mines and Minerals, this mine explosion obviously resulted from the use of explosives which were not legal for underground use.

Mr. President, I ask unanimous consent that excerpts from the debate on my amendment in 1969, be included in the RECORD at this point.

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

AMENDMENT NO. 399

Mr. COOPER. Mr. President, I call up my amendment, No. 399.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. COOPER. Mr. President, I ask unanimous consent that the Senate dispense with further reading of the amendment.

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

Mr. COOPER's amendment is as follows:

Page 454, after line 2, insert the following new section:

Sec. 707. Amortization of certain coal mine safety equipment.

(a) ALLOWANCE.—Part VI of subchapter B of chapter 1 (relating to itemized deductions for individuals and corporations) is amended by adding after section 186 (added by section 906 of this Act) the following new section:

"Sec. 187. Amortization of certain coal mine safety equipment

"(a) ALLOWANCE OF DEDUCTION.—Every person, at his election, shall be entitled to a deduction with respect to the amortization of the adjusted basis (for determining gain) of any certified coal mine safety equipment (as defined in subsection (d)), based on a period of 60 months. Such amortization deduction shall be an amount, with respect to each month of such period within the taxable year, equal to the adjusted basis of the certified coal mine safety equipment at the end of such month divided by the number of months (including the month for which the deduction is computed) remaining in the period. Such adjusted basis at the end of the month shall be computed without regard to the amortization deduction for such month. The amortization deduction provided by this section with respect to any certified coal mine safety equipment for any month shall be in lieu of the depreciation deduction with respect to such equipment for such month provided by section 167. The 60-month period shall begin, as to any certified coal mine safety equipment, at the election of the taxpayer, with the month following the month in which such equipment was placed in service or with the succeeding taxable year.

"(b) ELECTION OF AMORTIZATION.—The election of the taxpayer to take the amortization deduction and to begin the 60-month period with the month following the month in which the certified coal mine safety equipment was placed in service, or with the taxable year succeeding the taxable year in which such equipment is placed in service, shall be made by filing with the Secretary or his delegate, in such manner, in such form, and within such time, as the Secretary or his delegate may by regulations prescribe, a statement of such election.

"(c) TERMINATION OF AMORTIZATION DEDUCTION.—A taxpayer which has elected under subsection (b) to take the amortization deduction provided by subsection (a) may, at any time after making such election, discontinue the amortization deduction with respect to the remainder of the amortization period, such discontinuance to begin as of the beginning of any month specified by the taxpayer in a notice in writing filed with the Secretary or his delegate before the beginning of such month. The depreciation deduction provided under section 167 shall be allowed, beginning with the first month as to which the amortization deduction does not apply, and the taxpayer shall not be entitled to any further amortization deduction under this section with respect to such equipment.

"(d) CERTIFIED COAL MINE SAFETY EQUIPMENT.—For purposes of this section, the term 'certified coal mine safety equipment' means property which—

"(1) is electric face equipment (within the meaning of section 305 of the Federal Coal Mine Health and Safety Act of 1969) required in order to meet the requirements of section 305(a)(2) of such Act,

"(2) the Secretary of the Interior certifies is permissible within the meaning of such section 305(a)(2), and

"(3) is placed in service before the expiration of six years after the operative date of title III of the Federal Coal Mine Health and Safety Act of 1969.

For purposes of this section, any property placed in service in connection with any used electric face equipment which the Secretary of the Interior certifies makes such electric face equipment permissible shall be treated as a separate item of certified coal mine safety equipment.

"(e) SPECIAL RULES.—

"(1) The adjusted basis of any certified coal mine safety equipment, with respect to which an election is made under this section, shall not be increased, for purposes of this section, for amounts chargeable to capital account for additions or improvements after the amortization period has begun.

"(2) The depreciation deduction provided by section 167 shall, despite the provisions of subsection (a), be allowed with respect to the portion of the adjusted basis which is not taken into account in applying this section."

(b) CLERICAL AMENDMENT.—The table of sections for part VI of subchapter B of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 187. Amortization of certain coal mine safety equipment."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

Mr. COOPER. Mr. President, I offer this amendment for myself, the Senator from Tennessee (Mr. BAKER), my colleague from Kentucky (Mr. COOK), the Senators from West Virginia (Mr. RANDOLPH and Mr. BYRD), and the Senator from Virginia (Mr. BYRD).

Mr. President, I hope very much that the manager of the bill will be willing to accept the amendment.

Mr. TALMADGE. Will the Senator explain it, so the Senators can ascertain what it does?

Mr. COOPER. Yes. The purpose of the amendment is to permit the amortization of the cost of certain "permissible" coal mine equipment over a 5-year period. The usual period of depreciation, I am informed, is a period of 10 years. I shall explain the reason for offering the amendment.

Mr. JAVITS. Mr. President, will the Senator yield momentarily?

Mr. COOPER. I yield.

Mr. JAVITS. Before leaving the Chamber, I should like to inform my colleagues, if I could have their attention, that I am the ranking member of the Committee on Labor and Public Welfare which just handled the coal mine safety bill. That bill was drafted by the Senator from New Jersey (Mr. WILLIAMS) and myself.

One of the big problems that we had was to reconcile safety with economics. The Senator from Kentucky (Mr. COOPER) is laying before us a very grave problem affecting small miners, where we are trying to impose heavy safety precautions, and it costs money to provide them.

I should like to say to my colleagues who are interested in safety that what the Senator from Kentucky is now proposing is a way in which the small mine operator can be helped. We knew he had to be helped. We tried to get him small business loans and other things, which is a kind of long way around, but I think the Senator, with his tax amendment, has something which can directly help him, and I hope my fellow Senators will give the greatest sympathy to the Senator's proposition. I testify to my colleagues that one of the bases of the coal mine safety bill was an attempt to reconcile economics with human life. We did the best we could, but what Senator COOPER is now proposing would help us immeasurably to do justice on the economic scale.

Mr. COOPER. I thank the Senator from New York for his excellent statement. I have also been informed that the Senator from New Jersey (Mr. WILLIAMS), who was chairman of the subcommittee that had charge of the coal mine health and safety bill, supports the amendment.

I ask unanimous consent also to add the names of the Senator from Virginia (Mr. SPONG), and the Senator from Pennsylvania (Mr. SCHWEIKER), and the Senator from Alaska (Mr. STEVENS), as cosponsors of the amendment.

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

Mr. COOPER. Mr. President, on October 2 of this year the Senate passed S. 2917, the Coal Mine Health and Safety Act of 1969. On October 29, 1969, the House passed its bill. The conferees have met and it is expected that the conferees will file a conference report very soon.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. TALMADGE. Mr. President, do I understand correctly that this is the result of the action of Congress in requiring these coal mine safety devices in coal mines?

Mr. COOPER. The Senator is correct.

Mr. TALMADGE. And that the equipment must necessarily be bought, because an act of Congress has required it?

Mr. COOPER. That is right.

Mr. TALMADGE. And that the purpose of the equipment is to save human life?

Mr. COOPER. The Senator is correct. Both Houses of Congress have passed bills which

include a provision requiring that "permissible" machinery be used in all coal mines by a specified date.

The provision included in both the Senate and House, bills would abolish the present distinction between "gassy" and "nongassy" mines, a classification that up to this time had been preserved in the Federal Coal Mine Safety Act since its adoption. The chief purpose of proposing the merging of all mines in one classification as "gassy" mines, is to require operator of mines now classified as "nongassy" mines to purchase and install new equipment which is designated as "permissible" equipment under the Federal Coal Mine Safety Act. This equipment is designed to prevent "sparking" of the machinery which could, of course, cause the danger of ignitions and explosions in mines where a sufficient concentration of methane occurs.

Bureau of Mines statistics show that for the year 1967 there were a total of 3,191 nongassy mines employing 45,472 workers and producing 143 million tons of coal a year.

I ask unanimous consent that a compilation prepared by the Bureau of Mines be printed in the RECORD at this point.

There geing no objection, the compilation was ordered to be printed in the RECORD, as follows:

NUMBER OF BITUMINOUS UNDERGROUND COAL MINES, EMFLOYMENT AND PRODUCTION BY STATES AND BY GASSY AND NONGASSY MINES—1967

	Gassy			Nongassy		
	Number of mines	Employees	Production	Number of mines	Employees	Production
Alabama	17	3,222	8,443,850	85	1,633	739,350
Arizona				1	3	969
Arkansas	5	61	93,690			
Colorado	23	1,026	3,008,995	36	239	569,915
Illinois	26	5,271	27,797,978	9	111	525,834
Indiana	7	421	1,564,831	4	285	142,483
Iowa				5	51	244,917
Kentucky	32	3,851	18,996,388	913	10,687	42,000,000
					580	2,287,406
Maryland				33	236	409,550
Missouri				2	14	3,000
Montana		16	6,200	12	41	22,650
New Mexico	1	98	625,000	7	22	4,375
North Dakota				1	5	996
Ohio	18	2,115	8,922,588	55	1,244	4,496,000
Oklahoma	1	4	2,400			
Oregon				1	5	1,000
Pennsylvania	68	13,973	46,110,933	279	3,007	8,302,238
Tennessee	7	57	135,250	142	1,924	4,364,750
Utah	10	799	2,785,122	17	359	1,478,102
Virginia	44	3,347	14,265,000	673	4,722	16,625,000
Washington	1	7	8,599	3	31	48,017
West Virginia	132	20,848	80,348,324	908	20,181	61,037,451
					32	30,812
Wyoming				5	60	118,942
Total	392	55,116	213,115,058	3,191	45,472	143,453,737

Mr. COOPER. Since all mines are designated as "gassy" under the pending legislation, the operators of these 3,191 "nongassy" mines will be required to junk the nonpermissible machinery now used which has been installed at great cost and replace it with "permissible" equipment of greater cost. This will impose a burden which many operators cannot sustain, result in the closing of hundreds of mines, and will drive out of employment hundreds, if not thousands of miners. This drastic legislation will not only affect the mines and miners, but will result in severe economic hardship upon the communities and States in which the "nongassy" mines are located. The Bureau of Mines compilation for 1967 indicates that there were 913 "nongassy" mines in Kentucky, 908 in West Virginia, 279 in Pennsylvania, 142 in Tennessee, 55 in Ohio, 85 in Alabama, 36 in Colorado and smaller numbers in 10 other States.

Both in the Senate Labor and Public Welfare Committee and on the floor when the Senate considered S. 2917, I offered amendments to preserve the distinction between gassy and nongassy mines. I introduced statistics and geological data showing that nongassy mines are the safest mines and that there is no demonstrated need for abolishing the present distinction between "gassy" and "nongassy." However, my amendments were not agreed to.

The House and Senate conferees have agreed, first, that for all mines certain specified small electrical equipment must be made permissible within 1 year after the operative date of the act—which is 90 days after enactment; second, that heavy electrical face equipment employed in coal mines not classified as "gassy" prior to enactment of the act and which are located above the water table—which definition would include a great majority of mines now classified "nongassy"—must be made permissible within 4 years of the operative date of the act with the right to obtain extensions up to a maximum of 2 years. Thus, under this provision, all operators of the above described nongassy mines would be required at the conclusion of 6 years after the operative date to have replaced all existing nonpermissible equipment by permissible equipment.

In addition, nonpermissible equipment that has worn out is to be replaced 1 year after the operative date by equipment that is permissible.

The amendment I introduce today would permit the operators of nongassy mines located above the water table to amortize over a 5-year period the cost of heavy electrical permissible equipment that they are required to purchase and install, or the cost of converting existing equipment to a permissible condition within the 6-year period after the effective date of the act.

My amendment is limited to equipment required to be installed in this 6-year period and the 5-year amortization would not be available for equipment installed after the 6-year period has expired. In addition, the 5-year amortization provided by my amendment would not be available to write off the small horsepower equipment required to be permissible within a year after the effective date of the act. It is limited to heavy electrical face equipment and is extended only to operators of nongassy mines located above the water table. My amendment, therefore, is of limited scope and of limited duration.

I am informed by the Bureau of Mines that the useful life of coal mining equipment as determined by the Internal Revenue Service for accounting purposes is 10 years. I am informed that most operators employ straight line depreciation schedules in depreciating this equipment. During the debate on the Federal Coal Mine Health and Safety Act, statements were provided by the Senator from New Jersey (Mr. WILLIAMS), manager of the bill, concerning estimates of the cost of new equipment and of the conversion of old equipment. A letter from the Honorable Hollis M. Dole, Assistant Secretary of the Interior, addressed to Senator WILLIAMS, dated August 2, 1969, was included in the RECORD of September 25, 1969, at page 27117. In his letter, Assistant Secretary Dole stated that the Bureau of Mines has estimated the cost to be approximately $50 to $60 million. I would point out that these cost figures included the cost of converting or replacing small electrical equipment in both gassy and nongassy mines, which equipment would not be given the 5-year writeoff as proposed by my amendment. Therefore, I am informed by the Bureau of Mines that this $50 or $60-million total cost figure would be less when limited to the cost of heavy electrical equipment as provided for by my amendment.

Taking the cost estimates submitted by the Bureau of Mines, I requested the Treasury Department to give me an estimate of the revenue loss should my amendment be adopted.

In a letter dated December 8, 1969, I am informed by Mr. John S. Nolan, Deputy Assistant Secretary, that my amendment—and I read from his letter—"will result in a revenue loss of approximately $1 million per year for the next several years, reducing gradually to zero."

The new Federal Coal Mine Health and Safety Act will require many small operators in nongassy mines to junk their existing equipment and purchase permissible equipment as required by this legislation at great expense for reasons of safety. It seems to me, Mr. President, that the least that the Congress can do is to provide, to this limited extent, financial assistance in meeting these costs. The tax reform bill provides a 5-year amortization to the railroad industry and to industries purchasing air and water pollution equipment. Certainly, the equities of the small coal operator are equal, if not greater, than the industries helped by the 5-year amortization provided in this bill.

Mr. President, reconversion must take place under S. 2917 which is now in conference, within a minimum of 6 years. In my judgment, based upon the letter from the Treasury Department, the overall cost of the amendment would probably be $5 million or less.

It affects approximately 45,000 miners who are working in these mines which produce about 40 percent of our bituminous coal.

It is a just amendment. Congress will enact the measure which is now in conference. Help should be given not only to the operators of the mines, but to the men employed in the mines. Keeping the mine open will continue their employment.

Mr. President, that is the basis of my argument for the measure.

Mr. BAKER. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. BAKER. Mr. President, I thank the Senator from Kentucky for yielding and my chairman, the distinguished Senator from West Virginia, for permitting me to speak at this time for the purpose of observing that I believe the Senator from Kentucky has done a great service to a great industry by offering the amendment.

I very much hope that it will be agreed to by the Senate as part of the bill.

It is a difficult task, that of providing for mine safety and coming to grips with the issue of whether gassy and nongassy mines should be preserved.

The Senate has worked its will in that respect. For my part, and I know, from the standpoint of the senior Senator from Kentucky, we had hoped that there would be a continuing distinction between gassy and nongassy mines. However, there is not under

the present state of affairs. Therefore, it becomes essential and urgent that something be done to encourage those who operate in nongassy mines, and obviously designated so, to devote permissible equipment to the preservation of those jobs which are by and large in an area of the country that has chronic unemployment and thus promote employment of men who are, by and large, uniquely suited to only one occupation, that of mining coal.

I think the Senator from Kentucky would move a great distance in this direction and the amendment would encourage many operators of nongassy mines to devote permissible equipment to conserving those jobs, thus contributing to our area of Tennessee, Kentucky, Virginia, and West Virginia.

Mr. President, it is with great pride that I join with the Senator from Kentucky in sponsoring the amendment. I hope that the Senator promptly agrees to it.

Mr. COOPER. Mr. President, I thank the Senator from Tennessee.

Mr. President, I yield now to the Senator from West Virginia.

Mr. RANDOLPH. Mr. President, the amendment offered by the knowledgeable Senator from Kentucky (Mr. COOPER) indicates once again his very real concern for the problems of coal mining and the safety of the miners. These mining problems, particularly as relate to the smaller mines now classed as nongassy, are soon to become acute and expensive. With the Coal Mine Health and Safety Act nearing finalization in this Congress, most of these mines necessarily must install much new equipment at substantial cost to meet the strict new safety requirements. The amendment which I am privileged to cosponsor will help the smaller mining companies provide the equipment requisite to the safety of their miners. The amortization provided can be very important in the financing of the equipment changeover to satisfy provisions of the new safety measure.

Mr. President, I am very grateful that over a period of time the Senator from Kentucky has demonstrated detailed knowledge and has been realistic in evaluating legislation as it affected the mines of his own State and neighboring ones. The mines concerned in the amendment, frankly, are mostly in Kentucky.

But numerous others in Tennessee, Virginia, and southern West Virginia will have some measure of tax relief available to them under Senator COOPER'S amendment, and we are grateful to him for his alertness and his diligent attention to these matters.

Would amortization provisions, I ask the Senator from Kentucky, usually apply over a period of 10 years?

Mr. COOPER. That is the information we receive from the Department of the Interior and the Department of the Treasury. The usual depreciation is over a period of 10 years.

Mr. RANDOLPH. Mr. President, the Senator's amendment would reduce that to a period of 5 years.

Mr. COOPER. The Senator is correct.

Mr. RANDOLPH. And the letter the sponsor has referred to indicates that the cost to the Federal Government would not be a substantial sum.

Mr. COOPER. It would be $1 million a year for several years. It would then decrease to zero. The reason it would decrease to zero is that it ends as soon as the mines are reequipped in the 6-year transition period.

Mr. RANDOLPH. Mr. President, I am sure the estimate is correct. The estimate is that it would cost the eligible mining companies from $50 million to $60 million for this equipment.

Mr. COOPER. The letter is addressed to the committee of the Senator from West Virginia. The Committee on Labor and Public Welfare had charge of the bill. The letter was addressed to the Chairman of the Labor Subcommittee Senator WILLIAMS by Hollis M. Dole, Assistant Secretary of the Interior.

He states:

Since, in fact, the upgrading of non-permissible equipment would be expected to be a mixture of field conversion and purchase of rebuilt or new equipment, a more realistic cost estimate would be between $50 and $60 million.

Mr. President, I ask unanimous consent that the letter of Assistant Secretary Dole of the Interior Department and the letter of Deputy Assistant of the Treasury Nolan and a summary I have prepared explaining the amendment be printed at this point in the RECORD.

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

ESTIMATES OF THE COST OF CHANGING NON-PERMISSIBLE ELECTRIC FACE EQUIPMENT TO PERMISSIBLE CONDITION, BY THE DEPARTMENT OF THE INTERIOR

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., August 2, 1969.

Hon. HARRISON A. WILLIAMS, Jr.,
Chairman, Senate Labor Subcommittee,
U.S. Senate, Washington, D.C.

DEAR SENATOR WILLIAMS: Enclosed are two attachments (A & B) in response to your letter of July 5, 1969, requesting further information on the cost of changing non-permissible electric face equipment in underground coal mines to permissible condition under the procedures (Schedule 2–G) of the Bureau of Mines. These procedures are primarily designed to assure that such equipment, if maintained in permissible condition, will not emit a spark or arc and cause a mine fire or explosion.

The first of these attachments is an updating and correction of estimates previously prepared and supplied to your subcommittee in relation to the cost of changing non-permissible equipment to permissible and the time needed to accomplish it.

The other attachment is the result of a survey of underground coal mines conducted, at your request, by the Bureau of Mines in each of the 9 major coal producing States. The survey was undertaken through the Bureau's district offices and compiled here. While it included some contact with the industry, repair shops, and equipment manufacturers, it is largely a paper survey based on records and data of the Bureau, including inspection reports, etc. We have discussed informally the results of the survey with your staff.

At the request of your staff, we checked, after completing the survey, on whether a bias had been introduced inadvertently due to the small number of mines sampled in the 9 States. Time did not permit a greater sampling. We have concluded that the samples for at least 3 of the States, Virginia, Kentucky, and West Virginia, are not truly typical of the small mines in those States. Thus, a bias was, in fact, inadvertently introduced.

From the survey we have, at your request, estimated the cost of making this equipment permissible either by conversion or rebuilding. The estimates are as follows:

SMALL NON-GASSY MINES

Estimated costs

Cost of "conversion"[1] of all equipment:	
Nine States only	$37,000,000
County-wide basis (by extrapolation from data)	42,500,000
Cost of upgrading or using rebuilt equipment:	
Nine States only	54,882,580
County-wide basis (by extrapolation from data)	$63,000,000

LARGE NON-GASSY

Estimated cost

Cost of upgrading or using rebuilt equipment:[2]	
Seven State only	13,475,650
Country-wide basis	18,100,000

[1] Assumes field permissibility approval will be feasible even for equipment that had never had permissible approval.

[2] Assumes that all equipment could be upgraded and none would be converted.

You also requested that we provide an estimate, based on the survey, of the costs of making this equipment permissible through conversion, upgrading, purchasing rebuilt or purchasing new, in the case of those gassy mines with "grandfathered" equipment is still permitted under the 1952 Act. The estimates are as follows:

Grandfathered equipment, all Gassy Mines:

Cost to upgrade, $3,591,350.

Cost to rebuild, $14,158,060.

Cost new, $36,951,170.

Because of the bias mentioned above, you also asked if we could use the survey and make some estimates taking the bias into account. Probably the most appropriate way to make such an estimate is to use an average of the capital cost per yearly ton of coal produced. For these larger and more efficient mines covered by the survey a mine producing 20,000 tons per year would require an investment of about $16,000. If the equipment were used for 20 years this would represent a cost of 4 cents per ton of coal mined. There is, however, some tonnage produced in hand loaded mines where permissible equipment would not be required. On the other hand, smaller mechanized mines, also not included in the survey, would be expected to have a higher investment per daily ton than those included in the survey. In our estimate, we have assumed that these two factors are to be in balance.

Using this method then, the cost for the small non-gassy mines for the country as a whole to convert or rebuild the equipment would be $30 million.

If all the equipment could be converted rather than using a combination of conversion and rebuilt equipment, the cost would be about $21 million.

The total cost can thus be estimated at $51.7 million, broken down as follows:

Grandfathered equipment (all upgraded), $3.6 million.

Cost of upgrading or using rebuilt equipment in large non-gassy mines, $18.1 million.

Cost for converting or using rebuilt equipment in small non-gassy mines, $30 million.

These figures are lower than those in Attachment A because we have assumed that the new concept of conversion which we have discussed with your staff using field approval for permissibility will be possible and because the size of the sample in the latest survey introduced a bias. Since, in fact, the upgrading of non-permissible equipment would be expected to be a mixture of field conversion and purchase of rebuilt or new equipment a more realistic cost estimate would be between $50 and $60 million. It is probable, however, that some portion of this sum would be expended anyway due to normal replacement needs.

Another cost is that of the Government which would be appreciably higher if all the equipment were converted, since it would involve a large increase in the man-hours required for field inspections of field converted and approved equipment.

Sincerely yours,

HOLLIS M. DOLE,
Assistant Secretary of the Interior.

THE DEPARTMENT OF THE TREASURY,
Washington, D.C., December 8, 1969.
Hon. JOHN SHERMAN COOPER,
U.S. Senate,
Washington, D.C.

DEAR SENATOR COOPER: You have requested an estimate of the revenue cost of Amendment No. 399 to H.R. 13270, the Tax Reform Act of 1969, which you have introduced. The amendment would allow five-year amortization for certain equipment installed to comply with the Federal Coal Mine Health and Safety Act of 1969.

Treasury estimates that this amendment will result in a revenue loss of approximately $1 million per year for the next several years, reducing gradually to zero.

Sincerely yours,

JOHN S. NOLAN,
Deputy Assistant Secretary.

EXPLANATION OF COOPER, RANDOLPH, BYRD (W. VA.), COOK, BAKER AMENDMENT

Purpose is to permit amortization of the cost of certain "permissible" coal mine equipment over a five-year period. The usual period recognized by the Internal Revenue Service is ten years.

Cost of reequipping mines with "permissible" equipment, estimated by the Department of Interior, is $50 to $60 million. Cost, in loss of revenue, estimated by the Department of Treasury, is $1 million annually for the first several years, then reduced to no cost.

Reason: House and Senate conferees have agreed on a provision to be a part of the Federal Coal Mine Health and Safety Act of 1969 (S. 2917), which requires for the safety of miners that "permissible" equipment—that is, non-sparking equipment—be installed in "non-gassy" mines over a six-year period. "Non-gassy" mines number about 3,000 and employ about 45,000 men and produce about 40% of the nation's bituminous coal. These are chiefly small mines and the cost of reequipping will put many out of business and increase unemployment, unless some aid is provided.

The five-year amortization provided by the amendment is limited strictly to "non-gassy" mines located above the water table, and only to the cost of installation of heavy electrical face equipment of a permissible type or the cost of converting existing equipment to a permissible standard during the six-year transition period.

Mr. RANDOLPH. Mr. President, I do not wish to take more time except to say that this is desirable and necessary legislation. In the Coal Mine Health and Safety Act, we sought to be prudent without compromising the safety of miners. However, approval of this amendment would mean that we can be more careful in insisting that the smaller units in the industry are not put out of business with the resultant increase in unemployment.

Mr. COOPER. The Senator is correct.

Mr. RANDOLPH. And I have talked with the chairman of the Subcommittee on Labor. He is interested in the amendment and desires to support it.

I have listened to the acting chairman of the Finance Committee as he has questioned the principal author of the amendment. He indicates that he understands the problem we face in this matter.

It has been my privilege to join in cosponsoring the amendment. I do feel it is equitable. And I hope it will receive the unanimous approval of the Senate.

Mr. COOPER. Mr. President, I thank the Senator. We have conferred on the amendment and have worked out the amendment before us.

I yield now to my colleague from Kentucky.

Mr. COOK. Mr. President, although my distinguished colleague from Kentucky has said this would cost the Government $1 million a year for approximately 6 years, I think the weight of the argument is that it will cost the industry between $50 and $60 million during that same period of time.

This cost of $50 to $60 million is the direct action of Congress itself. Contrary to the Williams amendment of just a moment ago which, as the distinguished Senator from Delaware said slowly but surely pulls away this $1 million a year for approximately 5 or 6 years, the cost to the Federal Government is necessitated by the fact that the industry, by action of Congress, must expend between $50 and $60 million during that same period of time.

I say to the distinguished Senator from Georgia that the real argument is that, for the safety and protection of human life, the industry is required to pay some $60 million and Congress is asked for this opportunity to extend to the industry a rapid writeoff from 10 to 5 years at a cost to the Federal Government, for the safety of human lives, the sum of $1 million a year. I think this is the real argument, and this is the point that the distinguished Senator from Kentucky (Mr. COOPER) has so eloquently made. I hope that the committee will accept the amendment.

Mr. COOPER. I thank the Senator.

I yield to the Senator from Virginia.

Mr. SPONG. Mr. President, I commend the Senator from Kentucky for bringing this amendment to the floor. In my judgment, it is a necessary adjunct to the very fine mine safety legislation enacted earlier in this session.

I should like to associate myself with the remarks of the Senator from Kentucky and say that I am very pleased to be a cosponsor of the amendment, and I hope the committee will see fit to accept it.

Mr. TALMADGE. Mr. President, the distinguished Senator from Kentucky and the cosponsors of the amendment have made an impressive case for the amendment. It would authorize the same amortization that is already included in the bill for pollution control devices. Since this is a safety control device affecting human life, I have discussed it with the ranking minority member of the committee, and he and I are in accord that the Senate should adopt it and let us take it to conference.

Mr. COOPER. I thank the Senator.

Mr. COOPER. I am very sorry to report that the predictions I made during this debate have become true.

There has been no significant improvement in safety conditions in the mines, to the contrary there has been an increase in fatalities and injuries.

Hundreds of small mines, the non-gassy mines, the safest mines have been put out of business, and thousands of miners and employees are without jobs.

The closing of these mines has driven operators and miners into strip mining, affecting the environment and ecology.

Mr. SCOTT. Mr. President, I yield back the remainder of my time and call for a vote.

The PRESIDING OFFICER. The Senator has no time remaining. The question is on agreeing to the amendment of the Senator from Pennsylvania.

The amendment was agreed to.

Mr. ALLOTT. Mr. President, I would like to address a question to the distinguished manager of the bill, and also to the ranking minority member relative to section 103 of the bill presently before us.

Section 103, which amends section 48 (a) of the Internal Revenue Code of 1954 limits the availability of the investment credit to domestically produced products. As amended, section 48(a)(7)(C) provides that the President may allow the investment credit to certain foreign produced articles, if he deems it in the national interest. In other words, by Executive order the President may proclaim that certain articles or class of articles—even though manufactured abroad—may qualify for the 7-percent investment credit.

On page 28 of the Senate Finance Committee report, it states, in a pertinent part, and I quote:

> The types of situations in which the President may find that it is in the public interest to waive the limitation include those: . . . (2) where there are practically no U.S. manufacturers of the type of products involved and substantially all items of these types are imported.

I hope to amplify the meaning of the Senate report language I have just quoted.

As the Senator may know, there is a growing new facet of air service. It is commonly referred to by the letters STOL which stand for short take off and landing. By employing these relatively light aircraft, it is possible to provide air service at a reasonable cost to small communities as well as communities located in geographical areas which do not lend themselves to the landing of large conventional commercial aircraft.

For example, in Florida on October 22, 1971, there was initiated a statewide STOL service between Miami, Ft. Lauderdale, Tampa, St. Petersburg, and Orlando. My State of Colorado has expressed an interest to the FAA to expand STOL service.

Presently, no U.S. aircraft manufacturer produces a STOL aircraft suitable for commercial use, that is no aircraft is produced in the United States in the 16- to 20-passenger range that is certificated by the FAA for the STOL service. Thus, airlines wishing to purchase this class of aircraft at this time must purchase from a foreign manufacturer.

In summary, my interpretation of the bill is that even though aircraft are indeed made in the United States this provision of the bill would allow a subclassification determination so that the President may look at the subclassification of aircraft—short take off and landing—to determine that there is no comparable product of American manufacture. In short, as I interpret the bill, the President of the United States would have the authority to allow the type of aircraft I have described above, for example a Dehavilland DHC–6 Series 300 Twin Otter, a STOL aircraft, which is produced in Canada, to qualify for the investment tax credit.

Mr. President, I would like to ask the distinguished junior Senator from Louisiana if my interpretation is correct?

Mr. LONG. Mr. President, I agree with the Senator from Colorado that if indeed no STOL aircraft is manufactured in the United States then the President of the United States would have the authority to exempt that aircraft from the application of section 48(a)(7)(A) of the Internal Revenue Code of 1954.

Mr. ALLOTT. Mr. President, in other

words, this would be an example of what the committee meant in the Senate report language which I have previously quoted.

Mr. LONG. Mr. President, yes, that is a separate category where the President could make the credit available if the determined it was in the public interest.

Mr. ALLOTT. Mr. President, I thank the Senator.

Now, Mr. President, very briefly, I wish to say I have considered the tax bill which we have before us very carefully. I think the economic program of the President has been warped out of recognition. For example, the revenue loss for 1971 under the committee bill was $1.7 billion. After Senate action it is $2.8 billion, or almost double. For 1972 under the committee bill it was $7.8 billion. After Senate action thus far it is in excess of $12.8 billion. Through 1980 the loss to the United States would be $68.3 billion under the committee bill and after Senate action this far it would be $125 billion.

We have had almost 80 record votes on this bill. The Senate has added over 20 amendments.

I know the leadership desired very much to prevent this bill from becoming a Christmas tree, but, like every tax bill that comes to the Senate, that is the way it has become now, trebling, or doubling at least, the loss of tax revenues for the United States.

No real effort has been made to curb the insatiable appetite of some Senators to grab all that could be grabbed by way of political gain from the bill.

Titles IX and X of the bill, the tax credit for contributions and the checkoff provision, may cost anywhere from $125 to $400 million. The bill, instead of providing economic stimulus, in my opinion has become a raid on the Treasury, catering to every special interest group, starting with the Democratic National Committee.

I must say for these reasons I feel, and will feel, compelled to vote against the bill, much as I supported the bill in its original concept.

Mr. AIKEN. Mr. President, I want to concur in what the Senator from Colorado has said. The bill has been well nigh ruined by the actions of this body. However, it does have to go to conference, and I have more confidence in the conferees on both sides of the Congress than I have in the judgment of this Senate as a whole.

Therefore, although I have expressed my sentiments, and I would vote "no" if this were our final action on this bill, I will vote for it. I realize that the House has good conferees. The House sent us a good bill. The Senate will have good conferees. They can make a good bill out of the mess this Senate has created. So I am going to vote for the bill, but as of now it is a miserable bill. And if the conferees cannot correct the errors we have made I will vote against the conference report.

AMENDMENT NO. 695

Mr. MOSS. Mr. President, I call up my amendment No. 695 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. MOSS. Mr. President, I ask unanimous consent to dispense with further reading of the amendment.

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

Mr. MOSS. Mr. President, I also wish to modify my amendment by inserting after line 6, page 2 the following words:

Also exempt from the definition of "highway vehicle" is any motor-operated crane, installed upon a chassis of special design whose primary purpose is the provision of on-site mobility and/or in-place operational power, and whose capability for self-propulsion to the site is secondary thereto.

The PRESIDING OFFICER. Will the Senator send the modification to the desk?

The amendment, as modified, is as follows:

On page 2, in the table of contents, immediately after the item relating to section 315, add the following:

"Sec. 316. Self-propelled oil well service or drilling equipment vehicles."

On page 106, between lines 2 and 3, insert the following:

"SEC. 316. SELF-PROPELLED OIL WELL SERVICE OR DRILLING EQUIPMENT VEHICLES, AND MOTOR OPERATED CRANES

"(a) IN GENERAL.—Section 4482(a) (relating to definition of highway motor vehicle) is amended to read as follows:

"'(a) HIGHWAY MOTOR VEHICLE.—For purpose of this subchapter, the term "highway motor vehicle" means any motor vehicle which is a highway vehicle, except that such term does not include any self-propelled oil well service or drilling equipment with a chassis specially designed and constructed for such service or drilling; also exempt from the definition of "highway vehicle" is any motor-operated crane, installed upon a chassis of special design whose primary purpose is the provision of on-site mobility and/or in-place operational power, and whose capability for self-propulsion to the site is secondary thereto.

"(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to—

"(1) taxable periods commencing on or after the date of the enactment of this Act, and

"(2) taxable periods commencing before such date, with respect to which the time for filing claim for credit or refund of overpayment of the tax has not expired on such date.

If credit or refund of any overpayment resulting from the application of the amendment made by subsection (a) is prevented at any time within the six-month period commencing on the date of the enactment of this Act by the operation of any law or rule of law, credit or refund of such overpayment may nevertheless be allowed or made if claim therefor is filed within such six-month period."

Mr. MOSS. Mr. President I believe this Revenue Act of 1971 offers a good opportunity for the Senate to clarify certain language contained in the Internal Revenue law.

At present, the Internal Revenue Code of 1954 includes oil well service and drilling equipment and self-propelled motor cranes under the definition of a "highway motor vehicle." It continues to require owners to pay Federal highway use taxes for this equipment even though the equipment spends less than 2 percent of its working life on the Nation's highways.

Mr. President, I urge the Senate to accept my amendment which would exempt this drilling and servicing equipment and motor cranes from highway use tax liability. I contend that such action:

Would be consistent with previous IRS rulings concerning similar types of equipment;

Would recognize that the true function of this equipment is not highway transportation; and

Would follow the same logical course set by many State governments with regard to taxation of this equipment.

There is indeed a clear precedent for exempting this self-propelled machinery from highway tax liability. At present, all earthmovers, cottonpickers, and a variety of farm and highway implements are excluded. They are excluded from liability, because they spend less than 25 percent of their working lives on the highways.

I believe that the Senate should recognize this precedent and grant exemption for drilling equipment which spends less than 2 percent of its working life on the highways.

Precedent, however, is not the only issue involved. It is clear that the primary function of this equipment is not highway transportation—but drilling or, in the case of self-propelled cranes, building. You have merely to look at this machinery to realize this fact. It is designed essentially for onsite operations. The main transmission shaft runs not to the wheels, but to the drilling winch. The wheels, themselves, are powered by a secondary transmission shaft. I think my colleagues will agree that this equipment should not be counted and taxed as if it were a highway transportation vehicle.

This drilling equipment is primarily a source of power for the drilling operation. A growing number of State governments have come to recognize this fact. They exempt this oil well equipment from the general category of motor vehicle for all taxation purposes. It would seem that the Federal Government should follow the same logical course.

The cost of making this exemption for the drilling equipment is a mere pittance compared with the total Highway Use Fund collections. It would come to approximately $3 million for drilling rigs out of the total $145 million collected annually.

Mr. President, for these very clear reasons:

First, that this drilling equipment and cranes are no more a transportation vehicle than a piece of farm machinery;

Second, that the machines spend only 2 percent of their working time on the road; and

Third, that extending this exemption would cost the Government only a small fraction of its highway use tax collection.

I urge that the Senate grant overwhelming and immediate approval to this amendment.

Mr. BENNETT. Mr. President, my col-

league from Utah has opened up a question or a problem that really needs looking into. The problem grows out of administration of the present law rather than a need for a specific law.

I have no objection to this amendment. I think we can take it to conference, but I think we will not get the problem solved until we have a hearing and a study in the committee of these on and off highway vehicles, of which these two are just examples.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Utah.

The amendment was agreed to.

Mr. FULBRIGHT. Mr. President, I wish merely to direct an inquiry to the distinguished manager of the bill. My question relates to the net lease rules as they affect real estate transactions. The committee bill contains some refinements of these net lease rules and I am pleased that the committee was able to clear up some of the problems in this area raised by the Tax Reform Act of 1969.

But there is some concern that perhaps the committee bill may not fully reflect the committee's amendment as described in the committee report. Has this situation come to the Senator's attention?

Mr. LONG. Yes, it has been raised and I am pleased to advise the Senator that on Saturday afternoon the Senator from Georgia (Mr. TALMADGE) offered an amendment to correct a shortcoming in the committee bill and to further relieve the situation. The Senate agreed to this amendment and I believe it is one the Senator would approve.

I know of his concern and the amendment moves in the direction he would like to take.

Mr. FULBRIGHT. I thank the Senator very much for his consideration.

Mr. CANNON. Mr. President, I send an amendment to the desk on behalf of myself and Senator BIBLE, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. CANNON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

Mr. CANNON's amendment is as follows:

At the end of title IV of the bill, insert the following new section:

SEC. 403. CREDIT AGAINST TAX ON COIN-OPERATED GAMING DEVICES

(a) ALLOWANCE OF CREDIT FOR STATE TAXES.—Subchapter B of chapter 36 (relating to occupational tax on coin-operated devices) is amended by adding at the end thereof the following new section:

"SEC. 4464. CREDIT FOR STATE-IMPOSED TAXES

"(a) IN GENERAL.—There shall be allowed as a credit against the tax imposed by section 4461 with respect to any coin-operated gaming device for any year an amount equal to the amount of State tax paid for such year with respect to such device by the person liable for the tax imposed by section 4461, if such State tax (1) is paid under a law of the State in which the place or premises on which such device is maintained or used is located, and (2) is similar to the tax imposed by section 4461 (including a tax, other than a general personal property tax, imposed on such device).

"(b) LIMITATIONS.—

"(1) DEVICES MUST BE LEGAL UNDER STATE LAW.—Credit shall be allowed under subsection (a) for a tax imposed by a State only if the maintenance of the coin-operated gaming device by the person liable for the tax imposed by section 4461 on the place or premises occupied by him does not violate any law of such State.

"(2) CREDIT NOT TO EXCEED 80 PERCENT OF TAX.—The credit under subsection (a) with respect to any coin-operated gaming device shall not exceed 80 percent of the tax imposed by section 4461 with respect to such device.

"(3) CREDIT NOT TO APPLY TO NEW TAXES.—Credit shall be allowed under subsection (a) for a tax imposed by a State only if such State imposed such tax or a substantially similar tax (whether or not conditionally) on the date of the enactment of this section.

"(c) SPECIAL PROVISISONS FOR PAYMENT OF TAX.—Under regulations prescribed by the Secretary or his delegate, a person who believes he will be entitled to a credit under subsection (a) with respect to any coin-operated gaming device for any year shall, for purposes of this subtitle and subtitle F, satisfy his liability for the tax imposed by section 4461 with respect to such device for such year if—

"(1) on or before the date prescribed by law for payment of the tax imposed by section 4461 with respect to such device for such year, he has paid the amount of such tax reduced by the amount of the credit which he estimates will be allowable under subsection (a) with respect to such device for such year, and

"(2) on or before the last day of such year, pays the amount (if any) by which the credit for such year is less than the credit estimated under paragraph (1)."

(b) CLERICAL AMENDMENT.—The table of sections for subchapter B of chapter 36 is amended by adding at the end thereof the following new item:

"SEC. 4464. CREDIT FOR STATE-IMPOSED TAXES."

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply on and after July 1, 1972.

Mr. CANNON. Mr. President, this amendment provides for the allowance of a credit for State taxes to the extent of 80 percent of the Federal tax on coin-operated gaming devices where such devices are legal.

I might say, Mr. President, that Nevada is the only State this amendment happens to apply to. We are not asking for credit for the full amount of the tax, but only to the extent of 80 percent, in order that the remaining 20 percent might be available to the Federal Government for regulation as it sees fit.

The Nevada State Legislature has already acted in this field, and has petitioned Congress to provide a tax credit for the benefit of the State to the extent of 80 percent. It has made it a provision of the law that is self executing, which would provide that the funds to be derived therefrom would be earmarked for the community college system and for education in general.

Mr. President, the precedent for this amendment is the fact that we have 30 States in the Nation that have parimutuel betting, where the Federal Government has elected to exempt them from payment of any gaming tax, because the State has entered that field, and under the States' rights theory, they have imposed a tax and have regulated those parimutuels, and as a result, last year, in the 30 States that have parimutuels, the States received in revenue $515 million as a result of the tax that the Federal Government did not see fit to impose, and left it up to the States to legislate on.

In addition, we have already provided a precedent for the States that have seen fit to enter the field of legalized lotteries. We have three States that have entered that field, and we in Congress have exempted them from payment of any gaming tax thereon.

Our proposal recognizes that Federal tax legislation has existed for some time in the field of coin-operated gaming devices for purposes of regulating rather than for the raising of revenue.

The Nevada Legislature, examining its urgent need for new revenue and mindful that numerous States have in recent years embarked on wagering schemes such as lottery and off-track betting as well as bingo and pari-mutual race track betting, has strongly noted that none of these various revenue-producing operations in the various States have special Federal taxes imposed upon them.

But Nevada has a $250 Federal tax on each of its legalized and highly regulated coin-operated gaming devices. Because of this obvious inequity, we are offering an amendment stipulating that 80 percent of the occupational taxes collected on these devices be credited for similar taxes imposed by a State where the operation of such devices is legal. The Nevada Legislature enacted legislation as early as 1967 when it voted to return any Federal slot machine tax credit to the State treasury. Only this year assembly bill No. 459 expressed the sense of both Houses of the Nevada Legislature that none of the tax credit allowed by the Congress inure to the benefit of licensed gaming established in the State, "but will instead be set aside for the support of education."

The State of Nevada is dependent upon such revenues as derived from gaming for 43.3 percent of its State taxes.

In 1965 the Congress recognized once more the exclusive domain of the States in this field when it permitted New Hampshire to be exempt from Federal taxes in connection with its lottery. Similarly, this benefit was extended to the States of New York and New Jersey when those States more recently decided to conduct legal lotteries which now pour many tens of millions of dollars into their State coffers. I am sure that this policy of noninvolvement in the gaming tax field will prevail if the seven other States now considering lotteries decide to join these three States. Certainly there are no special Federal taxes that are imposed on the bingo operation which are conducted in about a dozen States throughout the Nation nor in the parimutuel horse racing or dog racing which flourishes in more than half of the States in the United States. We ask no more and no less than to extend this same principle to Nevada. The proposal for the tax credit rather than the total exemption is in recognition of the Federal interest that they continue to aid in policing the operation of legal slot machines to determine that

revenues do not flow into underworld hands.

Obviously, it is not national policy—nor should it be—for the Federal Government to share in the revenues of a single State which chooses to legalize slot machines. It is equally true that the voters of my State have every right to expect that the revenue derived from wagering should be maximized for the benefit of the State and that is why their lawmakers have provided that the State move automatically to impose a tax identical to the one that is the subject of this amendment.

I say in summary that the only people who will benefit from this amendment are the citizens of our State of Nevada. The estimated loss to the Federal Government is $7.4 million, and I hope our colleagues will go along with this amendment, and that the committee will take the amendment to conference.

Mr. BIBLE. Mr. President, I have joined my colleague in offering this amendment, and I want to associate myself completely with what he has said in its support.

This is a completely reasonable amendment. As my colleague has said, it is needed to overcome a longstanding inequity in Federal tax policy in Nevada as compared to other States.

Section 4461 of the Internal Revenue Code imposes an annual $250 tax on coin-operated gaming devices.

The effect of this amendment is to allow a credit against this Federal tax. The credit would be measured by the amount of comparable taxes imposed and paid under State law, and would be limited to not more than 80 percent of the assessable Federal tax.

This is not a tax-relief proposal. It would not reduce anybody's taxes.

It would merely allow a credit against this Federal tax for taxes paid to the State.

As the Senate knows, in an effort to find additional tax sources to meet the rising costs of essential public services, more and more States have become interested in the tax possibilities of legalized gaming. Some 28 of our States have legalized parimutuel betting on horse and dog racing. New Hampshire, New Jersey, and New York has also legalized off-track-State-operated sweepstakes or lotteries. New York has also legalized off-track parimutuel betting, and other States have indicated that they may be moving in this direction.

None of these legalized gaming operations is subject to special Federal taxation. They are specifically exempted from the Federal wagering tax. The revenue they generate remains in the States for education and other essential public services.

But the situation in Nevada is entirely different. Nevada's legalized, licensed gaming enterprises are not only taxed heavily by the State. They are also subject to additional Federal taxation, and this special Federal tax on coin-operated gaming devices is a prime example.

This amendment would extend to Nevada the same principle now applied to these other States—not by way of a tax exemption, but by way of a tax credit.

The Federal tax on coin-operated devices has its primary impact in Nevada. Based on 1970 figures, almost 60 percent of it is collected on coin-operated gaming devices licensed and regulated under Nevada law. The tax is an insignificant Federal revenue producer, but the tax it takes from Nevada is sorely needed by the State to finance its education program.

As my colleague has pointed out, the Nevada Legislature has already enacted legislation imposing an additional tax on licensed coin-operated gaming devices within the State.

I ask unanimous consent that the Act of the Nevada Legislature amending Nevada revised statute 463.385 to impose this additional tax be printed in the RECORD following my remarks.

This new State tax will be "triggered" by the enactment of this amendment and will offset the proposed 80-percent credit.

The proceeds of this new State tax are specifically earmarked for educational purposes, and will provide critically needed financing for the support of higher education—a medical and community college program—and for all primary and secondary public schools as well.

Mr. President, Nevada faces unusually difficult problems in developing new tax revenue sources. She is a public land State. Eighty-seven percent of her land area is in the public domain and beyond the tax base. Less than 13 percent of her land is taxable. This narrow tax base has meant that over the years the State has been compelled to lean heavily on the licensed gaming industry as a source of public revenue. Nearly half—43.3 percent—of the State's general fund revenue comes from the gaming industry.

Historically, education has consumed two-thirds or more of the States general funds. But additional moneys are critically needed for the support of improved educational facilities and programs.

New York, New Jersey, and New Hamsphire apply the proceeds of their legal lotteries to their education programs. Nevada wants to increase the tax on her licensed slot machines and apply the proceeds to the same purpose.

This tax credit will enable her to do so.

I urge acceptance of this amendment.

Mr. President, I ask unanimous consent that the bill passed by the Nevada State Legislature be printed in the RECORD at this point.

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

ASSEMBLY BILL NO. 459—CHAPTER 2

An Act creating the higher education capital construction fund in the state treasury; directing that a portion of certain moneys derived from the slot machine tax imposed by NRS 463.385 be deposited in the higher education capital construction fund to be expended only by the board of regents of the University of Nevada for capital improvement projects for the University of Nevada System; specifying that the balance of the receipts derived from such slot machine tax be deposited in the state distributive school fund for the benefit of the school districts of the state; imposing certain duties on the state planning board; designating priority construction projects for the community college division of the University of Nevada System; and providing other matters properly relating thereto

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

SECTION 1. NRS 463.385 is hereby amended to read as follows:

463.385 1. In addition to any other license fees and taxes imposed by this chapter, there is hereby imposed upon each slot machine operated in this state a tax equal to any credit which may be allowed against the tax imposed on slot machines by 26 U.S.C. § 4461 *or other federal statute* for the payment of a state tax. If no such credit is allowed, no tax is payable under this subsection.

2. The commission shall:

(a) Collect the tax annually in advance prior to June 20 as a condition precedent to the issuance of a state gaming license to operate any slot machine.

(b) Include the proceeds of the tax in its reports of state gaming taxes collected.

3. The commission shall pay over the tax as collected to the state treasurer to be deposited to the credit of the state distributive school fund [.] *and the higher education capital construction fund, hereby created in the state treasury, in the amounts and to be expended only for the purposes specified in subsections 4 and 5.*

4. During each fiscal year the state treasurer shall deposit the first $5 million of the tax paid over to him by the commission in the higher education capital construction fund. When requested by the board of regents of the University of Nevada, moneys in the higher education capital construction fund shall be transferred by the state controller and the state treasurer to the state planning board for the purpose only of constructing capital improvement projects for the University of Nevada System, including but not limited to capital improvement projects for the community college division. As used in this subsection, "construction" includes but is not limited to planning, design, site acquisition and development, construction, reconstruction, furnishing, equipping, replacing, repairing, rehabilitating, expanding and remodeling. Unless specifically directed by an act of the legislature concerning priorities of construction of specific projects with moneys in the higher education capital construction fund, the board of regents of the University of Nevada shall determine the order of priority and the needs of the University of Nevada System with respect to expenditures of available moneys in the higher education capital construction fund. Any moneys remaining in the higher education capital construction fund at the end of a fiscal year shall not revert to the general fund in the state treasury but shall remain in the higher education capital construction fund for authorized expenditure.

5. During each fiscal year the state treasurer shall deposit all moneys in excess of the first $5 million of the tax paid over to him by the commission in the state distributive school fund to be apportioned as provided in NRS 378.030 among the several school districts of the state at the times and in the manner provided by law.

SEC. 2. Chapter 341 of NRS is hereby amended by adding thereto a new section which shall read as follows:

1. In causing the construction of the projects for the University of Nevada System as provided in subsection 4 of NRS 463.385 the state planning board shall:

(a) Cause to be prepared plans, specifications and contract documents necessary to such construction.

(b) Insure that competent architects, engineers and other qualified persons are employed to prepare the plans and specifications required to accomplish the authorized work and, if necessary, to assist in the preparation of contract documents necessary to such construction. Each contract document pertaining to such work shall be approved by the attorney general.

(c) Except as otherwise provided in subsection 2, advertise in a newspaper or newspapers of general circulation in the State of Nevada for separate sealed bids for each such construction project. Approved plans and specifications for such construction shall be on file at a place and time stated in such advertisement for the inspection of all persons desiring to bid thereon and for other interested persons. The state planning board may accept bids on either the whole or on part or parts of such construction, equipment and furnishings, and may let separate contracts for different and separate portions of any project, or a combination contract for structural, mechanical and electrical construction if savings will result thereby to the lowest bidder thereon; but any and all bids may be rejected for any good reason.

2. The state planning board shall not be required to advertise for sealed bids for construction projects the estimated cost of which is less than $5,000, but the state planing board may solicit firm written bids from not less than two licensed contractors doing business in the area and may thereafter award the contract to the lowest bidder or reject all bids.

SEC. 3. For the biennium commencing July 1, 1971, and ending June 30, 1973, if there are available moneys in the higher education capital construction fund, and if the Clark Community College and the Western Nevada Community College are established by the legislature, then the board of regents of the University of Nevada shall cause to be constructed with such moneys in the following order of priority the construction projects herein specified at costs not to exceed the amounts stated:

Priority and project	Cost
1. Instructional building, Clark Community College	$1,889,000
2. Instructional building, Western Nevada Community College	1,330,000
3. Instructional building, Elko Community College	719,000

If the legislature does not establish the Clark Community College or the Western Nevada Community College, the board of regents of the University of Nevada shall determine the priority of construction as provided in NRS 463.385.

SEC. 4. This act shall become effective upon passage and approval.

Mr. LONG. Mr. President, in States where a gambling activity is permitted to operate legally, the States have taxed it very heavily, or else the State has operated the activity itself, so that the lion's share of all revenue has been directed to the State treasury. There is much to be said for allowing Nevada a credit or some adjustment to protect the revenues of the State of Nevada, in view of the fact that in all of the States where parimutuel betting is permitted, the Federal Government does not tax it. Presumably this on the theory that the State is taxing this activity for all the traffic will bear.

It would be all right with me to accord the same consideration to the State of Nevada for purposes of this tax on coin-operated gaming machines.

There would still remain a 20 percent advantage to the Federal Government in this area, and that should be enough to assure that there would be Federal policing to help guarantee that any tax owed by anyone operating a gambling device would be collected and paid I would assume that the Federal and State Governments would work together to assure such payment.

Mr. CANNON. They do work together very closely.

Mr. COOPER. Mr. President, will the Senator from Nevada yield?

Mr. CANNON. I yield.

Mr. COOPER. Mr. President, I support this amendment. As a resident of a State which has parimutuel betting not taxed by the Federal Government, and Nevada being the only State I know of which does not enjoy the same exemption, I think it would be only fair to support the Senator's amendment.

Mr. CANNON. I thank the Senator for his support.

The PRESIDING OFFICER (Mr. PELL). The question is on agreeing to the amendment of the Senator from Nevada.

The amendment was agreed to.

Mr. BYRD of Virginia. Mr. President, as amended by the Senate, H.R. 10947 reduces annual revenues by $14 billion. I favor most of the proposals incorporated in H.R. 10947. However, Mr. President, I have not been able to convince myself that it is wise, logical, or sound to reduce revenues by that amount, at a time when the Federal funds deficit is running more than $30 billion. In fact, during the current fiscal year the Federal funds deficit will exceed $35 billion. Therefore, I shall vote against H.R. 10947.

Mr. President, I have prepared a table of Federal funds deficits for the years 1953 through 1972, inclusive. I ask unanimous consent that the table be printed in the RECORD.

There being no objection, the table 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.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. BENNETT. Mr. President, many of us have been trying to figure out just how much our action, both in the committee and here on the Senate floor, has cost the Federal Treasury. I have a statement prepared by the Treasury Department showing the losses over the next 10 years, from 1971 to 1980, represented by amendments passed on this floor.

This statement is not complete, because there have been additional losses created tonight which I have not been able to get into the statement. But up until Saturday, we had reduced the revenues by these amendments, over the next 10 years, by $54,877,000,000, of which $49,525,000,000 is for individual nonbusiness taxpayers, $1,002,000,000 for individual business taxpayers, and $4,350,000,000 for corporations.

The benefits to the individuals, including the individual business taxpayers, are thus 10 times as great as the benefits to corporations.

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

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

EFFECT OF SENATE FLOOR AMENDMENTS TO H.R. 10947 AS REPORTED BY THE SENATE FINANCE COMMITTEE AS OF NOV. 20, 1971

[Millions of dollars]

	Calendar years—										
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	Total
$800 exemption		−$1,833	−$1,921	−$2,009	−$2,097	−$2,185	−$2,273	−$2,361	−$2,449	−$2,537	−$19,665
Child care deduction		−205	−215	−225	−235	−245	−255	−265	−275	−285	−2,205
Farm equipment made retroactive to January 1971	−$75										−75
Unemployment compensation:											
Increased benefits		−470									−470
Increased taxes		+237	+248								+485
Excise tax on metropolitan buses		−4	−4	−4	−4	−4	−4	−4	−4	−4	−36
Baker excise tax amendment	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
Industrial revenue bonds		−10	−25	−40	−60	−80	−105	−130	−160	−200	−810
Tax credit for higher education up to $325 per student		−2,200	−2,300	−2,400	−2,500	−2,600	−2,700	−2,800	−2,900	−3,000	−23,400
Minimum standard deduction—$1,300 for 1971	−1,040										−1,040
Investment credit (rural and city jobs)	−100	−750	−750	−700	−600	−530	−450	−430	−450	−480	−5,240
Tax credit for real estate tax of elderly		−225	−236	−247	−258	−269	−280	−291	−302	−313	−2,421
Total	−1,215	−5,460	−5,203	−5,625	−5,754	−5,913	−6,067	−6,281	−6,540	−6,819	−54,877

	Calendar years—										
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	Total
Individual nonbusiness	−$1,040	−4,937	−$4,682	−$4,897	−$5,114	−$5,331	−$5,550	−$5,769	−$5,990	−$6,215	−$49,525
Individual business	−95	−91	−88	−140	−120	−106	−90	−86	−90	−96	−1,002
Individual total	−1,135	−5,028	−4,770	−5,037	−5,234	−5,437	−5,640	−5,855	−6,080	−6,311	−50,527
Corporation	−80	−432	−433	−588	−520	−476	−427	−426	−460	−508	−4,350

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

Mr. BENNETT. After we add to it the results of today's further reductions, I shall try to bring it up to date.

Mr. President, I am sure nearly every Member of the Senate is struggling with himself tonight to decide how to vote on this bill, after the changes that have been made. As the ranking minority member of the committee that reported the bill, I face a particularly difficult situation. I voted against the Pastore amendments; I think they were a tragic mistake, and there is a chance tonight that they may lead to a veto. I also voted against a number of the economic amendments which have created this tremendous additional burden on the Treasury.

I think under the circumstances, as one who will represent the committee in the conference, I must vote for the bill, in order that I may approach the responsibilities of the conference with a completely clear conscience. Therefore, I make the simple announcement that though it is one of the hardest votes I have ever cast since I came to the Senate, I am going to vote for the bill on balance, and the thing that tips the balance is my responsibility in the conference.

Mr. BAKER. Mr. President, it had been my intention at this point, in cosponsorship with the senior Senator from New Hampshire (Mr. COTTON), to offer an amendment which would call for the Secretary of the Treasury to administer a pro rata remission of the increase in costs added by the Senate since the bill was reported by the Finance Committee. But, Mr. President, I shall not offer that amendment at this time, simply because, after having considered all the aspects and ramifications of the bill as it now stands thus amended, I find that I elect instead to vote against final passage.

Mr. President, others have pointed out the great increase in the cost of tax revenues that has been occasioned by the action of the Senate. When the House of Repesentatives passed the Revenue Act of 1971, they provided tax cuts totaling approximately $15.5 billion over a 3-year period, 1971 to 1973. In its consideration of the bill, the Committee on Finance of the Senate made a number of modifications in the House bill, but the total tax reductions for the 3-year period remained very close to the House bill, approximately $15.5 billion.

Mr. President, the Senate in its actions, so far as I can understand, has added something well over $12 billion to the total cost, not even taking fully into account a one-time cost or single year increase of the cost, but certainly bringing the total 3-year cost to a total revenue cost of something in excess of $27 billion.

I am sure that Senators are well aware that we do face a substantial deficit in the current fiscal year and that one is likely for the coming fiscal year. The President recommended to Congress a carefully thought-out plan to reduce taxes selectively to stimulate investment and provide more jobs. What we have done on the Senate floor has been to shift these priorities very markedly and to very substantially increase the total revenue loss.

The amendment Senator COTTON and I would have offered would go on the theory that there is some merit in accepting the new organization of priorities that has been worked out by the will of the Senate by floor amendments. Yet, there is still a continuing fiscal constraint upon this body to have some recognition of the fact that we cannot add to this bill ad infinitum. We cannot continue to double the tax revenue loss and expect to do so with impunity forever.

At some future time, on some future bill, it is going to be the responsibility of the Senate—it will have to be the responsibility of Congress—to face up not only to our impatience to be helpful to the taxpayers of this country and to the citizenry but also to do what we must do in the final analysis, and that is to keep this country on a sound and solvent basis.

I read in a national news magazine recently that in 1966, the total demands for credit on the private sector of the economy by the U.S. Treasury was something in the range of 12 percent of the total available private credit, but that in 1972 it is projected that our demands for the total available private credit of the United States will be well over 50 percent. I suspect that this will be one of the determinative factors in our future action as Members of Congress in the field of fiscal responsibility.

I repeat: The distinguished senior Senator from New Hampshire and I have elected, under these circumstances, not to offer this amendment, which would put the Senate to the test of whether or not we accept the priorities that we have established by floor amendment and yet remit the total cost of the lost tax revenues as a result therefrom to the original level recommended by the Senate Committee on Finance and approximately as reported and adopted by the House of Representatives. I shall not offer the amendment at this time, and I announce simply that I shall vote against final passage.

Mr. LONG. Mr. President, I send to the desk some technical and clarifying amendments.

The PRESIDING OFFICER. The amendments will be stated.

The assistant legislative clerk read as follows:

TECHNICAL AND CLERICAL AMENDMENTS

Page 3, in the item in the table of contents relating to section 602, strike out "periods" and insert "period".

Page 24, strike out lines 11, 12, and 13, and insert:

"(A) IN GENERAL.—The requirements of paragraphs (1) and (2) regarding cost of service and rate base adjustments shall not be applied to public utility property of the taxpayer to disallow the credit with respect to such property before the first final determination which is inconsistent with paragraph (1) or (2) (as the case may be) is put into effect with respect to public utility property (to which this subsection applies) of the taxpayer. Thereupon, paragraph (1) or (2) shall apply to disallow the credit with respect to public utility property (to which this subsection applies) placed in Page 24, line 15, strike out "a" and insert "that the". Page 38, line 21, strike out "(d)" and insert "(e)". Page 59, in table 3 (a), strike out "$75" the second time it appears in the right-hand column and insert "158". Page 64, line 1, strike out "(2), (3), and (4)" and insert "(3) and (4)".

Page 71, line 1, after "year" insert "(determined without regard to section 62 (10))".

Page 71, line 3, strike out "during any month" and insert "to any month".

Page 71, after the period in line 5 insert: "Paragraph (3) shall not apply to any taxable year during which a spouse is a qualifying individual described in subsection (b)(1)(C)."

Page 72, line 5, strike out "subsec-" and insert "sec-".

Page 72, in the matter following line 16, after "care" insert "services".

Page 86, line 1, strike out "(1)" and insert "(A)".

Page 86, line 3, strike out "(2)" and insert "(B)".

Page 96, after line 4, insert:

"(2) INITIAL PERIOD.—If the taxpayer makes an election under paragraph (1), the presumption provided by subsection (d) shall apply to each taxable year in the 5-taxable year (or 7-taxable year) period beginning with the taxable year in which the taxpayer first engages in the activity, if the gross income derived from the activity for 2 or more of the taxable years in such period exceeds the deductions attributable to the activity (determined without regard to whether or not the activity is engaged in for profit).

Page 96, line 5, strike out "(2)" and insert "(3)".

Page 101, beginning with line 22, strike out down through line 23 on page 104 and insert in lieu thereof the following:

"(1) IN GENERAL.—For purposes of this subtitle, the amount of gross income from depreciable or depletable property received by a nonresident alien individual or foreign corporation as—

"(A) a beneficiary of an estate or trust shall be deemed to be the portion of each item of estate or trust gross income from such property attributable to amounts paid, credited, or required to be distributed to him during the taxable year, or

"(B) a shareholder, or a holder of a beneficial interest, in a real estate investment trust described in section 856 shall be deemed to be the portion of each item of

the trust's gross income from such property which is attributable to dividends (including amounts treated as paid in the taxable year by section 858) paid to him out of current earnings of the trust for the taxable year.

"(2) DEDUCTIONS ATTRIBUTABLE TO INCOME FROM PROPERTY.—If an estate, trust, or real estate investment trust described in section 856 has income from depreciable or depletable property and other income of a character described in section 871(a) or 881(a), the deductions attributable to gross income from the depreciable or depletable property in excess of such income shall not be considered to reduce the portion of such other income taken into account by the nonresident alien individual or foreign corporation for purposes of section 871(a), 881(a), 1441, and 1442.

"(3) DEPRECIABLE OR DEPLETABLE PROPERTY DEFINED.—For purposes of this subsection, the term 'depreciable or depletable property' means property subject to depreciation, depletion, or amortization, the income from which is (without regard to section 871(d) or 882(d)) not effectively connected with the conduct of a trade or business within the United States.

"(4) INFORMATION REPORTS.—Any person required to deduct or withhold tax with respect to gross income described in paragraph (1) shall provide a written notice to the beneficiary, shareholder, or holder of beneficial interest with respect to whom such deduction or withholding is made, in such manner and containing such information as may be prescribed by the Secretary or his delegate."

(b) WITHHOLDING.—

(1) Section 1441(a) (relating to withholding on nonresident aliens) is amended by adding at the end thereof the following new sentence: "For special rules with respect to the amount of gross income received from estates, trusts, and real estate investment trusts, see section 875(b)."

(2) Section 1441(c) (relating to exceptions to withholding of tax on nonresident aliens) is amended—

(A) by inserting after "personal services" in paragraph (1) "and, except to the extent that the requirement of withholding is waived, under regulations prescribed by the Secretary or his delegate, upon a determination that the collection of the tax imposed by this subtitle will not be jeopardized by such waiver, income described in section 875(b)(1)(B) with respect to which an election is in effect under section 871(d)", and

(B) by adding at the end thereof the following new paragraph:

"(9) CERTAIN DISTRIBUTIONS.—In the case of an amount paid by an estate, trust, or real estate investment trust described in section 856, the amount deducted or withheld under section 1441(a) shall not exceed the amount payable computed without regard to this section."

(3) Section 1442(a) (relating to withholding on foreign corporations) is amended by inserting before the period at the end thereof "and the reference in section 1441(c)(1) to section 871(d) shall be treated as referring to section 882(d)".

(c) CONFORMING AMENDMENTS.—

(1) Section 652 (relating to inclusion of amounts in gross income of beneficiaries of a trust distributing current income only) is amended by adding at the end thereof the following new subsection:

"(d) FOREIGN BENEFICIARIES.—In the case of a nonresident alien individual or a foreign corporation receiving income from property subject to depreciation, depletion, or amortization as a beneficiary of a trust to which this subpart applies, the rules of this section shall apply as provided by section 875(b)."

(2) Section 662 (relating to inclusion of amounts in gross income of beneficiaries of estates and trusts accumulating income or distributing corpus) is amended by adding at the end thereof the following new subsection:

"(d) FOREIGN BENEFICIARIES.—In the case of a nonresident alien individual or a foreign corporation receiving income from property subject to depreciation, depletion, or amortization as a beneficiary of an estate or trust to which this subpart applies, the rules of this section shall apply as provided by section 875(b)."

Page 118, line 12, after "may be" insert a comma.

Page 122, line 9, after "striking" insert "out".

Page 174, strike out lines 18 through 24 and insert:

(c) Limitation of Application of Subpart G.—Section 971(a) (relating to definition of export trade corporation) is amended by adding at the end thereof the following new paragraph:

"(3) LIMITATION.—In the case of a taxable year beginning after October 31, 1971, the term 'export trade corporation' does not include any controlled foreign corporation which was not an export trade corporation for a taxable year beginning on or before such date."

Page 177, line 2, strike out "Numbered".

Page 179, line 22, strike out "Numbered".

Page 180, line 15, after "and" insert a comma.

Page 181, lines 21 and 22, strike out "articles, or terminate such surcharge with respect to any article or group of".

Page 182, line 2, after "terminate" insert "or modify".

Page 190, line 20, strike out "a" before "fiduciary".

Page 192, line 8, strike out "chaper" and insert "chapter".

Page 193, line 2, strike out "corporated" and insert "corporate".

Page 193, between lines 12 and 13, insert the following:

(d) Statutes of Limitations and Interest Relating to Work Incentive Credit Carrybacks.—

(1) ASSESSMENT AND COLLECTION.—Section 6501 (relating to limitation on assessment and collection) is amended by adding at the end thereof the following new subsection:

"(o) WORK INCENTIVE PROGRAM CREDIT CARRYBACKS.—In the case of a deficiency attributable to the application to the taxpayer of a work incentive program credit carryback (including deficiencies which may be assessed pursuant to the provisions of section 6213(b)(2)), such deficiency may be assessed at any time before the expiration of the period within which a deficiency for the taxable year of the unused work incentive program credit which results in such carryback may be assessed, or, with respect to any portion of a work incentive program credit carryback from a taxable year attributable to a net operating loss carryback or a capital loss carryback from a subsequent taxable year, at any time before the expiration of the period within which a deficiency for such subsequent taxable year may be assessed."

(2) CREDIT OR REFUND.—Section 6511(d) (relating to limitations on credit or refund) is amended by adding at the end thereof the following new paragraph:

"(7) SPECIAL PERIOD OF LIMITATION WITH RESPECT TO WORK INCENTIVE PROGRAM CREDIT CARRYBACKS.—

"(A) PERIOD OF LIMITATION.—If the claim for credit or refund relates to an overpayment attributable to a work incentive program credit carryback, in lieu of the 3-year period of limitation prescribed in subsection (a), the period shall be that period which ends with the expiration of the 15th day of the 40th month (or 39th month, in the case of a corporation) following the end of the taxable year of the unused work incentive program credit which results in such carryback (or, with respect to any portion of a work incentive program credit carryback from a taxable year attributable to a net operating loss carryback or a capital loss carryback from a subsequent taxable year, the period shall be that period which ends with the expiration of the 15th day of the 40th month, or 39th month, in the case of a corporation, following the year of such taxable year) or the period prescribed in subsection (c) in respect of such taxable year, whichever expires later. In the case of such a claim, the amount of the credit or refund may exceed the portion of the tax paid within the period provided in subsection (b)(2) or (c), whichever is applicable, to the extent of the amount of the overpayment attributable to such carryback.

"(B) APPLICABLE RULES.—If the allowance of a credit or refund of an overpayment of tax attributable to a work incentive program credit carryback is otherwise prevented by the operation of any law or rule of law other than section 712, relating to compromises, such credit or refund may be allowed or made, if claim therefor is filed within the period provided in subparagraph (A) of this paragraph. In the case of any such claim for credit or refund, the determination by any court, including the Tax Court, in any proceeding in which the decision of the court has become final, shall not be conclusive with respect to the work incentive program credit, and the effect of such credit, to the extent that such credit is affected by a carryback which was not in issue in such proceeding."

(3) INTEREST ON UNDERPAYMENTS.—Section 6601(e) (relating to income tax reduced by carryback or adjustment for certain unused deductions) is amended by adding at the end thereof the following new paragraph:

"(4) WORK INCENTIVE PROGRAM CREDIT CARRYBACK.—If the credit allowed by section 40 for any taxable year is increased by reason of a work incentive program credit carryback, such increase shall not affect the computation of interest under this section for the period ending with the last day of the taxable year in which the work incentive program credit carryback arises, or, with respect to any portion of a work incentive program carryback from a taxable year attributable to a net operating loss carryback or a capital loss carryback from a subsequent taxable year, such increase shall not affect the computation of interest under this section for the period ending with the last day of such subsequent taxable year."

(4) INTEREST ON OVERPAYMENTS.—Section 6611(f) (relating to refund of income tax caused by carryback or adjustment for certain unused deductions) is amended by adding at the end thereof the following new paragraph:

"(4) WORK INCENTIVE PROGRAM CREDIT CARRYBACK.—For purposes of subsection (a), if any overpayment of tax imposed by subtitle A results from a work incentive program credit carryback, such overpayment shall be deemed not to have been made prior to the close of the taxable year in which such work incentive program credit carryback arises, or, with respect to any portion of a work incentive program credit carryback from a taxable year attributable to a net operating loss carryback or a capital loss carryback from a subsequent taxable year, such overpayment shall be deemed to have been made prior to the close of such subsequent taxable year."

(e) TENTATIVE CARRYBACK ADJUSTMENTS.—

(1) APPLICATION FOR ADJUSTMENT.—Section 6411 (relating to quick refunds in respect of tentative carryback adjustments) is amended—

(A) by striking out "or unused investment

credit" each place it appears in such section and inserting in lieu thereof "unused investment credit, or unused work incentive program credit",

(B) by inserting after "section 46(b)," in the first sentence of subsection (a) "by a work incentive program carryback provided in section 50A(b),", and

(C) by inserting after "investment credit carryback" in the second sentence of subsection (a) "or a work incentive program carryback".

(2) TENTATIVE CARRYBACK ADJUSTMENT ASSESSMENT PERIOD.—Section 6501(m) (relating to tentative carryback adjustment period) is amended—

(A) by striking out "or an investment credit carryback" and inserting in lieu thereof "an investment credit carryback, or a work incentive program carryback", and

(B) by striking out "(h) or (j)" each place it appears and inserting in lieu thereof "(h), (j), or (o)".

Page 193, line 13, strike out "(d)" and insert "(f)".

Mr. LONG. These are all technical amendments to perfect the language in the bill. They do not affect the substance at all.

The PRESIDING OFFICER. The question is on agreeing to the amendments.

Without objection, the agreements were agreed to en bloc.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments as amended and third reading of the bill.

The amendments as amended were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. TOWER. Mr. President, I shall vote against this bill. The President sent to us a simple, forthright, rational, and reasonable proposal. We have treated it on this floor as a Christmas tree and have hung all manner of ornamentation on it that I think are singularly unbecoming the Christmas season. I think that if we could have passed it with reasonably clean form, it would have made a great contribution to the President's efforts to curb inflation and at once stimulate the economy.

In its present form, the bill results in the formulation of fiscal and monetary policy that cannot help but drive the inflationary factor ever upward and might conceivably result in the Price Commission and the Pay Board having to prescribe even more narrow proscriptions on business and labor in this country, spread out over a longer period of time, when what we really want to do and what we seek to do is to decontrol the economy at the earliest possible moment.

Therefore, I think it is incumbent upon us to oppose the final passage of this bill, which has so many things in it that have been hastily considered, in an emotionally charged atmosphere, that hardly give credibility to the reputation that the United States Senate has of being the world's greatest deliberative body. It is my belief that the bill should be defeated.

Mr. HUMPHREY. Mr. President, first of all, I want to take a moment to commend the distinguished chairman of the Committee on Finance, the Senator from Louisiana, for truly brilliant work in managing this bill. I do this as one Senator who looks upon the Senator from Louisiana as a highly skilled, extremely knowledgeable, and able U.S. Senator, who has taken on tremendous responsibility, and he has done it with great skill, with great honor to himself, to the committee he represents, and to the Senate of the United States.

Second, I want to commend the distinguished minority member of the committee, the Senator from Utah (Mr. BENNETT), for his fairness, his tolerance, and his helpfulness in this bill, knowing full well that he has in many instances been on the opposite side of issues from the Senator from Minnesota. But I recognize the dedication and the sincerity and the commitment of the Senator from Utah, and I compliment him and thank him on behalf of the Senate and myself in particular.

Also I wish to say a word of commendation to the very able senior Senator from Rhode Island (Mr. PASTORE). I believe that this Nation will be in his debt for years to come for the masterly manner in which he managed and sponsored what is known as the Pastore titles IX and X of this bill. Title IX relates to tax incentives, contributions to candidates for public office, and title X of the bill relates to financing of the presidential election campaigns.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. TALMADGE. Mr. President, I desire to associate myself with the remarks of the able Senator concerning our distinguished chairman, the distinguished ranking minority member of the committee, and the distinguished senior Senator from Rhode Island for the brilliant and dedicated service they have performed here.

I feel that I would be remiss in my duties if I did not also pay tribute to the distinguished and outstanding staff of the Joint Committee on Internal Revenue and the Senate Finance Committee. I refer specifically to Dr. Laurence Woodworth, Chief of Staff of the Joint Committee on Internal Revenue and to Tom Vail, chief counsel of the Finance Committee, and the other associates there. I thank the Senator for yielding, but I did not want this time to pass without paying tribute to the staff, and to the distinguished chairman and the ranking minority leader.

Mr. HUMPHREY. Mr. President, I thank the Senator from Georgia. We are indebted to the majority leader, the majority whip, the minority leader and the minority whip. This has been a long period in the legislative process. Many times we have had difficult situations but at all times we found the leadership either holding us firmly to the task from moment to ment, or with a note of levity, good humor, and good nature relieved the tension and permitted us to proceed with our work.

Now I have one or two observations to make and I shall be as brief as possible.

The Senator from Utah (Mr. BENNETT) indicated that there will be a loss of revenue over the next 10 years of $54 billion, as he sees it today in the bill. I am sure all of us recognize that out of the conference committee there will be adjustments. Each of us will want our respective amendments to be protected, of course, and we will each do our best to obtain that result; but I am confident that there will be adjustments and I do hope that we will be able to accept them in the spirit of getting something done in this body.

There are features in this legislation that I do not like and of course that many others do not like, but that is the legislative process.

I am of the opinion that this particular measure can be of help to the economy. A $54 billion legislative loss will be the extreme and obviously it will be cut back, which should be measured against, let me say respectfully, what can happen to stimulate the economy, to cut back on the tragic loss in unemployment, on the tragic loss in welfare payments and of unemployment compensation, and the tragic loss of hope which has gripped so many people these recent years.

I am pleased to note that the economy can and does grow at a rate between 5 and 6 percent per year. It should grow eventually. If it does, we will be adding to our gross national product some $50 to $60 billion each year. That produces more revenue, even at the lower revenue rate, so that the aggregate amount will be larger.

There are measures of equity and justice that the Senate put into this particular revenue act. I am confident that the ratio of individual tax relief compared to individual business and corporate tax relief is sensible. It may be adjusted somewhat downward, but one thing the economy needs is a stimulation of purchasing power at the base of the economy among the many peoples in the land.

If the economic philosophy works which has been advanced by the administration as well as by economists of previous administrations, we can look to an upturn in the economy. If that upturn takes place, we will not regret the action we have taken here, even though some of it may be displeasing to individuals.

I noticed that the Senator from Utah said there in this bill as now passed by the Senate, there is $49 billion over the next 10 years of tax relief with approximately $6 billion for individual business and corporations. That is a ratio of about 8 to 1. That may be excessive to some, but one that is reasonably fair. If that ratio can be preserved, I am convinced that we will have an upturn in the economy. Those who have been our critics tonight for having voted this bill may very well, a year from now, say, "Well, you know, things worked out pretty well, did they not?" Of course some Democrats think it works out too well. But it is more important to get the economy moving than to win elections. I think it is more important that the people be employed and that this country get its economy moving than it is for some of us having to find out that way, complaining about the administration.

I am going to vote for this bill and do it happily because I think it makes a good

deal more sense than it makes nonsense. There may be some nonsense in the bill, but none of us will admit that it was in our amendment. If there was some, may I suggest that the conference committee, with due deliberation, can be trusted to put a reasonable limit to it.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MANSFIELD. Mr. President, many of us are tired. It has been a long day. I would certainly appreciate it if the Senate would allow us to get to a vote as expeditiously as possible.

Mr. CURTIS. Mr. President, I wanted very much to support the President's tax proposal. I believe that the investment credit, if lifted, will do much to provide jobs in this country. The same is true of the repeal of the tax on new automobiles and light trucks. I need not remind anyone how the economy is tied to our whole motor vehicle industry. As the bill was reported from the Finance Committee, there was substantial relief for individuals not only an increase in the personal exemption but in such items as the minimum standard deduction.

I believe it is just as important to exercise restraint in reducing taxes as it is to exercise restraint in making appropriations.

Some day our children will come to us and ask, "Does Uncle Sam ever pay his bonds or when they come due, does he just renew them and extend them?"

What will be our answer some day to foreign nations who will ask us more vigorously than they have been recently, "Does the United States ever pay its bonds out of surplus financing?"

Mr. President, I believe that the reasonable amount of tax relief granted by the Finance Committee perhaps will not result, not over a great period but over a short period, in very much revenue, because they are aimed at putting people to work.

Whatever benefit accrues in lessening our relief rolls, there will be a great deal of added income from payroll taxes and income taxes paid. The soundest tax program is one that makes the economy grow. However, due to the lack of restraint on this floor, and due to the total disregard for the weeks and weeks the Finance Committee worked on the bill and the desire to add on here every amendment, some of them costing enough—maybe the cost is not so much—but absolutely against sound public policy.

Mr. President, I hope that when the bill comes back from conference it will be in a shape that can be advanced to the President to merit his signature. There is not such a bill before us tonight, and I shall vote against it.

Mr. HANSEN. Mr. President, the distinguished ranking member of the Finance Committee has already called attention to the fact that the bill, since it has been subjected to full Senate action, will create an additional drain on the Treasury of nearly $55 billion in the next 10 years. When the President has called upon the people to tighten their belts and to forego wage and price increases, it seems singularly inappropriate for the Senate to display such callous disregard for the sacrifices being made by so many.

Further, it will be noted by historians, in my opinion, that a major departure in political ethics was called for by the Pastore amendment in proposing to use tax dollars for political campaigning purposes. When the bill came before the Finance Committee from the House, it was clear cut. It recognized that we needed to stimulate the economy so as to assure additional jobs for all Americans because our unemployment rate was high.

I think it is unfortunate that we have loaded the bill down with all the things that have happened and been imposed on it since it has been in the Senate, so that there is serious reason to question whether it can survive all of the additional steps that will be required before it shall become law.

I regret very much that I shall be forced to vote "nay."

Mr. ROTH. Mr. President, I regret that I find it necessary to vote against the pending bill.

I say I "regret" that I must oppose the bill because I believe its basic purposes are essential to the economic welfare of this Nation. In my estimation the problem of the highest domestic priority facing us today is that of the economy—how to halt the continuing rise in the cost of living, how to provide more jobs for more Americans, and how to enable our industries to compete more effectively in the world's marketplaces.

Those were the underlying purposes of the bill as it was approved by the House of Representatives and reported to the Senate by the Senate Finance Committee. If the bill we are about to vote on resembled the Finance Committee bill more closely, I would support it.

In the past 2 weeks, however, the Senate has added amendment after amendment to this bill, increasing by nearly $13 billion the revenue losses to the Government through fiscal year 1974. I feel very strongly that the net effect of what the Senate has done will be to set into motion inflationary pressures that will be nearly impossible to control. And this has been done on a bill one of whose basic purpose was to bring inflation under control.

The task before us is the delicate one of trying to stimulate private spending without rekindling the fires of inflation. To do this, we need to tap the great reserves of consumer savings and credit which exist today, and we must permit and encourage the modernization of our Nation's industrial plant to create jobs and to make American goods more competitive in world markets.

One essential ingredient in this delicate mixture is confidence—confidence on the part of the average American that inflation is not a national way of life; that his Government will act prudently in handling its own finances and not simply add to the inflationary pressures it is trying to control.

But what have we done? We have taken a bill that would cut taxes by some $17 billion over the next 3 years and added another $12.7 billion to that revenue loss. And this comes on top of an estimated Federal deficit of about $34 billion this fiscal year—the highest since World War II. The result of these actions—however meritorious individual amendments may be—can only be to stimulate the inflationary spiral and cause a further weakening of confidence on the part of American taxpayers in their Government's will to take the painful necessary steps to straighten out the economy. I might add that many of these amendments, such as tax relief for parents with children in college and single persons, I strongly favor in concept and will work for their adoption in the future.

Mr. President, I had hoped the Senate would support a spending ceiling as a positive indication that we were willing to hold our deficits to some manageable proportion. But we did not do that. Instead we succumbed to the temptation to tax even less and spend even more.

I greatly fear that this bill, if it is approved in its present bloated form, will, despite short term advantages, result in uncontrollable inflationary pressures on our economy.

Mr. President, it is for these reasons that I must vote against the bill.

Mr. ERVIN. Mr. President, deficit spending over a period of 40 years has brought our country to the brink of economic chaos, and given us a national debt which exceeds the combined national debts of all other nations on earth by $109 billion. While H.R. 10947 has many desirable provisions, the tragic truth is that it reduces taxes by $13 billion at a time when the Federal Government is indulging in another orgy of deficit spending. When the $13 billion reduction of taxes to be authorized by this bill is added to other deficit spending planned by the administration, the Federal Government will incur a total deficit in its operating funds for the fiscal year ending June 30, 1972, amounting to $40 billion or more.

I consider actions which produce this result financial irresponsibility. For this reason and the reasons stated by me in detail in a statement made by me this day entitled "Poetic Sense and Political Nonsense," I shall vote against H.R. 10947 on final passage.

Mr. PELL. Mr. President, since last Thursday morning we in the Senate have witnessed as brilliant and skillful a job of floor managership as it has been my good fortunate to witness in our body.

I congratulate my senior colleague from Rhode Island on the excellent way he has guided his amendment toward passage.

In 3 days my colleague has spent 30 hours at the helm. Those very long and tedious hours were characterized by powerful oratory, sparkling humor, and brilliant wit.

Many times during these past 3 days debate in this body has turned toward acrimony. Despite these contentious moods in the Senate, Senator PASTORE has persevered with the patience, the grace, and the courtesy which he has often used so effectively during his long and distinguished career in public office. I, for one, rise to offer him my very real congratulations on his superb handling of the Pastore amendment.

Mr. GRIFFIN. Mr. President, I am

about to cast my vote for final passage, but not because I believe the Senate's product is a good one. By my vote I merely indicate that I believe the Senate bill should be sent to conference with the hope that a Senate-House conference committee will trim and adjust it so that it may be worthy of the President's signature.

However, if the conference committee fails to drastically revise the legislation, and if the President therefore is forced to veto it, I wish to indicate now that I shall be inclined to support the President in any effort to override such a veto.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass? 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. SCOTT (when his name was called). On this vote I have a pair with the Senator from Mississippi (Mr. EASTLAND). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. BYRD of West Virginia. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Mississippi (Mr. EASTLAND), and the Senator from Maine (Mr. MUSKIE) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Arizona (Mr. GOLDWATER) is necessarily absent, and, if present and voting would vote "nay."

The result was announced—yeas 64, nays 30, as follows:

[No. 389 Leg.]

YEAS—64

Aiken	Harris	Moss
Allen	Hart	Pastore
Anderson	Hartke	Pearson
Bennett	Hollings	Pell
Bentsen	Hughes	Percy
Bible	Humphrey	Proxmire
Boggs	Inouye	Randolph
Burdick	Jackson	Ribicoff
Byrd, W. Va.	Javits	Schweiker
Cannon	Jordan, N.C.	Smith
Case	Kennedy	Sparkman
Chiles	Long	Spong
Church	Magnuson	Stafford
Cooper	Mansfield	Stevens
Cranston	Mathias	Stevenson
Eagleton	McClellan	Symington
Ellender	McGee	Talmadge
Fong	McGovern	Tunney
Fulbright	McIntyre	Williams
Gambrell	Metcalf	Young
Gravel	Mondale	
Griffin	Montoya	

NAYS—30

Allott	Curtis	Miller
Baker	Dole	Nelson
Beall	Dominick	Packwood
Bellmon	Ervin	Roth
Brock	Fannin	Saxbe
Brooke	Gurney	Stennis
Buckley	Hansen	Taft
Byrd, Va.	Hatfield	Thurmond
Cook	Hruska	Tower
Cotton	Jordan, Idaho	Weicker

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Mr. Scott, against.

NOT VOTING—5

Bayh	Goldwater	Muskie
Eastland	Mundt	

So the bill (H.R. 10947) was passed.

Mr. LONG. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MANSFIELD. I move to lay that motion on the table.

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

Mr. LONG. Mr. President, I move that the Senate insist on its amendments to the bill (H.R. 10947) and request a conference with the House thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. LONG, Mr. ANDERSON, Mr. TALMADGE, Mr. BENNETT, and Mr. CURTIS, conferees on the part of the Senate.

Mr. LONG. Mr. President, I ask unanimous consent that the bill (H.R. 10947) be printed with the amendments of the Senate; and that in the engrossment of the amendments of the Senate to the bill the Secretary of the Senate be authorized to make all appropriate technical, clerical, and conforming changes and corrections, including corrections in section, subsection, and so forth, designations, and cross-references thereto, and that the amendments to the table of contents of the bill be treated as one amendment striking out the table of contents and inserting a new table of contents.

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

TRIBUTE TO SENATORS LONG, PASTORE, TALMADGE, AND BENNETT ON TAX BILL PASSAGE

Mr. MANSFIELD. Mr. President, for the past week and a half, the Senate has been debating and discussing one of the most far-reaching matters to come before this body in some time. I refer, of course, to the President's recommendations designed to restore this Nation's economy.

Leading the discussion has been the able and distinguished Senator from Louisiana, the chairman of the Senate Committee on Finance. Once again, Senator LONG demonstrated to the Senate and to the Nation as a whole his outstanding expertise and his immense understanding, not only of the tax system, but of how that system affects the economy and, in turn, the entire well-being of the country.

Senator LONG has again earned the Senate's deepest respect.

Joining him was the distinguished senior Senator from Utah (Mr. BENNETT), the ranking minority member of the committee. As always, Senator BENNETT cooperated and contributed in such a fashion as to assure the full and fair consideration of every feature contained in this complex and highly technical measure.

I wish at this time to pay a special tribute as well to the distinguished senior Senator from Rhode Island (Mr. PASTORE). For days he labored tirelessly on this floor in behalf of what I consider to be one of the most significant issues the Senate has ever faced. It is the issue of public participation to the financing of elections. It is an issue that in my judgment will benefit eventually all Americans and all institutions of this Government. It is the first step down a path that will assure that this democracy is preserved for the benefit of the public and not just a few who happen to enjoy substantial wealth.

The Pastore amendment, in my judgment, will remain as a monument to the man whose name it bears. JOHN PASTORE has made his mark with this amendment. Had he achieved nothing else in his long and illustrious career, this outstanding success would be sufficient to imprint his name in the history books from this time forward. It is only unfortunate, I must add, that the issue arose in such partisan fashion; unfortunate, but perhaps unavoidable.

There is yet another Senator in this Chamber who deserves our highest commendation for his contribution. It is the distinguished senior Senator from Georgia (Mr. TALMADGE). To this discussion, Senator TALMADGE added his outstanding understanding of the tax system and his superb legislative skill as well. Without his support and assistance, the Senate's wide acceptance of this proposal would not have been so assured.

With regard to his assistance in connection with the election financing amendment, Senator TALMADGE is to be particularly thanked. His encouragement, and his great skill were indispensable.

The other Senators who joined in this discussion with their views and with their amendments are similarly to be thanked. There are too many to mention, but I do want them to know that their efforts were greatly appreciated and most welcome.

Finally, Mr. President, to the Senate as a whole, the leadership is deeply grateful for the cooperation of all Members. It assured the final disposition of this, the President's tax package expeditiously and with full consideration for the views of every Member.

PERSONAL STATEMENT BY SENATOR BAYH

Mr. BAYH subsequently said: Mr. President, yesterday I was present in the Senate Chamber throughout the long day. I voted on 14 straight votes. I was in my office waiting for the 5-minute buzzer to go off, which usually gives me ample time to get over here, but for some unexplainable reason, the buzzer did not go off. I walked through the door of this Chamber just as the clerks were closing the buzzer on the voting machine so that it was not possible for me to record my vote.

If I had been here, I certainly would have voted in favor of the bill, after all the dispute we had going on and the assiduous efforts of the distinguished Senator from Louisiana (Mr. LONG) on behalf of the bill.

I hope that steps will be taken to see that the buzzers can be relied upon to work.

Mr. SCOTT. If the Senator will yield, I heard about that yesterday, the buzzers not going off. One of them got loose.

Mr. BYRD of West Virginia. Mr. President, I merely want to verify what the distinguished Senator from Indiana just

said. I was here when he came in a minute after the vote had been announced. I checked in my own office and found that the bells had not been heard there.

This happens occasionally. The warning bells cannot be heard. I share the hope of the distinguished Senator from Indiana that the bell system will be improved to the extent that Senators will not be misled by the failure of the bells to ring, because that means Senators will miss a vote when the bells do not ring in their offices.

Mr. PASTORE. Mr. President, why would it not be a good idea when the bells are tested at 9 o'clock in the morning, instead of ringing just one bell, to test them all? Then Senators would know whether the bells would work for that day.

Mr. BAYH. Mr. President, most of us who have stayed here as many hours as we did yesterday and last night want to be recorded. I hope that whatever steps are necessary to correct this situation will be taken so that none of us get in this situation again.

ROUTINE MORNING BUSINESS

The routine morning business transacted today is printed at this point in the RECORD by unanimous consent.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

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

STOCKPILE REPORT

A letter from the Director, Office of Emergency Preparedness, Executive Office of the President, transmitting, pursuant to law, a report on the strategic and critical materials stockpiling program, for the 6-month period ended June 30, 1971 (with an accompanying report); to the Committee on Armed Services.

PROPOSED DONATION OF CERTAIN SURPLUS PROPERTY

A letter from the Chief of Legislative Affairs, Department of the Navy, reporting, pursuant to law, on the proposed donation by the Navy of certain surplus property to the Pacific Southwest Railway Museum Association, Inc., San Diego, Calif.; to the Committee on Armed Services.

REPORT ON PURCHASES AND CONTRACTS MADE BY THE COAST GUARD

A letter from the Assistant Secretary for Administration, Office of the Secretary of Transportation, transmitting, pursuant to law, a report on purchases and contracts made by the Coast Guard, during the period April 16 through October 31, 1971 (with an accompanying report); to the Committee on Commerce.

REPORT OF COMPTROLLER GENERAL

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Progress and Problems of Urban And Transportation Planning", Department of Housing and Urban Development, Department of Transportation, dated November 19, 1971 (with an accompanying report); to the Committee on Government Operations.

PROPOSED LEGISLATION RELATING TO TRANSCRIPTS IN THE U.S. DISTRICT COURTS

A letter from the Director, Administrative Office of the U.S. Courts, Washington, D.C., transmitting a draft of proposed legislation to provide for the appointment of transcribers of official court reporters' transcripts in the U.S. district courts, and for other purposes (with an accompanying paper); to the Committee on the Judiciary.

REPORT OF GALLAUDET COLLEGE

A letter from the Secretary of Health, Education, and Welfare, transmitting, pursuant to law, a report of Gallaudet College, concerning the establishment and operation of the Model Secondary School for the Deaf, for the year ended June 30, 1971 (with an accompanying report); to the Committee on Labor and Public Welfare.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the PRESIDENT pro tempore:

A resolution adopted by the City Council of Englewood, N.J., relating to the removal of all American troops from southeast Asia; to the Committee on Foreign Relations.

The petition of the Association for Grand Jury Action, Inc., Rochester, N.Y., relating to impeachment and disqualification to hold any other office under the United States; ordered to lie on the table.

REPORTS OF COMMITTEES

The following report of a committee was submitted:

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

S. 888. A bill for the relief of David J. Crumb (Rept. No. 92-508).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following favorable reports were submitted:

Executive E, 92d Congress, first session, Tax Convention with Japan; and Executive O, 91st Congress, second session, Protocol to the 1967 Double Taxation Convention with France, without reservation (Executive Rept. No. 92-12).

Mr. MAGNUSON. Mr. President, as in executive session, from the Committee on Commerce, I report favorably sundry nominations in the U.S. Coast Guard which have previously appeared in the CONGRESSIONAL RECORD and, to save the expense of printing them on the Executive Calendar, I ask unanimous consent that they may lie on the Secretary's desk for the information of Senators.

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

The nominations, ordered to lie on the desk, are as follows:

Richard E. Sardeson, and sundry other officers, for promotion in the Coast Guard; and

David L. Nelson, Reserve officer, to be a permanent commissioned officer of the Coast Guard.

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. BOGGS (for himself and Mr. ROTH):

S. 2892. A bill to amend the Outer Continental Shelf Lands Act, as amended, to require a study of the environmental impact of mineral exploration in the Atlantic Ocean. Referred to the Committee on Commerce.

By Mr. MAGNUSON (by request):

S. 2893. A bill to authorize an additional Assistant Secretary of Commerce. Referred to the Committee on Commerce.

By Mr. BAYH (for himself, Mr. BROOKE, Mr. HART, Mr. HATFIELD, Mr. MCGOVERN, Mr. PASTORE, Mr. WILLIAMS, Mr. RIBICOFF, Mr. KENNEDY, and Mr. HARRIS):

S. 2894. A bill to provide financial assistance for State and local small, community-based correctional facilities; for the creation of innovative programs of vocational training, job placement, and on-the-job counseling; to develop specialized curriculums; the training of educational personnel and the funding of research and demonstration projects; to provide financial assistance to encourage the States to adopt special probation services; to establish a Federal Corrections Institute; and for other purposes. Referred to the Committee on the Judiciary.

By Mr. TALMADGE:

S. 2895. A bill to enable producers of commercial eggs to consistently provide an adequate but not excessive supply of eggs to meet the needs of consumers for eggs and to stabilize, maintain, and develop orderly marketing conditions for eggs at prices reasonable to the consumers and producers. Referred to the Committee on Agriculture and Forestry.

By Mr. MCGEE:

S. 2896. A bill to amend chapter 83 of title 5, United States Code, relating to adopted child. Referred to the Committee on Post Office and Civil Service.

By Mr. MCGOVERN (for himself, Mr. MOSS, Mr. GRAVEL, Mr. HUGHES, Mr. NELSON, Mr. BAYH, Mr. KENNEDY, and Mr. HARRIS):

S. 2897. A bill to provide housing for persons in rural areas of the United States on an emergency basis. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. HARTKE:

S. 2898. A bill to amend the Education of the Handicapped Act to provide tutorial and related instructional services for homebound children through the employment of college students, particularly veterans and other students who themselves are handicapped. Referred to the Committee on Labor and Public Welfare.

By Mr. EAGLETON (for himself, Mr. INOUYE, Mr. HOLLINGS, Mr. STEVENSON, Mr. HUGHES, Mr. WILLIAMS, Mr. BOGGS, Mr. TUNNEY, and Mr. MATHIAS):

S. 2899. A bill to authorize grants and loan guarantees for construction or modernization of hospitals and other medical facilities in the District of Columbia. Referred to the Committee on the District of Columbia.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BOGGS (for himself and Mr. ROTH):

S. 2892. A bill to amend the Outer Continental Shelf Lands Act, as amended, to require a study of the environmental impact of mineral exploration in the Atlantic Ocean. Referred to the Committee on Commerce.

Mr. BOGGS. Mr. President, I am introducing today on behalf of myself and my distinguished colleague from Delaware (Mr. ROTH) a bill to require a full and complete evaluation of the environmental impact of any oil exploration in the Atlantic Ocean.

The Continental Shelf off the Atlantic coast of our Nation holds a reserve of petroleum and other minerals that may have great potential for this Nation and mankind.

But this Nation is also aware of the damage to our environment that can result during oil exploration and produc-

tion. We believe our Nation must thoroughly evaluate the environmental impact that would occur from mineral exploitation on the Continental Shelf before any leases for such exploitation are issued.

Fortunately, we have a period during which this study can be made without any disruption. Interior Secretary Morton has no plans at present for the sale of oil and gas leases on the Continental Shelf. And the Secretary has wisely initiated a study of possible mineral development.

This bill is designed to take advantage of this waiting period, and to bolster the Secretary's study by requiring it in the statute. We must obtain the best base of information possible before any such leases are issued.

This legislation adds a new section to the Outer Continental Shelf Lands Act. That new section directs the Secretary of Interior, in conjunction with the Administrators of the Environmental Protection Agency and the National Oceanic and Atmospheric Administration, to undertake a study on the adverse environmental impact of mineral exploitation on the Continental Shelf.

The Secretary would evaluate the impact of mineral exploitation on sealife and the ecology of the ocean. In addition, the study would evaluate the impact of this exploitation on the shorelines of the Nation, including recreational beaches. As part of the study, the Secretary shall also consider whether to ban all mineral development in the sea, if it occurs within 100 miles of the coast.

The area to be covered would extend from the Canadian border to the Georgia-Florida border and eastward from the coast of the United States to the edge of the Continental Shelf.

The bill requires that the findings of this study be reported to Congress within 2 years of the bill's date of enactment.

Subsection (b) of the new section prohibits the issuance of any mineral leases on any of these submerged lands for a period of at least 1 year following the submission of the study report to Congress. Such a 1-year interim period should provide sufficient time for the public to debate fully the findings by the Secretary. It will give the Nation time to restrict mineral exploitation permanently in certain areas, if that is necessary.

The residents of the State of Delaware are justly concerned over the future of our coastal area. I am certain that many people in our Nation share that concern. Delaware, I am proud to say, has assumed a leadership role by the creation and passage of a tough and effective coastal zone management program to protect and preserve the State's coastal environment. This effort, together with our coastal environment, could be lost forever by hasty or improper development of the mineral resources of the seabed beyond the jurisdiction of Delaware.

The concern of Delawareans is great. The concern is such that the Delaware Legislature recently adopted a resolution that urges the Members of the Delaware congressional delegation to press for national legislation "to prevent the leasing of offshore drilling sites and all offshore drilling within 100 miles of the coastline."

To comply with this resolution and our own concern over this problem, Senator ROTH and I are introducing this bill.

Mr. President, I ask unanimous consent that the text of the resolution adopted by the Delaware Legislature as well as the text of our bill be printed at this point in the CONGRESSIONAL RECORD.

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

HOUSE RESOLUTION No. 67

Memorializing Senators Boggs and Roth and Representative du Pont to initiate Federal legislation which will provide a moratorium on off-shore drilling along the Atlantic seacoast withine one hundred miles of the State of Delaware, the State of New Jersey, and the State of Maryland

Whereas, when off-shore oil drilling was permitted off the Santa Barbara region of California and off the Gulf Coast, the result has been an ecological nightmare in each instance; and

Whereas, the state of our technology is not, at this time, sufficient to provide the minimum safeguards needed to protect the environment; and

Whereas, the inevitable leakage from any drilling off the shores of Delaware will render our wetlands ecologically useless, ruin our beaches as recreational areas, and cause financial hardship to large numbers of Delaware citizens. Now therefore:

Be it resolved by the House of Representatives of the 126th General Assembly, that Senator J. Caleb Boggs, Senator William V. Roth, Jr. and Representative Pierre S. du Pont are hereby respectfully urged and requested to initiate and publicly support legislation to prevent the leasing of off-shore drilling sites and all off-shore drillings within one hundred miles of the coastlines of the states of Delaware, New Jersey and Maryland until such time as our technology has advanced to the point where there are sufficient safeguards against leakage and other accidents which may harm our shorelines.

Be it further resolved that a copy of this Resolution be mailed to the Honorable J. Caleb Boggs, the Honorable William V. Roth, Jr. and the Honorable Pierre S. du Pont, IV; also copies to the Governor of the State of Maryland, the Governor of the State of New Jersey, and the Secretary of Delaware's Department of Natural Resources and Environmental Control.

S. 2892

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Outer Continental Shelf Lands Act (67 Stat. 462), is amended by the addition of a new section, as follows:

"SEC. 16(a) The Secretary, in conjunction with the Administrator of the Environmental Protection Agency and the Administrator of the National Oceanic and Atmospheric Administration, shall conduct an accelerated study on environmental and other factors related to the exploitation of minerals, with emphasis on petroleum, in that portion of the Outer Continental Shelf in the Atlantic Ocean that extends from the territorial border between the United States and Canada southward to the territorial border between the States of Georgia and Florida. The study shall include an evaluation of the effect of such exploitation on fish, shellfish, and other forms of marine life in such region, the probability of any accident associated with such mineral exploitation that could cause an adverse impact on marine ecosystems, of the territorial seas or shorelines of the United States, an assessment of the public interest in the immediate exploitation of such minerals, and the economic and environmental effect of any prohibition on mineral exploration within 100 miles of the United States. In preparing such a study, the Secretary shall consult with interested industrial, environmental, and educational groups, and then report the results of such study to the Congress within two years of the date of enactment of this section.

"(b) Notwithstanding any other provision of this Act, the Secretary shall not award any mineral leases covering the submerged lands described in subsection (a) until at least one year following the submission of the report required by subsection (a)."

By Mr. MAGNUSON (by request):

S. 2893. A bill to authorize an additional Assistant Secretary of Commerce. Referred to the Committee on Commerce.

Mr. MAGNUSON. Mr. President, I introduce by request, for appropriate reference, a bill to authorize an additional Assistant Secretary of Commerce, and ask unanimous consent that the letter of transmittal, be printed in the RECORD with the text of the bill.

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

THE SECRETARY OF COMMERCE,
Washington, D.C., November 8, 1971.

Hon. SPIRO T. AGNEW,
President of the Senate, U.S. Senate, Washington, D.C.

DEAR MR. PRESIDENT: Enclosed are four copies of a draft bill "To authorize an additional Assistant Secretary of Commerce."

The additional Assistant Secretary of Commerce authorized by this legislation would be appointed by the President, by and with the advice and consent of the Senate, and would receive compensation at the same rate (Level IV of the Executive Schedule) now provided for other Assistant Secretaries of the Department of Commerce.

This legislation implements the recommendations in the President's Message on Small Business submitted to the Congress March 20, 1970 wherein he said:

"I am . . . proposing legislation to create a new position of Assistant Secretary in the Department of Commerce to assist in formulating policy for the Office of Minority Business Enterprises (OMBE). I established OMBE early in my Administration to coordinate programs and activities within the Federal government aimed at assisting minorities to enter the American economic mainstream. This is an extremely important undertaking."

This request was reiterated in the Presidential Message to Congress on an expanded program to foster and promote Minority Enterprise October 13, 1971.

Section 2 of the draft bill would amend the Executive Schedule (Sec. 5315 of title 5, United States Code) to reflect this new position.

We have been advised by the Office of Management and Budget that enactment of this legislation would be in accord with the program of the President.

Sincerely,

(Signed) MAURICE H. STANS,
Secretary of Commerce.

S. 2893

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there shall be in the Department of Commerce, in addition to the Assistant Secretaries now provided by law, one additional Assistant Secretary of Commerce who shall be appointed by the President, by and with the advice and consent of the Senate, shall receive compensation at the rate prescribed by law for Assistant Secretaries of Commerce, and shall perform such duties as the Secretary of Commerce shall prescribe.

SEC. 2. Paragraph 12 of section 5315 of title 5, United States Code, is amended to read as follows: "(12) Assistant Secretaries of Commerce (8)."

By Mr. BAYH (for himself, Mr. BROOKE, Mr. HART, Mr. HATFIELD, Mr. MCGOVERN, Mr. PASTORE, Mr. WILLIAMS, Mr. RIBICOFF, Mr. KENNEDY, and Mr. HARRIS):

S. 2894. A bill to provide financial assistance for State and local small, community-based correctional facilities; for the creation of innovative programs of vocational training, job placement, and on-the-job counseling; to develop specialized curriculums; the training of educational personnel and the funding of research and demonstration projects; to provide financial assistance to encourage the States to adopt special probation services; to establish a Federal Corrections Institute; and for other purposes. Referred to the Committee on the Judiciary.

OMNIBUS CORRECTIONAL REFORM ACT OF 1971

Mr. BAYH. Mr. President, today I am reintroducing the Omnibus Correctional Reform Act of 1971. This act is designed to change the nature and direction of our Nation's correctional system by providing Federal assistance to the States so that they may develop effective new approaches to the treatment of offenders. For too long we have wasted billions of dollars on a system that does not work. My proposal would give us the opportunity to sweep away the present system in the course of the next 20 years and replace it with a system that is correctional in the true sense of the word. We must make today's rhetoric the future's reality.

In the 2 months since I first introduced my bill, I have received many helpful comments from Members of Congress and from interested citizens around the country. These comments have convinced me that the development of community-based correctional facilities to replace large, rural prisons is the proper approach to take. Typical of this point of view is a letter I received from Mr. Ruben King, commissioner of the Department of Pensions and Security in Alabama. Commissioner King writing in support of my correctional reform act said:

> We think that traditional institutional treatment and rehabilitation programs should be de-emphasized and priority funding be given to alternative innovative community-based rehabilitation and prevention programs.

However, several of the comments which I received indicated the need to modify some of the specific programs contained in my bill. The revised bill which I am introducing today incorporates those ideas.

The desperate need for prison reform is obvious. The recent events at Attica State prison dramatically illustrate that our so-called correctional system is in urgent need of reform. The carnage at Attica was a disgrace, not only for the public officials that preferred to shoot rather than negotiate, but for the entire Nation that builds and condones a system of despair and degradation in the name of "correction" and "rehabilitation." Attica will happen again unless we correct the injustices and failures of our prisons that made insurrection and death preferable to another day of degradation. Attica will happen again unless the American people face the fact that a major overhaul of our prison system is the only way to overcome its failure. For the American prison system today is truly that: a failure.

The particular tragedy of the insurrection at Attica and its aftermath is that the problems of that institution—and the New York State system of which it is a part—had already been diagnosed. Its failures and inadequacies were known, if not to the general public, certainly to its State officials. It was known, for example, that the New York State system did not rehabilitate criminals. Over 70 percent of the persons released from New York prisons are rearrested, and almost half of these arrests occur within the first year following release.

The inadequacies which caused this failure were also known. Most New York State correctional facilities were built in isolated areas. Such locations make work release programs, one of today's most hopeful innovations, very difficult because there are no jobs in the surrounding area. Such locations also make family visits arduous journeys. The disintegration of the family is a tragic consequence of imprisonment in institutions like Attica.

Isolated in their surroundings, these prisons are also primitive in their conditions. Inmates spend an average of 55 percent of their time in cells that average 6 feet by 9 feet in size. There is a total lack of full-time staff psychiatrists and virtually no counseling services. Additionally, the New York State system has no narcotics treatment program, even though over 40 percent of those incarcerated in 1969 were known drug users. Under such conditions one might wonder not why Attica occurred—but why it did not occur sooner and more often.

Unfortunately, the field of corrections is an area of the criminal justice system which is the least visible and the most neglected. Except when there are prison riots, jail breaks, or scandals, little thought, attention or concern is given to our correctional institutions or their inmates.

It is shocking to realize that the conditions of prisons in New York State are no different from conditions at most other prisons in every State in our Nation. Attica was not the first prison to undergo a major riot, nor was it the first prison where inmates died needlessly. Indeed, I spoke out 2 years ago about a similar incident at Pendleton State Prison in Indiana. During a peaceful demonstration in which unarmed inmates sat down in the prison yard to protest conditions, guards armed with rifles and shotguns opened fire. Forty-seven inmates were wounded and two were killed. Such incidents are as common across the Nation as the conditions that cause them. Last month the Subcommittee to Investigate Juvenile Delinquency, of which I am chairman, published testimony taken at hearings in 1969 and 1970 on conditions in penal institutions. Conditions in 17 States were investigated, and what I have said about New York State was said about many States. On the basis of these hearings, I predict that other Atticas are a certainty.

The inadequacy of our prisons is measured not only by the conditions within, but also by their contribution to our crime problem. Arrest, court, and prison records all testify to the fact that habitual offenders constitute the hard core of the criminal problem. According to the FBI's Uniform Crime Reports, nearly 70 percent of all felonies committed in this country last year were committed by people with previous convictions. Of the approximately 100,000 persons released from confinement each year and returned to society, 75 percent again commit serious crimes and return to confinement. This is an especially discouraging figure since it is estimated that a criminal commits an average of 120 crimes for everyone for which he is arrested.

It is all too clear that the term "correctional facility" is a gruesome euphemism both for the prisoners incarcerated and for their victims when they are released. Our prisons do not correct offenders; they create them, toughen them, embitter them, and educate them in the way of crime. All too often prison inmates—men, women, juveniles, young and old alike—rather than being rehabilitated, as we benignly and benightedly expect them to be, are beaten, brutalized, exploited, sexually abused and even killed by fellow inmates or by prison staff. The mere storage of more and more convicted criminals under such barbaric conditions is not the way to solve their problems, and it is not the way to solve the problem of an increasing crime rate.

We in America spend almost $1 billion a year on corrections. That sounds like a lot of money, and it is. But we spend $36.6 billion on automobiles and parts each year, $14.5 billion on alcoholic beverages, and $9.2 billion on tobacco products. We even spend $2 billion a year on our pets. Surely we can find the necessary funds to support a meaningful reform of our prison systems. If Attica is not to have occured in vain, let us try to pick up the pieces while there is still time.

Since the tragic episode in Indiana 2 years ago, I have tried to formulate what I believe this Nation needs in the way of correctional reform legislation. I joined with former Senator Goodell of New York in introducing several measures in the 91st Congress. Since assuming the chairmanship of the Subcommittee To Investigate Juvenile Delinquency in January of this year, I have introduced other legislation. I have held hearings on the subject of juvenile correctional facilities, have personally toured several such institutions, and have drafted additional legislation for introduction in this Congress.

Today I am introducing a comprehensive bill which is an effort not only to pull together many facets of our correctional program but also to chart a new path in offender rehabilitation for America. It would be ironic indeed if it were to take a tragedy of the magnitude of Attica to bring major correctional reform to our Nation. But the worst irony of all would be to learn no lesson from the tragic events still so fresh in our memory.

That is the spirit in which I offer my bill, the Omnibus Correctional Reform Act of 1971. This bill attempts to restore sanity to our prison system through a variety of reforms.

First, it would provide funds to phase out the large penal institutions located a substantial distance from major urban areas and replace them with small, community-based correctional facilities designed to treat the offender in his home community to utilize the most modern corrections theory.

Penologists agree that large and isolated institutions do not serve a useful correctional purpose. Incarceration without rehabilitation temporarily postpones the offender's problems, but it does not solve them. When offenders return to their communities, they are tougher, more schooled in crime, and very likely to become repeaters. The administration agrees with this point of view. Jerris Leonard, Administrator of the Law Enforcement Assistance Administration, has said:

> One of LEAA's principal priorities is to develop corrections techniques that make rehabilitation more probable by keeping the offender in the community, where he usually has family or other ties. LEAA disapproves of concentrating correctional efforts in the building of more fortress prisons where prisoners are locked away and forgotten. In fact LEAA has turned down several requests for money to build such outmoded institutions. I am convinced that in a relatively short period of time there will be an entirely new approach to corrections in this country—and LEAA is going to see to it that there is.

If we are ever to break this tragic circle of recidivism, we must involve the offender's community in his rehabilitation. His problems are in the community; he must learn to cope with them there and not at some distant institution. Small institutions utilizing the medical, psychological, and counseling services of the community are able to reintegrate offenders where isolated institutions cannot. Moreover, only such community-based facilities can carry out effective aftercare services when the offender is released. Experts agree that such services are absolutely crucial in the rehabilitative process.

This program would be developed over a 20-year period, thus gradually redirecting America's entire corrections approach. Under my program, at least 40 percent of all LEAA money would be authorized each year for the purpose of correctional reform—$700 million in the next fiscal year. These funds, as appropriated, would be available to the States for implementing a comprehensive program of reform.

Second, my bill would provide funds for programs of rehabilitation, job placement, and on-the-job counseling for adult offenders, youthful offenders, and juvenile delinquents. Heavy emphasis would be placed on the rehabilitation of those who have committed no more than one serious offense, and on the involvement of the community in the correctional process. My bill would require the States to allocate 55 percent of Federal funds received to local governments and to private and public institutions at the local level. Hopefully, this would encourage a more diversified approach to rehabilitation and a gradual change in community attitudes toward offenders. In order for the programs funded under the first section of my bill to be effective, the local community must be made to realize that offenders must be corrected not simply incarcerated, and that to accomplish this goal the entire community's assistance is needed. Four hundred million dollars would be authorized for this program over the next 4 years.

Third, my bill would provide encouragement to the States to create drug treatment and rehabilitation programs in adult and juvenile correctional facilities and for those persons who are on probation, parole, or supervised release. A bill to accomplish the same purpose authored by Congressman EDWARD KOCH has already passed the House. Mr. KOCH and his colleagues in the House have recognized the sad fact that while drug abuse is a major concern of the Nation, it has not yet become a major concern of correctional facilities. Ironically, much of our Nation's drug problem may be found in our prisons and among those on probation and parole. While 40 percent of the incarcerated offenders in New York State in 1969 were known drug users, the New York State prison system did not operate a drug treatment and rehabilitation program.

States that wish to receive money from LEAA must submit a comprehensive plan annually. My bill would require that no plan would be approved as comprehensive for funding purposes unless it included detailed plans to provide drug programs for inmates and those on probation, parole, and supervised release. Since LEAA is a very attractive source of funds, the States would be strongly encouraged to plan and fund the drug treatment and rehabilitation services that are vitally needed for any effective correctional program.

Fourth, my bill provides funding and authority for a variety of specialized educational goals. The Commissioner of Education is authorized to spend $13 million over the next 3 years for research and demonstration projects relating to the academic and vocational education of juvenile delinquents, youthful offenders, and adult offenders. A program in correctional education administered by the Teachers Corps is expanded and given authorizations of $110 million during the next 5 years to provide specially trained teachers for the future as well as improving the education of the inmates of today. Another education program, which has brought college education to the prisons and the prisoners to the campus, would be substantially expanded. This program, Project New Gate, is now operating at six locations around the country and has had a remarkably low recidivism rate—approximately 18 percent. Additionally, my bill amends the Elementary and Secondary Education Act to allow the Office of Education to provide programs to educate juveniles under the age of 21 confined in adult correctional facilities. That authority is sadly lacking today.

Fifth, my bill would provide financial assistance to the States for the creation of special probation programs designed to reduce the rate of commitment of juvenile delinquents and youthful offenders under the age of 25 to correctional institutions. This program is based on very successful probation subsidy models operated in California and Washington State. During the past 5 years in California, over 15,000 offenders who would have been commited to institutions have been diverted into probation or other supervised release programs. Since institutionalization is considerably more expensive than probation or other release programs, California has saved a great deal of money by expanding the use of probation. It is estimated that during the period from 1966 to 1972, the probation subsidy program has saved the State of California $126,000,000.

The probation subsidy program will aid in the transition period until community-based corrections become a reality. By diverting offenders from incarceration, it will reduce the role of the isolated, large correctional institutions that this bill seeks to phase out of existence. Additionally, the subsidy program will result in monetary savings which the States can use to improve existing facilities. Forty million dollars for each of the next 5 years is authorized for this program.

Finally, my bill would create a Federal Corrections Institute which would collect and disseminate information in the correction field as well as provide training for personnel working in the criminal justice system. Such an Institute would be an important coordinating link between the individual corrections systems in the various States, and would allow them to share their acquired experience.

It is my earnest hope that the Members of the Senate will give swift attention to this vitally needed legislation. We cannot afford to delay a moment longer in reforming our Nation's correctional system. I ask unanimous consent that the full text of the bill, together with a summary, be printed at this point in the RECORD.

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

S. 2894

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 "Omnibus Correctional Reform Act of 1971".

DECLARATION OF FINDINGS

The Congress finds and declares that—

(1) The correctional system of the United States is underfinanced, overtaxed, and does not provide effective correctional programs.

(2) The Nation's peace and tranquility depends, in part, on the development of an effective system to rehabilitate and reintegrate criminal offenders back into the community at large.

(3) This goal can best be achieved by the creation of State and local small, community-based correctional facilities that will make use of local community services and actively involve the community in the corrections process.

(4) Such a reform would require the total redirection of the Nation's correctional system and would take a substantial length of time to accomplish.

(5) In the interim, numerous programs must be started in order to make the present correctional facilities more effective in rehabilitating criminal offenders, and to de-

velop the knowledge and the techniques necessary for redirecting our correctional system. These programs must be multipurpose in scope and massively funded.

TITLE I—COMMUNITY-BASED CORRECTIONAL FACILITIES

SEC. 101. Section 303 of part C of title I of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, is amended by inserting immediately after the second sentence the following new sentence: "Within two years after the date of enactment of this section, no State plan shall be approved as comprehensive, unless it provides that 40 per centum of the Federal assistance granted to the respective-State planning agency for any fiscal year shall be allocated to improvement of correctional programs and practices as provided in part E."

SEC. 102. Section 453 of part E of title I of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, is further amended by changing "(9)" to "(10)" and by adding a new section (9) as follows: "provides a satisfactory twenty-year program developed in five-year stages for the phasing-out of large correctional facilities located a substantial distance from major urban centers, and their replacement with small correctional facilities, located in the communities from which the majority of offenders come and providing diagnostic and rehabilitative services in accordance with the most modern corrections theory."

SEC. 103. Section 520 of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, is further amended by deleting the last sentence and inserting in lieu thereof: "Beginning in the fiscal year ending June 30, 1973, and in each fiscal year thereafter there shall be allocated for the purposes of part E an amount equal to not less than 40 per centum of the total amount allocated under this title."

TITLE II—REHABILITATION AND RELATED PROGRAMS

SEC. 201. The Secretary of Labor (hereafter referred to as Secretary) is authorized to make grants based upon the Department of Labor's accumulated experience for the rehabilitation of prisoners in accordance with this title.

SEC. 202. (a) Any State desiring to receive its share of Federal funds under this title shall submit a plan which complies with the requirements of sections 203 and 204 of this title and which—

(1) designates a single State comprehensive corrections rehabilitation board for the development and administration of the plan to be composed of not more than twenty-one persons who shall be appointed by the chief executive of the State from among persons representative of State and local governmental agencies administering programs and providing services for corrections and crime control pursuant to the provisions of the Omnibus Crime Control and Safe Streets Act of 1968, and the Juvenile Delinquency Prevention and Control Act of 1968, education, labor, manpower training and vocational rehabilitation, and other public and private organizations engaged in activities related to the purposes of this Act;

(2) sets forth a comprehensive, coordinated, statewide program for the development of innovative projects providing for vocational rehabilitation, job training, job placement, and on-the-job counseling for criminal offenders, youthful offenders, and juvenile delinquents;

(3) provides that at least 40 per centum of all Federal funds granted to the State board under this title for any fiscal year will be available to local governmental bodies and nonprofit private organizations in such State, and at least 15 per centum of all Federal funds granted to the State board under this title for any fiscal year will be available to private, profitmaking individuals, businesses, and organizations except that in any case in which the provisions of section 204 of this title cannot be met, the board shall notify the Secretary of the reason therefor, and upon being satisfied that such provisions cannot be met, the Secretary shall direct the board to allocate the funds to public and private nonprofit organizations and governmental bodies in such proportion as the board, in its discretion, deems appropriate;

(4) sets forth policies and procedures designed to assure that Federal funds made available pursuant to this title will be used so as not to supplant State or local funds, but to supplement and, to the extent practicable, to increase the amounts of such funds that would in the absence of such Federal funds be made available for the improvement of State and local corrections systems;

(5) establishes such fiscal controls and funds accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the board under this title; and

(6) provides for making reports as the Secretary may require to carry out his functions under this title, and for keeping such records and for affording such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports.

(b) The Secretary shall approve any State plan and any modification thereof which complies with the provisions of subsection (a) of this section.

SEC. 203. Each State plan shall contain provisions adequate to assure that projects carried out under the plan will be given priority in the following order—

(1) programs directed toward the rehabilitation of adjudicated juvenile delinquents, youthful offenders, and adult offenders who have been convicted of not more than one serious criminal offense;

(2) institutional and on-the-job occupational training and placement, where feasible, in government public service agencies, including a State correctional system, and placement in private, nonprofit public service organizations and in private industry;

(3) incentives to public and private employers who hire adjudicated delinquents and offenders, including reimbursement for a limited period when such newly hired employees might not be fully productive;

(4) on-the-job counseling, testing, work evaluation and adjustment, and followup services;

(5) recruitment and training of professional and paraprofessional diagnostic and treatment of staff personnel for corrective systems.

SEC. 204. The State board is authorized to contract with private profitmaking individuals or business concerns to perform services for the rehabilitation of adjudicated youthful offenders, juvenile delinquents, and adult offenders. Each such contract shall contain provisions adequate to assure that any such individual or business concern will—

(1) determine the demand in the community in which a trainee lives or intends to live for persons with particular occupational skills and vocational training;

(2) provide an approved course of training in a particular occupational area for which a demand has been determined to exist;

(3) provide for the job placement of individuals who successfully complete the course of comprehensive, occupational training.

SEC. 205. (a) Except as provided in section 208 and subsection (b) of this section, payment under this title shall be made to those State boards which administer plans approved under section 202. Payments under this title from a State's allotment with respect to the cost of carrying out its State plan shall not exceed 75 per centum of such costs for any fiscal year. In determining the cost of carrying out a State plan, there shall be excluded any cost with respect to which payments were received under any other Federal program.

(b) No payments shall be made to any State from its allotment for any fiscal year unless and until the Secretary finds that the State will have available during that year for expenditure from non-Federal sources for the purposes authorized by this Act not less than the total amount actually expended by such State for such purposes during the preceding fiscal year, plus an amount of less than the non-Federal share prescribed by subsection (a).

(c) Payments to a State under this title may be made in installments, in advance or by way of reimbursement with necessary adjustments on account of overpayments or underpayments, and they may be paid directly to the State or to one or more public agencies designated for this purpose by the State or to both.

SEC. 206. (a) The Secretary shall not finally disapprove any State plan submitted under this title, or any modification thereof, without first affording the State board submitting the plan reasonable notice and opportunity for a hearing.

(b) Whenever the Secretary, after reasonable notice and opportunity for hearing to the State board administering a State plan approved under section 202 finds that—

(1) the State plan has been so changed that it no longer complies with the provisions of such section, or

(2) in the administration of the plan there is a failure to comply substantially with any such provision, the Secretary shall notify the State board that the State will not be regarded as eligible to participate in the program under this title until he is satisfied that there is no longer any such failure to comply.

SEC. 207. (a) If any State is dissatisfied with the Secretary's final action with respect to the approval of its plan submitted under section 202 or with his final action under section 206, such State may, within sixty days after notice of such action, file with the United States Court of Appeals for the circuit in which such State is located a petition for review of that action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary. The Secretary thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code.

(b) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(c) Upon the filing of such petition the court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

SEC. 208. In any case in which a State fails to submit a State plan pursuant to this title within six months after the date of enactment of this Act, the Secretary may make grants to the extent practicable in accordance with the provisions of this title to local governments within such State and nonprofit organizations within such State.

SEC. 209. (a) From the sums appropriated pursuant to section 210 for each fiscal year, the Secretary shall allot not more than 5 per centum thereof among Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Is-

lands according to their specific needs. From the remainder of such sums the Secretary—

(1) shall allot to each State an amount which bears the same ratio to 50 per centum of such remainder as the number of persons who are determined to be persons detained in correctional facilities, or on probation, parole, or other supervised release, in such State bears to the numbers of such persons in all States, and

(2) shall allot to each State an amount which bears the same ratio to 50 per centum of such remainder as the population in such State bears to the population in all States. For the purposes of this subsection, the term "State" does not include Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

(b) The portion of any State's allotment under subsection (a) for a fiscal year which the Secretary determines will not be required for the period such allotment is available, shall be available for reallotment from time to time, to other States in proportion to the original allotments established under subsection (a) for such year, but with such proportionate amount for any of such other States being reduced to the extent it exceeds the sum which the Secretary estimates such State needs for such period, and the total of such reductions shall be similarly reallotted among the States whose proportionate amounts are not so reduced. Any amount reallotted to a State under this subsection during a year shall be deemed part of its allotment under subsection (a) for such year.

SEC. 210. There are hereby authorized to be appropriated $50,000,000 for the fiscal year ending June 30, 1972; $100,000,000 for the fiscal year ending June 30, 1973; $100,000,000 for the year ending June 30, 1974; and $150,000,000 for the fiscal year ending June 30, 1975, for the purpose of carrying out this title. Sums appropriated pursuant to this section shall remain available until expended.

TITLE III—DRUG TREATMENT PROGRAMS FOR PRISONS

SEC. 301. Section 453 of title I of the Omnibus Crime Control and Safe Streets Act of 1968 is amended by redesignating paragraph "(9)" as paragraph "(10)", by striking out "and" at the end of paragraph (8), and by inserting immediately after paragraph (8) the following new paragraph:

"(9) provides necessary arrangements for the development and operation of drug treatment and rehabilitation programs in adult and juvenile correctional institutions and facilities and for all persons on parole, probation, or other supervisory release programs, who are drug addicts or drug abusers; and";

SEC. 302. Section 454 of title I of such Act is amended by adding at the end thereof the following new paragraph:

"In addition, the Administrator shall issue such regulations as may be necessary concerning the standards that shall be met by drug treatment and rehabilitation programs in adult and juvenile correctional facilities, and those to which persons on parole, probation, or supervisory release are assigned."

TITLE IV—EDUCATION AND TRAINING PROGRAMS

SEC. 401. Section 1101(b) of title 20 of the United States Code is amended by—

(1) striking out from "and $80,000,000 for the fiscal year . . ." to the end of the paragraph and inserting in lieu thereof the following: "and $100,000,000 for each of the next five fiscal years beginning July 1, 1972."

(2) by adding at the end thereof the following new sentences: "Of the sums appropriated pursuant to the preceding sentence for the fiscal year ending June 30, 1973, $10,000,000 shall be available only for the purpose of carrying out paragraph (6) of section 1103(a) of title 20 of the United States Code and for each of the next succeeding fiscal years $25,000,000 will be available only for that purpose. After the fiscal year ending June 30, 1973, in no case shall the appropriations for this paragraph be less than 25 per centum of the total appropriated for the Teacher Corps."

SEC. 402. Section 887b of title 20 of the United States Code is amended by adding after subsection (b) subsection "(c)" as follows: "There is authorized to be appropriated to carry out the purpose of this section the sum of $3,000,000 for the fiscal year ending June 30, 1972, and the sum of $5,000,000 for each of the two succeeding fiscal years."

SEC. 403. (a) The Director of the Office of Economic Opportunity (hereinafter referred to as the Director) is authorized to make grants to public or private institutions of higher education to organize demonstration projects that would make available to inmates of juvenile or adult correctional institutions the opportunity to engage in academic courses at the college or graduate school level. Such demonstration projects shall be organized within the correctional institution and on the campus of the institution of higher education. Special guidance and counseling programs shall be included in each demonstration project for inmates before and after they are released from the correctional institution.

(b) The Director shall appoint a special advisory committee to evaluate projects funded under subsection (a) and prepare a report to Congress to be submitted on the last day of each fiscal year. The committee shall include representatives from the Office of Education, the Teacher Corps, the Youth Development and Delinquency Prevention Administration, and such other persons and organizations as he deems necessary. Members of the committee who are not regular full-time employes of the United States shall, while serving on the business of such committee, be entitled to receive compensation at rates fixed by the Director, but not exceeding $100 per day, including travel time; and, while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703(b) of title 5 of the United States Code.

(c) Grants approved under this section may be made in installments, in advance, or by way of reimbursement, and on such conditions as the Director shall determine and publish in the form of rules and regulations; provided, however, that should the Director decide to terminate a project, those inmates already engaged in a course program leading to a degree will be permitted to continue until the completion of that degree.

(d) There is authorized to be appropriated to carry out the purposes of this section the sum of $5,000,000 for the fiscal year ending June 30, 1972, the sum of $7,000,000 for the fiscal year ending June 30, 1973, and the sum of $10,000,000 for each of the four succeeding fiscal years.

SEC. 404. Section 241c(a)(7) of title 20 of the United States Code is amended by deleting the first comma and by adding the words "and for children up to the age of twenty-one in adult correctional institutions," after the words "for children in institutions for neglected or delinquent children."

TITLE V—SPECIAL PROBATION PROGRAMS

SEC. 501. As used in this Title the term—

(1) "Administration" means the Law Enforcement Assistance Administration;

(2) "Locality" means any city or other municipality (or two or more municipalities acting jointly) or any county or other political subdivision or State (or two or more acting jointly) having general governmental powers;

(3) "special probation supervision program" means any program operated by a locality using qualified probation personnel for the supervision of youthful offenders placed on probation by an appropriate court that (A) involves new and improved supervision practices and (B) meets the standards prescribed by the Administration;

(4) "State" includes in addition to the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands; and

(5) "youthful offender" means any person who has not attained 18 years of age and who has violated a law of a State or an ordinance of a locality not punishable by death or life imprisonment or has not attained 25 years of age, has not previously been convicted of a felony and who has violated a law of a State or an ordinance of a locality not punishable by death or life imprisonment.

SEC. 502. (a) The Administration is authorized to make grants to States that have plans approved under section 503, to pay the Federal share of the costs of carrying out special probation supervision programs.

(b) From the sums appropriated pursuant to section 507, the Administration shall allot not more than 5 per centum among the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands according to their respective needs. From the remainder of such sums the Administration—

(1) shall allot to each State an amount which bears the same ratio to 50 per centum of such remainder as the number of persons who have not attained twenty-five years of age in such States bears to the number of such persons in all States, and

(2) shall allot to each State an amount which bears the same ratio to 50 per centum of such remainder as the number of youthful offenders who have not been committed to a State correctional institution in such State bears to the number of such offenders in all States.

For the purposes of this subsection, the term "State" does not include Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

(c) The portion of any State's allotment under subsection (b) for a fiscal year which the Administration determines will not be required for the period such allotment is available, shall be avalable for reallotment from time to time, to other States in proportion to the original allotments established under subsection (b) for such year, but with such proportionate amount for any of such other States being reduced to the extent it exceeds the sum which the Administration estimates will be needed and used by such State for carrying out the plan approved under this title, and the total of such reductions shall be similarly reallotted among the States whose proportionate amount are not so reduced. Any amount reallotted to a State under this subsection during a year shall be deemed part of its allotment under subsection (b) for such year.

(d) The number of persons who have not attained twenty-five years of age shall be determined by the Administration on the basis of the most satisfactory data available to it for each fiscal year. The number of youthful offenders who have not been committed to a State correctional institution shall be determined by the Administration for the fiscal year preceding the fiscal year for which the determination is made, based upon data furnished to it by the State planning agency established pursuant to the Omnibus Crime Control and Safe Streets Act of 1968, as amended. The Administration shall establish uniform criteria for the determination required by this subsection.

SEC. 503. (a) Any State desiring to receive assistance under this Act shall submit a State plan consistent with such criteria as the administration may establish under section 504. Each such plan shall—

(1) provide for the administration of such plan by the State planning agency estab-

lished pursuant to Omnibus Crime Control and Safe Streets Act of 1968 as amended;

(2) provide assurances that the State has enacted or will enact legislation of general applicability within the State—

(A) providing for the necessary supervision by the appropriate State agency of the special probation services to be provided youthful offenders within the State;

(B) providing requirements for localities to employ qualified probation personnel for youthful offenders;

(C) providing incentives for localities to operate a special probation supervision program, particularly involving innovative supervision practices, which is designed to reduce the necessity of committing youthful offenders to State correctional institutions;

(D) providing procedures for determining the yearly reduction of such commitments; and

(E) providing such other relevant and necessary matters relating to the operation of such a program as the administration prescribes;

(3) set forth policies and procedures which assure that Federal funds made available under this title for any fiscal year will be so used as to supplement and, to the extent practical, increase the level of funds that would, in the absence of such Federal funds, be made available by the State for the purposes for which the State plan is submitted, and in no case supplant such funds;

(4) provide that such fiscal control and fund accounting procedures will be adopted as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the State and including funds paid to localities by such State under this title;

(5) provide that no application by a locality will be denied without first affording the agency submitting such an application reasonable notice and opportunity for a hearing; and

(6) provide that the State will make to the Administration—

(A) periodic reports evaluating the effectiveness of payments received under this title in carrying out the objectives of this title, and

(B) such other reports as may be reasonably necessary to enable the Administration to perform its functions under this title, including such reports as it may require to determine the amounts which localities of that State are eligible to receive for any fiscal year, and assurance that such State will keep such records and afford such access thereto as the Administration may find necessary to assure the correctness and verification of such reports.

(b) State plans shall be approved under this Act by the Administration only if—

(1) the plan meets the requirements set forth in subsection (a); and

(2) the programs set forth in the plan are consistent with criteria established by the Administration for the purpose of achieving equitable distribution of assistance under this title within each State, which criteria shall be developed by it on the basis of a consideration of (A) the geographic distribution of youthful offenders within the State, and (B) the success that each locality within the State displays in reducing the number of such offenders committed to State correctional institutions.

The Administration shall not finally disapprove a State plan except after reasonable notice and opportunity for hearing to such State.

SEC. 504. As soon as practicable after the enactment of this title, the Administration shall issue basic criteria required under section 503. In prescribing the criteria for general legislation set forth in paragraph (2) of section 503 (a), the Administration shall consult with the Attorney General.

SEC. 505. (a) The Administration shall pay in any fiscal year from each State's allotment to that State which has a plan approved pursuant to this title for that fiscal year, the Federal share of the cost of such plan.

(b) The Federal share of the programs covered by the State plan shall not exceed 75 per centum for any fiscal year. In determining the cost of such programs the Administration shall exclude any cost with respect to which payments were received under any other Federal program.

(c) Payments under this section may be made in installments, in advance or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments.

SEC. 506. Whenever the Administration, after reasonable notice and opportunity for a hearing to any State, finds—

(1) that there has been a failure to comply substantially with any requirement set forth in the plan of that State approved under section 503; or

(2) that in the operation of any program or project assisted under this title there is a failure to comply substantially with any applicable provision of this title;

the Administration shall notify such State of its findings and that no further payments may be made to such State under this title (or in its discretion that the State shall not make further payments under this title to specified localities affected by the failure) until it is satisfied that there is no longer any such failure to comply, or the noncompliance will be promptly corrected. The Administration may authorize the continuance of payments with respect to any program or project assisted under this title which is being carried out pursuant to such State plan and which is not involved in the noncompliance.

SEC. 507. There is authorized to be appropriated to carry out the provisions of this title, $40,000,000 for the fiscal year ending June 30, 1973, and for each of the four succeeding fiscal years thereafter.

TITLE VI—FEDERAL CORRECTIONS INSTITUTE

SEC. 601. Part IV of title 18, United States Code, is amended by adding at the end thereof the following new chapter:

"CHAPTER 404.—FEDERAL CORRECTIONS INSTITUTE

"Sec.
"5041. Establishment; purpose.
"5042. Functions
"5043. Director and staff.
"5044. Powers.
"5045. Advisory Commission.
"5046. Location; facilities.
"5047. Curriculum.
"5048. Enrollment.

"§ 5041. Establishment; purpose

"There is hereby established a Federal Corrections Institute (hereinafter referred to as 'Institute'). It shall be the purpose of the Institute to provide a coordinating center for the collection and dissemination of useful data regarding the treatment and rehabilitation of criminal offenders, and it shall also be the purpose of the Institute to provide training for representatives of Federal, State, and local judges and judicial personnel, probation and parole personnel, correctional personnel, welfare workers, and other persons, including lay personnel, connected with the treatment and rehabilitation of criminal offenders.

"§ 5042. Functions

"The Institute is authorized—

"(a) to serve as an information bank by collecting systematically the data obtained from studies and research by public and private agencies on criminal behavior and recidivism, including, but not limited to, programs for prevention of crime and recidivism, training of corrections personnel, and rehabilitation and treatment of criminal offenders;

"(b) to publish data in forms useful to individuals, agencies, and organizations concerned with treatment and rehabilitation of criminal offenders;

"(c) to disseminate pertinent data and studies to individuals, agencies, and organizations concerned with prisoners, parolees, probationers, and other criminal offenders;

"(d) to devise and conduct in various geographical locations, seminars and workshops providing continuing studies for persons engaged in working directly with prisoners, parolees, probationers, and other criminal offenders;

"(e) to devise and conduct a training program of short-term instruction in the latest proven-effective methods of treatment and rehabilitation of criminal offenders and prevention of recidivism for law enforcement officers, judges and judicial personnel, probation and parole personnel, correctional personnel, welfare workers, and other persons, including lay personnel, connected with the treatment and rehabilitation of criminal offenders; and

"(f) to develop technical training to aid in the development of training programs within the several States and with the State and local agencies which work directly with prisoners, parolees, probationers, and other offenders.

"§ 5043. Director and staff

"(a) The Institute shall be under the supervision of an officer to be known as the Director of the Institute who shall be appointed by the President, by and with the advice and consent of the Senate, to serve for a term of four years. The Director of the Institute shall receive basic pay at the rate provided for level V of the Executive Schedule under section 5316 of title 5, United States Code.

"(b) The Director shall have authority to supervise the organization, employees, enrollees, financial affairs, and all other operations of the Institute and may employ such staff, faculty, and administration personnel as are necessary to the functioning of the Institute. The Director shall have the power to acquire and hold real and personal property for the Institute and may receive gifts, donations, and trusts on behalf of the Institute. The Director shall also have the power to appoint such technical or other advisory councils comprised of consultants to guide and advise the Advisory Commission. The Director is authorized to delegate his powers under this Act to such persons as he deems appropriate.

"(c) If the Office of Director is left vacant, by resignation or otherwise, the President shall appoint a successor who shall serve for the unexpired portion of the term of office.

"§ 5044. Powers

"The functions, powers, and duties specified in this Act to be carried out by the Institute shall not be transferred elsewhere or within any executive department unless specifically hereafter authorized by the Congress. In addition to the other powers, express and implied, the Institute is authorized—

"(a) to request any Federal department or agency to supply such statistics, data, program reports, and other material as the Institute deems necessary to carry out its functions. Each such department or agency is authorized to cooperate with the Institute and shall, to the maximum extent practicable, consult with and furnish information and advice to the Institute;

"(b) to arrange with and reimburse the heads of Federal departments and agencies for the use of personnel or facilities or equipment of such departments and agencies;

"(c) to confer with and avail itself of the cooperation, services, records, and facilities of State, municipal, or other public or private local agencies;

"(d) to enter into contracts with public or private agencies, organizations, or indi-

viduals, for the partial performance of any of the functions of the Institute;

"(e) to compensate consultants and members of technical advisory councils who are not in the regular full-time employ of the United States, at a rate to be fixed by the Director of the Institute but not exceeding $75 per diem and while away from home, or regular place of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently; and

"(f) to report to the Congress at appropriate intervals on programs which have been implemented with the cooperation of the Institute within and among the several States, and to recommend to the Congress further legislative action which may appear desirable.

"§ 5045. Advisory Commission

"(a) The overall policy and operations of the Institute shall be under the supervision of an Advisory Commission.

"(b) The Advisory Commission shall consist of the Director of the Institute, the Attorney General (or his designee), the Director of the United States Judicial Center (or his designee), the Director of the National Institute of Mental Health (or his designee), and fourteen persons having training and experience in the area of corrections appointed by the President from the following categories:

"(1) prisoners or ex-prisoners (two persons),

"(2) criminal court judges (two persons),

"(3) probation personnel (two persons),

"(4) correctional personnel (two persons),

"(5) representatives of private organizations concerned with corrections (four persons), and

"(6) representatives of State agencies established under title I of the Omnibus Crime Control and Safe Streets Act of 1968 (two persons).

"(c) Members of the Advisory Commission shall serve for terms of four years and shall be eligible for reappointment, except that for the first composition of the Commission, one-third of the members shall be appointed to one-year terms, one-third to two-year terms, and one-third to three-year terms, thereafter each member's term shall be for four years. Any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term. Any member of the Commission may be removed by the President for inefficiency, neglect of duty, or malfeasance in office.

"(d) While performing their duties, members of the Commission shall be reimbursed under Government travel regulations for their expenses, and members who are not employed full time by the Federal Government shall receive in addition a per diem of $100 in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

"(e) The Director shall act as Chairman of the Advisory Commission. The Commission shall establish its government rules of procedure.

"§ 5046. Location; facilities

"(a) A suitable location for the Institute shall be selected by the Advisory Commission.

"(b) Following the selection of a location for the Institute, the Director with the approval of the Advisory Commission, shall—

"(1) acquire such property as has been selected pursuant to subsection (a), and

"(2) make such arrangements as may be necessary or desirable for the construction, equipping, and physical organization of the Institute.

"§ 5047. Curriculum

"The Advisory Commission shall design and supervise a curriculum utilizing a multidisciplinary approach (to include law enforcement, judicial, correctional, and welfare as well as probation disciplines) which shall be appropriated to the needs of the Institute's enrollees.

"§ 5048. Enrollment

"(a) Each candidate for admission to the Institute shall apply to the State agency established under title I of the Omnibus Crime Control and Safe Streets Act of 1968 (82 Stat. 198; 42 U.S.C. 3701 et seq.), in the candidate's State. The State agency or agencies shall select an appropriate number of candidates and forward their applications for admission to the Director of the Institute. The Director shall prescribe the form of all applications for admission to the Institute and shall make the final decision concerning the admission of all students or enrollees.

"(b) While studying at the Institute and while traveling in connection with his study, including authorized field trips, each student or enrollee in the Institute shall be allowed travel expenses and a per diem allowance in the same manner as prescribed for persons employed intermittently in the Government service under section 5703(b) of title 5, United States Code."

SEC. 602. The table of contents to "Part IV—CORRECTION OF YOUTHFUL OFFENDERS" of title 18, United States Code, is amended by inserting after

"403. Juvenile delinquency.....5031"

the following new chapter reference:

"404. Federal Corrections Institute....5041".

SEC. 603. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this title.

SUMMARY OF OMNIBUS CORRECTIONAL REFORM ACT OF 1971

This bill establishes a new, comprehensive approach to prison reform at the State and local level. It provides substantial federal support to the States so that they may develop modern correctional systems built around smaller facilities, located in or near the urban communities they serve. The bill recognizes that substantial time is needed to redirect the nation's correctional effort; accordingly, provision is made for the development of short-range programs to improve existing adult and juvenile correctional facilities.

TITLE I—COMMUNITY-BASED CORRECTIONAL FACILITIES

Title I outlines the basic, long-range program designed to develop smaller correctional facilities throughout the country. This title consists of several amendments to the Law Enforcement Assistance Administration provisions of the Omnibus Crime Control and Safe Streets Act of 1968. Specifically, these amendments established the following requirements:

(1) Two years after passage of the Act, no State plan will be approved by LEAA as comprehensive (a necessary prerequisite to receiving Federal funds) unless it allocates at least 40 percent of the requested funds to the improvement of correctional practices and programs. (Part E of the Omnibus Crime Control and Safe Streets Act presently requires a 20 percent allocation.) Additionally, the percentage of money authorized by Congress to be spent on corrections under Part E as amended is increased to 40 percent, resulting in an authorization of $700 million for Fiscal '73.

(2) A State plan submitted to LEAA for funding under this title must set forth a 20-year program, developed in detail by five year segments, for the gradual phasing-out of large prisons and similar juvenile institutions located a substantial distance from major urban areas. Minimum, medium, and high security institutions will be replaced with small, community-based facilities designed to provide innovative, effective correctional programs and services. However, some flexibility will be permitted so that States may maintain special facilities for the small percentage of dangerous, repeating offenders that may be effectively treated in settings removed from major urban centers.

TITLE II—REHABILITATION AND RELATED PROGRAMS

Title II contains the first of several programs designed to provide immediate improvement in the present State correctional systems during the period of development of the long range programs required under title I. Title II authorizes the expenditure of $400 million over the next four years to develop and implement programs for rehabilitation, job placement, and on-the-job counseling for adult offenders, youthful offenders, and juvenile delinquents. Heavy emphasis is placed on the rehabilitation of first offenders.

To be eligible to receive a grant under this title a State must designate a planning and administration council responsible for developing a comprehensive plan for submission to the Secretary of Labor. In order for the plan to be approved, a State must make available to local governments and nonprofit organizations at least 40 percent of all Federal funds received under this title, and to private, profit-making individuals, businesses, and organizations at least 15 percent of all Federal funds. This requirement insures the involvement of many segments of the community in the corrections process.

Grants to the States are determined by a formula which takes into account two criteria: (1) the number of persons detained in correctional facilities, and on probation, parole, or supervised release; and (2) the population of the grantee state relative to other states. Such grants will be made on a matching basis, the Federal share being 75 percent of the total cost of such programs in any given year. Title II also authorizes the Secretary of Labor to determine whether funds are expended in accordance with the provisions of this title, and for judicial review should a state be dissatisfied with the Secretary's ruling.

TITLE III—DRUG TREATMENT AND REHABILITATION PROGRAMS FOR PRISONS

Title III amends Part E of the Omnibus Crime Control and Safe Streets Act of 1968 by requiring State plans to include drug treatment programs. Specifically, a State desiring to receive funds from LEAA under Part E must provide for the development and operation of drug treatment and rehabilitation programs in adult and juvenile correctional institutions and facilities as well as drug programs for adult and youthful offenders and juvenile delinquents on probation, parole, and supervised release.

Additionally, title III authorizes the Administrator of LEAA to issue regulations setting standards for the operation of these programs. By requiring compliance with standards relating to program personnel and operations, this title will encourage improvements in the quality of participating correctional facilities as well as providing vitally needed drug treatment and rehabilitation programs for adult and youthful offenders and juvenile delinquents.

TITLE IV—EDUCATION AND TRAINING PROGRAMS

This title is designed to provide special funding for the development of educational programs specifically tailored to the needs of inmates in juvenile and adult correctional facilities. These programs provide for the training of teachers, the development of specialized curricula, advanced academic training for offenders within prisons and on near-by college campuses, the education of youthful offenders under the age of 21

confined in adult facilities, and flexible demonstration and research projects.

Section 401 amends section 1101(b) of title 20 of the United States Code, which contains the Congressional authorization for the Teacher Corps. In 1971, the authorized funding for that section was $100 million but in unrestricted form. Under the proposed amendment, the authorized funding would be $100 million for each of the next five years. However, the amended bill would require that out of this authorization, $110 million be spent over the next five years on projects under section 1103(a)(6) of title 20 of the United States Code, which gives the Teacher Corps authority to develop programs for incarcerated offenders. Following the Teacher Corps approach, these programs would include training for teachers on campuses and in correctional institutions. Under the supervision of experienced teachers, teams of trainee teachers would attend courses on campus and then enter correctional institutions for actual work experience. The involvement of both correctional institutions and colleges would encourage the development of new curricula for prison inmates and for teacher training. Offenders would immediately benefit by the influx of new teachers into the institutional setting.

Section 402 provides funding for an existing, but now dormant, program of research and demonstration in the Office of Education. This program is designed to allow the Commissioner of Education to make grants to state and local governments, educational agencies, public or private institutions of higher education, and other public and nonprofit education or research agencies. Such grants would support projects for the academic and vocational education of antisocial, aggressive, or delinquent persons, including juvenile delinquents, youthful offenders, and adult criminal offenders. $13 million is authorized for the next three years.

Section 403 provides separate funding for a highly successful experimental program created by the Office of Economic Opportunity called Project NewGate. Project NewGate was created in 1967 to bring college education to the prison setting and prisoners to the college campus. The program is divided into two stages. In the first stage, teachers from the participating college teach courses in the correctional facility. Inmates are chosen on the basis of their educational ability, desire to participate, and their eligibility for early release. Once released, former prisoners proceed to the second stage of the program on the college campus where they take courses leading to a degree. Their living arrangements are determined on the basis of the terms of their release and their individual needs. Regular counseling sessions are an integral part of both stages of the program.

Project NewGate is now operated in six locations and serves several thousand people. It is estimated that between 30,000 and 40,000 inmates could benefit from the program if it were expanded. Under the proposed legislation, $52 million is authorized to be spent over the next six years to expand the program. During that time, a special advisory board, required by this section, would evaluate the program on a continuing basis, recommend improvements, and report annually to Congress.

Section 404 amends the Elementary and Secondary Education Act of 1965 by authorizing the Office of Education to provide programs and services for youthful offenders under the age of 21 confined in adult correctional facilities. Presently, the authority of the Office of Education to provide educational services is limited to institutionalized children under the age of 18. This section would extend the age of eligibility for educational services for young people in adult correctional facilities to 21.

TITLE V—SPECIAL PROBATION PROGRAMS

Title V authorizes the expenditure of $40 million during each of the next five fiscal years for the creation of special probation programs. These programs are designed to help juvenile delinquents and young offenders under the age of 25 who have not yet become habitual offenders and who have not been found guilty of capital crimes. This title requires that these probation programs be structured to reduce the role of institutionalization of youthful offenders.

Any State desiring assistance under this title must submit a plan to the Law Enforcement Assistance Administration. The plan must establish suitable controls to insure that the appropriate State agency exercises proper supervision, that qualified probation personnel are employed, and the incentives for local participation in programs designed to reduce the rate of commitment are provided.

Funds are provided for the States on the basis of a formula which takes into account the number of youthful offenders and juvenile delinquents who have been placed on probation rather than committed to correctional institutions. Provision is also made to insure that the Federal share of such programs will not exceed 75% and that the funds provided under this program will not be in lieu of funds derived from other sources and already being spent on such programs. Additionally, each State involved shall develop programs to monitor the effectiveness of the special probation programs developed. Provision is made for the collection and utilization of such information by the Federal Corrections Institute.

TITLE VI—FEDERAL CORRECTIONS INSTITUTE

Title VI amends title 18 of the United States Code by creating an independent Federal Corrections Institute. The Institute is authorized to collect and disseminate useful data relating to efforts to improve the present correctional system and to develop the new, community-based approach. The Institute would also provide training for Federal, State, and local personnel involved in the criminal justice system in order to facilitate acceptance of a new approach to corrections by those working within the system.

The Institute's overall policy and operations would be under the supervision of an Advisory Commission. The Commission members appointed by the President, include personnel from the judicial, probations, and corrections fields as well as concerned citizens, and ex-inmates. Also included on the Commission are the Director of the Institute, the Attorney General, the Director of the National Institute of Mental Health, and the Director of the U.S. Judicial Center.

The Director of the Institute, with the approval of the Advisory Commission, is authorized to acquire property and to make the necessary arrangements for the operation of the Institute. The Advisory Commission will supervise the design of a training curriculum for enrollees from the judicial and corrections fields. Candidates for admission to the Institute will be recommended by the State planning agencies created under LEAA, subject to final selection by the Director of the Institute. While studying at the Institute, each enrollee will be given travel expenses and a per diem allowance as prescribed by section 5703(b) of title 5, United States Code. Appropriations are authorized in the amounts necessary to carry out the provisions of this title.

By Mr. McGOVERN (for himself, Mr. Moss, Mr. GRAVEL, Mr. HUGHES, Mr. NELSON, Mr. BAYH, Mr. KENNEDY, and Mr. HARRIS):

S. 2897. A bill to provide housing for persons in rural areas of the United States on an emergency basis. Referred to the Committee on Banking, Housing and Urban Affairs.

EMERGENCY RURAL HOUSING ACT OF 1971

Mr. McGOVERN. Mr. President, today I am introducing a bill to establish an Emergency Rural Housing Administration to help low-income Americans in rural areas and small towns to get a decent and sanitary place to live.

This bill is the product of hearings by the Select Committee on Nutrition and Human Needs.

We undertook the hearings because we began wondering how much good the food programs would do when the food itself was prepared in kitchens with dirt floors and contaminated water and rats and disease-carrying insects.

We undertook the hearings because we began wondering how much good was done by increasing a person's caloric intake and then sending him home to battle against incredible odds in an environment that provided little protection against the elements and absolutely none against disease.

The committee heard testimony indicating that as a family's income drops, so does the condition of its housing. As the housing conditions decline, incidences of stillbirth, infant mortality, juvenile delinquency, failure in school, and mental and emotional disturbance increase.

Bad housing is an ideal breeding ground for infectious disease. Housing which invites the cold and damp also invites tuberculosis. This list goes on. The correlation is obvious. Everybody knows that bad housing means bad health.

This relationship between one's immediate environment and one's physical well-being was demonstrated by a program conducted on the Rosebud Indian Reservation in my home State. There, some 375 very modest houses were constructed, and we had studies and reports of all kinds on their worth to the Indian residents. But to me, the most important thing about the whole project was that after those few hundred families moved into dry, warm, sturdy, and safe housing, hospital admissions on the reservation soon fell by 30 percent and the daily patient census fell by 40 percent.

What is being done for the general rural population in this regard? After 30 years on the books, public housing has served less than 3 percent of the target population in rural areas and small towns.

HUD programs are virtually unworkable in rural areas and small towns. The overwhelming bulk of these programs go to big cities. The overworked, underfunded Farmers Home Administration serves the rural areas, but not the poor.

Testimony taken by the select committee documents the whys and wherefores of the program failure in detail.

Suffice it to say that the rural poor get left out of the scheme of Federal things for basically two reasons. They are rural and they are poor.

People in the housing industry tell us year after year that the problem is one of commitment—that the commitment just is not there now. I believe that Congress

was sincere when it made its promise to house the homeless in 1949 and sincere when it reaffirmed that pledge in 1968.

But likewise I believe that, despite two decades of tinkering, the existing housing legislation has not done the job. It is time to take dramatic action and time to set a deadline on a promise that is almost a quarter-century old.

The bill I introduce today contemplates that the problem be attacked on an emergency basis—one which defines its goals and makes every effort to reach them in 5 years.

To do this, an independent executive agency at the Federal level is created called the Emergency Rural Housing Administration (ERHA).

It is headed by an Administrator appointed by the President, with the advice and consent of the Senate. The Administrator will have powers concomitant with the emergency situation with which he is dealing. He will have the usual powers to sue and be sued, to make and repeal such rules and regulations as are necessary, to accept gifts or donations of services or property, to buy and sell or otherwise convey property, and to enter into contracts.

In addition, he will have the following extraordinary powers: to acquire land by condemnation and to appoint officers and employees without regard to provisions governing appointments in the competitive service. The power to acquire land by condemnation is necessary in order to acquire adequate building sites in areas where the eligible persons to be served live, and to do so at a fair and reasonable cost.

It is desirable to exempt employees of the ERHA from the competitive civil service as this bill does for several reasons. First, the bulk of the work of the agency is to be completed within 5 years and second, it is expected that many of the persons who could be employed within the agency could come from the client population, many of which would not be able to qualify under the existing civil service system.

The Administrator will be authorized to serve all eligible people living in, or desiring to live in a rural area or small community who cannot with reasonable certainty obtain decent housing from other sources within 2 years. For this purpose a rural area means any open country or any place in the United States which is not in a standard metropolitan statistical area and a small community means any political subdivision in the United States which has a population of less than 25,000. As far as is practicable the Administrator is obligated to serve eligible persons with the lowest adjusted incomes first. Also, he shall provide for homeownership rather than rental assistance to the greatest extent possible.

Homeownership assistance would be given in the form of loans to eligible persons or families. The Administrator will set the interest rate down to 1 percent on such loans, taking into account the adjusted income of the eligible person involved.

The Administrator is authorized to defer payment of up to 50 percent of the loan, which portion would become payable and interest bearing only when and to the extent the borrower's ability to repay exceeds that required to retire the undeferred portion at the maximum interest rate or upon the sale or other disposition of the property financed by the loan. In determining a borrower's ability to repay, his income will be adjusted by deducting 5 percent of the gross income plus $300 for that borrower and for each member of his family. An additional $1,000 will be deducted for each individual or family who is physically disabled or mentally retarded.

A borrower will not be required to pay more than 20 percent of his adjusted income to repay the loan; however, when that amount would be insufficient to retire a loan even with 50 percent of the principal deferred, the borrower may choose to pay a greater amount in order to be eligible for a loan.

For those eligible persons who desire to rent or do not have sufficient income to repay a loan for homeownership the Administrator is authorized to finance all or part of the cost of acquisition, construction, rehabilitation, operation, and maintenance of rental facilities. Rent charged to eligible persons for such facilities will bear a reasonable relationship to the income, taking into account reasonable needs for food, clothing, medical care, education, and other necessities and in no case shall it be in excess of 25 percent of adjusted income.

Any construction or rehabilitation undertaken with funds from the ERHA must be designed to require minimum maintenance over a useful life of at least 50 years except when the Administrator finds that temporary facilities are necessary to accommodate less substantial renovation or to meet the need of temporary residents in an area.

All housing built, acquired, or rehabilitated by the ERHA will be minimal housing which means a safe, weatherproof dwelling with running potable water, modern sanitation facilities including a kitchen sink, toilet, and shower or tub and such other requirements as to square footage and other facilities as the Administrator shall set.

In addition the construction should be in accordance with plans developed with the active participation of the eligible persons involved.

To carry out the housing program envisioned by this act, the administrator is authorized to enter into contracts with local agencies—any existing or new public or private agency, instrumentality, or organization which meets such criteria as the Administrator requires—to meet the total housing needs for all eligible persons within a designated area. The Administrator is authorized to furnish such financial, technical, and other assistance as these local agencies will require.

In addition, the Administration is authorized to furnish supplemental assistance for any housing program authorized by any other Federal or State law if such assistance will meet the needs of eligible persons under this act.

It is anticipated that about 2,500,000 units should be assisted by the ERHA. Of the 5 million low-income families living in small towns and rural areas it is estimated that at least half of them will require assistance under this act.

The Secretary is authorized and directed to purchase any such notes and for that purpose to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act. The Secretary is also authorized to sell at any time any such notes or other obligations which shall also be treated as a public debt transaction.

In order to spread the cost of borrowing over a reasonable period of years and to eventually relieve the burden on the public debt the act authorizes $500 million to be appropriated each year, reduced by any amounts paid into the Treasury on the loans made by the Administrator, to be applied to the retirement of notes issued by the Administrator.

An additional $1 billion is authorized to be appropriated each year for administration, technical and contract services, and for operation and maintenance payments under the rental authority.

Mr. President, I ask unanimous consent that a statement in justification for the bill, a section-by-section analysis of the bill, and the bill itself be printed at this point in the RECORD.

There being no objection, the statement, analysis, and bill were ordered to be printed in the RECORD, as follows:

WHY AN "EMERGENCY RURAL HOUSING ADMINISTRATION" AND WHAT IT WILL DO

An emergency truly does exist in rural areas and small communities. Over 60 percent of the nation's substandard occupied units are there. Along with the bad housing are the attendant problems of polluted and unpiped water, lack of sanitary facilities, and over crowding. There are fewer doctors and decent medical facilities than would be needed even to begin to treat the symptoms of the problem. Add to this the fact that over half the poor in the United States live in these areas where only one-third of the population is and one begins to see the enormity of the problem. Unemployment and under employment are often the rule rather than the exception.

There seems to be evidence of a movement however small among some members of Congress to do something about the miserable situation in rural areas. Yet most have so far neglected to come to grips with the problem of delivering adequate housing to an impoverished population. Whatever means are used to deliver adequate housing to the poor, we know it will take at least two things in enormous quantities—commitment and dollars. The approach taken here is that the problem be attacked on an emergency basis—one which defines its goals and makes every effort to reach them in five years. To do this an independent executive agency at the Federal level is created called the Emergency Rural Housing Administration (ERHA). It is headed by an administrator appointed by the President by and with the advice and consent of the Senate. The Administrator will have powers concomitant with the emergency situation with which he is dealing. He will have the usual powers to sue and be sued, to make and repeal such rules and regulations as are necessary, to accept gifts or donations of services or property, to buy and sell or otherwise convey property, and to enter into contracts. In addition he will have the following extraordinary powers: to acquire land by condemnation and to appoint officers and employees without regard to provisions governing appointments in the competitive service. The power to acquire land by condemnation is necessary in order to ac-

quire adequate building sites in areas where the eligible persons to be served live, and to do so at a fair and reasonable cost. It is desirable to exempt employees of the ERHA from the competitive service for several reasons. First, the bulk of the work of the Agency is to be completed within five years and secondly it is expected that many of the persons who could be employed within the agency could come from the client population, many of which would not be able to qualify under the existing civil service system.

The Administrator will be authorized to serve all eligible people living in, or desiring to live in, a rural area or small community who cannot with reasonable certainty obtain decent housing from other sources within two years. For this purpose a rural area means any open country or any place in the United States which is not in a standard metropolitan statistical area and a small community means any political subdivision in the United States which has a population of less than 25,000. As far as is practicable the Administrator is obligated to serve eligible persons with the lowest adjusted incomes first. Also he shall provide for home ownership rather than rental assistance to the greatest extent feasible.

Home ownership assistance would be given in the form of loans to eligible persons or families. The Administrator will set the interest rate down to one percent on such loans, taking into account the adjusted income of the eligible person involved. The Administrator is authorized to defer payment on up to 50 per cent of the loan, which portion would become payable and interest bearing only when and to the extent the borrowers ability to repay exceeds that required to retire the undeferred portion at the maximum interest rate or upon the sale or other disposition of the property financed by the loan. In determining a borrower's ability to repay his income will be "adjusted" by deducting 5 percent of the gross income plus $300 for that borrower and for each member of his family. An additional $1,000 will be deducted for each individual or family who is physically disabled or mentally retarded. A borrower will not be required to pay more than 20 percent of his adjusted income to repay the loan; however, when that amount would be insufficient to retire a loan even with 50 percent of the principal deferred, the borrower may choose to pay a greater amount in order to be eligible for a loan.

For those eligible persons who desire to rent or do not have sufficient income to repay a loan for home ownership the Administrator is authorized to finance all or part of the cost of acquisition, construction, rehabilitation, operation and maintenance of rental facilities. Rent charged to eligible persons for such facilities will bear a reasonable relationship to their income, taking into account reasonable needs for food, clothing, medical care, education, and other necessities and in no case shall it be in excess of 25 percent of adjusted income.

Any construction or rehabilitation undertaken with funds from the ERHA must be designed to require minimum maintenance over a useful life of at least 50 years except when the administrator finds that temporary facilities are necessary to accommodate less substantial renovation or to meet the need of temporary residents in an area. All housing built, acquired or rehabilitated by the ERHA will be minimal housing which means a safe, weatherproof dwelling with running potable water, modern sanitation facilities including a kitchen sink, toilet and shower or tub and such other requirements as to square footage and other facilities as the administrator shall set. In addition the construction should be in accordance with plans developed with the active participation of the eligible persons involved.

To carry out the housing program envisioned by this Act, the Administrator is authorized to enter into contracts with local agencies (any existing or new public or private agency, instrumentality, or organization which meets such criteria as the Administrator requires) to meet the total housing needs for all eligible persons within a designated area. The Administrator is authorized to furnish such financial, technical, and other assistance as these local agencies will require. In addition, the Administrator is authorized to furnish supplemental assistance for any housing program authorized by any other Federal or State law if such assistance will meet the needs of eligible persons under this Act.

It is anticipated that about 2,500,000 units should be assisted by the ERHA. Of the 5,000,000 low income families living in small towns and rural areas it is estimated that at least half of them will require assistance under this Act.

For the purposes of loans for acquisition of land or for the construction or rehabilitation of housing or related facilities, the Administrator is authorized to issue notes or other obligations to the Secretary of the Treasury in such sums as may be necessary to carry out the purposes of the Act. The interest on such notes will be set by the Secretary, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the preceding month of issuance. The Secretary is authorized and directed to purchase any such notes and for that purpose to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act. The Secretary is also authorized to sell at any time any such notes or other obligations which shall also be treated as a public debt transaction. In order to spread the cost of borrowing over a reasonable period of years and to eventually relieve the burden on the public debt the Act authorizes $500,000,000 to be appropriated each year, reduced by any amounts paid into the Treasury on the loans made by the Administrator, to be applied to the retirement of notes issued by the Administrator.

SECTION-BY-SECTION ANALYSIS OF THE EMERGENCY RURAL HOUSING ACT OF 1971

SECTION 1—SHORT TITLE

Emergency Rural Housing Act of 1971.

SECTION 2—FINDINGS

Congress finds that an emergency situation exists in rural areas with regard to housing for low-income families and individuals.

SECTION 3—DEFINITIONS

SECTION 4—ESTABLISHMENT AND DUTIES

Provides for the establishment of an independent federal agency called the Emergency Rural Housing Administration. Defines the ERHA's duties as providing minimal housing facilities to eligible persons in rural areas and small communities and to do so within five years to the extent possible. An eligible person as defined in Section 3 is an individual or family which lives or desires to live in a rural area or community and cannot with reasonable certainty obtain minimum housing facilities by any means other than from assistance under this Act within two years of the date of application for assistance. Provides for an Administrator of the ERHA by adding a new clause (58) to 5 U.S.C. 5314 to be appointed by the President by and with the advice and consent of the Senate. Provides that the Administrator's duties may not be transferred to any other department, agency, or instrumentality of the United States.

SECTION 5—POWERS

Provides for the powers of the Administrator of the ERHA.

SECTION 6—HOMEOWNERSHIP

Authorizes the Administrator to make loans to eligible persons for the acquisition of land and the construction of minimal housing facilities or for the acquisition or rehabilitation of existing facilities. Provides that at least fifty percent of such loan shall be amortized over a period not exceeding forty years and at an interest rate of not less than one percent per year. The remaining balance of such a loan shall take the form of a note secured by a second mortgage which becomes payable and interest bearing when and to the extent that the borrowers ability to repay exceeds that required to retire the first note at the maximum rate of interest or upon the sale or other disposition of the property. Provides that the interest rate, the amount of referred principal and the other terms and conditions of such loans will be set by the Administrator taking into account the adjusted income of the eligible person involved and that a borrower cannot be required to pay more than twenty percent of his adjusted annual income on principal, interest, taxes and insurance except when the borrower chooses to in order to qualify for the ownership program.

SECTION 7—HOUSING DEVELOPMENTS

Authorizes the administrator to acquire land and develop housing projects to be sold under Section 6 or rented under Section 8.

SECTION 8—RENTAL FACILITIES

Authorizes the administrator to finance all or part of the acquisition, construction, rehabilitation, operation and maintenance of minimal housing facilities to be rented by eligible persons, water and sewerage facilities for such housing, and related community facilities for such housing. Provides that the rental payments of the occupants and the amount of rent assistance provided shall bear a reasonable relationship to the income of the eligible persons taking into account other budget needs and in no case should any rent payment (including the reasonable cost of heat, water and light) exceed twenty-five percent of the person's adjusted income. Provides that, when feasible, lease agreements should include an option to purchase at terms consistent with Section 6.

SECTION 9—LOCAL AGENCY AGREEMENTS

Authorizes the Administrator to enter in agreements with local agencies to assume area responsibility for carrying out the purposes of the Act. Provides that the administrator shall furnish such financial, technical and other assistance to these local agencies as may be necessary. Authorizes the Administrator to provide supplemental assistance for other federal and state housing programs if such assistance will further the purposes of this Act.

SECTION 10—LIMITATIONS AND CONDITIONS

Provides that the Administrator, shall not require the relocation of any eligible person in order to engage in or to facilitate the economic development of any area. Provides that construction or rehabilitation undertaken must be designed to require minimum maintenance for at least fifty years except when the Administrator finds that less permanent housing is in accordance with the Act; and be in accordance with plans development with the active participation of the eligible persons involved.

SECTION 11—PRIORITIES

Establishes the priorities that, insofar as is practicable, persons with the lowest adjusted incomes shall be served first, and to the maximum extent feasible, ownership rather than rental occupancy will be provided.

SECTION 12—ANNUAL REPORT

Provides that the Administrator shall prepare and transmit to the Congress and the President an annual report of the operation and activities of the Agency.

SECTION 13—BORROWING AUTHORITY

Provides that for the purposes of this Act the Administrator is authorized to issue notes or other obligations to the Secretary of the Treasury in such sums as may be necessary in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary and bear interest at a rate determined by the Secretary, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. Authorizes the Secretary and directs him to purchase such notes and for that purpose to use as a public debt transaction the proceeds for the sale of any securities issued under the Second Liberty Bond Act and extends the purposes for which securities may be issued under that Act to include any purchase of such notes and obligations under this Act. Authorizes the Secretary to sell at any time any of the notes or other obligations acquired by him under this subsection and provides that all redemptions, purchases and sales by of the Secretary of such notes or other obligations shall be treated as a public debt transaction of the United States. Authorizes to be appropriated $500 million per year, less any amounts paid into the Treasury each year on loans made by the Administrator under this Act. Such sum is to be applied to the retirement of notes or other obligations issued by the Administrator.

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

SHORT TITLE

SECTION 1. This Act may be cited as the "Emergency Rural Housing Act of 1971".

FINDINGS

SEC. 2. The Congress finds that—

(1) after more than three decades of Federal activity in the housing field and more than two decades after the enactment of the Housing Act of 1949 which pledged this nation to a decent home and suitable living environment for every American family, there are millions of substandard, crowded, and otherwise deficient dwelling units which lack running water and sanitation facilities essential to health and decency;

(2) more than half of these units are in non-metropolitan areas;

(3) none of the existing housing agencies, public or private, function adequately in meeting the housing needs of the poorest people in small towns and rural areas;

(4) the administrative funds and grant and lending authorities of Farmers Home Administration are inadequate to the task, and its authorized capacity to subsidize dwellings falls far short of that required to provide housing for the poor;

(5) public housing exists in little more than token quantities in small towns and rural areas, and public housing legislation presently does not permit a subsidy adequate to meet the needs of the poorest of the poor;

(6) despite the moving rhetoric of the last two decades, the authority and funds to satisfy the housing needs of low income families are not available;

(7) existing agencies operating under existing authorities could not meet the needs of millions of the rural poor even if all restraints on administrative funds were lifted, nor would they meet those needs if there were no ceiling placed on grant and loan funds; and

(8) the ill health and human degradation that flow from this continuing neglect and denial of responsibility call for emergency action.

DEFINITIONS

SEC. 3. For the purpose of this Act—

(1) "Administration" means the Emergency Rural Housing Administration established under section 4 of this Act;

(2) "Administrator" means the Administrator of the Administration;

(3) "adjusted income" means the total income of an individual or family reduced by—

(A) 5 percent of that income;

(B) $300 for that individual or for each member of that family; and

(C) $1,000 for that individual if he is physically disabled or mentally retarded or for each member of that family who is physically disabled or mentally retarded;

(4) "area responsibility agreement" means an agreement between the Administrator and a local agency to provide minimal housing facilities for all eligible persons in an area;

(5) "eligible person" means an individual or family which (A) lives or desires to live in a rural area or community, and (B) cannot with reasonable certainty obtain minimum housing facilities by any means other than assistance under this Act within 2 years after the date of application for assistance under this Act;

(6) "local agency" means any public or private agency, instrumentality, or organization which meets such criteria as the Administrator shall by regulation require, and includes any such agency which exists under any Federal, State or local law for purposes not inconsistent with this Act, and any such agency established hereafter for any such purpose;

(7) the term "minimal housing facilities" means a safe, weatherproof dwelling with running potable water, modern sanitation facilities including a kitchen sink, toilet, and shower or tub, but such term does not include any dwelling which does not meet the requirements established by the Administrator with respect to square footage and other facilities or standards;

(8) "rural area" means any open country or any place in the United States which is not contained in standard metropolitan statistical area; and

(9) "small community" means any political subdivision in the United States which has a population of less than 25,000 people.

ESTABLISHMENT AND DUTIES

SEC. 4. (a) There is established an Emergency Rural Housing Administration. The management of the Administration shall be vested in an Administrator who shall be appointed by the President by and with the advice and consent of the Senate.

(b) It shall be the duty of the Administration to provide minimal housing facilities for all eligible persons in rural areas and small communities and to do so to the extent possible within a 5 year period. The duties and powers of the Administration shall not be transferred to any other department, agency, or instrumentality of the United States.

(c) Section 5314 of title 5, United States Code, is amended by adding at the end thereof the following new clause:

"(58) Administrator, Emergency Rural Housing Administration."

POWERS

SEC. 5. The Administrator shall have the power—

(1) to sue and be sued, and complain and defend, in its name and through its own counsel;

(2) to adopt, amend, and repeal such rules and regulations as may be necessary;

(3) to lease, purchase, or acquire by condemnation or otherwise, and own, hold, improve, use, or otherwise deal in and with, any property, real, personal, or mixed, or any interest therein, wherever situated;

(4) to accept gifts or donations of services, or property, real, personal, mixed, tangible, in aid of any of the purposes of the Administration;

(5) to sell, convey, mortgage, pledge, lease, exchange, and otherwise dispose of its property and assets;

(6) to appoint such officers and employees as may be required without regard to the provisions of title 5, United States Code, governing appointments in the competitive service; and

(7) to enter into contracts, execute instruments, incur liabilities, and do all things which are necessary or incidental to the proper management of its affairs.

HOMEOWNERSHIP

SEC. 6. (a) The Administrator is authorized to make loans to eligible persons to finance the acquisition of land and the construction thereon of minimal housing facilities, or to finance the acquisition or rehabilitation of existing facilities in accordance with minimum housing facilities standards.

(b) At least 50 percent of the principal amount of any loan made under this subsection shall be amortized over a period of not more than 40 years, shall bear interest at a rate of not less than 1 percent per year, and shall be secured by a first mortage. The remainder of such principal amount may be a note secured by a second mortgage which becomes payable and interest bearing only when and to the extent the borrower's ability to repay exceeds that required to retire the first note at the maximum interest rate or upon the sale or other disposition of the property financed by the loan. The Administrator shall determine the percentage rate, the amount of the principal deferment, and the other terms and conditions of any such loan, taking into account the adjusted income of the eligible person involved. All amounts received by the Administrator as principal or interest payments on such loans shall be paid into the Treasury in accordance with Section 13 of this Act.

(c) The Administrator may not require an eligible borrower to pay more than 20 percent of adjusted annual income on principal, interest, taxes and insurance (PITI) but a borrower, in order to qualify for ownership may voluntarily agree to pay more.

HOUSING DEVELOPMENTS

SEC. 7. The Administrator is authorized to acquire land and engage in the development of housing projects to be sold under Section 6 or rented under Section 8 of this Act.

RENTAL FACILITIES

SEC. 8. (a) The Administrator is authorized to finance all or part of the acquisition, construction, rehabilitation, operation, and maintenance of (1) minimal housing facilities in rural areas and small communities to be rented by eligible persons, (2) water and sewer facilities for such housing facilities, and (3) related community facilities for such housing facilities.

(b) Rental payments and the amount of assistance shall bear a reasonable relationship to the income of the eligible person, taking into account reasonable needs for food, clothing, medical care, education, and other necessities as determined by the Administrator. In no case shall any such payment including the reasonable cost of heat, water and light, exceed 25 percent of the adjusted income of the eligible person.

(c) Any lease or other occupancy agreement for facilities under this section shall include whenever feasible an option to buy in accordance with the provisions of section 6 of this Act.

LOCAL AGENCY AGREEMENTS

SEC. 9. (a) The Administrator may enter into area responsibility agreements with any local agency. The Administrator shall furnish such financial, technical, and other assistance as any such local agency may require in order to carry out programs authorized by this Act in accordance with the terms of any such agreement. The Administrator shall have access to the books, records, and any other papers of any local

agency which enters into an area responsibility agreement in order to insure that such agency is at all times operating in compliance with the provisions of this Act.

(b) Notwithstanding any other provision of law, any agreement under this section may provide that the Administrator may furnish supplemental assistance for programs authorized or administered under any other provision of Federal or State law, if the Administrator is satisfied upon the basis of such assurances as he may require, that such agreement will carry out the purposes of this Act.

LIMITATIONS AND CONDITIONS

SEC. 10. (a) The Administrator shall not require, as a condition of assistance under this Act, the relocation of any eligible person in order to engage in or to facilitate the economic development of any area.

(b) Any construction or rehabilitation undertaken with funds authorized under this Act shall—

(1) be designed to require minimum maintenance over a useful life of not less than 50 years; provided that this limitation shall not apply to new or rehabilitated housing if the Administrator finds that less permanent housing is in accordance with the basic purposes of this Act.

(2) be in accordance with plans developed with the active participation of the eligible persons involved.

PRIORITIES

SEC. 11. (a) The Administrator shall insofar as is practicable furnish assistance under this Act to eligible persons with the lowest adjusted incomes first.

(b) To the maximum extent feasible, the Administration shall provide for homeownership rather than rental occupancy.

ANNUAL REPORT

SEC. 12. The Administration shall, as soon as practicable after the end of each fiscal year, prepare and transmit to the Congress and the President an annual report of the operation and activities.

BORROWING AUTHORITY

SEC. 13. (a) The Administrator is authorized to issue to the Secretary of the Treasury notes or other obligations in such sums as may be necessary to carry the purposes of this Act in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, and the purposes for which securities may be issued under the Act are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

(b) There is authorized to be appropriated $500,000,000 per year, reduced by any amounts paid into the Treasury each such year on the loans made by the Administrator under this Act, to be applied to the retirement of notes or other obligations issued by the Administrator under subsection (a) of this section.

By Mr. HARTKE:

S. 2898. A bill to amend the Education of the Handicapped Act to provide tutorial and related instructional services for homebound children through the employment of college students, particularly veterans and other students who themselves are handicapped. Referred to the Committee on Labor and Public Welfare.

HELPING THE HOMEBOUND HANDICAPPED

Mr. HARTKE. Mr. President, approximately 1 million young people in our Nation fall into the category of homebound handicapped. For varying lengths of time, these children are unable to attend school. As a consequence, they suffer academically and emotionally. Many of those who eventually enroll in regular classes experience all the difficulties of children coming from deprived backgrounds—poor social adjustment, academic difficulties, emotional problems.

Throughout the Nation, there is a significant variation in the services which are available to handicapped children. Some localities provide as much as 5 or more hours of home instruction weekly. Others, because of a lack of funds, have been unable to provide any instruction.

Mr. President, the importance of education to the young cannot be overemphasized. Without an adequate education, a child will forever be condemned to second- or third-class status in our society. A handicap which requires a child to remain at home for a few months or many years must not also force that child to forgo his education.

The use of available college students to tutor such children will make it possible for the homebound handicapped to continue their education uninterrupted. That is why I am introducing legislation today which is designed to provide financial compensation to qualified college students who would serve as home tutors for these youngsters. This legislation is identical to H.R. 11131, recently introduced in the House by Representative HERMAN BADILLO and cosponsored by more than 100 others. I believe that it establishes a practical means of assisting the handicapped.

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

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

S. 2898

A bill to amend the Education of the Handicapped Act to provide tutorial and related institutional services for homebound children through the employment of college students, particularly veterans and other students who themselves are handicapped

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Education of the Handicapped Act (20 U.S.C. 1421–1426) is amended by adding, at the end thereof, a new part H, as follows:

"PART H—USE OF COLLEGE STUDENTS AS TUTORS AND INSTRUCTIONAL ASSISTANTS FOR HOMEBOUND CHILDREN

"AUTHORIZATION OF PROGRAM

"SEC. 671. (a) The Commissioner is authorized to make grants to State education agencies to enable them to develop and carry out programs, at their and at local educational agency levels to provide, through the use of students in institutions of higher education, tutoring and instructional assistance, under the supervision of a qualified teacher, for homebound handicapped children who, though able to benefit from preschool, elementary, or secondary education, are prevented by their handicaps, by lack of facilities, or because they experience special difficulties when in school, from attending school. Homebound children for whom services under this part may be provided include but are not limited to those as defined under section 602, paragraphs (1) and (15), and such services may be provided to children who are homebound for short or long terms.

"(b) For a local educational agency to receive assistance under this part from a State education agency, it shall make a proposal to the State educational agency for a tutorial or instructional assistance program to be carried out through a cooperative arrangement with one or more institutions of higher education. The local educational agency shall give assurances that—

"(1) in selecting students to participate, (A) special consideration will be given to veterans qualified for vocational rehabilitation under chapter 30 of title 38, United States Code, and to other handicapped students (provided in either case that their handicaps do not make their working with homebound children ineffective); and (B) among students otherwise equally eligible to participate in the program, preference will be given to those having greater financial need;

"(2) the program will be administered by the local educational agency in accordance with its rules and regulations relating to homebound instruction;

"(3) participation in the program will not interfere with the academic progress of participating students.

"(4) compensation paid to participating students will be set by agreement between the local educational agency and the student's institution, the maximum to be established at the direction of the Commissioner. In no case shall the compensation be established below the prevailing minimum hourly wage;

"(5) funds will be used in such manner as to encourage equipping the homebound handicapped children for eventual full assimilation by society, with every effort to avoid development of a segregated, permanent system of education for the handicapped; and

"(6) Federal funds made available under this part will be so used as to supplement and, to the extent practical, increase the level of State, local, and private funds expended for the education of handicapped children, and in no case supplant such State, local, and private funds.

"APPLICATION

"SEC. 672. (a) The Commissioner shall make grants under this part to State educational agencies on the merits of their proposals to him which shall be submitted on such application forms and under such guidelines, as he shall prescribe. Proposals shall contain, among other information as required by the Commissioner (1) all data from local education agencies' proposals to the State, as is required to support the total amount of funding requested by the State; (2) the State's detailed plans for conducting, or providing for the conduct of, evaluation of the program supported under this part; and (3) the State's detailed plans for locating and identify all its homebound chidlren who could benefit from this program.

"(b) An amount not to exceed 10 per centum of the total funds awarded to a State under this part shall be available to the State for it and its local education agencies to administer the program.

"AUTHORIZATION AND APPROPRIATION

"SEC. 673. There are hereby authorized to be appropriated $55,000,000 for the fiscal year ending June 30, 1973, and such sums as may be necessary for fiscal year ending June 30, 1974, and for fiscal year ending June 30, 1975, for carrying out the provisions of this part.

"ALLOTMENTS TO STATES

"SEC. 674. All of these sums shall be granted at the discretion of the Commissioner; however, the Commissioner shall set aside 25 per centum of the total appropriation and preliminarily allocate (but not automatically grant) to each State (as defined by sec. 602(6)) an amount which bears the same ratio to such amount as the number of children aged three to twenty-one, inclusive, in the State bears to the number of such children in all the States. The Commissioner shall approve or disapprove applications from the States, and any funds preliminarily allocated to a State whose application is disapproved, or which fails to file timely application, shall be added to, and be included for distribution under, the remaining 75 per centum of the funds. The Commissioner shall not disapprove any State's application until he has offered and (if the State accepts his offer) provided technical assistance to that State in an effort to bring that State's application to a level of approvable quality, so that the State may then be granted its proportionate share of the 25 per centum set aside, and, if then applicable, an appropriate portion of the remaining 75 per centum."

By Mr. EAGLETON (for himself, Mr. INOUYE, Mr. HOLLINGS, Mr. STEVENSON, Mr. HUGHES, Mr. WILLIAMS, Mr. BOGGS, Mr. TUNNEY, and Mr. MATHIAS):

S. 2899. A bill to authorize grants and loan guarantees for construction or modernization of hospitals and other medical facilities in the District of Columbia. Referred to the Committee on the District of Columbia.

THE DISTRICT OF COLUMBIA MEDICAL FACILITIES CONSTRUCTION ACT OF 1972

Mr. EAGLETON. Mr. President, at the request of the Hospital Council of the National Capital Area, I am introducing, along with several cosponsors, a bill to extend the District of Columbia Medical Facilities Construction Act which was enacted during the 90th Congress.

I am informed that this construction funding involves no additional new acute care hospital beds for the District, but is primarily for modernization and renovation.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 2422

At the request of Mr. GOLDWATER, the Senator from Oklahoma (Mr. HARRIS) was added as a cosponsor of S. 2422, a bill to provide for the acquisition of a village site for the Payson community of Yavapai-Apache Indians on certain lands which are to be eliminated for such purpose from the Tonto National Forest, and for other purposes.

WITHDRAWAL OF COSPONSOR

S. 2574

At the request of Mr. MCGEE, the Senator from Georgia (Mr. GAMBRELL) was removed, and the Senator from Oklahoma (Mr. HARRIS) was added as a cosponsor of S. 2574, the Voting Rights Amendments of 1971.

SENATE JOINT RESOLUTION 79

At the request of Mr. HARTKE, the Senator from Vermont (Mr. STAFFORD) was added as a cosponsor of Senate Joint Resolution 79, the equal rights amendment.

SENATE RESOLUTION 202—SUBMISSION OF A RESOLUTION RELATING TO TROOP REDUCTIONS IN EUROPE

(Referred to the Committee on Foreign Relations.)

Mr. MATHIAS. Mr. President, I submit a resolution that would put the Senate on record as opposing unilateral withdrawal of U.S. troops from NATO countries.

Let us reduce troop levels, but do it rationally, do it cooperatively, do it permanently through mutual and balanced force reductions.

I think it would be a grievous mistake if the United States were to undertake unilateral cuts at this time. I am not opposed to an ultimate reduction in the level of our forces—in fact I think they are necessary—but I do believe that we must work this out in full consultation with our allies.

Our European allies have been stung by unilateral executive action in the economic area. Let us not aggrevate this situation by unilateral legislative action in the defense area. The Senate participated in the NATO treaty. Let the Senate demonstrate that it is living by the spirit of that treaty.

The text of my resolution is as follows:

S. RES. 202

Resolved, That it is the sense of the Senate that:

1. The United States should revitalize its policy of support for the North Atlantic Alliance and reaffirm the policy of the United States for full partnership in the defense of the entire Atlantic Community on the basis of self-help and mutual support; and

2. The United States should actively seek mutual and balanced force reductions to be brought about through consultations among the NATO Allies with view toward negotiations between the NATO powers and the members of the Warsaw Pact; and

3. The United States should continue consultations with its Allies on the level of American forces required on the Continent to preserve the Atlantic defense potential and on the apportionment of troop reductions among the members of the alliance in event of agreement with the Warsaw Pact Powers on mutual force reductions; and

4. In the absences of troop reductions between NATO and the Warsaw Pact, troop reductions undertaken by the Soviet Union, or a significant strengthening of Western European defense capacity, the United States should make no substantial reduction in the current level of its forces deployed in Europe before June 30, 1973, at which time the United States should determine with its European Allies the level of American forces required for Western defense; and

5. The United States should seek, with its European Allies, to immediately improve the effectiveness of forces deployed in Europe and to encourage the development of a common Western European defense effort within the framework of NATO; and

6. The United States should continue to support steps furthering the progress of *detente* in Europe, in ways best designed to maintain the strength of the Atlantic Alliance and reassure its European Allies of its continued commitment to their peaceful development; and

7. The United States should undertake with its European Allies to resolve the current monetary and trade crisis, with a particular view toward augmenting the total strength of the peoples constituting the Atlantic Alliance, while building a new structure of international economic relations for the benefit of all nations.

* * * * *

SENATE RESOLUTION 203—SUBMISSION OF A RESOLUTION RELATING TO THE U.S. DELEGATION TO THE 1973 UNITED NATIONS LAW OF THE SEA CONFERENCE

(Referred to the Committee on Foreign Relations.)

Mr. HATFIELD. Mr. President, today I am submitting for myself, the senior Senator from Washington (Mr. MAGNUSON), and the senior Senator from Alaska (Mr. STEVENS), a resolution calling for inclusion of representatives of the U.S. fishing industry as members of the official U.S. delegation to the 1973 United Nations Law of the Sea Conference.

In my opinion, it is inexcusable that the U.S. delegation to such a conference would not include representatives of our fishing industry. The theme of the conference is management of our sea resources, which is exactly what must be done on a global basis if any fish resource is to survive.

While discussions have centered on such items as territorial limits, foreign nations vacuum up fish off our coasts at an increasing rate. Preservation of the fish resource is at stake.

The very future of the global fishing industry is at stake. Only international agreements aimed at preservation and conservation of the resource can preserve our vital fishing industry.

We three Northwest Senators serve on the Commerce Committee, where we review legislation affecting our fishing industry. We all hope representatives of the fishing industry will be added to the U.S. delegation.

Mr. President, I objected to this omission in letters to the Department of State, and to the National Oceanic and Atmospheric Administration. I ask unanimous consent that the responses and the resolution appear at this point in the RECORD.

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

DEPARTMENT OF STATE,
November 18, 1971.

Hon. MARK O. HATFIELD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HATFIELD: The Secretary has asked me to reply to your letter of November 5, inquiring on behalf of the fishery industry's interest in the Law of the Sea Conference.

The Executive Branch is considering the question of fisheries industry representation on the U.S. Delegation, and we expect that a final decision will be reached soon. As soon as the decision has been made, I will write you again.

Sincerely,

DAVID M. ABSHIRE,
Assistant Secretary for Congressional Relations.

U.S. DEPARTMENT OF COMMERCE,
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION,
Rockville, Md., November 15, 1971.

Hon. MARK O. HATFIELD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HATFIELD: In further response to your letter of November 9, 1971, to Secretary Stans, I want to assure you that the Department of Commerce shares your view, and that of the fishing industry, that U.S. commercial fishing interests should be represented at the Law of the Sea forum.

To that end, we have made both formal and informal overtures to the Department of State and the Interagency Task Force on Law of the Sea for such representation at all future preparatory conferences and the 1973 Law of the Sea Conference.

We intend to continue to make every effort to ensure that our fishery interests have an opportunity to participate fully and directly in U.S. Law of the Sea activities.

Sincerely,

ROBERT M. WHITE, *Administrator.*

Mr. HATFIELD. In addition, Mr. President, there appeared a fine editorial in the Daily Astorian newspaper on this omission. The editor, Mr. Mike Forrester, capsuled the views many people in my State, and across the country, felt when they realized that representatives of the U.S. fishing industry would be omitted from this conference.

I ask unanimous consent that the fine editorial appear at this point in the RECORD, and I also ask unanimous consent that a copy of the language of the resolution appear at the conclusion of my remarks.

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

[From the Daily Astorian (Oreg.), Sept. 30, 1971]

UNWISE NEGLECT

Same old deal.

That's what many in the commercial fishing industry are saying after the industry was left out of a recent session planning a 1973 Law of the Sea conference in Geneva, Switzerland.

The planning session, also held in Geneva, included officials in many fields. Emphasis was reportedly on under-sea mineral resources and on freedom of movement of U.S. merchant and naval vessels. No representatives of the fishing industry.

With all the evidence of over-fishing of certain species, with the concern over the world's peoples having adequate protein foods and with the conflicts between nations over fishing areas, still no invitation for the fishing industry to take part at Geneva.

The U.S. government's explanation was reportedly that the planning session would have been unwieldy if too many interests were represented.

The plain fact seems to be that the fishing industry continues to stand where it has stood for years—at the end of the line. Officials, whether in the White House, State Department or elsewhere, have not seen fit to stick up for the U.S. fishing industry in conflicts with fishing operations of other countries. It's undoubtedly easier in foreign affairs to accede to the wishes of the Japanese, the Koreans, the Soviets, the Ecuadorans etc. over fishing issues than to disagree with them.

It's easy to see why the State Department wants to keep from borrowing more trouble—the United States has enough international problems already. But ignoring or minimizing the problems of fisheries conservation in the oceans cannot be excused. Conservation of the world's fish resources is really the issue.

Mineral exploration on a continental shelf affects the fisheries. Military activities on the ocean bottom affect the fisheries. Excessive fishing of certain species obviously affects the fisheries. Excessive fishing apparently won't come up at the planning 1973 conference, but minerals exploration and underwater military activities certainly will.

Fish are usually considered one of the non-vital foods in America, but that surely isn't the case in many other countries. As the world's population grows and as the need for cheaply produced protein sources grows, fish will become more and more important. Planners in the United Nations, under whose auspices the 1973 meeting is being arranged, must realize the importance of protecting the fishery resource.

If consideration of fish is truly not feasible at the 1973 conference, the United Nations or the United States should plan immediately a separate international meeting on the fisheries. Such a conference is long overdue.

S. RES. 203

Whereas the United States fishing industry has experienced a prolonged period of economic and international difficulties;

Whereas the future of the United States fishing industry currently evidences little hope of improved economic conditions;

Whereas the future of the United States fishing industry is tied to the world-wide preservation of the basic fish resource;

Whereas one country's efforts to preserve the resource would be ineffective;

Whereas the preservation of the fish resource must be based on multi-nation agreement and cooperation;

Whereas the 1973 United Nations Law of the Sea Conference will consider the future management of the resources of the sea;

Whereas the 1973 Conference will take action affecting the future of the United States fishing industry; and

Whereas current membership of the United States delegation does not contain representatives of the United States fishing industry: Now, therefore, Be it

Resolved, That it is the sense of the Senate that representatives of the United States fishing industry be included in the United States delegation to the 1973 United Nations Law of the Sea Conference.

DEPARTMENT OF DEFENSE APPROPRIATIONS, 1972—AMENDMENT

AMENDMENT NO. 746

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

Mr. JACKSON submitted an amendment intended to be proposed by him to the bill (H.R. 11731) making appropriations for the Department of Defense for the fiscal year ending June 30, 1972, and for other purposes.

AMENDMENT NO. 747

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

Mr. GRAVEL submitted an amendment intended to be proposed by him to the bill (H.R. 11731), supra.

AMENDMENT NO. 749

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

Mr. McINTYRE submitted an amendment intended to be proposed by him to the bill (H.R. 11731), supra.

AMENDMENT NO. 750

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

Mr. JACKSON submitted an amendment intended to be proposed by him to the bill (H.R. 11731), supra.

REVENUE ACT OF 1971—AMENDMENTS

AMENDMENT NO. 748

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

Mr. GRAVEL 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.

ADDITIONAL COSPONSOR OF AN AMENDMENT

AMENDMENT NO. 559

At the request of Mr. RIBICOFF, the Senator from New Jersey (Mr. WILLIAMS) was added as a cosponsor of amendment No. 559, intended to be proposed to H.R. 1, the President's family assistance plan.

WITHDRAWAL OF A COSPONSOR
AMENDMENT NO. 743

At the request of Mr. CRANSTON, the Senator from New York (Mr. BUCKLEY) was removed as a cosponsor of amendment No. 743, intended to be proposed to S. 2712, the Economic Stabilization Act of 1971.

NOTICE OF HEARING ON A NOMINATION

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Wednesday, December 1, 1971, at 10:30 a.m., in room 2228, New Senate Office Building, on the following nomination:

Kenneth K. Hall, of West Virginia, to be U.S. district judge for the southern district of West Virginia, vice John A. Field, Jr., elevated.

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

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

ADDITIONAL STATEMENTS

OPPOSITION BY MALCOLM FORBES TO MEDIA EXEMPTION FROM PRICE CONTROLS

Mrs. SMITH. Mr. President, Saturday, I received a most refreshing and unusual telegram from the resident and editor in chief of Forbes magazine. It was refreshing and unusual in that it was at least one instance of a person saying that he did not want to be exempted from price wage controls.

Because of its rarity, I ask unanimous

consent that the telegram I received from Malcolm Forbes be printed in the RECORD.

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

NEW YORK, N.Y.,
November 19, 1971.

Senator M. C. SMITH,
Senate Office Building,
Washington, D.C.:

I cannot think of one valid reason why media should be exempt from the price wage controls applying to everyone else. I hope you will vote against this embarrassing, unjustified, presumptuous proposal.

MALCOLM FORBES,
President and editor in chief, Forbes Magazine.

BUTZ' SPEECH SHOWS LACK OF CONCERN OVER NATION'S NEEDS

Mr. PROXMIRE. Mr. President, a few days ago I received a casette recording of a speech Secretary of Agriculture-designate Earl Butz made before an agricultural advertising and marketing seminar earlier this year—on April 26, to be exact. On Friday I provided certain segments of this speech to members of the press. These segments were highly critical of the food stamp program, the Nixon welfare proposal, and the environmental movement. They raised serious concern in my mind about the type of job Dr. Butz would do as Secretary of Agriculture were he to be confirmed by the Senate.

In the course of his speech Dr. Butz pooh-poohed the notion that Lake Erie is a dead lake, minimized the impact of DDT runoff on the fish population of Lake Michigan, and termed consumerism and environmentalists a threat. These comments, added to his antagonism to the family farmer, make him entirely unsuited to represent both the family farmer and the consumer as Secretary of Agriculture.

So that Senators can evaluate Dr. Butz' comments in the context of his entire speech, I ask unanimous consent to have printed in the RECORD, a transcript my staff prepared from the casette recording of the speech over the weekend. Anyone who cares to listen to the recording is perfectly free to do so in my office.

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

THE CHALLENGE TO MARKETERS IN THE 1970'S

(Speech by Earl Butz)

Thank you very much Burt, ladies and gentlemen, federal taxpayers, just to make sure I include everybody here today. It is a pleasure to be here. I see you're starting off your sessions operating in the dark as we do in agriculture much of the time and especially if you're concerned with agricultural policy, I think it's wise to operate in a darkened room. I checked back on my notes and discovered last November two that I had a telephone call from Burt Lund asking if I would appear here today and Burt kind of skirted around the edge, you know. He didn't know what my fee was or anything like that. He kind of talked about the association being new, just twelve years old, not having a great deal of money and the like of that. I kind of read between the lines. Burt says, "well don't you do a talk once and a while for General Motors." I said, "Yeah, that's right." He said, "any chance of getting them to sponsor you up here." Looking for a new way out, you know. I said, "Well, that's probably possible, Burt, you can try it," so I am delighted to be here as a representative of General Motors speakers bureau today which means that you get me for free and it's probably worth about that sum. I'm not supposed to do any advertising for them you know because their product doesn't need much advertising. But I had a unique experience the other day I'll tell you about.

I flew into Minneapolis here going to one of the outlying places out here to make a talk and I went up to the Hertz counter to rent a car to drive out there fifty or sixty miles. I got this Hertz car and the young lady says, "Well now Mr. Butz, we got a nice brand new Ford to give you here." I said, "Look here young lady, I'm here as a representative of General Motors, I'd like a General Motors' car." She said, "Well I know how you feel about it, I'll still give you a nice brand new Ford that you can use." I said, "Let's get the record straight. General Motors is paying my expenses here today. They are paying me for doing this. I want a General Motors car." She said, "Look here Mr. Butz, I want to tell you something, if you want a General Motors car you've got to get here early," she said.

Well any way. That was last November, and two I didn't realize then the kind track I was going to be on now. You know, you think that far away the date will never get here, but it has a habit of catching up with you some how or other. All things catch up with you sometime. Just like the other day, this was brought home to me, that even after a long time things will come to pass. Mrs. Butz has been on me for some while to clean out the garage. I finally decided to clean it out and stop that static I'd been getting. So I went out in the garage and it was a bit dirty. I thought I'd better put on an old suit of clothes to do this job. So I got to rummaging around back in the closet and I found a suit of clothes that I hadn't worn in six years and I put that suit on. I got in the garage and I put my hand in my pocket and I found a shoe repair ticket for a pair of shoes that I had taken down to the local cobbler sometime before six years ago. I don't know just how long ago it was.

Well I was curious to know whatever happened to those shoes. So the next day, I went down to the cobbler and I said, "I was cleaning out my garage yesterday. I put on this old suit that I haven't worn in six years. I put my hand in my pocket and I found this shoe repair ticket for a pair of shoes that I brought down to you sometime before six years ago. I'd forgotten about them. I know I wouldn't expect you to have those shoes now but, out of curiosity, anyway, tell me what ever happened to those shoes?" He said, "Let me see that ticket." He went back to the counter. Presently, he came back out. He said, "Those shoes will be ready a week from Friday." (Laughter) So anyway, it caught up with me. Here I am, I don't get the significance, though, I just get started and he brings up four glasses of water like this is going to be a dry talk.

Burt said that I was going to tell you something about the Agricultural market. Since Burt's not paying me, I think I won't do that. It gives me a great deal of independence, here you know. But I got to looking over your program and you're going to be dealing with this Agricultural market all day, and tomorrow too. You've got all kinds of experts here. And, I'll sum up this agricultural market in terms of volume in just a quick word. It's big and it's going to get bigger.

When we talk about shrinking agriculture—we've been talking about that now for twenty years I guess, haven't we—and we thought of shrinking agriculture only in terms of shrinking numbers of farmers and that's absolutely the only way this is shrinking, and shrinking numbers of farmers and shrinking numbers of farms. Each year our agriculture in this country takes more capital than the year before and more purchase production inputs, a higher level of sophisticated management, a more difficult job to get the job done, more custom-made items go into it, and that's going to continue. It will be a tremendous market. Now that's the speech that Burt said that I was going to give you. And that's it.

But I'm going to talk about something this morning that I think is a real threat to American agriculture. It involves our future and something that you can help with. And that's the threat that comes from the environmentalists, or from the do-gooders, or from consumerism, or from whatever you want to call it. I guess if I have to use a title for my talk, I'll call it "Man and His Environment, Crisis or Challenge." We are all involved in this because increasingly the agriculture uses an ever-larger chunk of chemicals, of antibiotics, of insecticides, of pesticides and that type of thing that's under increasing attack from the environmentalists in this country.

Man is the most versatile of all the animals I guess on the earth. He's learned in varying degree to adapt the natural elements and to modify the physical environment in which he lives. In the last thirty minutes of the 24-hour time clock, of the recorded human history, man has extended his habitat from the tropics and the friendly garden of Eden to the frigid and hostile tundra of the Arctic and Anarctic. You'll find him from the high altitude of the Alps to the low elevation of Death Valley. You will find him from the 24-hour photo periodism of this latitude to the six-month photo-periodism of the Artic. You'll find him under all kinds of varying conditions. In short, he has disturbed the balance of nature. This is brought into play, this word that we kick around a great deal these days, that we call ecology. Five years ago or ten years ago, nobody could even pronounce the word ecology. Now we can pronounce it but nobody knows what it means. We kick it around a great deal, you see.

Well, man disturbing this balance of nature has brought great rewards to him. But not without peril and without cost. And, I want to talk about those perils and costs a little bit today, and then see what we can do about it as educators in this agricultural field.

Pollution is not new. It's just more intense, is all it is. Man has always been a polluter of sorts. The cave man was a polluter. We know something about how the cave man lived and something about his habits from his rubbish pile as we examine that. But when he got dirty enough he just moved on to new territory. We can't do that anymore, because there's no more new territory for us to move onto here. So that pollution is nothing new. It's just become a matter of public consciousness here in recent times.

You know, we follow fadism in America in the public causes we espouse. In recent times, I guess the last fifteen or twenty years, we're always marching for something and we have a great tendency to follow fadism in the causes we espouse. I suppose in history we'll look back five or six years from now, we'll look back on 1970–71 and we'll call this the year of the environment, I suppose, if we have to characterize it for anything. But look back three or four years before this. What were we marching for then? Then, the big clamour was hunger and malnutrition. And

we in Agriculture, were, of course, intensely interested in that, too. And we were quite concerned about hunger and malnutrition. You remember Senator McGovern had his televised hearings down in Florida to portray the bad plight of the migratory workers in Florida. Ted Kennedy, not to be outdone, took a planeload of cameramen to Alaska to see the starving Eskimoes, you know. And that was portrayed in several TV features back here. And what came out of that? Out of that came a food stamp plan—so generous, so extensive—that it's just short of ridiculous in some parts in this country. Out of it came a welfare program that President Nixon is recommending to the Congress that's so far out that even the Democrats in Congress won't buy it (laughter).

But my point is that we always over-react to crisis. It's a typical American characteristic to over-react to crisis. Before the hunger and malnutrition binge we were on, it was integration and segregation and we were all hepped up about that, you recall. And the people who are really suffering from this environmental binge we are on now are the integrationists. Their money's dried up, the support is dried up. These fellows are really hurting because we 've forgotten about that. Well right now, I think that we're at the crest of what I would call the agitation curve in this environmental binge we're on, I think that there is some evidence that we may be headed downward in this agitation curve a little bit.

Last week, we had Earth Week. And I am informed that attendance at the various meetings and seminars we had at Earth Week was down substantially from what it was a year ago. You can only run this stuff through the press and through the news media once and the edge is off of it, you know. So our real problem then is to get through this next year—1971—without doing some very, very silly things—in legislatures, in the Federal Congress, in the regulatory bureaus of the government, in the Environmental Protection Agency, which is now headed by a very capable fellow, Hoosier of mine, Bill Ruckelshaus. But he's got a whole battery of bureaucrats there that have been put together from various sources and it's in their very nature to regulate, you know. That's the way they survive. And I think that our big challenge is to get through 1971 without doing permanent damage to the useful things we do in agriculture, many of which you purvey yourself. And concerning many of which you conduct a vast educational program from year to year. So that's the problem we have. Maybe it's better that we get all excited about causes like this. We do get something done. Just so we don't over-react. That's the real danger we face now is over-reaction. We need to extol the benefits that come from these chemicals and antibiotics and pesticides and antibiotics that we use. Well, now to get down to specific here on some of the things that causes trouble.

I guess that one of the basic problems in this whole thing is this rapid growth in population we've had and that we are having. And, that's nothing new to you. Somebody has said that this problem of pollution we have is primarily a problem of peoplelution—to abbreviate "people pollution". And I think that's essentially correct. We're just growing so rapidly, and our demands are skyrocketing so much that we have trouble keeping up with it.

The astoninshing fact is that the human race now in the world is currently doubling every thirty to thirty-five years—that's worldwide. In the next thirty years in this country, we're going to add 50% to our population plus or minus—I won't argue 10 or 20 million one way or the other. But we're going to add roughly another 100 million people to our population in this country. In the next thirty years we're going to double the world population—the next thirty years, and that poses some tremendous problems in terms of the skyrocketing of human wants, in terms of our waste disposal problems, in terms of feeding this, in terms of just the sheer feeding of this mass of people, in this country and around the world. Think of it, world population doubled in 30 years by the year 2000 and that's not very far away—that's closer to me now than I am removed from my college graduation.

We're going to have to learn somehow in this world in these next thirty years how to feed as many more people as we have learned to feed since the dawn of history. Now, I get a little scared when I contemplate that and when I see the job that that means for agriculture. And when I figure the large amount of scientific and technological inputs that will have to be put into agriculture to get that job done, then I see these environmentalists on the other side trying to hold us back and trying to impede—not trying, but the net effect is to impede—the progress we're making in scientific agriculture. That's a real challenge—to learn in the next thirty years how to feed as many more people as we've learned since the dawn of history at a time when there is no new Western Hemisphere to discover, at a time when there are no more prairie sods to plow, at a time when there are no more virgin timbers to cut down, at a time, as a matter of fact, when we're losing arable land to the urban sprawl—to parks, to recreation, to airports, to highways—every time you run one of these dual lane highways through Minnesota it takes out thirty acres a mile. And every time you put a clover leaf in one of these four lane highways, it takes out from 25 to 40 acres depending on the size of the curve. And my impression is that concrete is down there pretty solid. I don't think we're ever going to farm that again.

My point is that the only additional input we have to put into this agricultural machine in these next thirty years is the very input that you folks merchandise. It's the custom part of agricultural inputs, it's science, it's research, it's brainpower, it's chemistry, it's biology. And that's the input that we're going to put into it in these days ahead.

Well, as we double our population, human wants are skyrocketing too. Population is going up on a geometric curve and you know a geometric curve is a growth curve that goes up—something like that has a multiplier effect in it. And we're used in agriculture to thinking about an arithmetic curve where you simply add a given increment every year. But this population thing is a growth curve going up something like that, an exponential curve or as somebody's said, a logarithmetic curve. If you don't know what that is, it's something like the growth of bacteria in a plate of mayonnaise beside the refrigerator on a a hot summer's day when your wife is gone. Or if you never experienced that, it's like the national debt (laughter) is a growth curve, you see. Then you add to that an exponential curve in the skyrocketing of human wants and you've got a real pollution problem in this country that we can meet. I'm sure we can meet. But my plea is, let's meet it rationally and objectively and not emotionally.

What are some examples of the skyrocket of human wants in this country? We're doubling in this country our electric power production every decade, at the present rate . . . we're going to have to have twice as much electric power production capacity ten years from now as we have today. And we're talking now about thermal pollution of water, and pollution of our air and so forth. In North America, automobiles are increasing twice as fast as people. And you wonder some times where you're going to put the ones you have now. Well, think of that in terms of our problem—of the emission problem—which I think the automobile companies are making real progress in licking, in terms of the junkyard problem, in terms of the highway problem and all that. As per capita incomes have risen in this country and around the world and the big rise around the world has yet to come, our demand for foodstuffs goes up—not so much in terms of total quantity but in terms of quality. You've seen that here in this country with a doubling of our per capita consumption of beef for the last twenty years, for example, with our poultry products going up, with pork, I think, just ready for a great breakthrough, well, all this, of course, posts a great problem in solid waste disposal, and that's growing on a geometric basis, too. At the present time the per capita production of solid waste in this country is about five pounds per person per day. And if I add to that the industrial and agricultural waste, that rises to about 8 pounds per person per day or 1½ tons per person annually. That's 300 million tons of solid waste a year, I'm talking about. Think of the load that imposes in incinerators, on dumps, on landfills, on garbage disposals and sewage treatment plants, if you want to.

Well, moving on. How much pollution do we have anyway? It's kind of difficult to measure. You can measure water pollution, you can measure air pollution—we talked about noise pollution a great deal. And we haven't yet clearly identified how much pollution we do have.

But let's come back to agriculture for a moment. Agriculture is one of our big solid waste producers. And it's under attack increasingly for that. On top of that, it contributes its share of water pollution in the nature of nitrates and nitrites, ammonia and persistent insecticides such as DDT. We hear a lot about the runoff of DDT in Lake Michigan over here.

We don't hear much about the benefits of DDT. You don't hear much about malaria having been wiped from the face of the earth. You don't hear much about human health having been improved. You hear about DDT being found in the fish taken out of Lake Michigan over here running off the Wisconsin hillsides and the like of that to which I argue that, something like this: That Lake Michigan has DDT in it. The Cohoe salmon thrives in Lake Michigan. Lake Superior has no DDT. There are no Cohoe salmon in Lake Superior. Moral: Let's put DDT in Lake Superior so Cohoe salmon can grow there (laughter). Absurd! Of course, it's absurd. But no more so than the argument on the other side. Lake Erie—how many of you have heard that Lake Erie is a dead Lake and the other Lakes dying. Last year the commercial fish take in Lake Erie was a record. It can't be very dead. Now the character of the fish change some I know. But they were commercially important fish. And it was a record that come out of Lake Erie. My only point is, lets come down to earth on this propaganda and agitation that we're getting about environment and be sensible about it.

Our farmers are caught right in the middle of consumers' demand for more red meat with less pollution from its production. But we've not yet found a way to produce a tasty sirloin steak without some cow manure as a byproduct. The two go together. And yet, look at all the agitation we're getting from some of our municipal areas to control feed lots, for example, clear out on the edge of the watersheds. Now we know scientifically how to handle manure disposal in feed lots. We can do it in a sanitary way, the technology is here, we know how to do it. But these things are being tried in an emotional way—in the press. I think of my home state of Indiana, (Indianapolis) where a group of people were trying to put together a feed

lot about 15 or 20 miles north of Indianapolis—just on the edge of the watershed for the city. It became an emotional issue. This has been tried in the press in Indianapolis. And they have been convicted. There is no way in the world they can construct that thing and run now—with all the legal rights they may have to do it—because they have been convicted in the press by the city of Indianapolis. This is an emotional issue.

My only point is that we need to get nonemotional about this and be factual about it.

Well, can pollution be controlled? Well, of course it can. We understand how to do it. What's it going to cost? One of the best estimates I have seen of this was in the U.S. News and World Report a few months ago and they estimated that it would cost about $71 billion to clean up our streams, our air and to abate noise pollution. How much is $71 billion? Can we afford something like that? That was over a ten-year period they were talking about. That's about $7 billion a year. Now I don't know how much $7 billion is in spite of the fact that I once spent three years with the federal government. I get lost in sums of that magnitude. (laughter) I get lost in sums much less than that.

Just to illustrate, a few years ago, when our young son was still in high school, I came home from work one afternoon. Mrs. Butz met me at the door and she said "Earl, Tom had some difficulty with the teacher today, will you find out what it was, please." So, I edged up beside Tom as he sat watching TV and I said, "How did school go today, Tom." "Pretty good, daddy, pretty good." "Anything go wrong today, Tom". "No, daddy, nothing much." "Tom, you and I are friends, you can be frank with me and I won't get angry." "But do you recall Daddy a couple of nights ago when I asked you how much ten thousands dollars was?" "Sure! Why?" Well, the right answer is not a hell of a lot." (laughter). So, I don't know how much $7 billion is. All I know is that it's a lot of money, but not very much. We're going to have a trillion dollar gross national product this year, President Nixon said. He may not quite make it. But this was when he was wishing rather than thinking, I think, when he said that. But anyway, we're going to skirt close to it—to a trillion dollars.

Last year we had about $960 billion. A trillion dollars is a thousand billion dollars. If we take $7 billion or even $10 billion a year, that's one percent of our gross national product. And, I am sure that we can control that sum on a rational program of environmental control in this country. But we have got to get the point across that all of us are involved in this one way or another. Every one of us. A little while back the comic strip, POGO, was talking about pollution. He said, "We have met the enemy and they are us." And, this is true, you see. Now then, let's don't overlook the benefits from this. It's not all cost. After all there are tremendous benefits in clean air—less corrosion in the vicinity of these large factories—in clean water—many, many benefits and they far exceed the costs. And this can be done, I'm quite sure.

Now, what we've got to do is to search for a proper risk-benefit ratio as we approach this matter of environmental control or ecological control in agriculture. We want an optimum risk benefit ratio. And my plea to you is that every time you get a chance you emphasize the importance of this. Nowhere in life do we completely eliminate risks. We don't completely insure against risks. You don't insure your house for all it's worth. You can't afford to carry insurance like that. You don't insure your automobile for as much as you should, because it would get too costly. You carry part of the risk yourself. You don't insure your life for what it's worth. If you did, you couldn't afford anything else if you had that kind of security. We're after an optimum risk-benefit ratio all the time and we have to keep that in mind. We take some risks and assume we have will be equal to the cost we pay. We don't want to pay more than the benefits are worth. Now you can completely insure yourself against risks, I guess.

I came across a little editorial the other day, that I want to read to you. It illustrates this so nicely. The title is, "Life is So Peachy".

Once upon a time there was a man named Snadley Clabberhorne who was the healthiest man in the whole wide world. Snadley wasn't always the healthiest man in the whole wide world. When he was young, Snadley smoked what he wanted, drank what he wanted, ate what he wanted and exercised only as a young Lothario. He thought he was happy. "Life is absolutely peachy" he was fond of saying. "Nothing beats being alive." Then along came the Surgeon General's report linking smoking to lung cancer, heart disease and emphysema. Snadley read about the great tobacco scare with a frown. "Life is so peachy," he said, "there's no use taking any risks." So, he gave up smoking. Like most people who went through hell giving up smoking, Snadley became more interested in his own health. In fact, he became fascinated. And when he read a WCTU tract which pointed out that alcohol caused liver damage and brain damage, he gave up alcohol and drank dietary colas instead. At least he did until the great cyclamate scare (laughter). "There's no sense in taking any risks," he said. And he switched to sugar sweetened colas which made him fat and caused dental cavaties. On realizing this, he renounced colas in favor of milk. That was about the time of the great cholesterol scare. Snadley gave up milk to avoid cholesterol which caused arterio sclerosis. He also gave up meats, fats and dairy products, subsisting on a diet of raw fish (laughter). Then came the great DDT scare (laughter), the presence of large amounts of DDT in fish. Snadley read with anguish. But fortunately, that's when he met Ernestine. They were made for each other. Ernestine introduced him to homeground wheat germ, macrobiotic yogurt and organic succotash (laughter). They were very happy eating this dish three times a day. They were, that is, until the great color television scare. "If color TV does give off radiation," said Snadley, "there's no sense taking risks. After all, we still have each other." And that's about all they had until the great pill scare (laughter, applause). On hearing that the pill might cause carcinoma thrombosis and lingering cystectomy, Ernestine promptly gave up the pill and Snadley, huh (laughter). "There's no sense taking any risks," she said. Snadley was left with his jogging. He was, that is, until he read somewhere that 1.3% of all joggers are eventually run over by a truck or bitten by rabid dogs (laughter). He then retired to a bomb shelter in his backyard to avoid being hit by a meteorite, installed an air purifier—after the great smog scare—and spent the next 63 years doing the Royal Canadian Air Force exercises (laughter). "Nothing is more important than being alive," he said proudly on reaching 103. But never did he say any more that life was absolutely peachy. Caution—being alive may be hazardous to your health (applause).

Well—absurd, but not so absurd. That's the direction in which we push ourselves in this country with all these big scares, these agitations, the height of the agitation curve I'm talking about, the fadism that we follow as a nation and currently it's ecology and pollution that hits us in agriculture right in the solar plexis because we are now completely dependent on, almost completely dependent on, a scientific agriculture, upon the use of these things that are dangerous. And I don't want to underemphasize that. Our chemicals, our pesticides, our herbicides, our antibiotics are dangerous—they're poison. But so is aspirin dangerous if you take enough. The doctor prescribes poisons to you when you go to him. But we have carefully prescribed rules and regulations under which we use these various agents, and properly used they are highly beneficial. Now we've got that story to get across it seems to me. We've got to get this story across, that we are seeking an optimum risk-benefit ratio in our society and we must be rational about it.

A few illustrations will suffice. We've got to decide shortly, for example—I said a while ago electric power production demands are doubling every ten years in this country—we've got to decide shortly whether we're going to have a little thermal pollution in our waters or have brownouts in our cities at 3 o'clock in the afternoon when you turn the air conditioners on. You take one or the other.

We're going to decide what additional costs we want to add to our total transportation bill, for example, as we modify the internal combustion engine to lessen the emission, or how much less power we want as we get gasolines that are toned down. Now we've got to put a cost figure against this, you see.

We've got to decide whether we want to have an economical food production machine in this country that brings us this tremendous quantity of food that comes out to 205 million Americans with one acre in five available for export and besides this at relatively low prices in terms of how much you have to pay to get it. Now I know our people don't believe that but last year they spent only 16½% of their disposable income for their food bill. With all the services they got, never did our people get food so cheap as last year and such good food and so many services with it you see.

I think we've got to get the point across and get it across just as emphatically as we know how to do it, that it would be impossible without modern agriculture to feed 205 million Americans even at a subsistence level. Consumers would quickly experience a rise in their food cost, a deterioration in the quality of food, in the variety of food, and they'd have much less to spend for everything else that goes into this fabulous American standard of living, if somehow we curtail the use of these things in American agriculture. And they won't necessarily be curtailed or the use be impaired by legislation. That can be by regulation too. Because as you well know, the most powerful branch of government often are those who interpret the laws and who put words around the laws of Congress and write the regulations. And these are the ones that become—the ones that are very, very difficult to live with. We can go back to an organic agriculture in this country if they insist on it. We can farm without chemicals, herbicides, pesticides and antibiotics if they insist on it. We know how to do it. We did it when I was a youngster. We didn't have an automatic way of controlling insects then.

How well I remember going along and knocking the bugs off the potatoes as a youngster back home. We used a little fertilizer—not very much. It was mostly barnyard fertilizer. We can go back to an organic agriculture if our people insist on it. But the first decision that somebody has to make before we do that is which 50 million Americans are you going to let starve. Now that's the first thing we've got to decide because we simply cannot feed 205 million Americans without the kind of agriculture we now have—without the kind of production inputs that you people help put into it. It's important that we do that.

I guess that the basic problem is that we

are so young in America. Half of us are 26 years of age or younger in this country now. I guess the basic problem is that two-thirds of our people in this country never bit into a wormy apple and saw the worm hole and wondered, "is he still in there, or did I get him?" (laughter) These people think that God made nice, red, plump, juicy, healthy apples. They think that nature makes apples that way. As a matter of fact, God put the worm in the apple—man took him out. Now, I'm not being sacriligeous when I say that, that's just a balance of nature. God put the parasite in the pig—man took it out. God put the termite in the timber—man took it out. God put the webworm in the lawn—man took it out—or man's trying to get it out of my lawn. He's having some difficulty. God put the blight on the rose—man took it off. God put the blight on the corn—man's trying to get it out and he's going to get it too. God put the malaria-laden mosquito in the backyard—man took it out. I'm talking about DDT now. God put the potato bug on the potatoes—man took it off. God put the tick on the dog. Man took it off.

I can go on through a hundred illustrations like that you see and I'm not being sacriligeous. This is simply the balance of nature. This is the ecology of nature. And when these enthusiasts come along and want to go back to nature—want to go back to the balance of nature—how far back do they want to go? Let's hold their feet to the fire on this deal here.

Let's indicate that there are benefits from the use of these things and we all benefit from them. And, I think if we can do this we're going to come out of this with a better answer. And I think that it's about the only way we're gonna come out with a good answer is to be factual about this and non-emotional. And this is an attack we've got to make in our General Assemblies, in our Congress, in our state regulated agencies, in the Departments of Agriculture that you saw represented here a moment ago who are pressured from consumerism—just like everybody else is pressured.

This is the age of consumerism. Some while back they said Mrs. Consumer is Queen of the Marketplace. I think that she has become Queen of the polling place. We make all kinds of appeals to her. Naderism is something besides an expression, you see. It's a real movement in this country and he gets response from people who vote and those who issue regulations in state governments and in federal governments likewise get response as well as pressure from people who vote and it is up to us who are close to this situation, who understand the importance of this phase of agriculture.

Now I know you as marketers understand it because it has become a principal source of expenditure in farm production and will grow even more important. We've got to make sure that all the people understand there are benefits that flow from this. There are risks involved. And it's an optimum risk-benefit ratio that we're trying to achieve here.

Well I come back to where I came in a moment ago with the comic strip Pogo, where he said, "We have met the enemy and they are us." This is true, we are all together in this thing. And therefore the problem it seems to me is that we, as individual citizens, have to decide how much we're willing to pay for a better quality of life, and that includes population control, too. That's part of this problem of a better quality of life. And when we quit thinking about these problems as they concern others and face the fact that there are problems, then this nation can move forward with greater effectiveness toward the achievement of a better quality of life for all.

It's completely unacceptable to me to believe that there is no way out of the problems we've created—problems associated primarily with 205 million of us here and 3½ billion of us around the world with a limited finite world—and limited natural resources—where we've consciously disturbed the balance of nature. As I say, it's brought great benefits to us as well as some risk. Unquestionably risks are involved in this process we're in. But there is no risk so great as the risk that we might stop risking and try vainly to set the clock back, to surrender abjectly the goal of a better world, in the mistaken belief that the one we have is as good as can be. And I think that that's one of the chief risks we face. I hope America never stops risking. I hope agriculture never stops risking. That's the nature of our population. It's what's made us the great nation we are. We're always trying something new—there are risks involved.

I've traveled the world a great deal. I've been in thirty nations around the world and I've never seen any population like this American population of restlessness, of risk-takers, of innovators, of trying something new. It's inherent in this American system of free enterprise and profits and it's a basic characteristic of our population—most of us only three or four or five generations removed from hearty pioneers who came here, who risked everything they had to try something better. And yet now comes this new movement, this environmentalist movement, to move us backward—to stop risking—giving up the idea of balancing risks against benefits. And that can be done I'm quite sure.

So I come to the close of my remarks. I see I'm supposed to quit by 10:15 and it is 10:15. You're going to have a lot of sessions today and tomorrow. I note in the magnitude and character of this agricultural market and I hope in these few remarks that I've done with you, that I have stimulated your thinking in another area of primary concern to agricultude—it's one of the big growth areas in agriculture. We're not through growing there yet by any means. And our job is not to fight the environmentalists. Our job is to make sure that the whole picture is before the entire American public, that they understand the tremendous benefits that flow to them because of the use of chemicals, of antibiotics and the various other things that we use in modern agriculture, that our farmers almost take for granted, but those who aren't farmers, those who don't associate a pork chop with a pig, those who don't associate a quart of milk with a cow or an egg with a hen, to make sure that they understand that a slice of ham or a pork chop or a steak or a quart of milk or an egg or a fresh carrot or frozen spinach or whatever, is possible at such low costs and in such high quality, such attractive merchandising, only because in agriculture we have moved a long way down the road of doing a scientific job of using these aids to modify the environment, to upset the balance of nature, to change the ecology of nature, so that you don't bite into the apple and see the worm hole and wonder, "Is he there yet, or did I get him?" Some of us grew up with that experience. If we were to do away with these, or seriously modify the use of these modern chemicals we use, once again, 205 million Americans would be wondering, "Is he there yet or did I get him?" Thank you very much.

SUPPORT FOR CONFIDENTIALITY OF TAX STATEMENTS

Mr. MATHIAS. Mr. President, it gave me great pleasure, while working on my amendment to insure the confidentiality of tax preparers, to have the support and help of a fine association of professional accountants, the National Society of Public Accountants.

This association, representing some 13,000 accountants across the Nation, has long stressed the importance of the confidential relationship between the professional tax preparer and his client.

Mr. President, I ask unanimous consent that the letter from the National Society of Public Accountants in support of the principle of confidentiality of tax statements be printed in the RECORD.

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

NATIONAL SOCIETY
OF PUBLIC ACCOUNTANTS,
Washington, D.C., November 15, 1971.

Hon. CHARLES MCC. MATHIAS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MATHIAS: Thank you for your interest in the views of the National Society of Public Accountants on S. 1387 and similar bills to protect the confidentiality of tax information.

On behalf of the 13,000 members of NSPA, our Board of Governors voted in May of 1971 to endorse legislation providing this needed protection for the American taxpayer who may not be utilizing the services of a responsible, ethical professional practitioner.

Members of the National Society of Public Accountants are already bound to a standard of ethical practice that unequivocally precludes any use of information received from a client without specific instruction and authorization.

Our Code of Ethics has addressed itself to this sensitive area for many years. This Code states:

"A member of this Society shall not violate the confidential relationship between himself and his client or former client."

We applaud your interest and concern, as expressed by S. 1387, for this possible abuse so easily imposed on an unsuspecting public.

With the emergence of commercial tax services, the NSPA Publication Department has begun distributing a publication entitled "Taxes and the Professional Accountant." By identifying the key elements in professional practice we hope to aid the taxpayer in selecting competent, ethical assistance when he really requires it. The brochure points out:

"The professional accountant is pledged to a high degree of confidentiality. Simply, this means that information passing between himself and his client is secret. It is not divulged to third parties. Private information remains that way—the professional accountant does not use his clients as 'leads' for the sale of merchandise or other services. The accountant and his client occupy a position much like other professionals (doctors, lawyers, clergy) and those they serve."

The complete booklet is enclosed for your information.

Thank you again for the opportunity to comment on this significant and needed legislation. The National Society of Public Accountants is fully in support of legislation such as S. 1387 to protect the public.

Sincerely,

RUDOLPH J. PASSERO,
President.

TRIBUTE TO J. C. KELLAM, "TEXAS PIONEER BROADCASTER"

Mr. BENTSEN. Mr. President, on November 1, 1971, the Texas Association of Broadcasters gave the Texas Pioneer Broadcaster Award for 1971 to an eminent citizen of Austin, Mr. J. C. Kellam, for many years president and general manager of stations KTBC AM and FM and KTBC-TV, in Austin, Tex.

The Texas Pioneer award is the latest of the many honors which Mr. Kellam has enjoyed. As a public-spirited citizen of Austin and an important figure throughout the State of Texas, his talents have frequently been recognized and his achievements applauded. I join in the tribute paid to him by his friends and associates on that important occasion.

At the Texas Association of Broadcasters banquet, Mr. Kellam received the praise of his colleagues in the radio broadcasting industry. In addition, the most celebrated speaker was former President Lyndon B. Johnson, who attended the affair with Mrs. Johnson, the principal stockholder of station KTBC.

I ask unanimous consent that a transcript of the remarks made on this occasion by former President Johnson, and those made by Mr. Dave Morris, president of the Texas Association of Broadcasters, together with the response of Mr. Kellam be printed in the RECORD.

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

REMARKS BY FORMER PRESIDENT LYNDON B. JOHNSON

Coming down here tonight, thinking what I was going to say about the man we honor here, reminded me of a little boy I heard about once who was inclined to exaggerate. One day he came running into the house and shouted, "Mama, Mama, there is a lion in the front yard."

The mother rushed to the front window, looked out and said, "Shame on you. That's not a lion. That's your dog. Now you go upstairs to your room, get down on your knees and ask God to forgive you for exaggerating like that."

About an hour later the little boy asked if he could come out of his room now.

"Did you ask God to forgive you?" his mother asked.

"Yes, ma'm," he said.

"What did He say?" she asked.

The little boy shook his head and replied, "Well, He said *He* thought it was a lion, too."

Well, I've been accused of exaggerating once or twice myself. But I don't want that reputation to affect anything I say here tonight. I don't think there is anything I can say about Jesse Kellam that would do anything to widen the credibility gap. To put it very simply, he is just the best there is. And I don't think anybody's going to dispute it.

President Franklin Roosevelt used to like to tell stories during the "hate Roosevelt" days during the thirties. One was about a Wall Street broker who used to buy a New York Times every morning at the newsstand outside his office building. Every morning he went through the same ritual. He'd pay for the paper, pick it up, glance at the front page, and put it back down again. After this went on for a few months, the paperboy's curiosity got the best of him and he asked the broker why he didn't take the paper with him, seeing as how he'd paid for it.

"Because I'm only interested in the obituaries," the man replied.

"But the obituaries are on Page 38," the paperboy said.

"Son," the man answered, "the S.O.B. I'm looking for will be on Page One."

Well, I can sympathize with that story. I've had a few people looking for *my* name on Page One from time to time.

But I believe that Jesse Kellam is a man without an enemy. If Jesse's ever had one, I never heard of it.

In fact, there's only one thing, to my knowledge, that Jesse's ever been criticized for—his driving. It has been said that Jesse's driving is the real reason why the Greyhound Bus Lines moved its station from across the street from KTBC to a new location six blocks away. He is the holder of the world's driving time from 10th and Brazos in Austin to the LBJ Ranch—and that's been verified by the Texas Department of Public Safety.

According to Cactus Pryor "in the office Jesse's a Guy Lombardo man—but behind the wheel he's strictly Blood, Sweat and Tears."

But that's the only thing anybody's ever been able to find fault with Jesse Kellam about.

The names, Johnson and Kellam have been associated with each other since 1935—more than 35 years. All in all those years I've never met his equal.

Lady Bird chose Jesse to head the broadcasting interests not on the basis of his work as head of the Texas NYA—which was remarkable—not for his outstanding service as a Commander in the Navy during World War II—not for his exemplary teaching career. She chose him because of his record as a football coach. When she took a look at that record, she knew this man's fortunes had to take a turn for the better. And they did.

Jesse took to the broadcasting business as if he were born to it. The first thing he did was invent the eight-day-work week.

But if Jesse demands much of his employees, he demands even more of himself. That's the way he was brought up.

His mother was a Cage and his father was a Kellam. Both of them came from distinguished and successful families. Where I grew up, in Blanco County, both names are honored and respected.

Jesse's daddy died suddenly while he was still a young man, leaving Mrs. Kellam to support three children. Well, she was a woman of pioneer stock. She was a can-do woman. So she roomed and boarded girls for many years thereafter. Each of the Kellam children had to help. Each had his job to do, and I think that experience did two things for Jesse. It taught him how to charm a woman, and it taught him how to work. And both of these characteristics have run strong in him ever since.

He's as honest as Paul.

He's as true and loyal as a person can be.

He's as competent as they make them.

If I had a son, Jesse Kellam is the kind of man I'd like him to be.

So Lady Bird and I have come here because we agree 100 percent with your selection of the Pioneer Broadcaster of the Year.

However, if we had our way, we'd change the name of the award a little. For us, he's the Pioneer Broadcaster of *Every* Year.

DAVE MORRIS. The gentleman we are going to honor tonight I consider a personal friend and a friend of a lot of broadcasters. He started his professional career really in Lufkin, Texas, where he was athletic director and coach. I've been told that he changed the sports scene considerably. Up until the time that Jesse Kellam arrived in Lufkin, they had paid high school players; this was a known fact. But Jesse returned it to the students. He not only returned it to the students, but he beat Nacogdoches for a couple of years, which was unheard of. He was successful. He had a new football field, new gym and new school board. But he did pull all of this off as coach and athletic director. He attended Southwest Texas University and graduated with a Bachelor of Science degree and from there he met and while he was in Lufkin, Louise Murphy, who he married and had two fine daughters, Nita Louise and Carolyn Cage Kellam. I think one of them might possibly be here, or both, if you are would you stand up? Jesse then went on to become Deputy State School Superintendent and in 1935, he met a gentleman by the name of Lyndon B. Johnson. He was associated with Mr. Johnson, who was the NYA Director at the time, and when the Director became a Congressman, he was a natural choice to succeed him. He set a model program up in Texas, Louisiana, and New Mexico that was quite an achievement, and then came the war and Jesse joined the Navy. He did real well and he had a good record. He seems to have a real knack of picking a winning team, both in the war, athletic director, and then after the war he came to KTBC, which was another winning combination. At that time it was AM only, later it became TV–FM. He became President of Texas Broadcasting Corporation.

Jesse has so many numerous honors and activities he has had through the years, it would be, well for example, Headliners Club of Austin honored him, he is on the Executive Committee; he served as Vice President for Educational Affairs on the Chamber of Commerce; he has been active in the Community Council. He's served on the Mayor's Austin Task Force for Citizen Participation in the Model Cities Program, and on the Board of Directors of Texas Citizens Council. The list could go on and on and on, in fact there are three pages. But I think all of us know and have loved Jesse for what he is. He could have been President of TAB, but he chose not to be, because he was in a position he could be criticized. I think this really spells the temperament of the man and for what he is. But I think Bonner can attest to this: that he was always there when he needed a helping hand with any problems that the Association has had. I think you can best describe Jesse that if it was 3:00 in the morning and you had a serious crisis, you could call him and he would be there to help you. And I would like to take this opportunity, Jesse, for you to step up here and honor you with this plaque.

J. C. KELLAM. Mr. Morris, President Mike, President and Mrs. Johnson, and friends in broadcasting. I am overwhelmed, I have a host of wonderful friends. Thank you so much.

NEW CLINICAL PHARMACY PROGRAM

Mr. MATHIAS. Mr. President, in the midst of a growing national search for more effective and more humane means of health-care delivery, I am very encouraged by an important new development in my own State of Maryland. Under the leadership of Dean William J. Kinnard, Jr., the University of Maryland School of Pharmacy in Baltimore has launched a promising new clinical pharmacy program—one designed to forge a closer working bond between druggist and physician.

In a step that is unique in the United States, the Maryland School of Pharmacy has eliminated the traditional fifth year apprenticeship—working in a drugstore—to give the students experience in community and hospital pharmacies.

The emphasis, in short, is on a team-type approach, to get the pharmacist involved much more deeply and much more immediately at the patient-care level.

Although Dean Kinnard concedes that this expanded role for druggists may take new legislation and remolding of many ideas, particularly those held by physicians, the Maryland dean is enthusiasti-

cally implementing the school's new program. And the results, at least among the students, appear to be very positive: 80 percent of the graduating class have indicated they feel the new program is adding to their professional expertise.

Recognition of the Maryland school's pioneering efforts came recently in the Miami Herald. The article may be of interest to many Senators. I therefore ask unanimous consent that it be printed in the RECORD.

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

MARYLAND PROGRAM DEVELOPING PATIENT-ORIENTED PHARMACISTS

(By Sharon Joiner)

BALTIMORE, MD.—Remember the old wood-paneled, jar-filled apothecary shop? The white-haired town pharmacist sitting down to chat about your rash or backache?

Since those days, the changing role of the druggist in the burgeoning pharmaceutical industry has cast him before the public as little more than an impersonal dispenser of pills.

The University of Maryland, in an unusual student pharmacy program just three years old, hopes to remake this image of the corner druggist and give the nation's overburdened physicians a helping hand as well.

"We want people to select a family pharmacist as they would a family doctor," says William J. Kinnard Jr., dean of the university's School of Pharmacy.

Pharmacy students are now making hospital rounds with doctors, talking to patients about drug reactions and seeing the results of the drugs they dispense.

"The emphasis in pharmacy training is shifting from the product to the patient," Kinnard said.

Traditional courses in cat anatomy have been scratched for human anatomy. Courses dealing with the history of pharmacy and communications were abondoned.

Kinnard believes the shift in emphasis long has been needed, citing the gap between the physician's knowledge of drugs and the higher number of unfavorable drug reactions suffered by patients both in and outside the hospital.

He quoted a recent medical survey in Pennsylvania which found that one person in every four saw four or more doctors in a year and had an average of 35 prescriptions filled.

Dr. James Freston, head of clinical pharmacology at the University of Utah, reported that between $5 billion and $6 billion is spent each year untangling problems caused by adverse drug reactions.

The Maryland program intends to eliminate some of these problems by keeping better tabs on both drugs and patients, while forging a closer working bond between druggist and physician.

The new five-year program includes two years of general studies and two years of basic science. The fifth year eliminates the traditional pharmacy apprenticeship—working in a drug store—to give the students experience in community and hospital pharmacies.

"We trained wrong in the past," said Kinnard. "We educated in isolation, and never once did the student have to take courses or work with other health professionals. He was not educated in patient-care areas."

Kinnard criticized the old pharmacy intern system, saying: "Sometimes pharmacy students even worked behind cigaret counters and got credit for it."

Among radical modifications at Maryland is the "extern" program which places students in various pharmacies approved by the school.

Students work with the professional pharmacist and get no academic credit for the experience, but the school is assured through standards and checks that the students are not assigned to nonpharmacy chores.

These and other changes in the pharmacy training program have stirred mixed feelings among the 47 students in the upcoming 1972 graduating class.

In papers turned in to H. Patrick Fletcher, coordinator of clinical pharmacy programs at the school, 80 per cent of the graduating class wrote that they felt the new program added to their professional expertise.

"But many also felt they would be unable to put into practice much of what they learned," Fletcher said. "Pharmacies are simply not set up to handle the new methods."

"We're trained for a lot more than is available," said Steve Bierer, 29, a senior pharmacy student. "Our training is really for the future—five to 10 years from now."

Kinnard concedes the expanded role he envisions for pharmacists may take new legislation and remolding of ideas on the part of most physicians regarding the druggist.

"I think the program is a good idea as far as theory goes, but I don't think doctors want to give up any of their powers," says Peter Scaley, a Baltimore pharmacist.

"We're under the doctor's thumb and we're limited in what we can do," he said.

Mary Connelly, head pharmacist at Baltimore's Mercy Hospital, one of the institutions participating in the new "extern" program, finds an improving relationship between druggist and doctor.

"There is the notion that in the past pharmacists have been hiding," Mrs. Connelly said, "but now, doctors are seeking their advice."

"Future pharmacists will say to a customer that a medication within a group of similar nonprescription drugs is or is not effective," said Peter P. Lamy, director of institutional pharmacy programs at Maryland.

"They will hopefully, in the future, remind patients—just as dentists do—to return for neglected prescription refills."

Patient records also will become an integral part of the new pharmacists' routine. The pharmacist will use these records to inform patients of possible drug reactions or, for example, as a check against a patient taking too many drugs.

New pharmacy training programs have been established at other schools, including the universities of California, Virginia and North Carolina, but Maryland's is unique in that the final year eliminated the apprenticeship.

"The change is coming about slowly," Kinnard said.

DEDICATION OF THE EDWARD L. R. ELSON MONUMENTAL WALL AT THE NATIONAL PRESBYTERIAN CHURCH ON OCTOBER 24, 1971

Mr. STENNIS. Mr. President, on October 24, a monumental wall in the forecourt at the National Presbyterian Church in Washington was dedicated to our friend and distinguished Chaplain of the Senate, the Reverend Edward L. R. Elson, pastor of the church.

The occasion was marked by an inspiring sermon, entitled "Tribute to Two Servants of the Lord," given at the morning church service by Dr. Lowell Russell Ditzen, director of the National Presbyterian Center. Afterward, a statement of dedication and tribute from the congregation was given by Dr. Paul O. Carr, chairman of the memorials committee.

Dr. Ditzen's sermon was of exceptional value in substance and was delivered in a most impressive and effective manner. It paid a much deserved tribute to Dr. Elson for his years of dedicated and constructive services to the church and center, as well as his many other achievements, including the position he now holds as Chaplain of the Senate.

I ask unanimous consent that the excellent statement by Dr. Carr and the sermon given by Dr. Ditzen be printed in the body of the RECORD.

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

TRIBUTE TO TWO SERVANTS OF THE LORD

(By L. R. Ditzen, D.D., LL. D.)

My dear friends, I am highly honored to be asked to make some comments, to give the meditation, on this occasion when we do honor to Dr. Edward L. R. Elson.

I must confess to you and to him that it is one of the most frightening sermons I have ever tried to compose. I break out in a cold sweat in the fear that I will say we are dedicating the wall "in memory of" rather than "in tribute to." And my loved friend, Dr. Elson, is close enough here that if I make a mistake like that, along with a hundred possible others, he might throw a hymn book. I am sure, knowing a bit about his prowess as an athlete, that he would be accurate.

Well, before I talk further about Dr. Elson, who is one of the great men in the service of the Lord, I want to introduce you to another man I admire very much from the Old Testament by the name of Nehemiah.

Some of you, I know, have seen the city of Jerusalem. If you have, I hope you have the feeling, as I did, that it truly is one of the most thrilling sights in the world. When I saw it first I came up from the Dead Sea, which is more than a thousand feet below sea level, up 3500 more feet to the edge of the Judean plateau. Suddenly you see it before you, silhouetted against the sky—old Jerusalem, a magnificent sight! Its walls are mellowed. It has been called "Jerusalem the Golden." It catches the glow of the morning and evening sun.

Those particular walls you look at were likely built in the time of the Crusaders. As you wander around the place, an excavation may be pointed out to you near one corner of the wall which resulted from the building of a military road between Jerusalem and Bethlehem in recent years. Discovered underneath what are the "old walls" there was an older wall that served as the foundation for the present walls you see now. Some archaeologists have contended that this earlier wall, which is now the foundation, was built by Nehemiah and all the super structures since are built on it.

Nehemiah! What a fascinating man he was. His character, if you crystallize it into one sentence, would be: *His life was marked by dedication, by definiteness, by determination.*

To me it is symbolically significant that the walls we see today enshrining Jerusalem are standing on a firm base made possible by a man who centuries earlier had a vision and a drive to build those walls, who had the spirit "This one thing I do," and who stuck to his task till the work was done.

It is interesting to just conjure for a minute. Isn't it always a stable present and isn't it always a confident future when our life and work is built, as the walls of Jerusalem were, on some hero's vision or courage or definite work?

The background is this. In the year 586 B.C. when Jerusalem was gutted and burned and its walls leveled, Nehemiah, with hundreds of its countrymen, was taken into captivity. He was a man of unusual genius and integrity, for you find him, shortly, in the trusted position of cupbearer to the con-

quering king in his place in Shushan. Only a man who could gain unqualified confidence would be given oversight of the food and drink brought to the royal presence. It is important and interesting to underline that even in the humiliating stage of slavery his virtues and integrity were recognized.

Nehemiah loved his country. He was sensitive to what was going on in the world. He was deeply moved and disturbed by the reports from his homeland. The people, the remnants that were left, were dispirited. The city was in shambles. Foxes roamed amid the rubble. There was a growing passion in him to do something about rehabilitating Jerusalem and restoring the century-long history and hope of his people. Gradually his mind must have settled on this conviction, "If only I can get there I am going to try to do one thing—rebuild the walls." If he could assist in doing that, which for generations had been a refuge for the Hebrew people and gave them a sense of the greatness of their God and a faith for noble living, one specific constructive thing would be accomplished.

The idea became something of a magnificent obsession to him. He told the monarch about it and even won his enthusiasm for it. And so he was released from servitude and sent on this venture with the blessing of the king.

Nehemiah arrived at the ruins of the once glorious city. He became something of a catalytic agent, welding the sad, despondent, and scattered people into a more hopeful, a more resourceful attitude. Even though many had no stomach for the venture, he urged and cajoled them to put their hands to this one thing—rebuild the walls! Nothing, as you saw in the Scripture that was read this morning, could deflect him, call him down from the task. He was an Old Testament character something like Paul later on who was to say in the New Testament, "This one thing I do."

Isn't there stirring symbolism there—underneath the present walls of old Jerusalem are the sitting foundations of a still earlier wall built by Nehemiah? Built by a man whose personality and character were marked by determination, by definiteness, by dedication: "I am doing a great work, so that I cannot come down: why should the work cease, while I leave it . . . ?"

Men and women, boys and girls, isn't it true that its the strong and the constructive personalities that lift us all, that are the ramparts and ridgepoles of history? You knew where they stood, you knew what they believed. Don't those who make the deepest imprint have the quality like Martin Luther who said, "Here stand I. I can do no other." They've been like Nehemiah, "I must build this wall. Nothing will deflect me from that purpose."

I was very glad last Sunday that Dr. Elson, in preaching in tribute to the memory of Dr. Paul Austin Wolfe, used some illustrations from the life and work of John Calvin. Calvin was of this cut of cloth. In 1959 the 450th anniversary of his birth was marked. He was born in Noyon in Picardy. All else you have to say about him, you have to say he was a man who was definite, who took a position, and you knew where he stood.

Geneva cast off its allegiance to Rome. Actually, it was a political revolt, as I remember history, against the Duke of Savoy. And when Calvin came to Geneva in 1536, shortly after this event, Beza, another reformer, saw and said, as did Calvin, "These people are but imperfectly enlightened in divine knowledge."

Calvin set to the task of enlightening them. He himself had a brilliant mind, widely respected as a scholar, a classicist, a legalist. Read his "Institutes" and other writings, and you feel the logic of his reasoning, the care of his thought. You feel the definiteness of his convictions.

Well, to enlighten the people in divine knowledge, he, with Farel, drew up twenty-one articles of faith. These weren't just tossed on the breeze to fall willy-nilly where they might. They were distributed to the citizens, and then the citizens, in groups of ten, were called into the presence of Calvin and were asked to profess and swear by oath to these articles, as consisting the foundation of their beliefs.

Calvin saw that education was important. But he was concrete in what the aims of education should be. He had no faith in schooling that was apart from religious training and moral teaching. So he drew up a catechism which was made an obligatory part of the curriculum. He was definite. He set his hand and heart to do a great work and he did it; thereby accomplishing so very much.

So it has been with another great servant of the Lord's, Dr. Edward L. R. Elson, whom we honor and to whom we pay tribute this day.

It seems to me worthwhile to review only some items of his distinguished biography. He has honorary degrees—Doctor of Divinity, Doctor of Humane Letters, Doctor of Literature, Doctor of Laws, Doctor of Sacred Theology, Doctor of Humanities. He has been pastor here since 1946, Chaplain of the Senate since 1969. He has been a loyal and able Presbyter and continues so to be; having served on the Board of Pensions; a member of the Commission on Chaplains and Service Personnel; Moderator of Washington City Presbytery in 1966; President of the Board of Trustees of Wilson College since 1960.

He has a marvelous military record. He rose to the rank of Colonel, serving as a Chaplain in the United States Army. He has been decorated many times by our own government and by other nations, including France and Jordan.

He is a man who has not been afraid to think about and express himself on the moral issues confronting our Nation and the world. He has been closely affiliated with and a leader of the Friends of the Middle East.

Time after time he has been courageous in taking a stand on certain controversial issues and in letting individuals know where he stood and letting the chips fall where they may.

Ed Elson has been honored by or is a member of more Greek letter and specialized societies and organizations than you can shake a stick at. Freedoms Foundation has honored him a number of times for sermons dealing with our spiritual heritage. He is a writer of books and articles, and those who have read them have been vastly enriched.

I outline these things not necessarily as an eulogy to Dr. Elson but to let him know, one, that I have done my homework, and primarily to tell his family to treat him with the respect that is his due. At least during the dedication of the great wall and for at least this one day, do the best you can.

Dr. Elson, I don't remember ever speaking to you about reincarnation. I'm not implying anywhere along the line that you may be a reincarnation of Nehemiah. But there are so many qualities of his that we all see in you. Certainly, Nehemiah and yourself expressed those qualities that bring a great cause, a great institution, into being and to see that it goes forward. Nehemiah did it. You have done it.

I hope a thousand years from now the wall we will shortly dedicate in tribute to you may not be fallen into rubble but will be there inspiring people, and that also your life, your thinking, your influence, will be with us and those who follow us, as is the case with Nehemiah.

Now as we turn to the dedication of this great wall with its marvelous inscription from Philippians regarding our Lord and Saviour, let us keep these matters in mind and, most of all, express our gratitude for Dr. Elson and the fact that he is here this day.

Let us pray.

O God, who art the author of peace and lover of concord, in knowledge of whom standeth our eternal life, whose service is perfect freedom, defend us. Thy humble servants, in all assaults of our enemies that we, trusting in Thy defense, may not fear the power of any adversary through the might of Jesus Christ our Lord.

As Nehemiah prayed asking that Thou wouldst strengthen his hands to do your work, we ask you to bless and continue to strengthen Edward L. R. Elson to whom we pay tribute this day.

DEDICATION OF THE FORECOURT WALL IN TRIBUTE TO DR. ELSON, SUNDAY, OCTOBER 24, 1971

(Statement by Dr. Paul O. Carr)

Dr. Ditzen, Dr. and Mrs. Elson and Family, members and friends of The National Presbyterian Church and Center—

After much thought and deliberation, the Memorials Committee determined that the Monumental Walls in the Forecourt should be designated as tributes to three ministers who contributed significantly to the establishment of The National Presbyterian Church and Center, Dr. Charles Wood, Dr. Paul Austin Wolfe, and our own pastor, Dr. Edward L. R. Elson. Each gave generously of his time, talents, and energy in promoting and in establishing the national church.

Today we come to the high point in our dedicatory program as we dedicate the Forecourt Wall, which bears the inscription of "The Lordship of Jesus Christ," in tribute to Dr. Elson who is not only our distinguished pastor but also one of the nation's most renowned ministers.

While others were prominent in the planning of this great church and center, it became the responsibility of Dr. Elson, during the past twenty-five years, to bring to realization the century-old dream of a National Presbyterian Church. He has been a continuing source of strength and inspiration since the beginning of his pastorate here in 1946.

It is difficult to express adequately in words our sincere gratitude and deep appreciation to Dr. Elson for his wise counsel, capable leadership, and clear understanding of the purpose and meaning of a national church and center to our denomination. Noteworthy also was his success in unifying our congregation during the long building period. All of us are recipients of his vision, his zeal, and his Christian statesmanship.

We are here, Dr. Elson, to honor you and to express as a congregation our appreciation for your outstanding contribution in bringing to completion this beautiful edifice.

And now, as chairman of the Memorials Committee, may I call upon you, Dr. Ditzen, to lead us in the dedication of this wall, which bears the inscription of "The Lordship of Jesus Christ," in tribute to our honored and highly esteemed pastor, Dr. Elson.

HOMECOMING OF PENNSYLVANIA RESIDENTS WHO HAVE SERVED ON SS "HOPE"

Mr. SCOTT. Mr. President, November 22 marks the homecoming for nine Pennsylvania residents who have served on board the SS *Hope* in the West Indies. *Hope* has been on a 10-month teaching-training mission to upgrade health care in the Caribbean area. The ship's staff members have been involved in training programs designed to alleviate shortages of health personnel. They are: Judith

Berner, R.N., from Tamaqua, who has served as assistant chief nurse. She received her nursing education from Temple University School of Nursing. Lydia Ann DeSantis, R.N., a nurse educator from Monongahela, who received her nursing education from Allegheny General Hospital School of Nursing in Pittsburgh and her master's degree in nursing education at the University of Pittsburgh School of Nursing. John Joseph Downes, M.D., an anesthesiologist from Philadelphia. Dr. Downes is associate professor of anesthesia and pediatrics at the University of Pennsylvania. Veronica Mary Durichek, an X-ray technician from Philadelphia, who received her technician's training at Nazareth Hospital School of X-Ray Technology in Philadelphia. Dolores Jean Exton, R.N., a nurse educator from Darragh. She received her nursing training from Roberts Wesleyan College, in N. Chili, New York and Westmoreland School of Nursing in Greensburg. Stephen C. McGruder, from West Bristol, who has served as assistant administrator aboard the ship. He is a graduate of Howard University in Washington, D.C. Barbara A. Miller, R.N., from Mifflinburg, who served as chief nurse aboard the ship. She is a graduate of the University of Pennsylvania. Patrick D. Moore, M.D., an ophthalmologist from Philadelphia. Dr. Moore is a resident at Wills Eye Hospital in Philadelphia. Eleanor M. Peck, a dietitian-nutritionist from Houtzdale, who is a graduate of Mansfield College. She received her master's degree from Ohio State University in Columbus, Ohio.

A fine editorial which appeared in the Kingston, Jamaica, Daily Gleaner, relates the outstanding accomplishments of these men and women and of Project Hope. In light of *Hope*'s exceptional past successes and with my support for continued advancement of medical technological procedures in the West Indies, I ask unanimous consent that the editorial be printed in the RECORD.

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

"HOPE" YOU COME AGAIN SOON—BON VOYAGE

Today, November 16, is a memorable day in contemporary Jamaican history. It is the day when the hospital ship *Hope*, which has been in the port of Kingston for just under a year, weighs anchor and sails away from the island, ending an association of loving care and interest that will leave a lasting impression on the minds and hearts of the Jamaican people.

Like most developing countries, Jamaica is short of the medical facilities and personnel which it needs to take care of the hospital and health requirements of the nation. The shortage of hospitals and clinics, of doctors and nurses, is a fact of life that we have to face with all the fortitude that our resources of finances and stay-at-home manpower will allow. There is no quick and easy solution to our problem in this direction, as, indeed, to any of our many problems. We need help wherever we can get it, and when that assistance comes from a friendly and a competent source we accept it gladly and gratefully.

So it has been with the good ship *Hope*. From her berth at the old No. 1 pier in Kingston Harbour, she has radiated health and happiness to the people of this island, like a centre of light in darkened surroundings. Her medical personnel—doctors, nurses, pharmacists, physiotherapists, dentists and others—have all thrown themselves wholeheartedly into the humane and humanitarian task of assisting this country to achieve the sort of medical service which its people of this country desire and which they are not often able to get from the hard-pressed doctors, nurses and other medical personnel of the island and from the over-taxed facilities of the island's hospitals and clinics.

There is no need to go into statistics here, but it is widely known and widely appreciated that during its ten-month visit, the *Hope* and her personnel have been involved in a wide range of activities in the island. In addition to serving as a teaching hospital for physicians, nurses and other health personnel, the ship has been a source of strength and succour to the Jamaican community in terms of medical care, dental care, public health, sanitation, and many other areas of medicine and health in the island. More than 11,200 patients have been treated and 1,200 operations performed as part of the ship's mission. Nurses, dentists, anaesthetists have been trained, the public health nursing programme has made tremendous headway. Doctors and dentists have learned new modern techniques.

Nor will the good work and the healthy influence of the *Hope* end with her departure from our shores. Thanks to the same spirit of generosity and fellowship which inspired her visit, during the next five years there will be a programme of post-graduate education at the University of the West Indies for Jamaicans, financed by a $15-million grant from the Hope Foundation and in which *Hope* specialists will offer training in the many medical skills, serving on long-term tours at the university with full faculty status. This is the final and finest gesture of friendship from a ship and an organization which Jamaica has come to regard as true friends.

So, it's anchors aweigh and bon voyage to the good ship *Hope* as she sails from our shores today. Long may she sail the seven seas, to bring hope, and health, and happiness to the people of the world who need a helping hand in the field of medicine and who will find, as we in Jamaica have found, that this assistance is readily and cheerfully given and that the donors are indeed "angels of mercy" in the service of suffering humanity.

TRAGEDY IN ULSTER—VIII—ALTERNATIVES TO TERROR

Mr. KENNEDY. Mr. President, I believe that an editorial published in the London Sunday Times of November 14 demonstrates once again the moral bankruptcy of Britain's present policy toward Ulster, which seeks to solve the crisis through a military settlement imposed by British troops. Again and again in recent weeks we have seen the daily reports of new killing and violence as the wave of terror rises. As the editorial makes clear, the real indictment of current British policy is the government's apparently blind refusal to explore the wide variety of alternatives that exist to the present disastrous course.

In Senate Resolution 180, that the Senator from Connecticut (Mr. RIBICOFF) and I have submitted, a number of such alternatives are urged, including the end of internment, the institution of direct rule of Ulster from Westminster, and the replacement of British troops with alternative peacekeeping forces. I believe that the views of the London Sunday Times will be of interest to all of us who are concerned with this tragedy. I ask unanimous consent that the editorial, entitled "Ulster: Alternatives to Terror," be printed in the RECORD.

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

[From the London Sunday Times, Nov. 14, 1971]

ULSTER: ALTERNATIVES TO TERROR

For any home secretary dealing with Ulster now, the beginning of wisdom is to realise that Northern Ireland as at present constituted has no future. The narrative which we publish today provides the evidence. In the course of the past two years, the British Army has been allowed by the British Government to become an instrument of local majority with a proven record of sectarian selfishness. As a result, the local minority has withdrawn its confidence and co-operation from a state where the guarantor of minority rights is Britain if it is anybody. With internment, this withdrawal was made final.

The events of the past week underscore the same message. Whatever other strange and hideous hatreds lie behind the tarring and feathering of young women in Londonderry, the incidents show a savage rejection of the system which British soldiers are held to represent. Such an attitude is more than the product of IRA intimidation. The IRA called off their last campaign, nine years ago, for lack of Catholic support.

The 50-year Stormont experiment has failed. In the granite soil of Ulster, the fair-mindedness and mutual tolerance essential to the Westminster model of democracy have never taken root. British ministers show no sign of having apprehended this central truth. They argue, with simple and narrow indignation, that nothing now matters but the elimination of gunmen. The more the violence increases, the more stubbornly is this thesis advanced. But the growth of violence surely yields a different lesson: that the thesis embodies its own damnation. Elimination of gunmen is, of course, the right and vital necessary job for soldiers and policemen. But it is not the policy for politicians. Ulster experience already shows that terrorists supplied and reinforced from their own community are very hard to beat. Yet the only policy revealed to British ministers is to fight their way back to a point where they can try breathing life into a system that is already dead. They are using impracticable means to pursue unrealisable ends.

True, the very idea of a change in British direction is painfully unorthodox. From the Home Rule crisis in 1912 to internment in 1971, the one constant principle of British policy has been to concede the demands of Protestant extremists (as mediated by their leaders) out of fear lest a worse thing befall. To change the line would mean to confront the Protestants. Yet if ever there is to be a new start in Ulster, fear of the consequences of that confrontation will one day have to be overcome.

Some senior Conservatives, acknowledging the need for it, still argue that the confrontation is more likely to be bloodless if it is delayed till the Protestants are demoralised by a complete breakdown of public order. But aside from the question of whether such cynical inactivity is justifiable, would that time ever come? Public order, of a kind, already survives appalling daily devastation in Belfast; the army might be able to contain terrorism at somewhere near that level for a long while yet. Meanwhile deaths mount, a new generation is bred up in violence, Catholic disaffection grows (if possible) deeper,

and the lives of thousands of innocent people are made wretched. Now the Conservative parliamentary party at Westminster is taking a new interest in Ulster demands for fiercer military action are certain to be heard soon. The Government is dangerously misled if it supposes that time is on its side.

What change of policy is possible? It is a measure of the low level of public debate that even to ask the question is to risk a charge of approving IRA violence. The IRA is a wholly damnable and despicable body, made up of men who pervert and ravage Ireland's energies in pursuit of an ideal which is irrelevant to the country's real needs. Their tactics of indiscriminate and brutal slaughter are proof of a heartlessness which the noblest cause could not condone. The fact that they flourish like the green bay tree is nevertheless proof that the society from which they draw their strength is grievously diseased. If there is a cure, it must be put in hand quickly.

As this newspaper has repeatedly pointed out, there is no lack of choices. What is missing is the Government's will to explore them: not by open diplomacy, not in noisy visits and calls to conference, but privately, through the multiple channels reaching out to every one of the factions engaged. Mr. Maudling ought to be examining a shift of powers, notably security powers, from Stormont to Westminster. He should be considering a diminution of Stormont's functions to county council level (which would make Catholic participation easier), and a reduction of its territory (which some Protestants have thought would give them a more defensible fortress). He ought to be looking at schemes for the generously financed exchange of populations. He should be examining new common institutions between North and South. He should today be studying Mr. Gerry Fitt's imaginative proposal that Stormont should be suspended for a defined period while all sections of Northern Irish life, momentarily under British rule, discussed what might ultimately replace it.

It would also be useful to discover the view from Dublin. One of the sadder blind spots of British ministers is their refusal to recognise that Mr. Lynch is doing as much as he can about the IRA, that if he did more at present he would be swiftly replaced by someone who would do a great deal less, that he will inevitably be implicated in almost any new arrangement for the North, and that he has two or three officials whose thought and knowledge about the North go far deeper than anything to be found at the Home Office. Nothing but the unbecoming self-esteem of governments restraints Mr. Maudling from tapping this source.

Yet perhaps the fact is that Mr. Maudling is not after all the man to answer the Irish question. It is his amiable weakness to be a reasonable man accustomed to dealing with reasonable men. The importance of the symbolic in Irish politics has eluded him. At one of the worst periods in the whole story of Britain's relations with Ireland, he is left giving no lead except an impression of despairing drift. He lacks the needed exploratory energy. If Mr. Heath is not prepared to hive off Ulster from the Home Office, then he should earnest consideration to a change in the office of Home Secretary.

ADDRESS BY KLAUS SCHUETZ, GOVERNING MAYOR OF BERLIN

Mr. MATHIAS. Mr. President, the Atlantic Bridge Conference was held in Washington this year from November 14 to 16. This annual conference, dedicated to maintaining the vitality of the Atlantic community, is one of the most significant and useful international conventions I know of. On November 15, my good friend, Klaus Schuetz, the governing mayor of Berlin, addressed the conference on the delicate and important role of Berlin in our efforts to find détenté in Europe. As usual, Mayor Schuetz "has told it like it is." I heartily commend his address to the Senate and ask unanimous consent that it be printed in the RECORD.

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

ADDRESS BY THE HONORABLE KLAUS SCHUETZ

There has probably been hardly less thought and discussion on Berlin and all it stands for here in Washington than in Germany and in Berlin itself. And—as in our country—worries and fears will have played a dominant part in both, occasionally because of some topical event, basically because of the East-West situation.

The fact is of considerable fascination that for nearly a quarter of a century now the United States and we have acted in unison in Berlin although the problems in and around Berlin present themselves in another light and with different emphasis to the United States. For, whereas for the world power USA our problems constitute one complex among many and have always done so, these very problems concern, involve and affect each and everyone of us in Berlin.

This unison between the United States and Berlin, despite all differences of emphasis and responsibility, still exists and has just now proved its value once more. This unison stems from many elements and naturally from the similarity or identity of interests and the similarity or identity of the assessment of the political situation.

This general statement, although it can claim to be self-evident, is not by itself constructive. It is much more interesting and productive to observe how a common interest emerges from the interests of the world power U.S.A. and her allies, among which is the Federal Republic of Germany, and of the City of Berlin, which—while respecting the supreme authority of the Protecting Powers—belongs to the Federal Republic of Germany. I will try to explain this process.

Post-war Berlin has never been totally free from restriction and oppression, either for the life of the individual or for the city as a whole. Moments of relief, moments of jubilation always occurred after times of particular stress which threatened our existence or approached such a threat: for instance the end of the Blockade in 1949 or after the Khrushchev Ultimatum in 1959.

These experiences have become rooted in the minds of the people of Berlin over a quarter of a century. All the more deeply rooted since the first of these experiences was the great one of 1945, that liberation from dictatorship—and 1945 was a year of liberation—was allied to national disaster.

Now, the experience of a relatively small group, which the Berliners are, may play a comparatively small part on the world political scene. But you will understand why I had to mention it on behalf of my fellow citizens. But, above all, I wanted to say this because it not only touches upon our policy but is the primary motive of our policy and basically explains it. For this question has always posed itself in Berlin: what shall, what can, what must we do in order to make life easier for the Berliners, to improve the situation of the city as a whole?

All mayors of Berlin, all Federal Governments posed this question and have done what they could for Berlin. And indeed Berlin has once more become a pulsating metropolis under the guarantees of our three Protecting Powers, a city whose millions of citizens pursue their activities and business, their inclinations and interests, and in some spheres of life solutions found and offered by Berlin are regarded as exemplary for the entire Federal Republic.

We have therefore, if I may put it this way, experienced a normal everyday life for a long time. But there was always a sting to it—it was so to speak enforced, it was sort of provisionary, it was somehow defiant. For it had to be, and was indeed, put in juxtaposition to and in spite of the division of the city, in juxtaposition to and in spite of the Wall and shots being fired at would-be refugees, in juxtaposition to and in spite of the ban on visits to East Berlin and the surrounding countryside, in juxtaposition to and in spite of impediments and chicanery imposed on surface access to and from Berlin, in juxtaposition to and in spite of the continual attempts by the East to separate West Berlin from the Federal Republic by all possible and impossible means.

You may object that in fact of these conditions and circumstances the term 'normal' should not be used. I have used it in Berlin for a long time because I feel that it implies exactly what we wanted and what we were capable of wanting: to live in security, peace and quiet. There is if you wish, something of an incantation about it, an incantation of what we want, and of course, in view of the realities in Berlin, it also contains that defiance of which I spoke. But it indicated the direction which was important: to reduce, as far as is humanly possible, confrontation in Berlin which coincides with confrontation in Germany and in Europe.

From its substance all this is largely self-evident too. The great difficulty for practical politics which can hardly be exaggerated lay, however, in making it quite plain in Berlin, and perhaps even more in the Federal Republic, that the—if I may say so—natural means of achieving general normalization in Berlin and in Germany—which would be bringing together the two parts of Berlin and Germany—is not possible in view of the present situation and in view of power structures and relations. Nothing more or less had to be proved than that this assessment was not based on lack of imagination but on renunciation of fantasy and gullibility.

We can say that from Berlin, from the most delicate place in the East-West conflict, we began very early to work for mediation and East-West agreements, however modest. Ideas like a regulated side-by-side existence were formulated in Berlin; the pass agreements of 1963 and subsequent years are a case in point. And to an increasing degree we have urgently advocated understanding and balance and said that East and West must mutually recognize realities in other words: realities for realities.

Such talk has in many cases been called talk of treason and renunciation in discussions in the Federal Republic, whereas they were an accurate reflection of the East-West balance which has developed since the beginning of the sixties and which has been respected by both sides for a long time and something with which both sides are living.

It would only have been at the price of increasing isolation from world-political developments that the Federal Republic of Germany could have continued, for instance, to advocate for Germany the borders as they existed in 1937, with reference to nation-state ideas. Without realizing the situation such as it really is, the Federal Republic of Germany would have denied itself the opportunity of improving the situation such as it exists. This would have been detrimental not only to Berlin and all Germans but about Europe.

The government of the Federal Republic of Germany under Willy Brandt took note of

the facts and aimed at what was possible. With caution and discretion and in agreement with its allies and friends this government has led the Federal Republic into present developments and thereby cleared, if I may put it that way, our country's foreign political backlog. Despite great difficulties, however, it did so in a very decisive manner.

This decisive manner was possible because it left no doubt that its policy is a firm part of the western alliances, and because in my opinion the very conception of this policy made it obvious that it has nothing to do with any "Going-it-Alone" on the part of Germany. This policy seeks understanding and balance, opening up and integration, it seeks only to make its contribution towards a durable order of peace in Europe.

The credibility of the Federal Government's policy is not solely based on an assessment of the necessities of the security of peace in Europe and in the world. It is founded also on a national level.

Four central facts for all Germans must be set out in this context:

1. Millions of Germans were expelled from their homes as a consequence of the war. For 25 years they have lived, integrated, in both states on German soil. Poles now live in their old homes who in turn have the explicit right to live within secure borders, just as much as ourselves, and not to be expelled again.

2. The Western Occupation Zones now constitute the Federal Republic: a State—not a provisional arrangement, an economic power in the world—a part of the western system of alliances. And on the other hand: the Soviet Occupied Zone became the GDR—also a State and not a provisional arrangement any more, an economic power at least in the Eastern Bloc—a part of the eastern system of alliances.

3. Then there is divided Berlin, of which West Berlin is a part of the whole social order of the Federal Republic of Germany, thus with its ties to the Federal Republic and therefore to the western world, under the special responsibility and the supreme authority of Three Protecting Powers, West Berlin with all its problems and difficulties, but also opportunities.

4. And finally there is the fact that the Four Victorious Powers have a responsibility for Berlin and a residual responsibility for Germany as a whole, a responsibility of which they are fully aware.

In view of these facts German interests are quite obvious, I feel:

It is our interest that those parts of Germany which are free today will remain free; and

It is our interest that peace be safeguarded and secured; and

It is our interest to make our own contribution towards lowering borders everywhere in Europe in order to provide everyone in Europe, including the people in the GDR, in so far as we are able, with more freedom in public and in private life.

Our interests being thus defined the question arises of how to achieve our aims. Can we achieve them by the traditional means of the nation state? The answer is no. We can only do it in alliance with our partners. And everyone in Germany should know that there are no partners in Europe or in the United States of America for fundamental changes in the structures of present-day Europe, thus for upsetting borders, or any other upsets. And indeed everyone in Germany does know this, they have known it at least since June 17th, 1953, or since the erection of the Berlin Wall, or since Hungary 1956, or since Czechoslovakia in 1968.

And the other question is: can we pursue our interests—perhaps using pressure or even violence—against the USSR, or can we pursue them together with the USSR against her present allies? The answer to both these questions is no. The only way is to reach rational agreements with the Soviet Union.

What is the conclusion to be drawn from this?

1. Any German foreign policy must be based on the firm integration of the Federal Republic of Germany in the western system of alliances. This integration alone safeguards our security and gives us an opportunity to work for a relaxation of tension together with our friends and allies.

2. Sticking to rigid forms and traditional concepts alone does not help; it is more important to contribute towards mitigating the consequences of the division of Germany and towards enabling both states to achieve a regulated co-existence.

3. We must act on the basis of facts as they present themselves today: the realities, the borders and the relation of powers as we find them 25 years after the end of the war. On this basis we must co-operate in the building of a peace order in Europe, an order which will gradually eliminate existing differences, and thus create less tension and more peace than we have today.

That part of working for this Europe which can only be achieved by the Germans themselves, has not yet been concluded. Important tasks still lie ahead of us, the Germans. But the foundations have been laid, the clearing of that backlog mentioned before, repairing the omissions and neglect of the past which almost inevitably appears to be independent action but is in truth nothing but the necessary groundwork for this better Europe.

The foundations have been laid by the conclusion of the Moscow Treaty on August 12th, 1970 and the Warsaw Treaty on December 7th, 1970. In so far as any German government wanted to join in a policy of détenté it had to venture upon a policy towards the East and it had to aim its policy at the conclusion of treaties like these. And this it did. The most difficult point on this road and thus on the road towards a Europe of increasing understanding has been Berlin, because Berlin is a crucial German as well as a crucial European question and also an issue between the United States and the Soviet Union as the two world powers.

This very point shows the broad scope involved. Because first and foremost a solution or arrangement in Berlin is for the benefit of the Berliners. In other words, for those people who have lived often enough with threats, always with impairments and in any case with restrictions and limitations. Any Berlin policy, that is any policy conducted by Berlin as much as any policy concerning Berlin is and must be devoted to each and every inhabitant of the city.

But as surely as this is true, as surely is Berlin an issue that goes far beyond Berlin. These two truths are indivisibly linked.

We have always looked at it this way. For a long time we have said that there can be no solution, no arrangement for Berlin in isolation from the larger political context. It has always been clear that the concerns of Berlin are part of the entire complex of East-West relations.

The Federal Government has tackled the problem seriously and has, in consideration of realities in Germany and in consideration of true national interests, pursued a policy which helps bring to an end East-West confrontation in Europe and thereby benefits all of us, not least the Germans and above all the Berliners. The Moscow and Warsaw Treaties paved the way for the Four Powers to enter into negotiations over Berlin with the prospect of success.

The Four Power talks and negotiations were hard and difficult. But they were worthwhile. The resulting Agreement on Berlin which was signed on September 3rd of this year brought considerable political reason into our conflict-ridden age.

The Berlin Agreement means that the tightest knot between East and West has been loosened and, as far as possible, untied. Some supplementary arrangements, to be concluded by the two German sides, are still to be made. But the fundamental agreements have been reached.

So there is a new situation in Berlin, we now have, we believe, the status quo plus. The Quadripartite Agreement provides a solid basis for the future of our city and for the future of everybody living in Berlin.

But even more. The conclusion of a joint agreement on Berlin is rightly seen and felt, generally and everywhere, as a breakthrough, as a breach in the rigidity and encrustments which were the heritage of the cold war. Not that on the other side things will be smooth and orderly, not that there will be no more obstacles and conflicts. But at least work can continue now with confidence and some expectation of success, work that is necessary for a normalization between the two German states and the two parts of Europe. There is now a political logic for the reduction of tension and the creation of more sensible conditions in Europe, because what has been possible in Berlin, must be possible elsewhere.

As far as it is humanly possible to judge, Berlin is no longer a trouble spot and no longer a burden to efforts elsewhere to bring about understanding between East and West. Not only has it been rescued from lagging behind general political tendencies or even from being left behind as a relict of the cold war, it is firmly embedded in the policy towards a secure and lasting order of peace in Europe, and now even constitutes a sign that the cause of security and peace in Europe may succeed.

But this is of supreme importance for the United States too. The process of achieving a pacified Europe is still going on, and yet even now Europe presents itself differently, as the Berlin Agreement proves.

The participation of the United States in the process of détenté is of vital significance to us in Europe.

In Berlin this participation goes without saying, and this must be the case in all other efforts. The presence of the United States in Europe is essential because it is only this presence that maintains the balance and thus provides the preconditions of all efforts for détenté.

What the United States will gain from a policy of détenté in Europe is increased security for the USA itself. An order of peace in Europe to which all concerned agree will ensure the United States peace to a large extent.

The Atlantic relationship may stand in need of some new formulations in this or that respect due to changing conditions in Europe. But the decisive thing is for the Atlantic partnership to be maintained without leaving any room for doubt.

It is vital for the United States just as much as for Europe, it is essential for the security of both and for peace in general.

But the Berlin Agreement is not the only indication of improvements in Europe. Another great date next to the 3rd of September is the 28th of October, the day that Great Britain decided to join the European Communities. There is no doubt that the European Community, enlarged by Great Britain and the three other applicant states, will be a prime factor of stabilization and peace in Europe. And this too can only be beneficial to United States security.

While this is definite and quite certain, the relationship between the United States and Europe is these days strained due to economic problems and above all the problem of the monetary crisis.

Here and now I can only express the hope that these issues may be solved as soon as possible on the basis of mutual consideration and common interests. It is

my opinion that these problems must not be allowed to strain the Atlantic friendship for too long, and I give unequivocal priority to our joint interests in security and peace.

An early solution to the economic and currency problems is necessary also because European-American relations should be as free as possible from any strain in view of the tasks and challenges we will be approaching after the final ratification of the Berlin Agreement. For as a further stage and objective in settling East-West relations in Europe the conference on security and co-operation in Europe lies before us. However comprehensive the preliminary work, whatever difficulties may arise: there can hardly be any doubt but that this conference, if it is taken seriously by all sides and is not mere propaganda, will have considerable effect in Europe. We recognize progress in this venture in the fact that the Soviet Union has acknowledged that this conference can take place only with the participation of the United States and Canada.

If you will allow me to make dialectic use of this recognition of reality on the part of the Soviet Union I would say: the United States of America and we in Western Europe, have received the Soviet Union-confirmation—certainly not given easily—that we are dependent on one another.

Naturally we do not need confirmation of this kind. We know that Europe and America, because of identical of similar interests, are dependent on each other and that their unison is decisive for security and peace.

THE GENOCIDE CONVENTION: AN END TO TERROR

Mr. PROXMIRE. Mr. President, there have been many cases of mass murder in recorded history. The most recent and most horrible was the slaughter of 6 million Jews by the Nazis before and during World War II. It is essential that we take steps to prevent a recurrence of this tragedy.

Ratification of the Convention on the Prevention and Punishment of the Crime of Genocide is a step in the right direction. Our adherence to this treaty would be entirely consistent with our great tradition of peace and freedom under law. The prevention of genocide comes as the nations of the world outlaw this crime. The punishment would come as each nation enacted laws, in accordance with their constitutions, to provide for the arrest and punishment of persons committing genocide within its borders. As with all other treaties of this nature that the United States is a party to, American citizens will be guaranteed all the rights and protections of the Constitution. In addition they will have protection from the specter of mass murder.

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

THANKSGIVING DAY

Mr. MATHIAS. Mr. President, more than 300 years have passed since Gov. William Bradford of the Plymouth Colony issued the proclamation that brought Pilgrims and Indians together to share a 3-day festival of food and friendship. This Thanksgiving, more than ever, we need to rediscover and renew that same sense of sharing among all Americans and, indeed, among all people everywhere.

We have, in our country and in the world, let too many walls and barriers spring up between us—between black and white, between rich and poor, between city and suburb, between East and West.

Yet, as our environmental crises have made many of us increasingly aware, we cannot forever cut ourselves off from the circle of life. Neither, if we hope to overcome our social and racial divisions, can we continue to cut ourselves off from each other.

I hope that on this Thanksgiving Day we can, somehow, begin again to build among all Americans and among all peoples everywhere that sense of community and common humanity that alone can bring within reach of all of us a life to be thankful for.

CLUTTERED SOUNDS—IMPAIRED HEARING

Mr. CHURCH. Mr. President, hearing loss is a serious problem for the aging, and it is not alleviated simply by increased volume of sound. Mr. R. O. Beckman has alluded to some of the ramifications of hearing loss in Vintage Years, a syndicated newspaper column for senior citizens. As chairman of the Special Committee on Aging, I share his concern.

It behooves us to take a closer look at the problems discussed by Mr. Beckman in view of the dire prediction that hearing loss among younger persons may be increased because of "noise pollution." Hearing loss will become a major problem of future generations of middle aged and aged unless this generation is willing now to deal with the quality of sound.

I ask unanimous consent that Mr. Beckman's article be printed in the RECORD.

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

VINTAGE YEARS—CLUTTERED SOUNDS IMPAIR HEARING

(By R. O. Beckman)

Broadcasts over the airwaves often enrage older Americans. Resentment is not confined to commercial advertising. In addition, since the hearing of the elderly gradually deteriorates, they cannot comprehend words and meaning. Communication, even one-way, is lost.

U.S. Public Health Service surveys show that of all persons with bilateral hearing impairment, 80 per cent are over 45 and 55 per cent over 65. Their loss involves more than lessened sensitivity to sound volume. A major hazard of growing older is our inability to communicate with each other through speech. Isolation from fellow human beings and knowledge of what goes on the world around them becomes a penalty of the aged.

Science is only now beginning to inquire how and what older persons hear. It learns that a substantial percentage of them cannot clearly understand or sort out speech. They not only fail to hear high-pitched sound but in trying to concentrate on other sounds those are masked or distorted by competing background noise, rapid or slurred speech, or the voices of others present. Live face-to-face conversation may be understood but distortion in radio, TV, movie or theatrical presentations cause difficulty. This was indicated in 1965 in this column after interviews conducted with several dozen older acquaintances.

Annoying variations in volume are common in radio broadcasts when one program or speaker is exchanged for another. Background noise often interferes with understanding newscasts when distant voices are injected into presentations. Sound variations also occur in concert or other recordings on discs or tape.

TV and radio technicians have not yet learned the importance of uniform volume control. Commercials are not only criticized for infantile sing-song that cannot be understood but for raucous faked shrieks, squeals, explosions, groans or laughter for attempted emphasis. The elderly are often entirely unaware of what is advertised.

That radio stations are little concerned over their elderly listeners is implied after the experience of writing a CBS affiliate. The letter suggested that in announcing special features the day and hour be announced since daily papers carried no radio log. It also raised questions of inaudibility because of fluctuating volume and background noise and assumed the station was aware of such problems.

When after a month no reply was received, a copy was forwarded to network headquarters, which replied saying the questions were being referred back to the station as of local concern. Finally, eleven weeks after the original letter was mailed, the local station replied it was "not aware" of receiving it and later said it was "sorry to hear" about any need for clear enunciation. Some data was supplied about newscasts but none as to relative time assigned to various types of programs, including commercials. The suggestion that radio listeners check up on their own program needs would require them to evaluate the daily programs of 30 local stations with a stopwatch or a computer.

It is paradoxical that advertisers and program producers are indifferent to the auditory receptivity and tastes of their audiences when consumer research in other aspects is the order of the day.

THE ARROGANCE OF GEORGE MEANY

Mr. GOLDWATER. Mr. President, I believe we can all recognize the tremendous task confronted by the President of the United States in his determined effort to halt inflation in the United States. I believe we can all agree, too, that such an effort is undertaken on behalf of all Americans and all groups of Americans, and that such a task requires the cooperation of every segment of our highly integrated economy.

Mr. President, this country is fortunate to have a man in the White House today who understands the all-encompassing nature of the problem which is making life so difficult for our wage earners, our housewives, and especially our retired persons who live on a fixed income.

This country is fortunate, too, to have a man in the White House who will not—I repeat, not—submit to ultimatums, either from business interests or labor leaders.

Mr. President, today I want to make it absolutely clear what George Meany meant when he issued his arrogant statement:

If the President doesn't want our members on the Pay Board on our terms, he knows what he can do.

Mr. Meany was telling the American people that everyone would have to step aside for him and for the interests which

he represents. Mr. Meany was laying down an arrogant, impudent challenge which said to the President, you either do it my way or we will try and see that you do not do it at all.

My belief is that the labor leaders in this country have long exercised far too much power for the good of the American people and the national economy. I have repeatedly outlined this belief in appealing for legislation which would make labor unions just as accountable under the laws as our corporations and other special interest groups. Now we have a prime and very dangerous example of the misuse of union power. We have an example not only of how arrogant but also how rude this power has made men like George Meany.

Mr. President, as a dedicated conservative who has long been committed to the limitation of Government control it was not easy for me to support President Nixon's new economic policy. I did it, and I renew that support again today, because I am convinced that this Nation and its people are facing a drastic emergency, an emergency which could ruin us. Other spokesmen and other organizations which find the whole idea of price and wage controls objectionable have likewise submerged their feelings to support the administration in a crisis situation which it did not create but which it inherted from administrations which made it a practice to give in to all the demands groups represented by George Meany made upon them.

Mr. President, I certainly see no reason why the leaders of organized labor cannot cooperate in like fashion for the good of their own members and the American people in general.

As I was driving in this morning I heard on my radio that my colleague from Minnesota, Senator HUMPHREY, had accused President Nixon of setting about deliberately to antagonize the labor union leaders. Nothing can be further from the truth. President Nixon agreed to appear before the AFL–CIO convention in a spirit of cooperation and in an effort to explain his policy in detail to a segment of our economy directly affected. But, before he got to the Miami convention, George Meany made a deliberate effort to intimidate the President of the United States with the force of union power. He laid down an ultimatum to which, I presume, he hoped the President would yield. Instead, he had the ultimatum thrown right back in his eye. As a measure of Meany's unhappiness over this result, he went around over the weekend telling people that President Nixon was a weak President in whom he had little confidence. Mr. Nixon may have appeared weak to George Meany but he appeared tough and unyielding to the majority of Americans who desperately want his attempt to end inflation to succeed.

Mr. President, why is it that George Meany and his unions feel they are something special? Why is it that George Meany will not cooperate in the interest of the common good? Why is it that George Meany holds himself aloof from the expressed wishes of an overwhelming majority of the American people?

I suggest that Mr. Meany and men like him have too long been treated to special considerations for strictly political purposes. I believe George Meany cannot quite believe that any administration would clamp restrictions on the American economy which would treat them as an equal with other segments.

Mr. President, I am proud of my President who had the courage to go before the AFL–CIO convention and tell it like it is—that he will stick to his economic game plan to relieve inflation with or without the help of organized labor. I believe it is now time for George Meany and his groups to understand they are not going to be given special consideration and unusual treatment. Several times before I have wondered how arrogant one man can be to set himself up above the Government and above the people for a selfish, special interest. Several times before I have invited George Meany to rejoin the American people. Today the invitation is still open. In other words, I believe the American people are willing to forgive Mr. Meany a serious mistake and say, "Come on home, George, all is forgiven."

THE IMPORTATION OF UNSAFE CYLINDERS

Mr. HARTKE. Mr. President, on June 10, 1971, the Hazardous Materials Regulations Board of the Department of Transportation announced that it was considering an amendment to part 173 and part 178 of DOT's regulations to authorize prescribed tests and analyses of gas cylinders to be undertaken outside of the United States. Since 1923, regulations have required that these safety tests be made within the United States. This fact has been a major element in the unparalleled safety record which exists in the industry.

The amount of energy stored in these cylinders at high pressures is enormous. It would be a tragedy if the excellent record of safety which has been built in this country were shattered because of this change in Department regulations. Without adequate inspection, foreign cylinders will present great hazards on the highways over which they are transported and the shops in which they are used.

I understand that much of the momentum for the proposed change of regulations arose from DOT's plan to require passive restraint systems for automobiles by July 1, 1973. The fact that this date has now been moved back to August 15, 1975, removes much of the urgency for the change in cylinder regulations. Gas cylinders are an integral part of the proposed airbag restraint systems now being tested.

It is also important to understand that the cylinders involved in airbag systems are small, while the cylinders used in industry and business to store compressed gas are much larger, and therefore present much greater hazards to the public. Surely the need to provide for adequate inspection of passive restraint compromising the safety of the tens of thousands of innocent people who daily work in close proximity to compressed gas cylinders.

While I recognize that the new regulation is based, at least in part, on considerations of safety, the impact of the proposal is far greater; 5,000 domestic jobs are at stake. Should the proposed regulation be implemented, many of those workers would be unemployed within months.

On August 31, 1971, I wrote Secretary Volpe urging that the proposed DOT regulation be postponed pending further study. His response, nearly 1 month later, provided no new information and offered not even a ray of hope to those who are concerned about this problem.

Mr. President, I urge Senators to study this question. It is a matter which affects every State of the Union. I ask unanimous consent that the statement of the American Cylinder Manufacturers Committee on this subject be printed in the RECORD.

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

STATEMENT BEFORE THE HAZARDOUS MATERIALS REGULATIONS BOARD, DEPARTMENT OF TRANSPORTATION IN RE DOCKET NO. HM–74, NOVEMBER 1, 1971

This statement is submitted by the American Cylinder Manufacturers Committee [hereinafter ACMC] in response to an invitation to present views on a proposal which appeared in the *Federal Register* of June 10, 1971 (36 Fed. Reg. 11224). The Committee believes that the proposal is ill-advised and should not be implemented.

ACMC is a recently organized Committee of domestic cylinder manufacturers. Members of this Commitee account for approximately 90 percent of the compressed gas cylinders produced in the United States. The primary purpose in forming the Committee was to respond in a meaningful fashion as an industry to the Hazardous Materials Regulations Board's invitation to submit views on the subject proposal [See attached membership list.]

The Hazardous Materials Regulations Board [hereinafter HMRB] announced on that date that it was *considering* amendment of part 173 and 178 of the Department of Transportation's Hazardous Materials Regulations to authorize the performance, outside the limits of the United States, of chemical analyses and tests prescribed for DOT specification compressed gas cylinders under conditions approved by DOT. The announcement states that the proposal is based on petitions from foreign compressed gas cylinder manufacturers received over a period of several years. Further the announcement reveals that additional impetus for the proposal was the publication by the National Highway Safety Bureau (now the National Highway Traffic Safety Administration) of Motor Vehicle Standards No. 208 (35 Fed. Reg. 16927) specifying occupant crash protection requirements for certain motor vehicles manufactured after July 1, 1973, including those of foreign manufacture sold in the United States. One of the passive restraint systems contemplated known as the air bag system would employ a high pressure gas cylinder.

Initially ACMC requests the Board to note that the effective date for the implementation of passive restraint systems has been delayed until August 15, 1975 (36 Fed. Reg. 19254). Thus, much of the urgency for the adoption of the proposal is removed. More importantly, however, it is the view of ACMC that since the cylinders involved in the "air bag" system would be small in size, protected by the structure of the automobile and normally be changed only once, the "need" for relaxation of the present regulations insofar as those type cylinders are con-

cerned should not serve as a basis for wholesale changes in testing regulations which apply to larger compressed gas cylinders. These larger cylinders have very little similarity to the characteristics described above. In an apparent effort to appease one of the interests involved herein, the Board seems to have created unnecessary risks. If the proposed regulations involved only the cylinders to be used in the air bag system, ACMC's position on this matter would be changed considerably.

In the announcement the Board states that it is considering amendments which would permit foreign inspection and testing. It is to this consideration that this statement is directed. ACMC does not interpret the notice in the *Federal Register* to mean that the issue is prejudged despite the assertion by the Board that it has concluded on the basis of its investigation [the contents of which have not been made known] and the public record that approval to perform specified chemical analyses and tests outside the United States may be granted to foreign manufacturers. It is with the conclusion with which we take issue because it is our belief and interpretation of the public record that compelling reasons exist for continuation of the present testing requirements.

Basically ACMC maintains:

1. That safety considerations require the continuation of existing regulations:

2. That the conclusion of the Board that tests may be conducted outside the United States violates procedural due process in that it is based on matters outside the public record.

3. That the Board's primary motivation for proposing these regulations is the removal of a so-called "non-tariff trade barrier" and accordingly the Board is acting beyond its jurisdiction.

I. *Safety Considerations.*

Safety standards for cylinders were adopted by the Federal Government nearly fifty years ago. At that time low quality foreign products posed a severe hazard to American consumers. The Government, in cooperation with manufacturers and users, developed comprehensive safety requirements for the fabrication of these products. Those responsible for preparing the new regulations recognized compliance could be assured only if inspections were made during the manufacturing process. No adequate nondestructive test of finished cylinders has been developed that could determine compliance with manufacturing standards.

To some extent the same limitations apply. Even today not all the factors which make for a safe, long lasting cylinder can be checked on the finished article. Inspection and testing during fabrication are required.

Cognizant of this fact, the 1923 regulations included a phrase, "Analysis and tests are specified, to be made within the limits of the United States." This stipulation sets a high criteria for inspection and testing and has been responsible for the excellent safety record of the United States.

Years of cooperation between manufacturers, inspectors and users in the United States have resulted in an interpretation of the specifications which serves as a "guide" to proper construction of this potentially dangerous product. Most domestic manufacturers regard the Federal requirements as minimum standards. The laudable safety record of American-made cylinders is largely the result of self-imposed controls which far exceed the legal requirements. The standards as written serve only as minimum guidelines for the production of safe cylinders.

The development of additional self-imposed standards was occasioned both by the desire of manufacturers to improve their products and the ambiguity of Government requirements. For example, specifications for 3A cylinders provide they are to be made "by *best* appliances and methods; dirt and scale to be removed *as necessary* to afford proper inspection; no fissure or other *defect* acceptable that is *likely to weaken* the finished cylinder *appreciably; reasonably* smooth and uniform surface finish required."

Through the cooperation of the users and manufacturers of compressed gas cylinders, certain design parameters have been upgraded beyond the requirements of the specifications. This cooperation has served to enhance safety of cylinders produced today as compared with those of twenty years ago even though the same basic codified standards are sill in force.

Over the past fifteen years, the United States has cooperated in an effort to establish cylinder standards for all countries through The International Standards Organization [ISO]. There are several features in DOT regulations which have been consistently rejected or omitted by foreign manufacturers: The concept of maximum design stress limitation; leakage tests on spun-type cylinders; definition of quench and temper heating treatment and a precise definition of approved material. In addition to the above most foreign countries do not understand or accept the volumetric expansion test which United States manufacturers consider the most important safety feature.

At hearings earlier this year, eight examples of foreign-made cylinders purportedly meeting American standards were shown to be defective. In fact there exists evidence indicating the recalcitrance of foreign producers to accept the most basic safety practices. It is common knowledge that in some foreign countries there is a notable lack of emphasis on safety and quality control compared to United States standards. Even the most well-meaning foreign manufacturer could misinterpret American specifications. As previously noted, current DOT regulations are exceptionally broad. In practice, quality controls far exceed those specified in the law. Inspectors and manufacturers have adapted their interpretation of these standards to the current level of American expertise.

Aside from the obvious problem posed by translation of U.S. specifications into foreign languages, correct interpretation of these standards by foreign inspectors would be unlikely if not impossible. Given the reluctance of some foreign countries to adopt strict regulations on their own, and the ambiguity of existing American specifications, it is possible that foreign inspection would be no more than rubber-stamp approval of all but the most grossly defective items.

The proposed changes in the safety standards provide for examination of foreign-made cylinders by "qualified inspectors;" but this requirement offers scant assurance of compliance with the regulations. The Department of Transportation simply does not have sufficient personnel to supervise the manufacture of safe cylinders abroad. If "independent" inspectors were appointed to oversee foreign operations, serious questions could be raised concerning their impartiality and competence. The American Society of Mechanical Engineers, after an extensive study of inspection agencies, could find no criteria other than "judgment" to adopt or reject such agencies.

It strains credulity to believe that doubtfully qualified foreign nationals inspecting manufacturers in their own countries and using ambiguous American specifications could guarantee cylinders made abroad consistently conformed to the high quality standards followed by United States producers. The price we would pay for such folly could be enormous. The ultimate test would be made when a defective cylinder failed; a foreign manufacturer's "oversight" could cost American lives. Such a tragedy may be only a possibility; but many organizations, including the California Business and Transportation Agency and the Pennsylvania Department of Transportation are unwilling to accept that risk. H. Guy Kreider, Executive Secretary of the Pennsylvania DOT, observed, "Adopting the proposals now under consideration could open a 'Pandora's box' which, for years to come, may turn into a critical safety problem."

The argument has been advanced that foreign-made cylinders are presently being imported into the United States in large quantities and that safety would be enhanced by assuring inspection during manufacture. If this is so, it is illegal to offer these cylinders when filled for transportation. If on the other hand, it is claimed that the chemical analyses and tests as specified are being made in the United States, then there should be a precise definition of what tests are required to be made in the United States. This again illustrates the possibility of misinterpretation of the specifications. What is the distinction between tests and inspection? The Bureau of Explosives which was charged with surveillance of these matters interpreted such requirements as inspecting broken surface of the billets after parting, inspection inside before closing, verifying threads by gauge, etc., as being part of the requirements that had to be performed in the United States. The HMRB apparently does not interpret the above phrases in the same manner. It is obvious that if the Bureau of Explosives' interpretation is the correct one then it would presently be impossible for foreign cylinders to enter the country. It is worthy of note that the Bureau of Explosives' representatives served on the Compressed Gas Association committee and assisted in writing the instant specifications.

The question of consumer safety is more important today than ever before. It would be ironic if the Government abandoned regulations which have protected American lives for fifty years in order to secure markets for potentially dangerous foreign products.

II. *The Conclusion of the Board that Tests May Be Made Outside the United States Violates Procedural Due Process in that It Is Based on Matters Outside the Public Record.*

HMRB prefaced presentation of the proposed amendments in part by noting that, "It is the Board's conclusion, on the basis of its investigations and the public record, that approval to perform specified chemical analyses and tests outside the United States may be granted to foreign manufacturers upon favorable consideration of several matters . . ."

A letter of inquiry was sent by ACMC to the Board on September 30, 1971, requesting that the contents of the "investigations" designated in the notice of proposed rulemaking be made public in order to facilitate more cogent further comment by the public and to illuminate the basis for the Board's conclusion. Laurence Bierlein, Attorney-Advisor, responded to that letter on October 6, 1971, and revealed that no independent investigations had in fact taken place.

Although unintended, the misstatement in June 10, 1971 notice chilled further efforts to submit arguments and factual data since apparently independent investigative efforts by the Board have resolved considerable doubts of the safety consequences of liberalized rules raised by the sheer weight of the evidence already in the record.

Perhaps more importantly, however, is the simple fact that the misstatement will discourage every other interested person in the proceedings, who is not appraised of the absence of investigations, from making further contributions to the record. Indeed, for those led to believe that there is extrinsic evidence prevaling against the substantial public record against liberalizing the compressed gas cylinder shipping requirements, the incentive to appeal the final rules as "arbitrary and capricious" or "unwarranted by the facts to the extent that the facts are

subject to trial de novo by the reviewing court" [Administrative Procedure Act §10 (e)] is unfairly suppressed.

The disturbing fact is that the misstatement serves as a cloak for the Board's haste in speedily resolving a most important question of safety in the face of an inadequate public record. And perhaps, too, as a cloak for inordinate State Department pressure.

One cannot help but think that a mention of "investigations" reflects the true feeling of the Board that careful investigations are in fact fully warranted and needed.

It seems here that a procedural defect has occurred which makes a mockery of even the truncated due process rights permitted all interested persons in the formal rule-making proceeding at hand.

If the spirit of the Administrative Procedure is not to be grossly abused, it seems appropriate that some harm be taken to correct the harms done by the misstatement in the June 10, 1971 notice and that the subject of the rule-making proceeding be given proper consideration.

At the very least the Board should conduct a proper investigation the results of which to be made public, and the Board should then give all interested persons an opportunity to comment. ACMC believes that such an investigation requires inspection of foreign facilities and foreign products. ACMC would be glad to cooperate in such a proceeding.

III. *The Board's Primary Consideration in and Motivation for Publishing The Proposed Regulations Is the Removal of a So-Called Non-Tariff Trade Barrier and Accordingly the Board Is Acting Beyond Its Jurisdiction.*

ACMC contends that HMRB in proposing these regulations is acting beyond its jurisdiction. The proposal raise three interrelated jurisdictional matters: (1) The Board is attempting to regulate foreign commerce and thus is acting in excess of its authority; (2) the proposals are a result of trade negotiation which should be required to be carried on under the authority of the Congress; and (3) the proposals do not guarantee recourse for United States citizens against foreign manufacturers of negligently made cylinders.

A. *The Proposed Regulations Are Ultra Vires the Delegated Powers of the Department of Transportation.*

ACMC asserts that the proposed regulations exceed the authority vested in the Department of Transportation [hereinafter DOT] by the Congress of the United States.

In issuing the proposed regulations, DOT claims to be acting pursuant to the statute vesting power over regulation of explosives in the predecessor of the Hazardous Materials Regulations Board, the Interstate Commerce Commission [hereinafter ICC],[1] and certain rules regulating aviation.[2] In the grant of authority to the ICC, it is empowered to:

"Formulate regulations for the safe transportation *within the United States* of explosives and other articles, including . . . compressed gases . . . which shall be binding upon all carriers engaged in interstate and foreign commerce." [3] [Emphasis supplied.]

The statute defines "interstate and foreign commerce" as:

"Commerce between a point in one State and a point in another State, between points in the same State through another State or through a foreign country or foreign countries through the United States, and *commerce between a point in the United States and a point in a foreign country or in a Territory or possession of the United States, but only insofar as such commerce takes place in the United States.* The term "United States" means all of the States and the District of Columbia.[4] [Emphasis supplied.]

Pursuant to the grant of authority to formulate regulations applying within the United States, HMRB currently requires that cylinders transported in the United States must be tested during the course of manufacture by certified independent inspectors in this country.[5] Under the proposed regulations DOT would acquire the power to grant approval to foreign manufactures to perform specified chemical analyses and tests *outside the United States,* upon favorable consideration of several matters, including the acceptance of quality of production materials, manufacturing procedures, testing methods, and inspectors.[6]

ACMC contends the proposed regulations exceeded the mandate of the authorizing statutes by attempting to regulate testing outside of the United States. Regulations may be validly issued, according to the statute, only as they apply "within the United States," [7] and commerce can be regulated under the statute "only insofar as such commerce takes place in the United States." [8] The wording of the statute limits the jurisdiction of the HMRB to the regulation of domestic commerce. In other words, while DOT under the applicable statutes [9] can regulate testing in this country, it cannot regulate testing in foreign countries.

B. *The Proposed Regulations Are the Product of a Rule-Making Proceeding that Is a Trade Negotiation Which Should Be Carried on Under the Aegis of the United States Congress.*

The Constitution grants the plenary power over the regulation of foreign commerce to the Congress. It vests in Congress the power "to lay and collect taxes, duties, imposts and excises," [10] and "to regulate commerce with foreign nations." [11] Under this power Congress historically has wielded legislative authority over the field of foreign trade regulation, including the imposition and removal of tariffs and other restrictions upon imports, i.e., non-tariff barriers to trade [hereinafter NTB's].[12] Congress has from time to time delegated certain of its powers over foreign trade to the Executive. The most recent large-scale delegation was in the Trade Expansion Act of 1962, when the Executive was given the power to make certain tariff cuts between June 30, 1962 and July 1, 1967.[13] Since July 1, 1967, there has been a reversion back to the Congress of the plenary power over foreign trade negotiations. Thus there is presently neither delegated power nor inherent residual power [14] in the Executive to regulate foreign commerce by carrying on negotiations over alleged NTB's.

Which branch of the Federal Government has the authority to deal with alleged NTB's? To ask the question is to supply the answer—the Congress, under its Article I, Section 8 power to regulate foreign commerce.

Neither in the statutes vesting power over the regulation of the transport of explosives in the United States, nor in any other applicable legislation has the Congress delegated to DOT the authority to regulate testing abroad or to abrogate an alleged non-tariff barrier to trade; and therefore, the proposed regulation concerning the testing of cylinders in foreign countries is *ultra vires* the authority of the DOT. Since the authority to regulate testing in foreign countries and to abrogate alleged non-tariff barriers has not been delegated to the DOT, and since no such power can be fairly inferred from the general rule-making power of the DOT, it would seem that the proposed regulation is *ultra vires.* It is true that the very delegation of rule-making power to the DOT implies a certain amount of discretion to the agency in defining the ambit of its rules.[15] It is, however, submitted that the regulation of foreign commerce is manifestly inconsistent with the statutory terms and purposes of the delegated powers of the DOT, and thus cannot fairly be considered consistent with its authorizing legislation. The rules concerning the testing of cylinders in foreign countries should be, therefore, considered as *ultra vires,* and without effect.

C. *The Proposed Testing Regulations Do Not Assure Adequate Recourse Against Foreign Manufacturers of Negligently-Made Cylinders.*

A lack of accountability by foreign manufacturers would breed irresponsibility by foreign manufacturers, which would lower safety in the United States. It is thus relevant to examine the problems of discovery, enforcement of judgments, adequacy of judgments and insurance, and considerations of equity involved in actions against foreign cylinder manufacturers. None of the problems is resolved by the vague provisions of the proposed rule.

The dual objectives of safety regulations are to protect the public from and heal its victims after the occurrence of a major catastrophe.[16] A key technique of restoring the victim of a catastrophe to his prior status is the imposition of legal responsibility on those who have failed in managing the risk under their control. If legal recourse is not available the deprivation is compounded. The possibility of inadequate recoveries should be minimized in a society that produces and transports more than 1,200 dangerous articles, more than 300 of which can destroy life or property in catastrophic proportions.[17]

It is clear that in a catastrophe involving the explosion of a compressed gas cylinder, the manufacturer of the cylinder could be liable, on the basis of a negligence theory or on the theory of strict liability.

The threshold question is whether the proposed regulations provide adequate recourse against foreign manufacturers of negligently-made cylinders. The proposed rule simply stated:

"In addition, each foreign manufacturer requesting approval would be required to specify an agent, domiciled within the United States, upon whom service of process effectively could be made." [18]

What will be the effect of this provision? The question is easier posed than answered definitively. Must each manufacturer carry products liability insurance? How much products liability insurance should a foreign cylinder manufacturer carry? Must a foreign manufacturer post bond to import cylinders into the United States? If so, how much? How can service of process effectively be made if the foreign manufacturer has no assets against which to move in rem in the United States? What kinds of assests could be moved against in rem in the United States? How could a judgment against a foreign cylinder manufacturer be obtained without the benefit of American discovery procedures abroad? Will foreign courts honor and enforce American judgments? These questions are only raised, not resolved by the technique of obtaining consent before an action is brought.

In order to explore the weaknesses of the DOT's "agent specification" plan, a simple hypothetical example will be used. Let us assume a cylinder containing liquefied petroleum gas is being used in a factory. Assume further that the cylinder explodes, causing extensive property damage and loss of life.

The first problem is that of discovery. Who are the potential defendants in the hypothetical? They are: (1) The manufacturer of the gas cylinder (as gas could have leaked through poorly welded seams); (2) the manufacturer of the gas (as it may have been improperly processed); (3) the distributors who purchase from the producer, and distributes large, bulk lots in wholesale quantities; and (4) the local dealer who buys from the distributor and sells to the industrial or commercial consumer. One of the most difficult problems in an exploding cylinder case is to trace the product back through the hands of all who dealt with it.[19]

Foreign cylinder manufacturers, despite their placement of an agent to receive serv-

Footnotes at end of article.

ice of process in the United States, would not be subject to the rigorous discovery procedures that are available in this country. It would be quite difficult to obtain a judgment against the foreign manufacturer, even under a strict liability theory without proof that the cylinder was defective at the time it left the manufacturer's control.[20] The foreign cylinder manufacturer is, therefore, effectively insulated from liability by the proposed DOT rule.

The second problem raised by the agent placement rule is that of enforcement of judgments in foreign countries. Would judgments obtained in the United States be recognized in foreign countries? United States citizens harmed by exploding cylinders are in effect placed at the mercy of foreign tribunals by the DOT's proposed rule. While American courts often recognize foreign judgments on the theory of comity, several continental Euorpean countries (including France) will not recognize foreign judgments in the absence of specific provision in reciprocal treaties with other countries.[21] The problem of actual collection on judgments could thus get bogged down in legalisms, or no recovery might result.

The third problem is that of the adequacy of recoveries that might be obtained against foreign manufacturers, even assuming *arguendo* that they would be carrying products liability insurance. The magnitude of the disasters that could befall a foreign cylinder manufacturer are obvious. The total available insurance may fall far short of providing adequate levels of compensation to United States victims. Finally, it may be assumed that the burden on United States citizens injured by foreign cylinders will be greater than if they were injured by domestic cylinders, due to a time lag resulting from the difficulty in obtaining evidence against the foreign manufacturer.

The fourth problem raised by the "agent placement" rule is that of equitable considerations. In general terms, it hardly seems fair to subject domestic cylinder manufacturers to liability for negligently-made cylinders and effectively absolve foreign manufacturers from liability, due to problems of proof and enforcement. In each particular case, the equitable problem is that the loss is effectively shifted to *other* potential defendants, such as the gas manufacturer, as all joint tort-feasors are jointly and severally liable, and contribution may be difficult to obtain.

In summary, the DOT requirement that all approved foreign cylinder manufacturers must post an agent in the United States is inadequate to meet the safety needs of American citizens. Foreign manufacturers are effectively insulated from liability by the difficulties of discovery abroad, the problem of the recognition of United States judgments in foreign countries, and the likelihood that foreign products liability insurance would be inadequate to meet the financial demands of a major catastrophe. Insulation from liability can only discourage the expensive precautions required in the process of manufacturing cylinders. The safety of all United States citizens will accordingly be lowered.

CONCLUSION

For the above stated reasons, the American Cylinder Manufacturers Committee opposes the subject proposal and requests that it be withdrawn.

Respectfully submitted,

WILLIAM W. SCOTT,
Executive Secretary, American Cylinder Manufacturers Committee.

FOOTNOTES

[1] §§ 831–835 of Title 18, U.S.C. § 9 of the Department of Transportation Act (49 U.S.C. § 1657).

[2] Title VII and § 902(h) of the Federal Aviation Act of 1958 [49 U.S.C. §§ 1421–1430 and 1472(h)].

[3] 18 U.S.C. § 834.

[4] 18 U.S.C. § 831.

[5] See, 49 C.F.R. § 178.36–3.

[6] See, Docket No. HM–74, supra note 1.

[7] 18 U.S.C. § 831.

[8] 18 U.S.C. § 831.

[9] The statutes regulating certain aspects of commercial aviation seem to have little relevance to the testing of compressed gas cylinders in foreign countries, and it is a mystery why DOT cites them as a basis for its actions. Furthermore, the cited statutes exempt foreign aircraft and airmen who may arguably come within the reach of the statute, a tacit admission that an agency cannot administer its regulation in foreign countries. [See, 49 U.S.C. § 1430(b).]

[10] See, United States Constitution, Art. 1, § 8.

[11] *Id.*

[12] See, K. C. Mackenzie, *Tariff-Making and Trade Policy in the U.S. and Canada: A Comparative Study, Chapter 1 (1968).*

[13] Trade Expansion Act of 1962, § 201.

[14] See, United States v. Guy W. Capps, Inc., 204 F. 2d 655 (4th Cir. 1953), which states that "while the President has certain inherent powers under the Constitution such as the power pertaining to his position as Commander in Chief of the Army and Navy and the power necessary to see that the laws are faithfully executed, the power to regulate interstate and foreign commerce is not among the powers incident to the Presidential office, *but is expressly vested by the Constitution in the Congress.*" [Emphasis supplied.]

[15] L. L. Jaffe, *Judicial Control of Administrative Action*, 564 (1965).

[16] James M. Brown, "Probing the Law and Beyond: A Quest for Public Protection from Hazardous Product Catastrophes," 38 *George Washington Law Review*, 431 (March 1970), 433.

[17] *Id.*, at 432.

[18] Docket No. HM–74, *supra* note 1.

[19] See, Morrissey, Admx. v. Conservative Gas Corp., 136 N.Y.S. 2d, 844 (1955), where a gas company was exonerated from liability because of lack of proof that its product was defective when it left its hands.

[20] See, Morrissey, Admx. v. Conservative Gas Corp., 136 N.Y.S. 2d, 844 (1955).

[21] See, Arthur T. Von Mehren and Donald T. Trautman, *The Law of Multistate Problems: Cases and Materials on Conflict of Laws*, 834 (1965).

THE ASWAN DAM

Mr. BELLMON. Mr. President, probably no civil engineering project in the history of the world has attracted more attention than the construction of the Aswan High Dam on the Nile River in Egypt. From its inception this development has been involved in controversy relating to world politics and the relationships between nations.

Members of the Senate know that an offer by our Government and the World Bank to finance the first stages of the project was withdrawn after a series of misunderstandings with Egyptian President Nasser. Loans for the project were then arranged with the U.S.S.R. Equipment and engineering for the project were then furnished by the Russians.

Mr. President, on November 8, I had the privilege of visiting the Aswan High Dam as a guest of the Egyptian Government. In the party were two engineers, Dr. William L. Hughes, head of the school of electrical engineering at Oklahoma State University, and Dr. William H. Wisely, executive director of the American Society of Civil Engineers.

While I claim no expertise in the field of engineering, I was able, as a farmer, to see and appreciate the effect of water from the high dam on Egyptian agriculture and to witness the changes that power from the dam is bringing to the rural life of Egypt.

Dr. Wisely has summarized his impression of the high dam in an article to be published at an early date in the magazine Civil Engineering. I believe Members of the Senate will be interested in this scholarly and impartial review of the Aswan project, and I ask unanimous consent that the Wisely article be printed at this point in the RECORD.

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

PEOPLE, ECOLOGY, AND THE ASWAN HIGH DAM

(By William H. Wisely)

It was truly a privilege recently to visit the massive Aswan High Dam of the Egyptian Nile, and to confer at length with many of those responsible for its construction and operation. Other American members of the visiting party were Senator Henry L. Bellmon of Oklahoma and Dr. William L. Hughes, Head of the Department of Electrical Engineering at Oklahoma State University.

There is much concern in the United States today with the evaluation of environmental and social impacts—as well as economic—in the engineering planning of public works projects. The opportunity is most welcome, therefore, to participate in the review of such a major project from the standpoint of its impact upon people and nature.

Various conservationists and journalists have called attention to certain objectionable side effects of the High Dam. Among these are: doubt that Lake Nasser will ever fill because of high evaporation and infiltration rates; excessive siltation in the lake with attendant loss of the fertility represented by deposition of silt in the former flood plains; excessive erosion in the river channel and delta region; creation of conditions favorable to the vectors of bilharziasis and malaria; encouragement of salination of the soil; and dislocation of sardine fisheries where the Nile discharges into the Mediterranean.

It is essential that some basic facts about Egypt be understood before considering the Nile as a water resource and the High Dam as a development facility. Most dramatic is the fact that only 3% of the 386,000 sq. miles of land area are arable, the remaining land area being a barren desert! Almost 99% of the population lives in the narrow irrigated strips on each bank of the Nile, which widens at the delta, and along the Mediterranean seacoast. Of the 1971 population of 34.5 million, about 10 million live in Cairo, Alexandria, and other cities. The average density of population in the non-urban agricultural areas is more than 2,000 per square mile, but the actual density in the rural villages and towns is many times that.

Cairo is a modern, beautiful city, but poverty is widespread outside the central part. Since the highly significant land reform in the mid-fifties there are many small farms averaging less than 5 acres in area. The rural standard of living is very low, however—at the bare subsistence level.

The national annual income is $4.34 billion prior to the High Dam represents but $140 per capita. Agriculture, with rice, corn, sugar and cotton as the main crops, is a vital element in the economy. Import of food crops was essential, however, before the High Dam project.

The population is increasing at the rate of almost a million (3%) per year. Literacy over age 15 is under 30%, and rural health conditions are generally poor. Hookworm, malaria, pellagra and tuberculosis are com-

mon diseases. Egypt is a poor country, struggling to feed its rapidly growing population.

The Nile is the major resource of Egypt. Its entire flow originates outside the country, averaging 84 billion c.m. annually at Aswan. Range is from a minimum of 275 c.m.s. to 13,500 c.m.s. during the August-October flood season. When uncontrolled these floods interrupted agriculture, caused serious erosion and wasted 32 billion c.m. of precious water annually to the sea.

An ancient Arab saying goes "The Nile is Egypt." no other river is so much a lifeline to the land it traverses!

The Aswan High Dam was completed early in 1971. Its 43 million c.m. rock, sand, clay and concrete will impound 164 million c.m., three times the capacity of Lake Mead. Lake Nasser will average 10 km. in width and will extend up the Nile for 500 km. When visited the lake was 56% full, with its stage within 12 m. of high water. The present stage of 171 m. is well within the normal operating range of elev. 147–175 m. for irrigation.

The power plant comprises 12 units of 175 mw. each. The last three units are presently undergoing acceptance tests.

The civil engineering aspects of the dam and power plant appeared to have been planned and constructed in commendable fashion. There was no evidence of untoward settlement in the body of the dam, and it was stated emphatically that there was no validity to an allegation that leakage through the dam had required the engagement of special consultants. Concrete work appeared to be of excellent quality. The turbines and generator equipment, made in the USSR, are unusually fre of vibration. Dr. Hughes noted that certain electrical equipment is not of latest design, but is nevertheless sturdy and well adapted to the functions to be served.

Cost of the High Dam and related operations has reached about $625 million. The USSR made available loans totalling $240 million together with technical assistance in construction. Annual benefits from the project amount to about 40% of the total cost, a remarkable ratio.

The list of benefits accruing from the High Dam project includes the following:

Ultimate reclamation of 1.25 million acres of hitherto unproductive land for agriculture; 850,000 acres already reclaimed. Rice is now produced for export.

Complete storage of annual flood waters, converting 725,000 formerly flooded acres to perennial irrigation yielding two to three crops per year.

Improvement of cultivated land by lowering ground water levels.

Elimination of all annual flood damage.

Insurance of year-round navigation of the Nile.

Generation of 10 billion kw. hr. annually, to double Egypt's electric power production. Annual per capita power production was 40 kw. hr. in 1952, 200 kw. hr. in 1970, and will be 400 kw. hr. when High Dam power is fully developed.

Ultimate increase of national income by about $470 million annually; in 1970 alone the increase was $250 million.

It is appropriate to assess against this background the ecological trade-offs mentioned earlier. Each of these will be discussed briefly:

LAKE-FILLING RATE

It must be noted that the purpose of Lake Nasser is to contain the Nile floods, and to provide a steady source of irrigation water and power. Filling of the lake to date is progressing as expected. Six years of observation have shown that evaporation and infiltration rates are well within design limits. No "weak zones" of leakage have as yet appeared in the lake bed.

SILTATION

Of the total of 60 million c.m. of silt carried annually by the Nile about 88% was formerly carried to the sea by flood waters. About 9%, or 5.4 million c.m., were deposited upon flooded land, providing nourishment to the soil. It is estimated that the loss of silt sediments is equivalent to about 13,000 tons of calcium nitrate per year. The cost of such fertilizer additions, however, is less than the former cost of dredging unwanted silt from irrigation canals and local storage areas.

With the High Dam in operation, silt will in the future drop out in the upper reaches of Lake Nasser. Design provides for 30 billion c.m. of silt storage, however, sufficient for 500 years.

EROSION

The yearly Nile floods caused serious instability of river banks because of erosion. While the now silt-free waters will move at higher velocities, the wide variation in annual discharge has been eliminated. Under such stabilized conditions erosion should soon diminish with the result that the river banks will also become more stable. Further control of erosion should ensue with the construction of additional dams that are planned between Aswan and Cairo.

DISEASE VECTORS

The diseases of bilharziasis and malaria are endemic to all tropical countries with low standards of living and dependent upon irrigated agriculture. The occurrence of the vectors of both diseases is under continuing study. To date there has been no finding of the *Anopheles* mosquito in Lake Nasser. An incidence of 18% bilharziasis has been found among the 4,000 fishermen at work in the lake.

General improvement in public health measures and disease prevention will accompany any advance in the national economy and attendant rise in the standard of living. This is presently a high order of priority in Egypt.

SOIL SALINITY

The accumulation of salts in soil results from high rates of ground-surface evaporation. This is minimized by the provision of effective soil drainage, which is further beneficial in that ground water return to the river is expedited. The Ministry of Irrigation has a continuing program of drainage network installation, with financing by the International Monetary Fund.

EFFECT ON FISHERIES

Loss of flood-borne nutrition has apparently caused migration of the sardines formerly found in the Mediterranean at the Nile's mouth. Value of the fish formerly taken here has been estimated at $7 million per year. As a result of the sardine migration, however, the national fishing industry has restructed and modernized for deep-water fishing, which will yield other fish in addition to sardines.

Lake Nasser is now producing about 2,000 metric tons of food fish per year, and the ultimate yield will be 16,000 metric tons or more.

Viewed in the light of its many vital benefits to a needy people, the so-called ecological effects are clearly nominal. Even so, a facility has been provided in the Lake Nasser Development Centre at Aswan for the conduct of ecological research in all areas of concern. Studies are underway, on shoreline land use, fisheries, disease vectors, and erosion. Separate research is being directed toward coastline stabilization in the delta, a problem of long standing.

The Aswan High Dam is a modern engineering wonder, to be sure, but more importantly, it is filling a vital need for 35 million people. It is a fine tribute to the engineering professions of Egypt and the USSR and the engineers from other countries who contributed to the early planning; it embodies the best of engineering art and creativeness, soundly executed.

Probably no engineering undertaking before has given so much to so many people who sorely need the encouragement and assistance of the developed nations of the world. Detractors of this great project will do well to view it from the right end of their binoculars, in proper focus!

Mr. BELLMON. Mr. President, I have also received comments from Dr. William Hughes, head of the electrical engineering department at Oklahoma State University, in Stillwater, Okla., who viewed the Aswan project from the electrical engineering viewpoint. His comments are short, and I believe Members would be helped by his objective and well-qualified technical observations.

I ask unanimous consent that they be made a part of my remarks at this point.

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

REFLECTIONS AT ASWAN

Due to a combination of circumstances too complex to explain, a party of three Americans were provided an opportunity to visit the Aswan Dam as guests of the Egyptian Ministry of Electricity. Our continuous hosts for several days were two subministers of the Ministry. During those days we not only saw a great deal of that Egyptian-Russian engineering project, but we also developed a personal rapport with our hosts that to us was as important as what we saw. What follows is a series of reflections on that visit.

Many of us have had a tendency to think of the Aswan Dam as being built for the Egyptians by the Russians as a gift, but calling for irrevocable political and military ties in return. That political and military ties have developed between Russia and Egypt is obviously true, but let no man think that the Aswan Dam is a gift. The Egyptians are paying money for the Dam on a strict contractual basis in which the Russians

(1) floated a loan at 1½% interest.
(2) sold construction equipment.
(3) sold power station equipment.
(4) provided some engineering services.
(5) provided some (not all) supervisory personnel at the engineering, technician, and Construction Foreman levels (roughly 8000 total).

The Egyptians, themselves, had been studying the question of a dam at Aswan for some years, and they had already done a great deal of very good engineering planning with the help of experts from all over the world.

Although the Russians gave some very good help, a major amount of the planning was done before they came on the scene. It is not the purpose here to provide a subtle lecture on Capitalism versus Communism. It is clear, however, that the Russian Engineering, Construction, and Finance Company took and successfully completed one of the world's largest single capitalistic construction contracts and perhaps at a profit (or at least no loss) to themselves. One is prone to ask why we didn't get the contract since we know this sort of thing is really our bag, and the Russians don't even admit to being a conglomerate corporation.

Our American press has generally had a tendency to describe the Aswan project in patronizing or even degrading terms. We have heard such things as (1) the dam is moving around. It is, as does every other big dam, and this is taken account of in its design. (2) The elimination of the annual

floods is changing the ecology of the river. Again, of course, it is. It is also making it possible to get two crops a year instead of one. It has added over a million acres of irrigable land to the agricultural production complex and it has provided a total capability of 2.1 billion watts of electricity for rural and urban electrification—that's going to change the ecology a bit. On the negative side, diseases have begun to appear as problems and appropriate corrective actions are required (and are being taken). The end of the delta flooding means that more chemical fertilizers (mainly nitrates) must be used, and since people no longer drown in the floods, the overpopulation problem is somewhat more severe. Technology always makes these kinds of changes and the fundamental management problem with technology is to assure that the good outweighs the bad. The Egyptians are aware of all of these problems, and are competently managing them.

One of our principle desires was to get a good look at as much Russian Engineering as possible, and we had ample opportunity. The Engineering, Civil, Mechanical, and Electrical, is superb. In terms of quality one doubts that there is a better hydroelectric installation anywhere in the world. We were particularly impressed with the dynamic balance achieved on the turbo alternators. In all hydroelectric installations, when the turbo alternator is running at synchronous speed there is always considerable vibration. Even though these turbines are as big as any in the world, the vibration level is extremely low.

It appears that the technical capability of the people running the plant is very good. It is also clear that the maintenance level in the plant is kept uniformly high. The power station was clean and had the appearance of being very well managed.

If one really has to carp at something, the only thing we could find to carp at was the scheme used for exciting the big alternators. The d-c exitation was taken from an exiter alternator for which the output was rectified in mercury arc rectifiers. We were surprised to note a lack of solid state silicon devices in this function since other turbo generator manufacturers, German, Sweden, Japanese, and American, have been using them for some years.

Nonetheless, the total electrical system at Aswan is of high quality, high reliability and will give excellent service for many years.

Generally, the electrical system is very conservatively designed, which is a good policy for such an installation. With the high dam in full operation, a massive rural electrification program is being undertaken, to be completed in roughly five years. It is the objective to give every villager electric lights, the ability to pump water from the Nile, and do other chores now done by hand.

Considerable power is now being consumed by industries and that consumption is growing. The net result is that before 1980, Egypt will need more power than she can generate, and she, like ourselves, is searching for new sources of power now.

The high dam at Aswan is without doubt, one of the modern engineering marvels of our time. The economic benefits to Egypt are enormous. The negative aspects exist, of course, but are small compared to the benefits. Even so, the Egyptian government has been studying the negative impacts as well as the positive ones, and is implementing their control with dispatch.

Mr. BELLMON. Mr. President, all of us are gifted with 20–20 hindsight. Therefore, viewed in retrospect, it may be that our Government erred in withdrawing support for the Aswan High Dam. Our action paved the way for sales of hundreds of millions of dollars worth of Russian goods to build the project. The point here is that these are sales not grants. The cost of the project is being paid on schedule with earnings from power sales.

While most of the thousands of Russians who were involved in the construction of the project have now left Egypt, a good rapport between the two nations has been established. Official visits between leaders of the two governments are common. Much of the transport and other industrial equipment used in Egypt is of Russian or Czechoslovakian origin.

Russian naval vessels on duty in the Mediterranean are now serviced from an Egyptian base. Russian crews man the more sophisticated defense installations near the Suez. There may be reason to wonder whether or not the Russian Bear has a full nelson on the ancient land of Egypt and her oil-rich Arab neighbors. If that is the case, it is almost certainly because of a series of conscious decisions on the part of our Government.

Mr. President, I went to Egypt expecting to find general and open hostility toward America and Americans. I could not have been more pleasantly surprised. The fact is that the Egyptians I met—Government officials, including President Sadat and several of the ministers in his Government—were most cordial. The shopkeepers in the bazaars were openly friendly. The villagers and the farmers I spoke with were open and warm in their comments.

My experience was not unique. The groups of American tourists I encountered reported a similar friendly reception wherever they traveled. There seems to be a reservoir of good will—even affinity—between Americans and Egyptians, which goes back to pre-Nasser times and which the present Egyptian Government is interested in nourishing.

Mr. President, in my opinion, all is not lost for this country in Egypt, or in the Arab world. There will be other projects like the Aswan Dam where the expertise, the products, and the wealth of this country can be wisely made available—not necessarily as gifts—to assist in Egyptian development. I hope conditions will make possible a cooperative arrangement in the near future which will normalize relations with this important and fundamentally friendly land. I have written President Nixon urging extraordinary efforts toward this goal. I urge Members of the Senate to support these moves as they are made.

POETICAL SENSE AND POLITICAL NONSENSE

Mr. ERVIN. Mr. President, I will speak of billions of dollars. Let me explain what a billion dollars is. If a husband should give his wife a billion dollars on the understanding that she would spend $1,000 of it every day except the extra day in leap year and would not return until all was spent, it would be 2,739 years, 2 months, and 5 days before he would see her again.

I am prompted to call my remarks "Poetical Sense and Political Nonsense," by a great poem, "The Gods of the Copybook Headings," in which one of the most profound philosophers of English-speaking peoples, Rudyard Kipling, recounts in poetic words of stark simplicity how the gods of wisdom, whom he calls the "Gods of the Copybook Headings," and the gods of expediency, whom he designates as the "Gods of the Market," contend in all ages for the allegiance of men, and how men suffer when they forsake the "Gods of the Copybook Headings for the Gods of the Market." Kipling borrows the title to his poem from the copybooks of his day in which axioms were written or printed for schoolchildren to copy.

As we read this poem, we are amazed by both its timelessness and its relevancy to today. It relates eternal truth concerning the propensity of men to forget that "history is a voice forever sounding across the centuries the laws of right and wrong"—(James Anthony Froude). It deals, moreover, with such current themes as disarmament, sociology, economic integrity, financial responsibility, redistribution of wealth, inflation, depression, the welfare state, and the freedom of men from responsibility for their crimes and sins.

I will read Kipling's poem in full:

THE GODS OF THE COPYBOOK HEADINGS

As I pass through my incarnations in every
age and race,
I make my proper prostrations to the Gods
of the Market-Place.
Peering through reverent fingers I watch
them flourish and fall,
And the Gods of the Copybook Headings,
I notice, outlast them all.

We were living in trees when they met
us. They showed us each in turn
That Water would certainly wet us, as Fire
would certainly burn;
But we found them lacking in Uplift, Vision
and Breadth of Mind,
So we left them to teach the Gorillas while
we followed the March of Mankind.

We moved as the Spirit listed. They never
altered their pace,
Being neither cloud nor wind-borne like the
Gods of the Market-Place;
But they always caught up with our progress,
and presently word would come
That a tribe had been wiped off its icefield,
or the lights had gone out in Rome.

With the Hopes that our World is built on
they were utterly out of touch,
They denied that the Moon was Stilton; they
denied she was even Dutch.
They denied that Wishes were Horses; they
denied that a Pig had Wings.
So we worshiped the Gods of the Market who
promised these beautiful things.

When the Cambrian measures were forming,
they promised perpetual peace.
They swore, if we gave them our weapons,
that the wars of the tribes would cease.
But when we disarmed they sold us, and
delivered us bound to our foe.
And the Gods of the Copybook Headings said:
"Stick to the Devil you know."

On the first Feminian Sandstones we were
promised the Fuller Life
(Which started by loving our neighbour and
ended by loving his wife)
Till our women had no more children and
the men lost reason and faith.
And the Gods of the Copybook Headings said:
"The Wages of Sin is Death."

In the Carboniferous Epoch we were promised abundance for all,
By robbing selected Peter to pay for collective Paul;
But, though we had plenty of money, there was nothing our money could buy,
And the Gods of the Copybook Headings said: "If you don't work you die."

Then the Gods of the Market tumbled, and their smooth-tongued wizards withdrew,
And the hearts of the meanest were humbled and began to believe it was true
That All is not Gold that Glitters, and Two and Two make Four—
And the Gods of the Copybook Headings limped up to explain it once more.

As it will be in the future, it was in the birth of Man—
There are only four things certain since Social Progress began:
That the Dog returns to his Vomit and the Sow returns to her Mire,
And the burnt Fool's bandaged finger goes wabbling back to the Fire;

And that after this is accomplished, and the brave new world begins
When all men are paid for existing and no man must pay for his sins,
As surely as Water will wet us, as surely as Fire will burn,
The Gods of the Copybook Headings with terror and slaughter return!

BELIEFS THAT BUILT AMERICA

The men who made America great could not take for gospel the assurances of the smooth-tongued wizards that they could secure "abundance for all by robbing selected Peter to pay for collective Paul;" that men should be paid merely for existing; and that no man should pay for his sins. As a consequence, they spurned the Gods of the Market and followed the "Gods of the Copybook Headings."

In so doing, they entertained abiding convictions concerning man, economics, and government.

They believed that man should strive to be the master of his own fate and the captain of his own soul. They believed that he can attain this nobility of character only by integrity, industry, thrift, and self-reliance.

They believed that earth yields nothing to man except the products of his own labor. They believed that Adam's curse is an unchanging and unchangeable law of life:

In the sweat of thy face shalt thou eat bread till thou return unto the ground.

They believed that man has but one choice in respect to this immutable economic fact, and that such choice is simply this: Whether the bread which he must eat in the sweat of his face shall be the bread of freedom or the bread of bondage. They believed that a free man can be induced to produce thing of value only if he is permitted to retain a fair share of the fruits of his labor for himself and his family. They believed that "if any would not work, neither should he eat."

They believed that "though the people support the Government, the Government should not support the people"—Grover Cleveland. They believed, moreover, that when it undertakes to support the people, the Government reduces the people to nothing better than a flock of timid sheep, of which it is the shepherd. And, finally, they believed that Government ought to live within its income.

The men who entertained and practiced these beliefs made America a great nation.

FISCAL FOLLIES

During recent years, the smooth-tongued wizards, who now call themselves Keynesian economists, made the financial policymakers of the Federal Government proselytes of the gods of the market. They instilled in the minds of such policymakers an acceptance of these theories:

First, the Federal Government can spend the Nation into prosperity by incurring deficits, and for this reason balanced budgets are obsolete.

Second, a controlled inflation is good for the Nation's financial soul.

Third, the national debt need never be paid. Indeed, it ought to be increased as the gross national product rises.

I shall not trespass upon your time to argue there is an absurdity in the proposition that the more a nation spends of what it has not the richer it will be. I shall not trespass upon your time to assert that the experience of all nations which have resorted to the age-old panacea of inflation shows that there is no practicable way to keep supposedly controlled inflation from becoming uncontrollable. I shall not trespass upon your time to maintain that there is something inherently dishonest in one generation bequeathing its debts to another. I shall content myself with stating what has happened in the United States since Federal financial policymakers became converts to the "gods of the market," and what will happen hereafter if they do not return to the "gods of the copybook headings."

THE RESULTS OF FISCAL FOLLIES

We have had 35 deficits in the last 42 years. Federal taxes have increased from $4.1 billion to $133.7 billion, and Federal expenditures have risen from $3.4 billion to $163.9 billion yearly. The national debt has ascended from $16 billion to $413 billion, and the annual interest on such debt has grown from $659 million to $22 billion.

Representative OTTO PASSMAN, of Louisiana, who is a dedicated and knowledgeable defender of the harassed American taxpayer, recently told some trenchant truths concerning one aspect of Federal fiscal follies. He said that during the 25 fiscal years antedating June 30, 1971, the United States scattered $138.4 billion among 127 foreign nations under numerous foreign aid and assistance programs; that virtually this entire disbursement represented deficit spending; and that the policymakers of the Federal Government in the foreign area are demanding that Congress appropriate an additional $13.5 billion for foreign aid and assistance for fiscal year 1972, notwithstanding unexpended balances of $24.5 billion from prior appropriations are still available for these purposes and notwithstanding the national debt of the United States exceeds the combined national debts of all other nations on earth by $109 billion.

I cannot forbear making this observation: If an individual were to engage in the unspeakable fiscal folly of borrowing money to give it away, his family would institute an inquisition in lunacy, and procure the appointment of a guardian to manage his affairs. But politicians who advocate that the U.S. Government emulate such a demented fool become Presidents or Secretaries of State or Senators or Representatives.

Another observation. In times past the United States has made loans to other nations, which never repaid them. Despite its sad experience in this respect, our country seems incapable of comprehending the truth spoken by the Shakespearian character Polonius that "loan oft loses both itself and friend."

The Federal Government formerly used two budgets:

First, an administrative budget which covered general receipts and expenditures incident to general operations.

Second, a trust fund budget which embraced trust fund revenues which are collected and expendable for specific purposes only, such as social security, railroad retirement, and highway construction.

Beginning with fiscal year 1969, however, the Federal Government combined these two budgets in a so-called unified budget which covered all its receipts and disbursements.

By this bookkeeping legerdemain, the wizards of the "Gods of the Market" delude the unwary into believing that the 1969 general operating deficit of $5.5 billion was a surplus of $2.4 billion, that the 1970 general operating deficit of $13.1 billion was a deficit of only $2.8 billion, and the 1971 general operating deficit of $30.2 billion was a deficit of only $23.2 billion.

But they do not fool the old North Carolina mountaineer who went to his neighborhood store to pay for the groceries he had been buying on credit. The storekeeper informed the old mountaineer that his bill totaled an amount far in excess of what the latter believed correct, and the old mountaineer entered a vigorous protest. The storekeeper opened his account book, laid it upon the counter, and said: "Here are the figures; you know figures do not lie." The old mountaineer replied: "I know figures do not lie, but liars sure do figure."

GROSS NATIONAL PRODUCT: AN EXCUSE FOR FISCAL FOLLIES

The smooth-tongued wizards of the "Gods of the Market" are eloquent and persuasive. They can always conjure up pleasantly deceptive excuses to excuse the inexcusable. What their eloquence and persuasion have done to the economy of our country, however, sustain Benjamin Franklin's assertion that "he that is good for making excuses is seldom good for anything else."

When they are confronted with the dismal results of the Federal fiscal follies they persuaded the Federal Government to embrace, the smooth-tongued wizards take refuge behind the gross na-

tional product. They glibly assert that their wisdom is proved by the circumstance that, while the population of the country grew from 123 million to 203 million, the yearly gross national product rose from $247.5 billion to $947.1 billion when measured in 1970 dollars.

I will not detail the unreliability of the gross national product as a measure of our Nation's economic state. This has been done in an editorial entitled "The GNP and a Pinch of Salt," published in the Washington Star on May 10, 1966. I quote its relevant parts:

Whenever authorities compare the United States with the Soviet Union, the talk soon gets around to the Gross National Product.

This is the sum of all goods and services produced in a year by a country. Because Americans like clear, simple answers, the GNP is highly regarded. At a glance it tells you we lead not only Russia but the world. The index is so respectable that a President simply could not reach the end of a State of the Union Message without citing it as evidence of past progress and forecasting how much it will rise the next 12 months.

The only trouble is that nothing really is clear or simple, least of all this yardstick. It measures not only the good but the bad, not only the gifts of civilization but the inane and the phony. It even makes inflation look like an asset.

Plastic back scratchers are in the GPN. * * * So are hydrogen bombs and the high cost of funerals. * * * Every civilization produces trash, of course. * * * But America is the first to include all her creations, good and hideous, in a single statistic, and then brag about it.

Aside from this obsession with quantity, the GNP happens right now to be cranking in a serious liability. Inflation. Every time the price of steak or shoes goes up, the GNP rises too. * * * The GNP is useful, a point on the compass, a means to give perspective to our industrial growth. But it is a shaky way to measure any nation's contribution to history. And even in the narrower field of economics, the message it carries is not always cause for rejoicing.

I add brief comments to what the editorial said.

To be sure, the gross national product for 1970 exceeded that of 1930 by $726.6 billion when measured in 1970 dollars.

A substantial part of this increase results solely from the growth of our Nation's population. Manifestly, 203 million people render and require 60 percent more services, and make and consume 60 percent more goods, than 123 million people.

Another substantial part of the increase was the consequence of expanded governmental activities. Federal and State governments expended $334.5 billion for goods and services in 1970 as against $9.2 billion in 1930.

Moreover, one circumstance reveals that the gross national product for 1970 is as full of inflation as a mangy hounddog is of fleas. It took $2.44 in 1970 to purchase what $1 bought in 1930.

IMMUTABLE ECONOMIC LAWS

"As surely as water will wet us, as surely as fire will burn," and as surely as "two and two make four," there are laws of economics which are as unalterable as the laws of the Medes and Persians. Nations and men violate these laws at their peril, because the consequences of their violation are inescapable.

One of these laws decrees that persistent deficit spending by government causes inflation, and inflation robs a nation and its people of economic strength.

When he was campaigning for the Presidency in 1932, Franklin D. Roosevelt stated this law in homely phrases. He said:

Any government, like any family, can for a year spend a little more than it earns. But you and I know that continuance of that habit means the poorhouse . . . Let us have the courage to stop borrowing to meet continuing deficits. Stop the deficits.

Deficit spending is dishonest in purpose and ruinous in practice. It undertakes to transfer to the future the burdens of the present. In so doing, it robs the past of its savings, the future of its earnings, and both the present and the future of their economic strength.

When he spoke in the House of Commons in May 1842, T. B. Macaulay said:

Timid and interested politicians think much more about the security of their seats than about the security of their country.

The callous indifference to the future of our country manifested by politicians who support measures designed to shift from us to our children and our children's children the financial burdens which our necessities and luxuries entail is well illustrated by an ancient story which I now recount.

The British House of Commons of a bygone era was debating a legislative proposal that an enormous amount of government bonds should be issued, that the proceeds of the bonds should be spent forthwith for temporary purposes, and that repayment of the principal of the bonds should not begin until 50 years had expired. A Member, who happened to be a statesman, blasted the proposal on the ground that it was not fair to posterity.

The author of the proposal, who was obviously a politician concerned only with the next election, arose and replied:

Posterity has done nothing for me, and I do not propose to do anything for it. Besides, posterity can not vote in the next election.

The politicians are not doing anything nowadays for posterity. But they are certainly doing a lot to it.

HOW INFLATION WORKS

Persistent deficit spending by Government creates inflation for a very simple reason. It artificially increases the number of dollars competing for available goods and services, and in so doing decreases the purchasing power of each dollar accordingly.

Inflation is pleasantly deceptive to both people and politicians for a time. This is true because it artificially increases dollars, and thus furnishes statistics indicating that the country has become richer.

But soon or late the evils of inflation appear. It then becomes manifest that the purchasing power of money has depreciated; that the Nation has accumulated an ever-increasing debt, and priced its goods out of the world market; that much capital has fled abroad; that savings and insurance have lost a substantial part of their real value; and that people living on pensions and other fixed incomes have suffered a staggering economic blow.

POLITICAL MANEUVERING

For 40 years the Federal Government has persisted in the fiscal folly of deficit spending. For 40 years inflation, the greedy progeny of this deficit spending, has been gnawing with an ever-increasing appetite the vitals of our Nation's economy. For 40 years men have been elected to rule in Washington on the bases of their promises to set the Federal financial house in order. For 40 years men so elected have thought more about the next election than they have about our country. In consequence, they have broken their promises, and heeded the siren voices of the politically powerful groups who emulate the horseleech's daughters and cry for more and more and more from the empty Federal Treasury.

When I was a student at Chapel Hill, I sat at the feet of a much beloved professor of geology, Collier Cobb. I remember little of what he taught about the history and structure of the earth, but I recall verbatim this pungent witticism of his:

Wise men learn from the experience of others; fools learn from their own experience; but most of us learn neither from the experience of others nor from our own.

Measured by this standard, the financial policymakers of the Federal Government do not possess the wisdom of fools.

When a physician prescribes medicine for his patient and his patient grows none the better but rather the worse, the physician changes the prescription. Not so the financial policymakers of the Federal Government. They merely increase the dose.

When it became obvious even to them in 1971 that the inflationary chickens hatched by persistent deficit spending were coming home to roost, the financial policymakers of the Federal Government became frightened by their discovery of the Nation's economic sickness, and decided that they must administer a therapeutic agent. And so they prescribed a bigger dose of the same old economic nostrum which had brought the Nation's economy to its unhappy state—deficit spending.

This required Congress to raise that hypocritical restraint on Federal spending known as the national debt limit.

Ostriches stick their heads in the sand to conceal reality from themselves. Politicians employ euphemistic words to hide reality from the people.

In urging Congress to raise the national debt limit which forbade further Federal deficit spending, the President beguilingly stated that the administration simply desired to implement a full-employment budget and Congress obligingly consented by increasing the debt limit for the 18th time since 1960 to an alltime high of $430 billion.

The real purpose of this political maneuvering was to make it legally possible for the Federal Government to dive

more deeply than ever into the sea of financial irresponsibility.

And, thus, in the words of Kipling "the burnt fool's bandaged finger goes wabbling back to the fire."

I submit that if the doctrine of the "Gods of the Market" that a nation can spend itself into prosperity were true, the 40 years of Federal deficit spending would have given the United States riches exceeding the fabled wealth of the Indies, and the coffers of the Federal Treasury would be overflowing with public revenues.

Deficit spending is not the only fiscal folly which enjoys political respectability in high places in Washington today. The administration and many Congressmen are demanding that Congress usher in the "brave new world" foretold by the "Gods of the Market" by adopting a so-called welfare reform plan under which men are to be paid for merely existing and no man is to pay for his economic sins.

RETURN TO ECONOMIC SANITY IMPERATIVE

In August, the President undertook to stay inflationary pressures by freezing wages and prices.

This action may palliate for a time the symptoms of inflation. But as a cure for the economic diseases inflation causes, it is as efficacious as applying a band-aid to a cancer which needs to be excised by surgery.

I nevertheless applaud the Presidential action. It affords the President, the Congress, and the American people an opportunity to pause and read the economic road signs which plainly indicate that the Federal Government is traveling a financial road that ultimately leads to an economic abyss.

If the President and the Congress read these road signs aright, they will know that there is only one real way to protect the American people and their economy from the economic ills inflation produces, and that is for the Federal Government to abandon deficit spending, balance its budgets, and manifest a sincere purpose gradually to retire the national debt. To be sure, this requires financial responsibility and political courage, because it necessitates a curtailment in foreign aid programs, a reduction in existing civilian programs, and a willingness to forgo the creation of new civilian programs.

I close with this prayer: May the President and Congress think more about our country than about the next election, and choose this wise and courageous way to protect the Nation's economy. By so doing, they would forsake the "Gods of the Market" for the "Gods of the Copybook Headings." ("The Gods of the Copybook Headings," copyright 1919, by Rudyard Kipling's Verse: Definitive Edition." Reprinted by permission of Mrs. George Bambridge and Doubleday & Co., Inc.)

ADDITIONAL JUDGESHIP FOR SEVENTH CIRCUIT COURT OF APPEALS

Mr. PERCY. Mr. President, on November 19, I introduced a bill, S. 2886, to provide for the appointment of an additional judgeship on the Seventh Circuit Court of Appeals. With this addition, the total number of judges for that court will reach nine.

By introducing this legislation, I have attempted to respond to the recent recommendation of the Judicial Conference of the United States and to the urgings of several of my constituents who practice law before that bar who have brought to my attention its overcrowded docket.

Mr. Rowland F. Kirks, Director of the Administrative Office of the U.S. Courts, noted in a recent letter to the Vice President that the recommendations of the Judicial Conference for additional judgeships are based upon a quadrennial survey of the needs of U.S. courts of appeals completed in 1970. Since 1968, appeals docketed in the U.S. courts of appeals have increased more than one-third, from 9,116 in fiscal year 1968 to 12,788 in fiscal year 1971. The seventh circuit has not been spared the pressures of its share of these increases in workload.

Much has been said recently about our failures to provide litigants a speedy trial as guaranteed by the sixth amendment. There are undoubtedly many causes for this failure, but one of them must certainly be the critical shortage of judges. It is my hope that the Judiciary Committee will attempt to respond to the conditions which prompted the Judicial Conference's recommendation by taking early action on the bill which I have introduced.

INSIDE STORY OF THE WORKINGS OF A NEWSPAPER

Mr. McGOVERN. Mr. President, Mr. Jesse Gordon, who seems to share my fascination with newspaper publishing, has written an excellent review for the Nation of the recent book, "A Day in the Life of the New York Times," by Ruth Adler. For those who are interested in the "inside story" of the workings of a newspaper, I recommend the reading of Mr. Gordon's review. I ask unanimous consent that it be printed in the RECORD.

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

BANKERS' HOURS AT THE TIMES

(By Jesse Gordon)

("A Day in the Life of the New York Times" by Ruth Adler. J. B. Lippincott Co. 242 pp. $6.95.)

Ruth Adler gives us a vivid running account of what some of the 6,000 employees of *The New York Times* did to put out the issue of February 28, 1969. The date was chosen arbitrarily, Miss Adler assures us; and the account is based on memos prepared for her by the *Times* people involved. Some of the events described are something less than earthshaking, such as Arthur Ochs Sulzberger's entry for 9.36 a.m. to 9.37 a.m.: "Threw out a dead tulip." Still, it is reassuring to know that the *Times'* passionate concern for minute detail and absolute accuracy is shared at the very summit of the newspaper's hierarchy.

Miss Adler, who is editor of *Times Talk*, the publication for the newspaper's staff, deals with all parts of the *Times*, including the thundering pressroom, where at peak operation 106 press units, each weighing 25 tons, turn out more than 1,000 complete papers every second. But, of course, it is the editorial side of a newspaper that monopolizes the drama and suspense, and Miss Adler's account of which *Times* reporters were doing what and where during her chosen twenty-four hours reflects a good deal of both.

So, at four o'clock on a hot afternoon, Charles Mohr, chief correspondent for the *Times* in Southeast Asia, who has spent the previous night chasing an artillery unit he had thought a likely target for attack, is hacking it down a rutted road toward Saigon. In hot and steamy Karachi, Joseph Lelyveld sits and waits in the luxurious residence of West Pakistan's most colorful political figure, Zulfikar Ali Bhutto, President Ayub Khan's most formidable political opponent. In Nairobi, Kenya, where it has rained for three nights, Lawrence Fellows is haggling with an immigration officer.

Meanwhile, Max Frankel, chief of the Washington bureau, and Robert B. Semple, Jr., whose beat is the White House, are boarding a bus at the Excelsior Hotel in Rome, soon to depart for Paris to cover President Nixon's eight-day tour of five European capitals. In London it is damp and cold at 9 A.M., and the bureau—the largest of the *Times'* foreign bureaus—is empty save for John Rothera, the early man in the wire room. But at 10:20 A.M., according to Miss Adler, "Anthony Lewis emerges from his home in Islington . . . [and] steps into the waiting chauffeur-driven office Jaguar for the ten-minute drive" to the bureau in Printing House Square. For a *Times* man in London, nothing but the best.

In West Berlin, at about the same hour, David Binder and Ralph Blumenthal are sleeping off the exhaustion of two days of Nixon coverage. In the Paris bureau, in anticipation of the Nixon visit, Henry Tanner shows up for work at the unusually early hour of 10 A.M., and two chauffeurs—one the regular bureau driver and a second one hired to drive Messrs. Frankel and Semple around for the Presidential coverage—are awaiting assignments. (Aren't there any taxis in Paris?) In Jerusalem, at 11 that morning, James Feron has already covered an important story—the state funeral of Premier Levi Eshkol.

And so the tentacles of the *Times* reach out—to Dana Adams Schmidt in Beirut, Robert Doty in Rome, Tad Szulc in Bucharest, Drew Middleton in Brussels. And to Lawrence Davies in San Francisco, who reports that prospects for news at 9 A.M. are not bright for that day on his beat, which extends north to Alaska and west to Hawaii. And 400 miles to the south, in Los Angeles, Douglas Robinson and Lacey Fosburgh meet for breakfast and bemoan the fact that every day it becomes more difficult to pick a good lead from the verbal outpourings of the witnesses at the Sirhan trial.

Just about the time Mr. Lewis is preparing to enter his chauffeur-driven Jaguar in London, it is late at night in New York City, and Clive Barnes, the drama critic, is drinking black coffee in the kitchen of his Manhattan apartment and dictating notes into a tape recorder. Not far away the *Times's* art critic, John Canaday, a victim of insomnia, worries about what he has written for the morrow's paper on the artist Grandma Moses. And in the newsroom of the *Times*, at 3:01 A.M., Tom Daffron, assistant news editor, says goodnight to the dozen editors, rewrite men, clerks and copy boys who have closed the final edition. The newsroom, with its row upon row of gray, metal-topped desks, subsides into silence, while down below the pressroom roars into a crescendo.

Now this is a highly readable way to tell the story of a great newspaper. It is solidly rooted in the romantic tradition, guaranteed

to make high school editors and college majors in English yearn for the aroma of printer's ink. But what is highly readable about a subject such as this is not always highly relevant, and there are many aspects of the *Times* story about which Miss Adler is either entirely silent or much too casual. The *Times* is more than a newspaper; it is a conglomerate. It owns paper mills, book publishing operations and radio stations, in addition to other newspapers and magazines. (Last October, the *Times* acquired properties from the Cowles communications empire for which it paid 2.6 million shares of Times Class A common stock, worth at the time more than $50 million.) It is quite possible that on February 28, 1969, a decision was made at some level of the *Times* corporate structure that was of more lasting significance than any decision made on the editorial side. Miss Adler can defend her silence on such matters by urging that she was not writing a corporate history. Granted; nevertheless, her day in the life of the *Times* turns out to be only part of the day, and not necessarily the most important part.

Miss Adler thinks well of the *Times*, and with good reason. Nevertheless, it must be admitted that her blind choice of February 28, 1969, was a lucky one for her. At least she was lucky that she didn't pick, say, April 7, 1961, the day the top hierarchy of the *Times* ordered a playdown of Tad Szulc's story out of Miami warning of an imminent U.S.-sponsored invasion at the Bay of Pigs. To paraphrase Alexis de Tocqueville: All those who seek to destroy the liberties of a democratic nation ought to know that turning the newspapers into mouthpieces of the government is the surest and the shortest means of accomplishing it. Such an attempt was made in the Bay of Pigs episode. Another similar case was the Pentagon Papers, but it failed in that instance.

The *Times* is a great institution, and as such is often exposed to great pressures—from government, from advertisers, from personality clashes within the institution itself. Recent books by Gay Talese and James Aronson offer eloquent testimony to that effect. One notes the relevancy of an article by Stanford N. Sesser in the Spring 1970 issue of the *Columbia Journalism Review*, on the intimate relationship between the *Times's* travel section and travel advertising. "Until this year [1970]," Mr. Sesser writes, "the paper consistently ran at least one puff on Florida right next to the [Florida] hotel ads."

The *Times* prides itself, of course, on the absolute independence of its editorial policy from advertising pressures. I had an interesting and illuminating experience with the *Times* that had a direct bearing on this matter. Back in the days of the McCarthy witch hunt, I tried to place an ad with the newspaper for a book by Dan Gillmor, a crusading reporter who had been trained by the great O. K. Bovard of the *St. Louis Post-Dispatch*. The *Times's* Advertising Acceptability Committee turned down the ad, obviously because it thought the book too radical. I appealed to John B. Oakes, nephew of Adolph S. Ochs, and a member of the paper's staff of editorial writers. I told him the ad had been rejected without any explanation. He promised to look into the matter. Two days later he told me on the phone: "You're right; the Advertising Accepability Committee voted the ad down, and there's no way the decision can be overruled. But there's no way the committee can stop me from reviewing the book—and I will review it." He did, too.

FOREIGN AID IS ON THE WAY OUT

Mr. HATFIELD. Mr. President, on October 29, I voted to defeat the Foreign Assistance Act. The voting of that day served to demonstrate that foreign aid, as we have known it, is on the way out. We must examine our premises on which we have based a foreign aid program for 25 years in order to learn which of them are still valid in 1971. The thinking through which each of us in the Senate must take ourselves on this subject of foreign aid is brilliantly exemplified by that of the distinguished Senator from Idaho (Mr. CHURCH). I ask unanimous consent to have printed in the RECORD, the Senator's "Farewell to Foreign Aid" and an introductory article on the foreign aid vote, both of which were published in the New Republic of November 13, 1971.

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

SCRUB IT UP, DON'T WIPE IT OUT

Two facts emerge from the Senate debate and defeats of the foreign aid bill. The first is that the bipartisan, Cold War coalition that for two decades was willing to spend or lend dollars and weapons to contain Communism has come apart. The second is that no new majority has yet formed around a less ideological, less divisive, less corrupting way of helping the world's poorest people. The old coalition collapsed in the Senate on October 29 under the weight of two antithetical forces. One is represented by such men as Peter Dominick of Colorado, Alan Bible of Nevada and Paul Fannin of Arizona, who hold that government is doing too much for too many people, but especially for foreigners, and especially foreigners who don't stay bought.

Alongside them in the floor fight were Senators like Frank Church (whose rationale for ending the bilateral aid program is printed in this issue of *The New Republic*), who say: stop the war, stop lining the pockets of a small ruling class, stop arming despotic governments against their own people. Senator Fulbright speaks for this view when he advocates "returning to the concept of trying to assist underdeveloped countries, not to dominate them."

When Secretary Rogers charges that the Senate struck "a very serious blow [against] the foreign policy of the United States," he is begging the question of what foreign policy the US should have. It is not necessarily the present policy. The Senate Foreign Relations Committee, for example, had approved a House bill to extend foreign aid at the present level for two years—$1,479,470,000 in economic assistance and $1,723,400,000 in military aid for fiscal 1972. But it had added certain amendments to the House measure, which, far from destroying our foreign policy, would have strengthened it.

The administration thought otherwise and preferred no bill to the committee's. Why? The principal amendments were these: No funds for US forces in Indochina for any purpose other than withdrawal and protection from "imminent danger" during withdrawal; a declaration that our forces be withdrawn from Indochina within six months, subject to the release of American prisoners of war; a ceiling of $250 million on aid to Cambodia; the shifting of more economic aid to multilateral institutions and the phasing out of the bilateral loan program by June 30, 1975; the suspension of all assistance and military sales to Pakistan, except for humanitarian relief; a halt to further aid or military sales to Greece. In categorically rejecting these restricting amendments, the administration set the stage for what followed on October 29.

The Senate met at 9 a.m. and having prayed ("at Thy throne of grace we do not seek preference for ourselves or our Nation . . .") it got down to the business at hand. Mr. Buckley of New York proposed that the administration negotiate a reduction in the regular US contribution to the United Nations, to which Mr. Fulbright had no objection, it being understood that this is not "a reaction to the recent vote [on China] in the UN," which it was. Mr. Buckley's amendment passed. Mr. Gravel of Alaska then offered an amendment to the aid bill, summoning the UN to admit the Republic of China, both Germanys, both Koreas, and both Vietnams. Why not Outer Mongolia, Senator Fulbright wondered, whereupon he was reminded that Outer Mongolia already is a member of the UN.

Mr. Allen of Alabama came next. He wished to strike the ban on arms sales to Greece; Greece had voted with the United States on the China question. No, said Mr. Fulbright, Greece "abstained on the Albanian resolution, which resulted in the seating of Communist China." Well, replied Mr. Allen, we should not "deprive our ally of military hardware and military support" it needs to fulfill its military obligations under the NATO treaty; he "had thought that only Communist nations wanted to weaken and destroy the NATO alliance"; the ban would put Greece on "the verge of falling into Communist hands." This prompted Mr. McClellan of Arkansas to decry the humiliation suffered by the US at the UN, the "insult" to America's "unparalleled benefitcence," and to conclude that foreign aid was a "flop and we should stop it."

Senator Stennis of Mississippi then revived the discussion of Greece: "Like it or not, they are there . . . we cannot just pull the plug and expose ourselves and all of Western Europe"; so he would vote for the amendment of the senator from Alabama. So would Mr. Allott of Colorado: "They wanted us to shut off all assistance and aid to Batista in Cuba; we did; we clamped down on Batista. But what do we have now?" So would Mr. Buckley, who thought it unwise to tell the Greeks how to run their government. Exactly, said Mr. Pell of Rhode Island, but the "proper way to stop interfering is to stop giving them arms." Right, said Mr. Fulbright, and the "primary support for the existing military dictatorship comes from the US government."

Mr. Pastore of Rhode Island regretted very much that he had to differ with his distinguished friend, the senator from Arkansas, but he would vote for the Allen amendment, because of his "reliance on the integrity and judgment of three Rhode Islanders who are of Greek ancestry for whom I have the highest respect and regard." The Allen amendment lost, 49 to 31.

At this point, the Majority Leader asked unanimous consent for time for Senator Church, who planned to address the body at three o'clock. Mr. Dominick observed that "if senators are going to make speeches we will never have a chance to bring those amendments up." (Mr. Dominick had two amendments of his own.) Mr. Griffin of Michigan added that a reception for senators was scheduled for three o'clock, so that "would not be a convenient time for senators to be present," and Mr. Church replied that, "that is why I am going to give the speech at that time."

The dispute was somehow resolved in Mr. Church's favor, allowing Mr. Symington, who appeared to oppose any further aid to Cambodia, to introduce a "perfecting amendment" to correct a "printing error" in the *Congressional Record*. The correction: changing the figure for aid to Cambodia from $250 million to $341 million—the amount the administration had requested. "Too much money," said Mr. Fulbright. Senator Aiken thought not, for the following reason: "While I would not want to see this money spent for raising an army and putting men

to war against their neighbors, I feel that if this amount of $341 million is agreed to at this time it undoubtedly will not survive the [Senate-House] conference at that full amount, thought it might, but I doubt in any case if it would survive the Appropriations Committee; so we are not spending this $341 million."

Mr. Fulbright would not yield: "No good reason has been given as to why we want to organize and pay for an enormous army in Cambodia. . . . I am arguing about the policy of this country in undertaking an endless operation in Southeast Asia to build up huge military forces there." Mr. Gravel moved to change $341 million to $150 million. He was ruled out of order. Mr. Fulbright said Mr. Gravel *was* in order, and the presiding officer reversed himself. Mr. Mansfield thought "$150 million is just the same as $341 million." Not at all, said Senator Griffin, who supported the larger figure in the interest of the Nixon doctrine: "In Cambodia the Cambodians want to defend themselves and they are defending themselves.

"Our policy is to help them, but without providing any of our troops to do the fighting." Was the $150 million a "ceiling," Mr. Brooke of Massachusetts asked? No, said Mr. Gravel, the word ceiling is a "misnomer." Senator Case set him straight on that: it was a ceiling, not "just an idle gesture." Senator Gravel let it go, the vote was taken, $341 million for Cambodia was approved 45 to 36.

The loaf was beginning to resemble a pretzel, but the Senate had not yet finished. Senator Church on behalf of himself and Mr. Allott called for cutting the Development Loan Fund (the "soft loan window for our Export-Import Bank") from $425 million to $285 million. Mr. Allott, assenting, thought about "the many people in America and how they struggle to pay their taxes"; *they* don't get "soft loans." Mr. Javits of New York found it "absolutely amazing" that such a cut should be suggested; how could anyone object to spending "an additional $160 million a year, when we are already spending . . . over $70 billion for war," which reminded Sen. Humphrey of something Pope Paul had said, after which he commended Mr. Javits for his vision. The Church-Allott amendment passed 43–36, following which everyone agreed with Mr. Brock of Tennessee that no funds would go to any country which did not support the provisions of the 1949 Geneva Convention relating to the treatment of POWs, and with Mr. Stevens of Alaska that *all* "soft loans" would be eliminated.

An amendment by Mr. Dominick to permit the Committee on Foreign Relations "to look over the annual appropriations for mandatory expenses for the United Nations" was accepted, since the committee already has that privilege. Mr. Dominick then proposed that the U.S. contribution to the specialized agencies of the U.N. be reduced, according to a formula whereby this country would pay the same proportion of those expenses as it does for the U.N.'s fixed costs. The senator from Colorado was moved by his desire to "increase the effectiveness of the U.N. . . . by getting other countries to come into these programs on an active basis instead of expecting the U.S. to pick up the tab." The amendment worried Sen. Aiken; the casualties of the cut would be the sick, the hungry, the young and the poor, he feared. Mr. Dominick said he had "never heard so much perfect balnoey in my life. I do not like being accused of being a child murderer. . . ." The Dominick amendment was rejected, 52–28.

Mr. Church again. He asked that the authorization for all military aid be cut about 20 percent—from $565 million to $452 million. The Senate probably would "split the difference with the House anyway," said Mr. Fulbright. Mr. Javits stuck by $565 million: "These are the three principal recipients—Cambodia, where we ourselves set a higher ceiling, Korea, where we have a very serious situation in regard to security, and Turkey, which is one of the bulwarks in NATO." Mr. Kennedy disagreed: "Our military assistance program is the worst aspect of the bill now before us. . . ." The Church amendment passed 47–27.

Briefly, the discussion drifted onto broader aspects of the aid question. Mr. Chiles of Florida ventured the opinion that the only way to get something better would be to kill the bill in its entirety. Mr. Byrd of Virginia thought so too—for another reason: $3.2 billion is "nearly double the amount that was appropriated in 1970." Mr. Nelson of Wisconsin was also against the bill "because it contains $341 million for military and economic aid to Cambodia." Mr. Tunney was against it because it authorized "massive amounts of military aid," did not bring "a halt to the funds spent in Indochina,"—and because "our largesse has strengthened those abroad who now compete with us." Mr. Tunney was dismayed "to know that this bill proposes the authorization of more than two-thirds of its $3.2 billion total for 58 nations which abstained or voted to expel Taiwan from the UN and bring Communist China in," though his vote would not be "in retaliation for any recent action of any nation."

The PRESIDING OFFICER. The bill having been read the third time, the question is, shall it pass?

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The yeas were 27 and the nays 41. The bill did not pass. Senator Mansfield gave the benediction: "This may well mark the end of the foreign aid program which this government has undertaken since the end of the Second World War. . . ." But it's not the end. The pipeline has in it an unexpended balance under the Foreign Assistance Act of $4,403,985,000 and there's another $6 billion elsewhere waiting to be spent, $2.5 billion of it in the Pentagon budget for Indochina.

Senators Fulbright and Church have been singled out for censure as spoilers. Let us see who did what; who, while voting *against* the foreign aid bill on October 29, had three weeks earlier voted *for* an appropriation of nearly $2 billion for multilateral aid—$960 million to the International Development Association, $900 million for the Inter-American Development Bank's fund for special operations and $100 million for the Asian Development Bank. They include Fulbright and Church, and Senators Nelson, Bayh, Benson, Chiles, Cranston, Dole, Pastore, Roth, Saxbe, Smith, Spong and Weicker. Quite evidently they aren't against all aid. Put alongside these names, those who voted against the bill on October 29, *and* also against the $2 billion earlier authorization: Dominick, Fannin, Bible, Brock, Burdick, the two Byrds, Cannon, Cook, Eastland, Ervin, Gurney, Hansen, the two Jordans, McClellan, Randolph, Stennis, Symington, Talmadge and Young. What there is of an isolationist hard core in the Senate is here.

Of course the United States can't shuck off its obligation to help poorer nations. A continuing American contribution to development is mandated by the realities of an interdependent world. The question is, what kind of contribution? Every spring, the Congress has debated how much ought to be spent. Now, with the decks cleared, it can put its mind to what the spending should be for, and through what institutions American resources can best serve the needy.

The administration wants to avoid an up-or-down fight over aid to Indochina; it is doing everything it can to revive the defeated House bill and so continue the old program for two more years. But the old program is bankrupt and the internationalists in Congress and in the administration now have an opportunity to do something more constructive than picking up the pieces and putting them together as they were. They can transform the program from a slush fund for military juntas and American corporations into a long-range, cooperative investment in human welfare.

FAREWELL TO FOREIGN AID—WHY I VOTED NO

(By Senator FRANK CHURCH)

When revolution comes—as it likely will in many of the still "stable" countries of the third world—it will bear no resemblance to the kind of benign, gradual "takeoff" into self-sustaining growth envisioned by American aid officials and private investors. The notion that a stable, nonrevolutionary social structure is the essential condition of economic development is a self-serving rationalization. It enables American policymakers to believe that the interests of the United States, as they conceive them, are identical with the social and economic interests of the poor countries. "Stability," they insist, is not only essential for the exclusion of Communism and the preservation of American influence; it is also in the best interests of the developing countries themselves, because—so the argument runs—revolution means violence, disruption, inefficient management, and the loss of investment capital as well. In this way, we rationalize our support for regimes whose very existence is the principal barrier in their countries to real economic development and social justice.

The conditions essential for development are not so much economic and technological as they are psychological and political. No infusion of capital and know-how from without can galvanize a society in which the rewards of development are grabbed up by a small privileged caste while the majority of people are left hopeless, debilitated and demoralized. As the Brazilian bishop Dom Antonio Batista Fragoso put it, "We do not need paternalistic redemption. We need conditions so that those who are now abandoned may free themselves from their own underdevelopment with their own united force . . . the poor have no hope in those who still have economic power. And the poor are those who struggle for justice. If those who fight for justice are called subversive, then subversion is their hope."

In countries long under the domination of corrupt oligarchies nothing less than a radical redistribution of political power may be the essential precondition for economic development. If the bulk of the people are to make the concerted effort and accept the enormous sacrifices required for lifting a society out of chronic poverty, they have got to have some belief in the integrity of their leaders, in the commitment of those leaders to social justice, and in the equality of sacrifice required of the people. Reactionary regimes have neither the ability nor the interest to foster such a conception of social justice. They value aid from the United States as a means of maintaining, not of abolishing, inequalities of wealth and power. The lip service paid to reform is a crumb for their benefactors; it helps to make the Americans feel good and it costs them nothing.

In fact, American economic aid is commonly used to promote industrialization programs which generate a high level of consumption for the privileged, with little, if any, "trickle-down" benefit for the dispossessed. At the same time, American military assistance, and such para-military programs as the training and equipping of a country's police force, help such regimes as those of Brazil, Greece and Pakistan to suppress reformist movements. In this way, American aid is being used not to promote development but for the quite opposite purpose of supporting the rule of corrupt and stagnant—but vociferously anti-Communist—dictatorships.

Even if we should succeed in purging our minds of the anti-Communist obsession

which has driven us into league with military dictatorships and oppressive oligarchies all over the globe, it would still be all but impossible for us to promote radical reform in the countries of the third world. Even indeed if we were a revolutionary society ourselves and were committed to a revolutionary conception of development—as most assuredly we are not—there is still very little we could do to foster social revolution in alien societies. The catalyst of radical change in any society must be an indigenous nationalism giving rise to a sense of community, commitment and shared sacrifice.

I do not suggest that the United States prefers or admires the dictatorial regimes it subsidizes, but only that there is little we can do with our aid to change them, all the more since these regimes can blackmail us so easily with the threat of Communism if they should fail. The Kennedy Administration did make an effort to encourage democratic and progressive policies in countries to which it extended aid, especially in Latin America, but that effort was a failure and the reasons for that failure are instructive. We failed because we had neither the ability to impose reform from outside nor the will to pursue it from within. The one was simply impossible; the other went against the priority of our own interests as we conceived them. However much we may have wanted reform and development, we wanted "stability," anti-Communism and a favorable climate for investment more. The experience of twenty years of aid shows that we can neither bring about fundamental reform in tradition-encrusted societies nor prevent revolution in those countries where the tide of change runs deep and strong; all we can really do is to service the *status quo* in countries where it is not strongly challenged anyhow.

There is abundant evidence that our foreign aid program is much less philanthropic than we have cared to portray. Indeed, the figures suggest that it is patently self-serving. Former AID Director William Gaud discloses that, as a result of tied loans "ninety-three percent of AID funds are spent directly in the United States. . . . Just last year some 4000 American firms in fifty states received $1.3 billion in AID funds for products supplied as part of the foreign aid program." Similarly, George D. Woods, former President of the World Bank, has observed that "bilateral programs of assistance have had as one of their primary objectives helping the high-income countries themselves; they have looked toward financing export sales, toward tactical support of diplomacy, toward holding military positions thought to be strategic."

The oft-asserted lament that our foreign aid program lacks a constituency in the United States is just another of those myths we hold dear. Actually, our bilateral aid program is, in effect, the soft-loan window of the Export-Import Bank; it is the source from which foreign governments borrow money on easy terms with which to buy goods and services from within the United States. As such, it enjoys a lively constituency which exerts steady pressure on the government to keep the program going.

In addition to financing American exports, our foreign aid, both economic and military, has encouraged relationships of sustained dependency on the United States. In many underdeveloped countries, repressive governments draw reassurance from the arms we furnish and the military training we supply. As the source of money and weapons for their armies and police forces, the U.S. government acquires a certain leverage over these regimes, while they last. Enticed by attractive credit terms, by growing familiarity with American equipment, reliance on American replacement parts, by bargain prices on obsolete equipment, training programs for their soldiers and police, and the sales promotion techniques of our military advisory missions, these governments soon enough learn to "think American."

No less than military aid, our economic assistance creates and perpetuates relationships of dependency. The law requires, for example, that aid shipments be carried only in American ships and that purchases be made only in the United States. Because of these and other requirements, the Peterson Report estimates that United States aid costs recipients about 15 percent more than world market prices.

Surplus food shipments under PL 480, on its face the most philanthropic of aid programs, in fact have served to unload costly surpluses, "at virtually no economic cost to the United States," according to economist Michael Hudson, a former balance-of-payments analyst for the Chase-Manhattan Bank. At the same time, Hudson points out, the PL 480 program has put the aid-receiving countries in debt to us to the extent of some $22 billion, "thereby tying them to the purse-strings of the State Department and the United States Treasury for nearly twenty years to come."

Dependency on the United States grows steadily too with the mounting burden of servicing past debts. The Peterson Report acknowledges that mounting debts, which must be continually refinanced on an emergency basis, keep the poor countries on a "short leash." As grace periods end on loans falling due in the 1970's and poor countries find themselves paying out ever greater amounts to finance past debts, new loans will be effectively neutralized and the poor countries will be threatened with economic paralysis. The upshot may well someday be a general default on debt payments to the United States reminiscent of the defaults on war debts which complicated and disrupted our relations with European countries in the '30s and helped to drive us deeper into isolationism.

Nowhere have we seen more clearly the ineffectiveness of aid as a deterrent to revolutionary pressures and as an instrument for the reconstruction of traditional societies than in Latin America. The Alliance for Progress represents the high water mark of our innocence in supposing that we could liberate traditional societies from their centuries' long legacy of tyranny and stagnation with a little bit of seed capital and some stirring rhetoric. It is true that the *per capita* income of Latin American countries has risen during the years of the Alliance for Progress, but it has risen in so unbalanced and inequitable a way that the gains have gone almost entirely to the 20 percent of the population who live within the modern economy. The benefits accruing to the lower 80 percent have not even kept up with population growth, so that they have become both relatively and absolutely poorer. Progress, though visible, is illusory. Shining modern cities have arisen and the Alliance for Progress has brought roads, transistor radios and Coca-Cola to the Latin American countryside, but their social impact is negative and disruptive. Labor-saving devices make life more comfortable for the affluent few but they do not add to *per capita* output and they add to unemployment where there were labor surpluses to begin with. Indeed the effect of this distorted and inequitable development, which widens the gap between rich and poor, is demoralizing to the poor and therefore detrimental to genuine development.

The distortions of public aid to Latin America are heightened by the impact of private investment. Although United States direct investment in Latin America grew from $8 billion to $15 billion during the 1960's and continues to grow at the rate of $1 billion a year, according to Gary MacEoin, United States companies withdraw $2 in dividends, royalties and other payments for every new dollar they invest. United States private companies exercise a "double negative impact": at the same time that they decapitalize Latin America by the withdrawal of profits, they plow back a part of their profits to gain increasing control of the mineral assets, industry and production of Latin American countries. Under this devastating North American onslaught, resentment of the United States has grown apace and increasing numbers of Latin Americans have become convinced that they are the victims of a virulent new imperialism. As one Chilean political scientist commented on the experience of the 1960's "If that is what one decade of development does for us, spare us from another. Foreign aid has been used, not to develop us, but to achieve the political purposes of the donors, to smother us in debt, to buy up our most dynamic productive assets."

In both Latin America and the rest of the third world the conviction is taking increasing hold that the poverty of the poor countries is not the result of imperfections in the old "models" of development but rather the inevitable result of the policies and practices of the rich countries. In his recent book, The Challenge of World Poverty, Gunnar Myrdal describes how the reforms promised in the Alliance for Progress were "rapidly emasculated by interaction between the holders of power in Latin America, including the American corporations working there, and the United States Government and Congress." The resulting economic and social relationship, not only between the United States and Latin America but generally between the rich and poor countries of the world, may not be one of deliberate, malicious exploitation, but we can hardly deny the name given to it by the Brazilian economist Helio Jaguaribe. It is, he says, "an objectively imperialist system."

I can no longer cast my vote to prolong the bilateral aid program, (estimated cost: approximately $44 billion over the next five years) as it is now administered. I could understand—though perhaps not condone—a foreign aid program that is essentially self-serving. We live, after all, in a selfish world. But the present program is designed primarily to serve private business interests at the expense of the American people. In far too many countries, as in the case of Brazil, we poured in our aid money for one overriding purpose, the stabilization of the economy in order to furnish American capital with a "favorable climate for investment." The search for foreign investment opportunities by the largest American corporations is relentless and irrepressible, as the biggest profits are to be found abroad, where the tax bite can frequently be reduced or adverted.

Moreover, the risk of loss due to political instability, riot, revolution or expropriation, has been largely lifted from the investor and shifted to the US Government. OPIC, the Overseas Private Investment Corporation, backed by the Federal Government, readily insures American companies against risks abroad for which no comparable insurance is available at home. The multi-million dollar losses incurred by American copper companies resulting from the nationalization of their holdings by Allende's Marxist regime in Chile, are likely to be borne—not by the companies that eagerly invested there—but by the American taxpayer. Our foreign aid program has become a spreading money tree under which the biggest American businesses find shelter when they invest abroad! Small wonder that the crumbling ghettoes in our cities, along with our declining rural communities, have to beg and scrounge for new capital!

The major preoccupation of the present foreign aid program is the massive disbursement of munitions which we either give away or make available at bargain basement prices. We ply half a hundred foreign governments with our weaponry. Most of the world

has become a dumping ground for ships, tanks, and planes, which we label as excess to our needs. Easy credit is available at interest rates well below the cost of money to the US Government. The Military Assistance Program has become a preposterous scandal. It should be drastically curtailed, not enlarged.

As for our long-term bilateral loans made in the name of promoting economic development, it is long past time that this function were passed over entirely to the World Bank, the Asian Bank, the Inter-American Development Bank and other multilateral lending agencies, which were set up for this purpose. I am prepared, now and in the future, to support substantial U.S. contributions to these agencies. In this manner, we could set a worthy example of international responsibility and beckon other rich nations to share the load with us.

I would confine our bilaterial aid in the future to technical assistance grants, administered, where feasible, by the Peace Corps. It was through technical assistance—the successor to Harry Truman's original Point 4—that the "green revolution" was achieved in Asia and the hand of famine stayed. This aspect of our foreign aid, involving outright grants, not loans, has constituted the worthiest part of the program. On account of it—and in hopes that the objectionable parts would be whittled down and ultimately displaced —I have tarried too long as a supporter and indulged in too much wishful thinking. Events of the past few weeks on Capitol Hill have finally dispelled my illusions. Instead of cutting back on the foreign aid package, Congress is about to enlarge on it. We are in the process of doing the same with the gigantic military budget, approving more money for the Pentagon this year than we spent at the height of our involvement in Vietnam. Incredible, but true!

The acquiescence of Congress to these money demands of the Nixon administration makes it clear that we have no disposition, despite all the pious talk, of changing our spending habits. The "new priorities" promised the American people won't be realized, as long as we refuse to cut our huge foreign and military spending. The long-neglected problems of crime, drugs, poverty and pollution, which afflict so many of our people here at home, will continue to fester and grow. I would advocate, as an alternative to the palliative of aid, that we lend positive support to developing countries by entering into commercial arrangements that redress the terms of trade which are now rigged against them.

As with so many of the difficult questions that divide and agitate our society, the answer to the dilemma of aid lies not abroad, not in the slums of Calcutta or in the rural backlands of Brazil, but within ourselves. Essentially, the question is whether we are prepared to recognize the limits of our own capacity—the moral and political as well as the technical and economic limits—and allow nature to take what may well be an uncongenial course in many countries of the third world. The question, to put it another way, is whether we can recognize that there are some things we simply cannot do—such as restructuring another country through our own efforts—and other things that we cannot permanently prevent—such as social revolution, where and when its time has come.

The dilemma of aid is not fundamentally different from the dilemma of Vietnam. It is a problem of power—our own power, the uses to which we wish to put it, and the moral and intellectual limitations which have resulted in such wide discrepancies between our intentions and our accomplishments. The dominant political attitude of the '60s was one of extravagant self-confidence. We were filled up and infatuated with the "simple fact"—to quote Professor Walt Rostow—"that we are the greatest power in the world—if we behave like it." Now, in the wake of sobering tragedy, a new outlook begins to take shape, and one may hope that it will affect our thinking in matters ranging far beyond Vietnam. Having concentrated for a decade and more on the growth and uses of power, we may now perhaps be willing to cultivate other national attributes—such as prudence and common sense. If so, we may be prepared to come to terms with such conditions of our time as the following: that our social engineering, as applied to the poor countries of the world, has shown itself to be irrelevant and disruptive; that the threat of Communism in the third world is exaggerated and, in any case, beyond the lasting reach of our aid programs; that for many countries radical revolution is the only real hope for development and the single most helpful thing we can do is to leave them alone.

Contrary to the development "models" worked out in the '60s by our Agency for International Development, it now appears that thoroughgoing social revolution is the necessary prerequisite for the development of much of the third world. There is nothing the United States can or should do to *promote* revolution—to do so indeed would violate the United Nations Charter and sound traditional standards of diplomacy. What we can and should do is to stop promoting counter-revolution.

Several years ago Alan Moorehead wrote a book called *The Fatal Impact* in which he recounted the disastrous and largely unintended effects upon the Tahitians and Australian aborigines of the diseases, alcohol, firearms, laws and concepts of morality brought to the South Pacific by the early European explorers and colonists. Reflecting on his own voyages to Polynesia, Captain Cook himself wrote that "It would have been better for these people never to have known us." It would represent a noteworthy advance in the standards of international relations if the United States, profiting from its own experience as well as that of others, could lift its well-intentioned but no less fatal impact from the face of the third world, so that in time it may appear that it was not so bad after all for them to have known us.

RALPH M. GANTZ

Mr. RIBICOFF. Mr. President, next month will mark the retirement of one of Connecticut's distinguished citizens. Ralph M. Gantz has served as superintendent of the public schools of New Britain, Conn. for nearly 15 years. I know New Britain. I went to school there. I know what distinguished service Ralph Gantz has rendered.

Ralph Gantz has been a leader in his field. He is named in Who's Who in Education in the East. He has served as president of the Associated Public School Systems and also of the Hartford Area Superintendents. Among the honors that he has received may be included the coveted Distinguished Citizen of the Year award from the Veterans of Foreign Wars.

His professional memberships include the National Education Association, the National Public Relations Association, the American Association of School Administrators and the Connecticut Superintendent's Association. He is a member of Kappa Delta Pi and has had many articles published in educational journals.

During his tenure in New Britain he has seen the professional staff increase from 659 to 853 teachers and administrators. Two senior high schools, one junior high school, two elementary schools and two school additions were erected during his administration. In all, Ralph Gantz has spent more than 42 years in service to the young people of America.

His contributions to New Britain and Connecticut, however, extend well beyond his exemplary service to education.

He is a past president of the Rotary Club and is currently serving as president of the Joint Council on Economic Education. He has given unstintingly of his time and talents for the betterment of the community life of New Britain, and also of the State of Connecticut. He is a member of the Governor's Council on Vocational Education and the President's Advisory Committee of Central Connecticut State College. He presently serves as a director of the Newington Children's Hospital, the New Britain Institute, the Junior Achievement, the YMCA, and the Sheltered Workshop. Cited for his many years of service in scouting, he is also an active member of the Trinity Methodist Church, having served on the board of directors.

The city of New Britain will pay tribute to Mr. Gantz at a city wide testimonial on January 19, 1972. His numerous affiliations and his many contributions to the educational, civic, and religious life of his community have earned him the admiration, respect, and affection of a host of friends.

The testimonial is a fitting way for his colleagues and friends to extend good wishes to him and express the hope that he will be blessed with long and fruitful years in retirement.

DOMINICK AMENDMENT TO DEFENSE APPROPRIATIONS BILL

Mr. DOMINICK. Mr. President, recently I submitted amendment No. 731 to the defense appropriations bill.

The purpose of my amendment is to restore funds to the Navy R. & D. surface effect ship program. I am concerned lest what I believe to be a misunderstanding leads to an unfortunate setback in a development program which gives great promise for the advancement of our naval capability in the foreseeable future. The Senate bill before us would restore funds to the Navy R. & D. surface effect ship program by over $24 million This is a reduction of over 60 percent from that authorized by the Armed Services Committee and requested by the Navy.

Mr. President, the Research and Development Subcommittee of the Armed Services Committee, of which I am a member, looked at this program very carefully. It was the subcommittee's recommendation that $39.6 million be authorized for fiscal 1972. This recommendation was approved by the full committee, was accepted by the Senate in approving the military procurement authorization bill and was further agreed to in conference. In my opinion, the SES program has undergone ample review and was fully justified.

The reduction of more than $24 million will, in effect, preclude an orderly completion of the test effort about to commence for two small craft as well as any

preliminary design effort for a follow-on oceangoing version.

I believe that there exists a misapprehension of the Navy's intentions for this program. The Navy has not planned to award the contracts for design, construction and test of a large, 2,200-ton class, SES in fiscal year 1972. That effort is contemplated as a prototype program in fiscal year 1973.

However, the fiscal year 1973 effort will be predicated upon data and experience evolved as a result of the closely related test and evaluation of two 100-ton units with preliminary design study of the 2,200-ton unit in fiscal year 1972. If we cut $24.2 million from this program we will have canceled any preliminary design studies and will have destroyed the parallel development concept of the program.

The Navy plans to provide the data from its ongoing tests of the smaller craft to three or four contractors who will undertake preliminary design studies in fiscal year 1972 for a larger ship of about 2,200 tons. A displacement of 2,200 tons is the smallest which will permit sustained operation in the open sea. Obviously, test and evaluation in the open sea is an essential element of the development effort.

Mr. President, I point out that the interlacing of the design effort for the larger craft with the test and evaluation of the smaller craft is fully consistent with the prototyping concept recently adopted by the Department of Defense and approved by the Congress. In essence, the Navy will be utilizing actual test experience for prototype development instead of theoretical calculations. Further, the interaction of the 100-ton test program with the large model preliminary design studies will reduce the unknowns in the follow-on large 2,200-ton prototype effort. I do not believe we can find a procedure more consistent with the desire of the Congress to substitute hardware experience for paper studies.

Mr. President, it seems to me that maritime technology is in a static state and that few important advances have been made in recent years. However, in the surface effect ship we have a potential technological breakthrough which is unequalled since the transition from sail to steam propulsion. By having ships of virtually unlimited displacement that can achieve 80-knot-plus sustained speeds, the surface effect ship could change traditional functions, roles and missions at sea in ways that cannot now be foreseen. One area of vital concern to our Nation is the possibility the SES offers of reduced vulnerability to submarine attack and the attendant increased potential for antisubmarine warfare. Certainly, until we have operational versions in use, we will not be able to employ it effectively or explore its full potential.

Mr. President, I am unable to find anything objectionable to the concurrency of this program. The program is deliberate in its processes, while also losing no time in this vital development. The reduced level of funding in the bill we are now considering would, however, cost at least 1 year's delay and more than $15 million in pursuing the prototype program.

Therefore, Mr. President, for the reasons I have discussed, I believe it very essential that a significant amount of the funds deleted from this program be restored. My amendment would restore $18.3 million which is the absolute minimum needed to pursue the Navy's surface effect ship prototype program. This amount is concurred in by the Department of Defense and was presented in their reclama to the House action which cut the program by $24.2 million. Of the restored money, $9.75 million will be used to continue improvements in the technology; $1.50 million will be used to prepare a Navy test site at Patuxent River; $1.05 million will permit further study of support requirements and design criteria; and $6 million will enable commencement of preliminary design studies for the 2,200-ton version.

Mr. President, I recommend this amendment as an action necessary to avoid interruption in a development of national importance.

NOMINATION OF DR. EARL L. BUTZ TO BE SECRETARY OF AGRICULTURE

Mr. MUSKIE. Mr. President, all Americans have suffered from rising costs, rising unemployment, and a growing lack of confidence in the economic leadership of the Nixon administration during the last 3 years. Many have seen their pay increases wiped out by rising prices. Many others have lost their jobs.

When economic anxieties are so widespread, it is harder to focus on the ongoing plight of the forgotten American farmer. American agriculture has made an extraordinary contribution to the wealth of our land—and yet, because of its own great capacity for production, the agricultural sector of our economy has been suffering for many years from downward pressures on the prices of its products.

I do not believe that such a fundamental sector of our economy should be punished because of its own great productive accomplishments. That is why I have supported programs initiated by Democratic administrations to protect farm income by assisting the farmer in the management of market supply and in helping to guarantee a fair price that will cover his costs of production plus a reasonable profit.

Under the Nixon administration, as under previous Republican administrations, the condition of the American farmer has deteriorated. Farm prices have declined in relation to farm costs, and more and more family farms have gone out of operation as the large agribusiness corporations extend their control. I believe farmers deserve a fair price. I do not believe that the family farm has become obsolete. Corporate farming must not be allowed to displace the family farm—which continues to play a vital role in the American economy and in the life of rural America.

The administration must provide the leadership necessary to help the farmer, to protect the family farm as a viable institution and to give American farmers the confidence that their voice is being heard in Washington.

I do not believe that the appointment of Dr. Earl L. Butz to be Secretary of Agriculture will accomplish this purpose. Dr. Butz does not have the confidence of the majority of American farmers because they have experienced his policies in the past—under Agricultural Secretary Ezra Taft Benson. He does not have the confidence of the farmers, because they do not believe that a man who has served on the board of directors of three agribusiness corporations would really defend the family farm against corporate expansion into agriculture. I believe the nomination of Dr. Butz has further undermined the confidence of American farmers in their government at a time that their faith in American government must be restored.

The administration did not consult with American farmers on this nomination. It did not consult with the farm organizations. If the newspaper accounts are true, the White House apparently did not even consult with some key members of its own party from farm areas who understand the concerns of farmers. I believe farmers should have a Secretary of Agriculture whom they trust as someone who will represent their interests in Washington. Dr. Butz does not have that trust.

For all these reasons, I will oppose the Butz nomination in the Senate.

NADER AND COLT'S

Mr. GOLDWATER. Mr. President, within the past few weeks Ralph Nader and groups working under his direction have investigated the U.S. reclamation policy and found it a failure; investigated President Nixon's new economic policy and pronounced it radical; decided to investigate the Congress of the United States and establish watchdog groups in every congressional district; and indicted the Colt's Firearms Co. for its production of M–16 rifles used by the U.S. Army.

In previous remarks I have pointed out the growing need for Mr. Nader to confine his activities to subjects which he knows something about, like Harvard University, and not attempt to set himself up as a czar over all corporate and governmental activities.

Today I should like to devote some attention to the charges against Colt's firearms which the Nader people caused to be published in a 21-page report by the Connecticut Citizens Action Group, whatever that may be. My interest stems from my concern for the proper equipping of American fighting men and from my membership on the Senate Armed Services Committee. In the latter capacity I have made it a point to acquaint myself thoroughly with the M–16 rifle and with the allegations concerning this weapon back in 1967 and 1968. I have shot the M–16 on many occasions. I have interviewed a number of GI's both here in the States and in South Vietnam and have found them to be unanimous in holding the M–16 at a high level of competence. I have never heard a charge made about the quality of the gun coming from the Colt's plant; on the contrary, all reports I have seen and heard have

been in high praise of its quality and reliability.

Consequently, when this latest allegation was made I contacted the Department of Defense and was assured that the Pentagon is satisfied that Colt's weapons continue to be of the highest quality.

Pursuant to this investigation, I ask unanimous consent to have printed in the RECORD, a fact sheet on the M–16 rifle, supplied by the U.S. Army Materiel Command. I suggest that it speaks for itself.

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

FACT SHEET—M–16 RIFLE

AMC POSITION

The U.S. Army Materiel Command has implemented a continuing series of independent inspections and tests above those conducted by Colts and other rifle producers under the terms of their contracts. Since November, 67 random samples have been drawn by Defense Contract Administration Service representatives, after acceptance by the government, and subjected to independent AMC examinations and tests which included:

A. Visual examination.
B. Target/accuracy tests.
C. Endurance tests.
D. Interchangeability tests.
E. Environmental testing.

Analysis of these independent AMC tests clearly reveals that the Army has every reason to believe that the M–16 rifle provided to the field meets requisite standards for quality, performance and reliability. It should be noted that these independent tests specifically address the reliability, endurance and interchangeability of weapons accepted by the government, and clearly refute the allegations in the Nader report.

Additionally, units in combat report less than one malfunction per 100,000 rounds fired. To obtain a precise fix on the current performance and quality of Colt rifles, the Army Weapons Command is conducting a comprehensive series of examinations and tests on a group of 423 rifles. Testing action will be expedited and the AMC will advise the Department of the Army of the test results as soon as possible.

The tests conducted previously were held at Rock Island Arsenal, General Electric, and the U.S. Army Test and Evaluation Command during the period November 67 through June 1971: A total of 858,000 rounds were fired during the test with a malfunction rate of 0.54 per 1000 rounds.

COLT POSITION

Mr. Paul Benke, President, Colts Firearms, Inc., states that no one at Colts has even knowingly shipped any defective guns out of the factory to any customer, U.S. or foreign, and is convinced that the weapons being delivered are of the highest quality. He states that there is no collusion between Colts and government inspectors, and the test results accomplished monthly on a random basis reveal that quality controls have been maintained. Colts will not formally rebut the Nader report, but is conducting an investigation of the alleged irregularities.

NOMINATION OF EARL LAUER BUTZ TO BE SECRETARY OF AGRICULTURE

Mr. McGOVERN. Mr. President, the President's nomination of Earl Lauer Butz to succeed Clifford Hardin as Secretary of Agriculture has been met with considerable grassroots opposition.

In my view, this opposition is well founded. In many statements and speeches, Dr. Butz has raised serious questions about his belief in the family farm as the backbone of American agriculture. He has associated himself with companies which have attempted to displace our family farm structure with corporate agriculture.

It seems to me we should consider the objections of the farmers themselves with at least as much weight as the narrow vote of Senate Agriculture Committee to confirm Dr. Butz. In the brief time since his nomination, I have received scores of wires and letters all opposing the nomination of Dr. Butz. When Dr. Butz was informed of the close committee vote, he reportedly said he felt like the hospitalized company president who received a message from his board of directors that it had voted 8 to 6 to send him a get-well card.

However, the feeling in the farm belt is considerably stronger in opposition. I ask unanimous consent that representative letters be printed in the RECORD. I call special attention to the letter of Oren Lee Staley, president of the National Farmers' Organization, and the wire of Gov. J. James Exon, of Nebraska.

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

LINCOLN, NEBR.

GEORGE MCGOVERN,
U.S. Senator, Old Senate Office Building, Washington, D.C.:

I respectfully urge the United States Senate refuse consent to nominee Dr. Earl Butz for Secretary of Agriculture. Regardless of other considerations, the key reason for my objection to Dr. Butz has been his past record under former Secretary Benson when the Nation's farmers suffered their other worst cost-price ratio in the Nation's history. We are in deep economic distress in the farm belt. I am concerned that this fact is not fully appreciated or at least placed in its proper perspective in Washington. An indication that the U.S. Senate is concerned and intends corrective action would be evidenced by your declining to act favorably on this nomination.

Respectfully,
Governor J. JAMES EXON.
NEBRASKA.

PARKSTON, S. DAK.,
November 15, 1971.

Senator GEORGE MCGOVERN.

DEAR SENATOR: We are very concerned about President Nixon's appointment of Butz for Secretary of Agriculture. We are wholeheartedly opposed to this appointment because of his opposition to the family farm and his interest in corporate farming. We know how you stand on this because I heard you are opposed to his appointment but we want you to know we stand behind you in this opposition.

Thank you.
Sincerely,
WILLIAM MURTHA.

PARKSTON, S. DAK.

DEAR SENATOR MCGOVERN: The recent resignation of Sec. of Agriculture Hardin—I want to emphasize my displeasure of the appointment of Earl L. Butz to replace him. I feel very strongly that we do not need an advocate of large corporate farms as our Sec. of Agriculture.

Very sincerely,
——— ———.

NATIONAL FARMERS ORGANIZATION,
Corning, Iowa, November 19, 1971.

Hon. GEORGE MCGOVERN,
Old Senate Office Building, Washington, D.C.

DEAR SENATOR MCGOVERN: After observing two days of questioning of Dr. Earl Butz at the Agricultural Committee Hearings, we remain firmly convinced that his confirmation as Secretary of Agriculture would be a disaster for farmers. His answers have not satisfied our concerns over his long and close ties to agri-business, his attitudes toward elimination of farmers and the drive by integrators and others to gain control of the food industry, and the conflict of interest arising from his substantial payments as a director of three of the nation's largest agri-business companies.

He did not satisfactorily answer most of the questions put to him by Senators and other members of Congress of both political parties. These included attempts to determine what he might recommend to raise farm prices, how he would get REA and other department funds released by the White House, how he would tighten poultry inspections, and what he would do to halt the drive by integrators and others to take over farm production.

We feel Senate approval of Dr. Butz would be a vote to abandon an historic commitment to opportunity for people on the land. It would, in effect, ratify a policy to drive people out of agriculture, undermine farm and small business enterprises, and destroy rural towns and cities.

The Senate, in voting on confirmation, will be making a choice on the kind of agriculture and rural America our country wants to encourage. This crucial decision, in our judgment, is the most important single farm vote in this Congress. Farmers everywhere are deeply upset over the selection of Earl Butz and hope the Senate will not cast a vote against them. We, therefore, urge you to vote against the confirmation of Dr. Butz.

Respectfully yours,
OREN LEE STALEY, *President.*

STATE BANK OF WORTHINGTON,
Worthington, Minn., November 15, 1971.

Senator GEORGE MCGOVERN,
Senate Office Building, Washington, D.C.

DEAR GEORGE: The appointment of Earl Butz as Secretary of Agriculture is, in my estimation, an insult to the farm families of this nation. During the 50's when Mr. Butz was Assistant Secretary of Agriculture, his greatest efforts appeared to be directed toward the promotion of the corporate farm, and I think his business associations over the years substantiate that and the fact that he is not particularly interested in the survival of the family type farmer.

On several occasions during his previous tenure in the Agricultural Department, I heard him address bankers' groups. The information he was giving at that time was so worded as to give a false and untrue picture of what was actually happening.

In my estimation, this appointment ranks in the same category as Carswell and Haynsworth, and I hope you will continue to vigorously oppose his confirmation.

Yours very truly,
JOHN R. TROTH, *President.*

Keep up the good work.

NOVEMBER 15, 1971.

DEAR SENATOR MCGOVERN: I feel the nomination of Butz to replace our agricultural head is a step backwards—as to keeping the family farm—there is no place in the midwest for corporate farming—and there certainly is no future for our sons in such a setup—no incentive to go ahead. We do not need Butz.

Sincerely,
Mrs. ——— ———.

THE EVERGLADES-BIG CYPRESS RECREATION AREA

Mr. MUSKIE. Mr. President, anyone who has had the opportunity to wander among the tree islands and cypress swamp forests of the Everglades cannot help but come away with an indelible image of the extraordinary beauty and intricacy of this landscape. What is less obvious to the casual wanderer is the way in which the land and water systems of south Florida are interrelated and interdependent.

Nearly 2 years ago, in the Committee on Public Works, we examined the impact of the Central and Southern Florida flood control project upon the Everglades Parks. We were concerned that the public policy on water use in this area might have an irreversible impact upon the parks. We concluded that we must protect the Everglades and adjoining areas by all means available to us.

In particular, the Big Cypress watershed plays an irreplaceable role in capturing and transferring water and nutrients to the lower portions of the Everglades, literally supplying lifeblood for these swamps and marshes, and their associated animal life. The large masses of shrimp that gather in the estuaries of 10,000 Islands National Park, and which are later harvested by shrimpers off the Dry Tortugas. The fresh water helps to maintain a very sensitive balance in the seasonal fluctuation of water levels in the Everglades; it prevents salt water intrusion into the fresh water embayments and provides a source of water to which populations of saw grass deer and Florida alligators respond in turn as water levels follow their natural course of rise and fall.

Big Cypress is the area where Indians have lived, hunted, fished, and trapped for centuries, and where currently thousands of Floridians enjoy a contact with nature. Here, too, more than a dozen kinds of endangered species make their home, from the Florida panther and Everglades mink to the southern bald eagle and roseate spoonbill. This area must be protected from channelization and water diversion; at the same time, it could serve as a source of inspiration and recreation to hikers, hunters, and children, and as a continued home for its earliest settlers, the Miccosukee and Seminole Indians. The Chiles-Jackson bill, S. 2465, introduced on August 6, would accomplish just such a purpose. By creating the Everglades-Big Cypress National Recreation Area, it would at once preserve the watershed which serves the Everglades, protect the wildlife for observation or harvest, and maintain a fresh water flow which is invaluable for the protection of future fresh water supplies in south and southwest Florida. It is thus with a sense of both conviction and urgency that I announce today my cosponsorship of the bill, and urge Senators to give the item their close attention.

NEW SOUTHWEST PENNSYLVANIA DEVELOPMENT AGENCY FORMED

Mr. SCHWEIKER. Mr. President, an outstanding example of private, local initiatives in community development has just been launched in western Pennsylvania. The Allegheny Conference on Community Development has just begun a new nine-county organization, Penn's Southwest Association.

The purpose of Penn's Southwest Association is to maximize the great industrial potential of southwest Pennsylvania by promoting expansion of existing industry there, and by attracting new industry to the area. The association will seek to develop many forms of economic activity in the nine counties, including Federal and State functions, regional industrial plants and offices, and trade and technical societies.

PSA will represent a unified public and private effort, and it will draw on private citizens, community organizations, and business and labor alike for projects and financial support.

As we in Congress debate the revenue bill, discuss tax incentives to encourage economic development, and study unemployment problems, it is heartening to hear of such an ambitious program in the private sector by industrial, business, labor, and community leaders. The economic goals they seek in western Pennsylvania are the same goals we are working for at the national level: increased productivity, lowering of unemployment, and creation of vital, new economic development.

The Allegheny Conference, headed by Henry L. Hillman of Pittsburgh, chairman, and Robinson F. Barker of Pittsburgh, president, deserves considerable credit for launching this program. The leaders of this conference also realize that an organization like Penn's Southwest Association must have an independent vitality, and Mr. Barker has indicated that the conference will only be one part of PSA once the organization has been satisfactorily launched by the conference.

Mr. President, I am proud to inform Senators of this excellent local initiative in Pennsylvania. I am sure that the members of Penn's Southwest Association will be pleased to work closely with persons from other regions who would be interested in this project.

Recently, a detailed article explaining the purposes and plans of Penn's Southwest Association was published in the Pittsburgh Post-Gazette. I ask unanimous consent that the article and an editorial from the Post-Gazette be printed in the RECORD.

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

PENN'S SOUTHWEST ASSOCIATION: NEW NINE COUNTY GROUP OPENS INDUSTRY PUSH

(By Alvin Rosensweet)

A new organization that will seek to develop more fully the economic potential of nine southwestern Pennsylvania counties was announced last night.

Its name: Penn's Southwest Association.

The group will conduct an aggressive marketing program to sell the nine-county region on a national basis. Henry L. Hillman, chairman of the Allegheny Conference on Community Development, said last night. He spoke at the annual meeting of the Conference at Carnegie Institute in Oakland.

PSA will include Allegheny, Armstrong, Beaver, Butler, Fayette, Greene, Lawrence, Washington, and Westmoreland counties. Sponsors said it will concentrate largely on attracting new industry and expanding present industry.

PSA, Hillman said, will seek to attract regional plants and offices, trade and technical societies, and federal and state activities to generate new economic growth.

Asked why an effort was being made at this time to attract industry, Hillman said it was because of the realization that many regions throughout the country are competing for increased business on an organized, hard-hitting scale.

Funds to finance the effort will be sought from industry, business, labor, community organizations and private citizens.

Hillman said PSA will work closely with regional planning and development agencies, chambers of commerce, labor unions, local governments and others interested in more rapid economic growth.

He noted the region's advantages: raw materials, abundant water supply, excellent transportation, and strategic location.

Hillman said the Conference, before venturing into PSA, formed an area development committee headed by John M. Arthur, board chairman of Duquesne Light Co., and John A. Mayer, board chairman of Mellon National Bank. The committee and a small task force studied the regional economy and visited a number of cities where regional efforts have been successful.

Hillman said that PSA, a non-profit corporation, is expected to have a far-reaching effect on the future of the nine counties.

But he cautioned against expecting major accomplishments over a short period of time.

Hillman said the new association will have the active participation of business, labor, and government leaders. He added that it will not duplicate the efforts of present organizations.

Asked if Mayor Peter F. Flaherty had agreed to cooperate with the venture, Hillman said that the subject has been discussed with Flaherty.

"He is aware of it and is interested in seeing how it will develop," Hillman said.

In his talk last night Hillman pointed out that "for the eighth consecutive year more than a million people were employed in Penn's Southwest but there still are not enough jobs to go around."

He said employment is growing in service industries, indicating the region is moving toward a better balanced, more stable economy. But Hillman conceded this region has not realized its potential as a convention and tourist area and still is without a convention center in Pittsburgh.

Accomplishments of the Allegheny Conference were described to about 125 sponsors at a private meeting by Robinson F. Barker, conference president, and chairman of the board of PPG Industries. He said that since the urban crisis in 1968 the Conference has devoted its primary attention to human problems while maintaining an active role in the physical renaissance.

Cooperation with the National Alliance of Business to help solve chronic unemployment among the urban poor; summer employment program for needy youth; and aid to minority businessmen were cited.

At a press conference preceding the annual meeting, Barker said the role of the Allegheny Conference is to get Penn's Southwest Association off the ground. He said the conference is initiating the project and when it gets underway will be only one part of it.

Hillman was re-elected chairman and Barker president. Also re-elected were Fletcher L. Byrom, Robert Dickey III, Mayer, and William H. Rea, vice presidents; Arthur, secretary, and Aiken W. Fisher, treasurer. Willard F. Rockwell Jr. was elected a member of the executive committee, Vincent A. Finoli, Charles F. Hauck, and Joseph M. Katz were elected to the citizens' sponsoring committee.

[From the Pittsburgh Post-Gazette Nov. 16, 1971]

SELLING SOUTHEAST PENNSYLVANIA

Southwest Pennsylvania has a variety of attractions but how many people beyond its nine-county radius know about them? Not nearly enough, one surmises from the nature of the responses usually evoked when the Pittsburgh area is mentioned in distant places.

People know, or think they know, that we have smog and heavy industry and the Pirates and perhaps, for the really well informed, Skyscraper U. But beyond that most people sort of draw a blank when this area is mentioned.

Neglected in the public mind generally are such tremendous assets as good weather most of the year, a large and skilled labor force, exceptional educational and medical facilities, good recreational opportunities, fairly good accessibility, strong financial resources and the cosmopolitanism that marks a headquarters city.

Who is to tell the story of what this area has to offer? Well, there are 91 chambers of commerce in this nine-county area. Each of the counties has its own development agency. There also exist such agencies as the Regional Industrial Development Corporation, which seeks to develop industry in the nine counties, and the Southwest Regional Planning Commission, which does the area-wide planning.

Still, the story doesn't get told as well as it should, and so the Allegheny Conference, which has been the innovator and expediter of many worthwhile projects here in the last 25 or 30 years, has spun off another agency, Penn's Southwest Association, which proposes to do the selling and marketing job that the other agencies haven't done. (Note the illustration with this editorial, the new identification mark for Penn's Southwest Association. The arrows pointing south and west from the "P" stand for the nine counties making up the southwestern portion of Pennsylvania.)

Penn's Southwest Association was inaugurated last night at the Allegheny Conference's annual dinner meeting. It has already obtained about $100,000 for a startup. More than that, it has obtained the cooperation of leading political and business figures in each of the nine participating counties. Those developments augur success.

Since this region has so many salable assets, we are confident that Penn's Southwest Association will be able to make a favorable impact far from home. We feel, however, that its efforts would be strengthened if this district, like so many of its metropolitan competitors, had good rapid transit facilities and an exposition-convention center.

The Conference and its offspring will get to first things first if they put a big push behind those projects. Those facilities would round out an attractive package of assets this district can offer newcomers.

RADIOACTIVE LEAKAGE FROM CANNIKIN

Mr. GRAVEL. Mr. President, on November 16, I wrote to Dr. James R. Schlesinger, the new Chairman of the Atomic Energy Commission. My concern was with the possible hazards of radioactive leakage or venting following the Cannikin underground nuclear test.

The potential for radioactive contamination is still present and must be closely watched for the indefinite future. The AEC's environmental impact statement outlined a number of possible ways in which subsurface radioactive wastes could reach the sea.

Such a possibility is no idle concern, and only careful monitoring will permit us to know whether a danger is developing.

I ask unanimous consent to have printed in the RECORD the text of my letter to Dr. Schlesinger and also an Anchorage Daily News article which quotes State of Alaska Fish and Game officials as reporting that the sea otter and general wildlife toll was greater than first reported.

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

U.S. SENATE,
Washington, D.C., November 16, 1971.

Dr. JAMES R. SCHLESINGER,
Chairman, Atomic Energy Commission,
Washington, D.C.

DEAR DR. SCHLESINGER: I am certain that we both share the same concern about the protection of the people of Alaska, as well as other parts of the country, from the possible hazards of any radioactive leakage, or venting following Cannikin.

I feel it is essential for our continued protection that the AEC implement a comprehensive monitoring program to watch the after effects of the test. I would like to know, in detail, what plans have been made for the continued monitoring of the test hole.

How much money has been allocated by the AEC to conduct this monitoring program? How many people are involved in the monitoring process? What is the frequency of air and water samples from areas surrounding the test site? In what locations are continuing tests being conducted and for what period of time will the tests continue? Who is specifically responsible for the monitoring program?

I would appreciate a speedy reply to these questions so that I can evaluate the program and respond to the many inquiries I have had.

Sincerely,

MIKE GRAVEL.

[From the Anchorage, Alaska, Daily News, Nov. 14, 1971]

HUNDREDS OF SEA OTTERS SAID KILLED BY CANNIKIN

(By Margie Bauman)

A marine mammal biologist who was at Amchitka Island when the Cannikin bomb was exploded said Saturday that hundreds of sea otters and birds and thousands of fish probably were killed, but that nobody will ever know for sure.

Biologist Karl Snyder of the Alaska Department of Fish and Game said he felt the underground explosion of the five-megaton bomb on Nov. 6 "obviously killed hundreds of sea otters, hundreds of birds and probably thousands of fish."

The Atomic Energy Commission said two sea otters and 13 birds were the only victims.

"We never will know for sure," Snyder said. "Weather conditions during the test created a situation where we were lucky to find anything at all. There had been a real bad storm, the worst so far this season," he said.

During, or right after such storms, there are bound to be quite a few sea otters on the rocks, and if they are killed they are bound to be washed out into the water, he noted.

Snyder, who works with Fish and Game marine-mammal coordinator John Vania, has been studying the sea otters since 1967 and has spent much time at Amchitka.

He said it might take four to five years for the sea otter population to recuperate.

Snyder said the AEC probably won't agree with his death toll estimate, "but under those conditions, I don't know how it could be any less."

Snyder noted that 13 bodies of sea otters had been found, along with some 250 fish, mostly greenlings, and a number of birds. He said winds following the blast were blowing northwesterly, which would blow any dead animals out to sea.

Of the 13 dead otters, 12 were definitely killed by the blast. "The other was eaten up by eagles, so it was a little hard to say," he said.

Snyder and Vania agree on an estimate of 300 to 800 sea otter deaths as a direct result of the blast, with most of the victims being female. Vania, who has been studying the sea otter population for eight years, said the kill estimate was based on "the general lack of otters in the area where we normally see them."

Snyder said the beach bluff area in the immediate vicinity of the explosion "was totally unrecognizable" afterwards, although the tundra didn't change much .

University of Arizona graduate student Jim Estes, who is participating in the sea otter studies, walked along the beach after the blast "and he had trouble telling where he was half the time," Snyder said.

The cliff area, where there were at least four to five eagle nests and at least one peregrine falcon nest, were total rubble, said Snyder.

"The AEC predictions said some sea stacks might be damaged, but none would be knocked down completely.

"If the kill was spread evenly around the island, which it wasn't, it probably could recover in a year," he said. But the way things stand, it may take four to five years to recuperate the sea otter population, he said.

"The world's not going to come to an end because of it, but people have a right to know it," he said somberly.

One of the reasons there were such low estimates of the death toll after the blast was nobody counted all the injured animals laying on the rocks, he said. "Many birds we found had their legs driven right up into them and we found sea otters badly injured.

"What may complicate the whole sea otter problem is that there was early evidence of a substantial fish kill too," Snyder said.

"We don't know how many fish were actually killed and how long it will take for them to recover. We found over 250 dead fish in that area. If the fish don't come back, it may slow the repopulation of sea otters," he said.

"There was definitely more localized environmental damage than the AEC predicted," he said. "I suppose if they had buried it deeper, it might have had less effect on the surface. I think they tried to minimize predictions (on environmental damage)," he said.

The reason 75 per cent of those killed were females, he added, is because "the animals segregate by sex, and the area where the kill occurred was a female area."

Just along the Bering Sea side of Amchitka there are normally some 1,200 sea otters. The body of one was found on the Bering Sea side of Amchitka, the other 12 on the Pacific side.

LONG-TERM CARE OF THE AGED

Mr. PERCY. Mr. President, the very distinguished Senator from Utah (Mr. Moss) recently delivered an excellent analysis of our problems with long-term care of the aged in this country. The Senator's speech was presented on November 2 to a conference held jointly by the Duke University Center for the Study of Aging, and the American Association of Retired Persons—National Retired Teachers Association.

Having worked closely with Senator Moss on an investigation of nursing

home conditions in Illinois and on the Senate's Special Committee on Aging, I can speak highly of the knowledge and expertise which he has gained in this field. I share the Senator's deep concern for our elderly citizens living in nursing homes, and I commend to the Senate the remarks made by him at the Duke University and AARP–NRTA conference.

Mr. President, I ask unanimous consent his remarks be printed in the RECORD.

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

THE NURSING HOME: CRITICAL ISSUES IN A NATIONAL POLICY

It is a privilege to address this conference sponsored jointly by the Duke University for the Study of Aging and Human Development and the American Association of Retired Persons. The selection of your topic: "The Nursing Home: Critical Issues in a National Policy" is most timely (and I am sure these discussions will lead to constructive recommendations for improvements of our system of long-term care.)

I am particularly pleased to address the delegates of this conference because I feel this is one of the finest collections of nursing home experts ever assembled. I by no means claim to have all the answers to the difficult questions in this area and undoubtedly I could learn a great deal from some of you. On the other hand, you know of my long interest and solicitude.

May I begin by reading an account of what can happen when good men and women—regardless of their age or their background—are pushed up against the wall of injustice. I quote from a newspaper account which I consider a classic:

"Topeka, Kansas police were called today to help restore order at a Methodist Home for the aged, scene of a week-long revolt. Three militant octogenarians were arrested after a scuffle in the north parlor. They were identified as leaders of an activist group that seized control of the parlor three days ago and locked Mrs. Norma Sunderland, matron, in the closet.

"George Whitlock, 84-year-old spokesman for the 'activists.' Told reporters the demonstration was staged to enforce demands that the old folks be given more role in management.

"We have a bunch of young whippersnappers running things around here," he said, waving his cane indignantly. "We don't trust anybody under 65," he added, proudly displaying his 'senility power' button pinned on his shawl.

"Two officers suffered minor injuries during the disturbance. One was hit by a runaway wheelchair and the other was jabbed by a knitting needle.

"The revolt began last week when a small group of hard-nose superannuates held a 'dodder-in' at which some burned their social security cards. Although peaceable in early phases, the protest movement took a violent turn when someone hit Emery Dains, home administrator, with a bottle of Geritol. Mr. Dains blamed the trouble on a misunderstanding caused by difficulties in communicating with the militants.

"Some turn off their hearing aids when administrative personnel seek to explain policies, etc.," he explained.

"Mr. Whitlock reacted, 'What is the sense of living a long time if some kid who's only 45 or 50 years old can tell you what you have to do?' "

This account is amusing, because it is well written, but it is painfully relevant. It is also perhaps a warning to what could happen in America should the twenty million members of the geriatric set—the Nation's most shamefully neglected minority—use some of the techniques which get results for other groups who feel by-passed or abused these days.

As chairman of the Subcommittee on Long-Term Care of the U.S. Senate Select Committee on Aging for the past seven years, I can confirm that care of the elderly is the most incendiary issue in the field of aging. And it is unfortunate that long-term care, until the President's recent speeches, has received little attention from elected representatives either at the national or State level.

Let me quote some statistics which will tell you what is now happening in the nursing home field in the United States, and put into perspective what yet needs to be done.

There are at present approximately 23,000 nursing homes and related facilities in the U.S. according to the White House. This is an increase of 250 percent over 1960.

During the years 1950–1970, the number of nursing home beds has tripled so that they total well over a million. Nursing home revenues during this period increased 400 percent to $2.6 billion.

Two out of three dollars going to nursing homes come from the public coffers. Seventy-seven percent of nursing homes are operated for profit.

There are at least 900,000 seniors in nursing homes but almost every citizen is likely to come into contact with a nursing home either as a patient, friend, or relative.

Fifty percent of nursing home residents, according to one study, could be cared for in their own homes by their relatives but three-fourths of the over-65 population have some chronic physical ailment or impediment.

There are one-half million employees in nursing homes with a 60 percent turnover rate yearly. Aides and orderlies lead the list with a turnover rate of 75 percent and registered nurses 71 percent.

The overall ratio of staff to patients is sixtenths of a percent to one as compared to hospitals which register 2.6 staff to one patient.

And a final statistic—the Federal Government yearly contributes over one billion dollars to nursing homes or 40 percent of their $2.6 billion gross revenues. But this figure is misleading because it does not take into consideration other ways in which the Federal Government aids nursing homes. When we total up all funds for construction of nursing homes under Hill-Burton and SBA programs, for loan guarantees under the FHA program, for the veterans nursing home program and for assistance to some nursing homes by the Department of Agriculture, together with administrative costs, we produce an astonishing result.

This computation gives us a ball park figure for the Federal Government's contribution to nursing homes in 1970 of about $2.6 billion. This equals total yearly nursing home revenues.

Now, what are the basic problems in the field of long-term care? I have some preliminary conclusions which have grown out of a long series of hearings conducted by my subcommittee on long-term care. My final recommendations will be in a report which is current under preparation for presentation to the Congress.

I like to think of the problems as challenges—challenges people, such as you and I, who are concerned about the care of the elderly must help America to meet.

1. The First challenge is to spell out a clear policy in the U.S. with regard to the infirm elderly. We have no national pattern in America for the care of those who are old and ill. Their needs have been assigned low priority and the programs which have been developed are often piecemeal, inappropriate, illusory and short-lived. The rhetoric speaks of care and concern but the reality resembles confusion, high costs and too often, poor care or no care at all for those who need it.

2. The second challenge is to provide a broad spectrum of institutional facilities, as well as alternatives, to putting individuals into nursing homes. We have completely failed to do this. We should look first to the possibility of treating the individual in his own home with health or other supportive services. We should consider subsidizing the family to care for their elderly and establish senior citizen day care centers.

The nursing home, in the event institutionalization is necessary, should be part of a continuing system of progressive care. This means we must provide the right facility at the right time.

We must start with preventive medicine and treat diseases before they become acute. It has been estimated that we spend only $2 per capita for preventive medicine and $132 per capita for curative measures.

We need neighborhood clinics open to all age groups to prevent excessive utilization of the expensive hospital bed. Implied also is the need for more housing designed specifically for the elderly. This would include congregate living facilities for those who are not readily capable or do not desire to cook their own meals.

Far too many elderly wind up in a nursing home simply because they have no other place to go. Once in a nursing home, a patient's care should be evaluated constantly so he can be discharged as soon as his medical needs have been met.

States are just now beginning to undertake these so-called medical reviews which are called for by my 1967 amendments. Undoubtedly this program will have positive effects.

3. The third challenge in long-term care is the lack of effective enforcement of nursing home standards by the States. In the State of Illinois where the subcommittee on long-term care recently held hearings, only three nursing homes had been closed in the past 10 years by State revocation procedures. A similar pattern was indicated in our hearings with the Maryland Department of Health.

Part of the hangup in some States is the lack of legal alternatives available to the State Health Department which has the choice of closing the facility or allowing it to function. Fines and criminal penalties have been suggested as solutions. Other suggestions call for the imposition of Federal Inspectors and the unilateral cutoff of Federal Medicaid Funds.

In Illinois, for example, we learned that only 50 percent of the nursing homes adequately meet State and Federal standards. This seems to reinforce what we have learned elsewhere. States must make a much greater effort to enforce standards and to protect the nursing home patient or face the prospect of Federal intervention in licensing and inspecting nursing homes.

4. The fourth challenge we must meet is the lack of adequately trained personnel in nursing homes. This is our greatest obstacle to improvement of the nursing home system.

It is a common practice presently to hire nurses' aides off the street. In Chicago an investigator for the Better Government Association posed as a drunk in a Chicago flophouse to check out the story that this old hotel was a contact point where drunks could hire on as orderlies in a nursing home. He found the story true. They were given free board and room and paid $40 if they stayed the entire month.

In Chicago we also heard an investigator from the BGA testify that he applied as a janitor and was given the job as a nurses' aide and was dispensing medication within minutes after he was hired. I fear this practice is all too common.

The practice of allowing untrained aides to set up and pass medications whose pro-

pensities they do not know or understand worries all of us. I might add that there have been several studies indicating that the incidence of drugs administered in error in nursing homes is quite high—perhaps as high as 40 percent.

There are other loose practices which also concern us. The committee has documented evidence that some nurses are prescribing and dispensing medications on their own initiative—quite extensive evidence.

In this regard a particular problem exists with tranquilizers such as thorazine and mellaril. There is very strong evidence leading to the conclusion that these drugs are given to patients to make it easier on the staff. Tranquilized patients make less demands, being bedbound they also bring the highest rate of reimbursement.

The testimony the committee has received indicating nurses give patients drugs, and especially tranquilizers, on their own initiative was strengthened by the results of a General Accounting Office audit that I ask for. The report proved that tranquilizers constitute far and away the largest category of drugs being paid for by medicaid funds. The study disclosed that 17 percent of all drugs going to nursing homes are tranquilizers. The next largest category is antibiotics, which total about 8 percent.

At this point I would like to read you excerpts from the testimony of several individuals, primarily nurses, who have worked or are working in nursing homes in a city which I do not wish to disclose. This testimony confirms some of the charges I have made there this morning.

From the affidavit of nurses' aide BL in nursing home A:

"There is a heavy use of tranquilizers on our floor. We had a discussion about that once and I got kind of angry and told the nurse. There have been times when they woke the patients in order to give them tranquilizers so that the patients would stay out of their hair. By keeping the patients drugged up, they are being turned into vegetables. Many of these patients are having psychological problems that are not being treated: They are medicated so that we don't have to deal with them."

From the affidavit of nurses' aide PS also nursing home A:

"This nurse would also deliberately increase the dosage of a sedative much higher than the prescription in order to quiet down patients, but then she would put on the chart that she had administered the required dosage. She would take sedatives from the prescriptions of other patients in order to do this."

Again from Y nursing home:

"On my shift an aide would work the first floor and had the key for the medications, this aide would set up the medications and pass them, and then would set up the medications for the morning shift."

Here's LPN from Y nursing home:

"Medications have already been meted out onto trays by the night aide. Aides pour and administer medications, in spite of the fact . . . that they have no idea what they are giving or why. Digitalis is shoved down throats, pulses are never taken."

And finally, from the daughter of a patient at Z nursing home:

"There is a constant problem with the giving out of medicines. There is an aide who has no nursing training who occasionally gives insulin injections. On one occasion she gave one diabetic patient an injection of insulin in the morning and did not mark it up in the day book. Later that morning, an LPN, gave her another injection, and I had to feed her sweets all day long.

"Medications are often set up by aides, only occasionally by RN's. They make mistakes often. They mix up the pills or leave some out, and the aides do not check to be sure the pills are taken. Many times my sister has found pills of my mothers on the floor at night."

I could continue on and on.

I wonder what can we really expect of the untrained nurses' aide hired off the street, paid the minimum wage and grossly overworked? A turnover rate of 75 percent for aides and orderlies is probably understandable.

The Federal Government must make matching funds available to the states to develop in-service and other training programs for nursing home personnel. Nursing home operators must also come to grips with the fact that they will have to allocate a greater share of nursing home revenues to staff. We may have to require a ratio of one staff to one patient instead of the present .6 to 1 ratio. I know that H.E.W. is working on this problem and I look forward to its recommendations.

5. The lack of sufficient participation by physicians in the care of nursing home residents is our fifth challenge. The physician has by-passed the nursing home. The work is unattractive and unrewarding.

We documented physician absence in several of our hearings, particularly our investigation of the Baltimore Salmonella Epidemic.

We learned that physicians often prescribe care and dispense medicine by telephone—indeed the telephone is a more important instrument than the stethoscope—with little contact with the patient. We heard testimony that physicians commonly do not view the bodies of those who die in nursing homes before signing death certificates. We were told stories of physicians signing death certificates in advance of death so they wouldn't have to make another trip to a nursing home. We also learned that few nursing homes had a physician with overall responsibility for the patients in the nursing home.

With the physician absent from the nursing home scene and the registered nurse tied up with increasing paperwork and supervision, obviously it is the untrained nurses' aide in many cases who is rendering medical care in nursing homes, even, as I've noted earlier, to the point of dispensing medications and noting death and the cause of death.

The American Medical Association should ask member physicians to accept greater responsibility for the care of nursing home patients. Medical schools should include courses making geriatrics a specialty. I have suggested that interns be required to serve for a period of time in a nursing home. I have also suggested that H.E.W. establish a program that would train armed forces medical corpsmen to serve as medical assistants to physicians with responsibilities for nursing home care.

H.R. 1, the House Social Security Bill, which will soon be marked up by the Senate Finance Committee, attacks some of these problems directly and with force.

If this bill can be enacted—and I predict it can be with some improvements and refinements in the Senate—we will take a seven league boot stride toward getting better medical care for senior citizens in nursing homes.

The seventh major challenge is to develop a reimbursement system for nursing homes which provides participating operators with a fair rate of return and stimulates them to provide good care for the patients.

At the present time we rely rather heavily on a proprietary nursing home system. Some 77 percent of our homes are run for profit and yet we have instituted a reimbursement system which makes it impossible to make a profit without cutting care.

Typically, nursing homes paid under medicaid are reimbursed at the rate of $14 a day per patient. Each individual nursing home operator is then free to decide how much to allocate to patient care and how much to allocate to profit. There is absolutely no accountability.

Another onerous problem is that present reimbursement systems place a premium on keeping patients in bed. Once a patient is restored to an active life or becomes ambulatory the reimbursement to the nursing home is cut dramatically. Certainly there are financial incentives in favor of not providing care—in favor of keeping patients bed bound.

We are just beginning to see the results of this system, although we need more data. In Illinois recently we found out that one nursing home operator took in $400,000.00 yearly from medicaid and made a profit of $185,000.00, while paying out 54 cents a day per patient for food. Jails in the Chicago area spent 64 cents for each inmate a day for food.

There is also the now famous study out of the State of Connecticut which shows that the average return on investment for the State's nursing homes is 44 percent. If this is true, nursing homes are unquestionably charging too much and giving too little care in return.

We need a system which assures the nursing home operator that if he provides good care and becomes in the State's estimation a "good" nursing home, he will be rewarded financially. We need financial incentives to encourage the nursing home operator to provide care. In this vein, I have been studying the Connecticut "points system" as it is being revised and applied in that State.

And this leads me to the eighth and last challenge I will mention here today. This is to restore to nursing home patients a sense of dignity and intrinsic worth. With the general improvement of nursing homes and with new emphasis on rehabilitation so that the patient can function to the best of his ability, perhaps we can do much to remove the negative image that today characterizes nursing homes.

I am also in favor of de-institutionalizing so that the patient feels he is in a home-like environment with friends rather than in an institution representing the twilight zone between life and death. There is, I recall, a maxim of sociology that human beings tend to reflect their environment. Let us therefore provide one that is healthy and cheerful for our citizens who are both ill and aged.

These—then—are the basic issues in the area of long-term care as I see them. They all stem from the first point I made—our policy with regard to the infirm elderly in this country is ambiguous. We really have no policy. In rhetoric there is concern, in reality there is abandonment.

"It's hell to be old in this country."

I heard someone say that not long ago. It's the simple truth—for most of our elderly.

The pressures of living in the age of materialism and the pursuit of the good life have produced a youth cult in America. Our preoccupation with staying young knows virtually no boundary. We spend millions on elixers and remedies all the way from pep pills to hair transplants and face liftings. Hang the expense. Drink Pepsi, drive a Ford, smoke Silva-Thins, or do anything else anybody insists will keep you looking young.

Why this obsession with youth? Some blame the movies. Others blame advertising for the kind of images sold to the public. The real reason goes deeper. Most of us are afraid of getting old. This is true because we have made old age in this country a wasteland. It's T. S. Elliot's rats walking on broken glass. It's the nowhere in between this life and the great beyond. It's being robbed of your eyesight, your mobility, and even your human dignity.

And yet every year more and more of us make it to our 65th birthday and beyond.

The pressures of society encourage early retirement from the work force so that Americans are spending more and more years in retirement.

We must define what our policy is to be toward those who are both old and infirm—we must decide what our responsibilities are—and we must face up to those responsibilities.

Conferences such as this one should help make progress in that direction.

TAX CREDITS TO THE ELDERLY

Mr. MOSS. Mr. President, I am glad to support this most timely amendment. The Senator from Missouri (Mr. EAGLETON) has suggested an excellent way for the Federal Government to come to grips with perhaps the most significant economic problem facing the elderly today.

Escalating real estate taxes have a devastating impact on those of our citizens who live on fixed incomes. The chief victim has been the elderly couples—80 percent of whom own their own homes. They have had to meet tax bills of up to $1,000 out of their incomes which range from $2,000 to $2,500 a year. Many have, in fact, become "house poor," forced to devote the bulk of their limited incomes just to maintain ownership of their homes.

The burdensome effect of these regressive taxes on the elderly has been completely out of proportion to their ability to pay. Today, people over 65 make only half the income of their under-65 counterparts. Most rely entirely on social security benefits for their survival.

I applaud this amendment offered by Senator EAGLETON which would make these elderly citizens eligible for tax credits of up to 300 for income spent on their property taxes.

Some States have recognized the special circumstances of the elderly homeowner. They have granted exemptions to property taxes for people making less than a certain annual income.

Mr. President, I believe that Congress should put an end to the current situation where some States give this tax consideration to the aged poor and others do not. I believe that Congress should act now to accept national responsibility for this problem.

INFLUENCE OF TELEVISION NETWORKS ON AMERICAN PEOPLE

Mr. THURMOND. Mr. President, a recent book entitled "The News Twisters," by Edith Efron is causing considerable comment around the country.

A brief review of the book was published in the Washington Daily News of November 18, 1971. The review was by S. I. Hayakawa, who is president of San Francisco College, San Francisco, Calif.

In his review, Dr. Hayakawa urged that the American people give attention to this book on the grounds that it explains in great detail how the television networks manage the news to support their own political inclinations.

For instance, the author of the book revealed that during the last 2 months of the 1968 presidential campaign, items used by the major networks favored Mr. HUMPHREY with 8,458 words as compared with 1,620 words for President Nixon.

There is obviously a need in this country for objective and balanced treatment of news by the television networks. When the commentator editorializes, it should be made clear to the listener that this is an opinion of the commentator or the network.

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

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

[From the Washington Daily News, Nov. 18, 1971]

BRAINWASHING BY THE NETWORKS

(By S. I. Hayakawa)

Here is a book that should be read by every voter of whatever political conviction, by every high school and college student, by every viewer of TV network news. It should be distributed by book clubs and condensed in Reader's Digest. Most of all it should be read carefully by the Federal Communications Commission.

The book I refer to is "The News Twisters," by Edith Efron (Nash Publishing, 9225 Sunset Blvd., Los Angeles 90069; $7.95). The author is a staff writer for "TV Guide."

Do television networks present the news fairly? Are they free of bias? Do the accusations of slanting, distortion and calculated omission of important stories coming from almost all segments of the public from student radicals to Vice President Spiro Agnew have any foundation in fact?

For her study Miss Efron tape-recorded network news shows on American and National Broadcasting companies and the Columbia Broadcasting System every evening from 7 to 7:30 p.m. from Sept. 16 to Nov. 4, 1968—that is, the last seven weeks of the presidential campaign of that year. From transcriptions of the broadcasts, she analyzed the coverage given to the three presidential candidacies of 1968 and to a set of 10 related issues, such as U.S. policy on the Vietnam war, black militants, radical violence and the white middle class.

"From the resultant body of about 100,000 words per network," Miss Efron writes, "I isolated all stories dealing with the chosen issues—and excerpted all 'for' and 'against' opinion on these issues. The task is simpler than it may sound. Network news is an extremely nonintellectual commodity, and the opinion which it relays tends to be simple, short, highly partisan, and crudely 'for' and 'against.' It is readily isolated . . . The opinion appears in four clearly identifiable forms: direct quotes . . . paraphrase . . . narrative reports . . . and editorial opinion, which appears either in separate commentaries and analyses, or within the body of a news story. When all such opinion was isolated and filed, I then counted the number of words of opinion 'for' and 'against' on each issue."

The statistics are indeed startling. Here is Miss Efron's summary of the number of words spoken about Richard Nixon during the campaign: on ABC, for, 869, against, 1,793; on CBS for, 320, against, 5,300; on NBC, for, 431, against 4,234. Total for Nixon 1,620, total against, 17,027. Humphrey got more even treatment: on ABC, for, 4,218, against, 3,569; on CBS, for, 2,368, against, 2,083; on NBC, for, 1,852 against 2,655.

Words spoken about Black Militants: on ABC for, 2,052, against, 1,146; on CBS, for, 1,578, against, 742; on NBC, for, 3,666, against, 1,383. As for the white middle class: on ABC, for, 142, against, 731; on CBS, for, 287, against, 651; on NBC, for, 0, against, 1,017.

The totals leave no doubt that the networks—all three of them—were doing their best to elect Hubert Humphrey. For Mr. Humphrey there were 8,458 words, for Mr. Nixon, 1,620. Against Mr. Humphrey there were 8,307 words, against Mr. Nixon, 17,027.

When accused of partisanship or bias, the networks defend themselves by declaring that objectivity is impossible. David Brinkley: "Objectivity is impossible to a normal human being." Bill Moyers, "Of all the myths of journalism, objectivity is the greatest."

Miss Efron makes mincemeat of this argument. Objectivity, she says, is not the issue. The problem is that networks unanimously give "preferential status to certain political positions and opinions"—to the Democrats as opposed to Republicans, to the opinions of anti-war people as opposed to those who see some justification for the war, to black militants as opposed to the white middle class ("Not one reporter on CBS or NBC is critical of black power violence during the coverage period").

The networks themselves, in their acceptance of the Federal Communication Commission's "fairness doctrine" and in their concept of "equal time," give assent to the view that it is against broadcasting ethics to give such preferential status to one side of a controversy or political campaign. Nevertheless they clearly do not even bother to try to give a balanced presentation of the wide range of opinions.

"Richard Nixon is President of the United States today in spite of ABC–TV, CBS–TV and NBC–TV," writes Miss Efron.

I find this sentence comforting. It is horrifying to read a statistical analysis of the extent to which the great national television networks try to mold and manipulate public opinion. Nevertheless, despite the fact that I voted for Mr. Humphrey, I find it reassuring to know how much sales resistance the public has.

A SPECIAL HONOR—EAGLE SCOUT JOSEPH POLLOCK

Mr. MCINTYRE. Mr. President, fewer than 1 in 100 Boy Scouts ever reach the rank of Eagle Scout, so it is a high honor for any boy to be so named. For Joseph Pollock, Jr., of troop No. 10 in Wilton Center, N.H., becoming an Eagle Scout is an even greater honor. It is a testimony to the kind of courage and determination we all admire, for Scout Pollock has been totally blind since birth and still achieved the rank without medical waivers or special dispensation.

Mr. President, I know that Senators share my respect and admiration for this fine young man, and I am sure they join with me in wishing him the very best of luck at his special court of honor this weekend.

I ask unanimous consent to have printed in the RECORD the text of an article on Joseph Pollock, published in the Milford, N.H., Cabinet and Wilton Journal.

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

WILTON'S JOSEPH POLLOCK, JR., EARNS HIS EAGLE SCOUT RANK

Joseph Pollock, Jr., son of Mr. and Mrs. Joseph Pollock, Sr., of Wilton Center, New Hampshire, appeared before the Algonquin District Eagle Board of Review, Boy Scouts of America, on September 14 and was accepted into the rank of Eagle Scout. The Eagle Scout rank is the highest rank in scouting and is gained by less than one out of one hundred boys in the scouting organization. The Eagle rank is awarded only after a boy demonstrates outstanding achievement over a period of several years in mental and physical fitness, scout skills and

exceptional duty to God, country and to others. In a display of true determination and genuine desire, Joe, although totally blind since birth, achieved the Eagle rank without medical waivers or special dispensation.

ORDER OF THE ARROW MEMBER

At present, Joe is a Junior Assistant Scoutmaster in Troop 10, Wilton. He started his experience in scouting by becoming a Webelos in Cub Pack No. 225 in Watertown, Massachusetts. In 1966, he graduated into Troop 225, sponsored by the Perkins School for the Blind, where he gained his First Class rank. He became an "Ordeal" member of Taskiagi Lodge Order of the Arrow in Minuteman Council and is presently a "Brotherhood" member of Passaconaway Lodge of the Daniel Webster Council.

Eagle Scout Pollock is a student at New Hampton School in New Hampton, New Hampshire, where he is a member of the cross country, wrestling and track teams. He speaks fluent Spanish, holds the Boy Scouts of America interpreters badge and represented his school in Mexico City, Mexico, in December, 1970, at a student exchange culture program.

OUTSTANDING SWIMMER

Some of the highlights in Joe's life both in scouting and in other activities have been: Chosen to attend a Blind Scout Jamboree held at Camp Belair in Baltimore, Maryland, in 1967 where his patrol placed second. He was awarded the trophy for Outstanding Achievement by the Granite State Swimming Association in 1971; elected to the New Hampton School Varsity Letter Club; twice elected Patrol Leader at Camp Carpenter Provisional Camp; and this year elected Senior Patrol Leader. As a member of the Wilton Youth Center Swim Team he received the award for the Most Valuable Boy Swimmer two years in a row. As a member of the Perkins School for the Blind Chorus, Joe was invited to attend and participate in the funeral services for Helen Keller at the National Cathedral in Washington, D.C. in 1967.

Troop 10 Scouts, Leaders and Committeemen are quite proud of this unusual accomplishment and will honor Scout Pollock at a Court of Honor held in Wilton on November 27.

FEDERAL INVOLVEMENT IN HEALTH INSURANCE

Mr. MATHIAS. Mr. President, as Congress begins to debate more vigorously the various proposals to extend the scope of Federal involvement in the area of health insurance, it is essential that careful consideration be given to all types of health care needs. Mr. Melvin L. Schneider, vice president of the Prince Georges County Mental Health Association, has kindly brought to my attention a statement on the important issue of including coverage of mental illness in any new scheme of national health insurance. This statement, entitled "Principles of Mental Health Provisions in National Health Insurance," was issued by the National Association for Mental Health.

The national association has long been active on the local, State, and National levels in setting up community health centers all around the country. Its statement, which emphasizes "total" health needs, argues strongly for inclusion of mental health coverage:

The prospect of enactment of "National Health Insurance" presents at once an opportunity and threat, for, depending on its terms, it can act as a powerful stimulant to the development of comprehensive community mental health centers, or it can result in their economic starvation.

Mr. President, I am sure that many of my colleagues would be interested in the national association's specific proposals, and I therefore ask unanimous consent that its statement be printed in the RECORD.

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

PRINCIPLES FOR MENTAL HEALTH PROVISIONS IN NATIONAL HEALTH INSURANCE—AS ADOPTED BY THE NAMH BOARD OF DIRECTORS, JUNE 19, 1971

This Association has devoted a large proportion of its energies in recent years toward fostering the growth and development of comprehensive community mental health centers. We have worked in the communities to plan, organize, and facilitate; we have worked in the States to plan, enact enabling legislation, and advocate; and we have worked nationally on federal legislation and financing, and on standards and education.

This revolution in mental health care is now about 20% completed. We continue to believe that realization of its goal of complete national coverage is the highest national mental health priority today.

The prospect of enactment of "National Health Insurance" presents at once an opportunity and threat, for, depending on its terms, it can act as a powerful stimulant to the development of comprehensive community mental health centers, or it can result in their economic starvation. Stimulation of growth would result if compensation for treatment in these settings is given favorable terms. Starvation would occur if a program is adopted with little or no mental health coverage followed by withdrawal of existing federal financing of comprehensive community mental health centers.

We must, therefore, carefully scrutinize each proposal for federal financing of health care with this over-riding question in mind: "Will its enactment facilitate the development of comprehensive community mental health centers?"

At the same time, we realize that the present proposals for National Health Insurance are based on historic roots, and we must be alert to urge appropriate coverage for mental health.

Private health insurance programs were originally conceived and sold to compensate hospitals and doctors treating patients in hospitals for services rendered to subscribers. Coverage has increased over the years including more services and for longer periods of time.

Mental health coverage has been added to many of these policies in recent years. In most instances, there were (and are) sharp limitations as to scope and duration of coverage.

This pattern, essentially hospital and surgeon oriented with mental health provisions appearing as limited addenda, has carried over into the Medicare and Medicaid provisions of the Social Security Act. The result has been continuing discrimination against the mentally ill.

We are strongly opposed to this pattern of discrimination and are pledged to influence or alter proposals dealing with national insurance to deal more comprehensively and intelligently with mental illness.

We believe that the following principles should govern the intelligent and humane coverage of mental illness in any program of National Health Insurance:

1. SCOPE

Programs in mental illness should cover a broad range of activities including prevention; active treatment, both in-patient and out-patient; rehabilitation and long-term care and there should be continuing evaluation of all programs. Collateral services to families of the mentally ill should be included.

We cannot accept another insurance program which, in the name of economy does not, in fact, insure individuals against intolerable losses. This is neither humane nor financially defensible.

2. LIMITATIONS

There should be no limitations as to age, sex or condition. Any limits on mental health services should be structured to encourage the development of community mental health centers and to discourage over-utilization on the part of the patient or the provider. Limitations should be determined by regulations based on clinical experience and subject to approval of Citizens' Boards.

3. PROFESSIONAL SERVICES

Payment should be provided for individual visits to psychiatrists and other qualified therapists. There should be no patient fee or co-insurance for at least the first seven visits per spell of illness.

4. CLINICAL OUT-PATIENT SERVICES

There should be full compensation for services rendered in qualified clinics, or comprehensive mental health centers. Home visits by qualified staff members of such facilities should also be covered. Reimbursed services in a clinical outpatient setting should include services provided by all personnel necessary to the treatment program.

5. PARTIAL HOSPITALIZATION

Costs of partial hospitalization should be fully paid without regard to the setting, subject only to qualification.

6. IN-PATIENT SERVICES

Provisions for coverage of in-patient services should be structured to encourage:

a. Evolution and development of comprehensive community mental health centers, and

b. Improvement of public mental hospitals.

There should be a requirement that these two systems be adequately linked so as to provide a continuum of services to all.

7. PRESCRIBED DRUGS

Prescribed drugs should be available without separate charge to the consumer.

8. EDUCATION AND CONSULTATION RESEARCH AND EVALUATION

The important functions of education, consultation, research and evaluation should continue to be funded through grant mechanisms. They should be encouraged in all mental health settings.

9. MANPOWER AND TRAINING

To be truly effective, any final plan must automatically influence and facilitate the recruitment, training and geographical distribution of all categories of manpower necessary to a comprehensive mental health program.

10. CITIZENS' BOARDS

There should be boards of citizens with ultimate responsibility for governing the program. They should set standards and establish continuing vigorous evaluation of all providers. This must include both individuals and organizations who seek payment under National Health Insurance.

There should be substantial representation of all the Citizens' Boards from minority groups and the poor and from professional and lay persons with knowledge in mental health and mental illness.

Laymen so serving should not be engaged in providing services to the mentally ill and should constitute a majority of the Boards.

11. METHOD OF PAYMENT

The program must permit participation by qualified providers with options as to prepayment or compensation for services rendered.

As programs emerge which are demonstrably more efficient than others they should be rewarded by preferential funding.

12. DISCRIMINATION

All providers shall be required to provide services to all persons regardless of race, creed, color, national origin or ability to pay.

WELFARE EXPERIMENTS

Mr. McGOVERN. Mr. President, it has come to my attention that the Department of Health, Education, and Welfare is moving to approve two proposed welfare experiments in the State of New York. The proposals involve far-reaching changes in the operation of the Federal welfare system and deserve very careful consideration. The proposals have already been considerably revised and have only been in their present form for a few days. In the hope that HEW might reconsider its apparent intention to approve the experiments without the careful scrutiny they require, I ask unanimous consent to have printed in the RECORD the analyses of the New York experiments that were prepared by the National Assembly for Social Policy and Development and the Columbia Center on Social Welfare Policy and Law.

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

NOVEMBER 11, 1971.

Hon. ELLIOT L. RICHARDSON,
Secretary, U.S. Department of Health, Education and Welfare, Washington, D.C.

DEAR MR. SECRETARY: I am writing to urge your most careful reconsideration of H.E.W.'s expressed intention to allow the New York work-without-pay welfare demonstration. I applaud your Department's decision to end discussions over the companion "Incentive Opportunities" proposal. I know of your own personal reluctance to see work-without-pay incorporated into national welfare policy, and wish to support you in that view.

It is of particular concern to me that H.E.W.'s use of the 1115 waiver in New York would, in this instance, represent a new departure from its customary use in the past. It is a departure that I believe might well establish a most unfortunate precedent. States may be encouraged to use the waiver not to demonstrate better ways of meeting the objectives of the social security welfare titles, but rather of circumventing the law wherever its application proves onerous. The 1115 waiver does not exist to allow large portions of a state's welfare clientele to be treated differently. If then, a project can be approved that so directly jeopardizes the welfare of several hundred thousand New York children, and would require work in return for public assistance payments—contrary to anything allowed by Congress, then states may well expect comparable waivers with respect to Title VI of the Civil Rights Act, or other constitutionally protected rights of welfare recipients.

Moreover, the Work Relief proposal has been described by its authors as providing a pre-test of the Administration's proposed welfare reforms. If indeed this is an accurate representation of the Family Assistance Program's implementation, then that should properly be communicated to the Congress directly, not through the device of an approved 1115 waiver. Your testimony, and that of other Administration spokesmen, has never alluded to work-without-pay as a feature of the Family Assistance Proposal. If it is not, one wonders how it might properly be "pre-tested;" if it is, one wonders why that information has been withheld from both the Congress and public.

There are, of course, more obvious objections to be raised, many set out in analyses prepared by professional and civil liberation organizations. These have been communicated to you. However, even the simplest examination of the proposal, intended to "reduce dependency," "encourage initiative," "restore self-respect," and so forth, raises serious questions as to how any of those objectives might be met by the proposed demonstration. For example, it is difficult to imagine how jobs without training, wages, day care, stability, or adequate protection against losses from work-related expenses can have anything but a deleterious effect on the attitude of welfare recipients toward work.

Because of the questions raised in this instance by H.E.W.'s treatment of the 1115 waiver, I am asking that you provide a listing of all 1115 waivers granted in the last year, with a brief explanation of the regulations which were set aside, as well as the welfare practices being tested.

I wish to express my strong opposition to the proposal to allow a work-without-pay welfare demonstration in New York, and respectfully request your denial of permission to exercise the use of the 1115 waiver in this instance.

Sincerely,

GEORGE MCGOVERN.

NOTES ON H.R. 1—NEW YORK STATE DEMONSTRATION PROJECTS

(By Elizabeth Wickenden)

THE CHALLENGE

Twenty-four thousand one hundred and seventy-four individuals in nearly 7,000 families would have their assistance grants cut from 36% to 50% under a demonstration project proposed by the New York Department of Social Services. They would then be given the "opportunity" to earn back what was taken away by a system of incentive points for work and acceptable behavior. Refusal to work would result in a further reduction, amounting to a total of 60% for a family of four.

This pilot project would be operated in three welfare districts, one of which—Hamilton in West Harlem—has a caseload described as 50% black and 50% Puerto Rican. The other districts are in Rockland and Franklin counties.

In a second project in twenty-five welfare districts all adults judged employable (including all mothers with no children under six) will be required to "work out" their welfare grant at projects provided by the department, unless work is found for them in the regular economy or in public service jobs. This project involves 88,503 families.

The implications, background and status of these projects are summarized below.

BACKGROUND

Three states—New York, California and Illinois—have indicated their intention (with Federal encouragement) to apply for waivers * from provisions of the present law that would permit them to anticipate some of the provisions of HR 1. HR 1, the Social Security Amendments of 1971, containing the administration's proposals for two new family assistance programs, has passed the House and is pending before the Senate Finance Committee. These programs would have become partially effective on July 1, 1972 but President Nixon has recommended a year's postponement as part of his New Economic Program. In any event the opposition of Chairman Russell Long and conflicting views of its impact leaves its prospects in considerable doubt.

When it first became known that the waiver provisions of Sec. 1115 were proposed to be used on a statewide basis in California and New York to cut back selectively on present program standards, a widespread protest arose including that of Senators who saw such action as an invasion of the legislating authority of Congress. A legal action was brought by the Center on Social Welfare Policy and Law in behalf of the National Welfare Rights Organization, the California Welfare Rights Organization, and the City Wide Coordinating Committee for Welfare Organizations (NYC) demanding access to any project submissions and the opportunity to comment on them. As a result the Secretary of HEW has agreed to furnish copies of any applications from California and New York to these parties for their review prior to approval. Under this arrangement these two projects have been released and will not be acted upon until after October 17 by the Secretary. Any expressions of viewpoint to the Secretary, the Governor, or others concerned must, therefore, be made immediately.

DESCRIPTION OF NEW YORK PROJECTS

At this time two inter-related New York project applications have been made. To answer the charge that statewide modifications of policy under existing law cannot properly be regarded as "pilot" projects, they are limited in the one case to three welfare districts and in the other 25 districts involving 25% of the state ADC caseload. This difference in coverage makes necessary the two projects.

Incentive for Independence would be instituted in three districts: (Hamilton—West Harlem—in New York City; Rockland County and Franklin County.)

GRANT REDUCTIONS

In these counties all ADC families without earnings or support payments will have their grants cut to the basic payment level of HR 1. For a family of four this level is $200 a month, a cut of approximately 36% from the present New York payment levels which have already been reduced from budgetary levels. For a large family the cut is almost 50% because of the $3600 ceiling in HR 1.

Should a putatively employable member of a family find it impossible or unacceptable to report for work or training the family grant would be further reduced by $800. This would mean a total reduction of about 60% for a family of four.

INCENTIVE POINTS

Families will then be encouraged to regain at least part of what has been reduced through a system of "incentive points" each worth $25.00 a month or $12.50 each semi-monthly period. This applies both to families with a member deemed employable and those without such an employable member. The ways points may be earned and their semi-monthly values are:

For each school age child, 5–15 years of age, *cooperating with the teacher* (as determined by the caseworker), given automatically in summer months; 1 point; $12.50.

For each child in school, 15 years or older *cooperating with the teacher;* ½ point; $6.25.

For each pre-school child *given all medically required vaccinations and boosters* during previous six months; 1 point; $12.50.

For each unemployable adult *participating in one or more acceptable activities* during previous six months including:

Establishment of paternity
Locating of deserting parent
Participation in rehabilitation
Participation in education
Participation of children in community activities and ten others (See Appendix III); 1 point; $12.50.

For each youth over 15 years of age, *participation in school work program;* 1 point; $12.50, (plus stipend).

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* Under Sec. 1115 which authorizes such waivers to demonstrate on an experimental basis new ways of promoting the objections of the present titles. For a fuller discussion of this provision see *Back to the Poor Law via Section 1115.* (May 4, 1971. Available upon request.)

For each employable member, participation in work (or pre-employment training) either in:

Regular economy

Public service employment

Public service work opportunity projects (work for relief)

Care of children of other recipients; 1 point; $12.50 (plus disregards).

Those with earnings would be permitted to keep a portion without affecting the assistance grant by deducting: the cost of day care, the first $720 of earnings, one third up to 150% of flat grant and one fourth thereafter.

The Public Service Work Opportunities Project is proposed to operate in 25 welfare districts and would involve 25% of the state ADC caseload. Its objective is described as follows: "to determine the impact on welfare dependency when every employable recipient is required to be in work and training." Employability is defined as in H.R. 1. All such persons will be required to work and, if no other employment is available, will be assigned to work out the amount of the family grant either for a governmental agency or in the home caring for children of other mothers. In the districts where the incentives for Independence program is operating it is assumed that the disregard provision described thereunder would apply and that in the other districts the usual policies of the department would apply. The hours of work for the participant would be adjusted to the monthly grant so that the hourly rate would be either the state minimum wage or, if higher, the regular rate paid by the governmental unit for similar work.

CRITIQUE

These two projects are subject to the approval of the Secretary of HEW who must personally approve the waiver of state plan requirements under the law. In making his judgment he must consider questions of (1) compliance with the law (including the Federal constitution), (2) the policy implications of the proposal and (3) its feasibility within the terms described in the project application. Each of these is discussed in turn.

LEGAL CONSIDERATIONS

Sec. 1115 is an exceedingly broad authority to authorize departures from the plan requirements of the assistance titles for "any experimental, pilot or demonstration project which, in the judgment of the Secretary, is likely to assist in promoting the objectives" of such title. Each departure from a plan requirement must be specifically authorized. Constitutional requirements for equal and non-discriminatory treatment cannot properly be waived by any law or executive action. This seems especially true where a deprivation of benefits is proposed as in the Incentive project. In other words where an experimental project involving a study of the impact of additional services and benefits might be considered a "reasonable classification" for research purposes, one involving a deprivation for a selected group below otherwise applicable standards raises serious questions of due process and unequal treatment under the law. This is especially true when one group (Hamilton Center) so selected is composed entirely of members of minority groups, Black and Puerto Rican, according to material submitted with the project application.

Special questions are also raised when the group affected by such deprivation is primarily composed of children whose welfare is supposed to be protected by the state. Just as the law protects children against dangerous medical experimentation so, too, should they be protected against dangerous social experimentation.

Discrimination against selected children under this project is apparent. The mother's autonomy with respect to her children is abridged and her behavior coerced by a reduction of the grant to which other mothers and children in similar circumstances are entitled unless she engages in a variety of actions—including but not limited to employment outside the home.

POLICY CONSIDERATION—IMPACT ON OTHER STATES

Because New York has always been regarded as a leader among the states in welfare policy, its policy innovations can be expected to exert an influence on other states. Thus people all over the country should be concerned with these proposals and the Secretary should review them in this light.

RELATIONSHIP TO H.R. 1

While the Secretary has made the point that the projects of New York, California and Illinois are intended as a pre-test of HR 1, the proposals of New York go far beyond the proposed Federal programs. In fact, it would appear that the New York proposals would make it difficult if not impossible for New York to benefit the hold-harmless provisions of HR 1 which assume a consolidated federal-state program. The language of New York's submission seems to suggest that it looks upon its program as a substitute for or modification of HR 1 which it refers to critically as follows: "Tragically, the Family Assistance Program does not substantially alter the system which, in New York at least, has proven unequal to the job."

A CASTE SYSTEM

Both projects are predicated on mistrust and disapproval of the impoverished families of New York and the assumption that second-class citizenship is the price of state aid. Such families are to be treated as children, rewarded for acceptable behavior by the means of subsistence (as determined by minimal budgetary standards reduced 10%) and punished by withholding of such. Not only are all families reduced by at least 36% prior to such showing of good behavior but those deemed employable and declining to leave their homes and children for outside work are further reduced by an additional $800, thereby reaching—by New York standards—a level of starvation.

In all respects a sub-class of impoverished families is to be created subject to the most detailed scrutiny of their private lives. Not even the Poor Law imposed such conditions and those who sought to overcome its cruelties by requiring an unrestricted cash payment in the Social Security Act can only marvel at such a departure from their intentions.

WELFARE PRACTICES

Current philosophy of the New York and Federal departments holds that casework services and money payment administration should be totally separated so that they can better serve their separate and independent purposes. The Incentive Project goes in precisely the opposite direction since it presupposes the closest kind of monitoring of client behavior. For example, the application states with respect to incentive points for the mothers of school age children based on acceptable cooperation with their teachers "Specific guidelines for use by casework staff will be developed to determine cooperation with school authorities." The inclusive and at the same time vague character of other actions subject to monitoring in the interest of winning incentive points is indicated by the attached Appendix III.

On the other hand, child welfare concepts suggest the desirability of compensatory support for children in poorly functioning families or those having school difficulties, including truancy. This project proposes that such families should be reduced to starvation levels of subsistence.

DAY CARE

New York City has conducted some excellent projects using carefully selected AFDC mothers for home day care of the children of other mothers. The projects propose, however, that such arrangements are to serve as the sole optional alternative for work outside the home for mothers of children over six in the twenty-five welfare districts covered by the Public Services Work Opportunities Project. Thus it appears that these women are to be virtually self-selected without regard to their own fitness, suitability of the home, etc. A type of undertaking of considerable promise when selectively used and supervised could become a substandard custodial pattern of child care for a sub-class of poor children.

FEASIBILITY

Both projects offer formidable administrative difficulties which have not apparently been reviewed with those welfare officials selected to carry them out. This is especially true of the Incentives project.

The Incentives Project assumes the most detailed monitoring of personal behavior by the casework staff and honest reporting of such behavior by the client on an extremely complex series of requirements. Of necessity it also leaves important questions of judgment to the individual worker because of the vagueness of some of these requirements. (See Appendix III for example.) It seems an open invitation to favoritism, discrimination, judgmentalism, petty dictatorship, chicanery, collusion and general chaos in worker-client relationships. The constant variability of payments also present problems of bookkeeping, audit, check writing and appeals procedures which seem almost insurmountable.

The Public Service Work Opportunities Project presents all the problems of large scale work-for-relief programs where hours must be adjusted to differing family payment levels. Experience with FERA work relief programs in the early '30s demonstrated the impossibility of creating a genuine work-experience under these circumstances and led to its abandonment in favor of the WPA monthly wage plan. Such plans on a broad scale quickly deteriorate into a meaningless "work test" with no dignity for the worker and little value to the work they perform.

The option for mothers required to work to accept the children of other mothers for care in their own homes also involves formidable administrative difficulties, epsecially if any effort to maintain standards of physical suitability, health, safety and qualifications are made. Moreover, the whole question of assuring adequate day care for children of the mothers required to work under this large project is scarcely mentioned in the project submission. This is an extremely costly and difficult administrative task under any circumstances yet in this project involving almost 90,000 families it is taken virtually for granted.

APPENDIX III—INCENTIVE OPPORTUNITIES FOR THE UNEMPLOYABLE ADULT

One incentive point shall be earned for each semi-monthly period by each unemployable adult (or woman excused from reporting, employment or training because of a husband living with her who meets these requirements), who undertakes activities which are designed to:

Achieve permanent and adequately compensated employment;

Foster child development; or

Maintain and strengthen family life.

Incentive credits may also be earned upon completion of such activity if the grantee certifies that the unemployable adult engaged in such activity during the previous 6 months. One of the following activities will meet this requirement:

1. Initiating own satisfactory day care plan for children in order to engage in regular employment, training, or public service opportunity.

2. Providing out-of-home day care for a child of another public assistance family.

3. Utilization of remedial medical (health) services by the adult which is designed to enhance employability or self-functioning.

4. Participation by the adult in a program of rehabilitation designed to improve economic independence or self-functioning.

5. Participation by the adult in a program of adult basic education or high school equivalency.

6. Participation in the establishment of paternity for children born out-of-wedlock and/or securing financial support for them.

7. Participation in the location of a deserting parent and/or of securing financial support.

8. Utilization of community resources to overcome problems of child delinquency.

9. Participation of children in citizen building activities, e.g. Boy Scouts, 4–H, community centers.

10. Participation in individual or group activities designed to improve money management or home management.

11. Attendance of the adult at a health education program.

12. Attendance of the adult at a family life education program.

13. Improvement in housing standards by self clean-up or self-repair of dwelling.

14. Providing a child with foster care.

15. Serving as a social services agency volunteer.

ANALYSIS OF PROPOSED NEW YORK PROJECTS IN PUBLIC ASSISTANCE PROGRAMS

1. *Incentives for Independence.*

2. *Public Service Work Opportunities Project.*

BACKGROUND

Section 1115 of the Social Security Act authorizes the Secretary of Health, Education, and Welfare to waive certain requirements of the public assistance titles of the Social Security Act in order to allow a state to carry on an "experimental, pilot or demonstration project . . . likely to assist in promoting the objectives of [such titles]." (See also Handbook of Public Assistance Administration, Part IV, §§ 8400–8443.)

New York submitted applications under date of September 9 and September 10, 1971 for § 1115 waivers to conduct two experimental projects titled "Incentives for Independence" and "Public Service Work Opportunities" (PSWOP). The overall purposes of the projects are to reduce grants to FAP levels, and to require recipients to participate in work relief projects and conform their life-style to the models selected by the state. On September 22, the Executive Assistant to the Administrator of the Social and Rehabilitation Service in HEW stated that approval of the projects seemed certain.

The swiftness of HEW's decision is somewhat surprising both in view of the agency's previous track record, and the fact that the projects effect a drastic change in the status and grants of the recipients covered and represent a radical departure from the basic federal policies concerning assistance which have been developed from the experience of the last 30 years. For example, under the present Federal statute and regulations, assistance must be a money payment free of any duress on, or agency control of, individuals. Also, the stated purpose of the federal program is to place recipients on a par with all other citizens with the least possible differentiation in treatment and to require recognition of a recipient's personal dignity and right to full enjoyment of his constitutionally protected rights, including the right to privacy. All of these approaches are rejected in the project.

Clearly, such projects cannot be related to promotion of the objectives of the present public assistance statutes.

HEW itself has both implicitly and explicitly recognized that § 1115 does not authorize waivers which allow a state to diminish the rights which an individual would otherwise have. In fact, these projects would constitute the first overt use of § 1115 to give recipients less than they would be entitled to under the regular state plan or to impose eligibility conditions more onerous than those under the plan. Even more specifically, HEW has previously rejected applications for work relief projects on the ground that such projects are clearly inconsistent with the fundamental Congressional purpose that work in return for public assistance payments may not be required or allowed except under the WIN program's priority three work projects or Title IV of the Economic Opportunity Act.

Finally, the projects themselves are extremely complex and leave many unanswered questions as to their implementation so much so that it is difficult to understand how any reasoned decision as to their basic workability and acceptability could be reached. Precipitous action would harm not only tens of thousands of New Yorkers but countless additional citizens. Both California and Illinois have announced plans to file similar applications, and many other states are expected to follow suit.

These projects are but a part of the overall New York work program established by the 1971 legislature. In brief, the effect of that legislation is to:

1. Create a presumption that any person 16 or over receiving AFDC or HR is employable unless he is an AFDC child in school full-time or participating in an "approved" program of vocational training or rehabilitation; e.g., WIN, vocational college. (Persons in such training who are not considered "employable" are nonetheless covered by step 2.)

2. Discontinue mailing of assistance checks to all such persons; the recipient is required to report to the SES (State Employment Service) office every two weeks to pick up his check and to be interviewed for purposes of possible job referrals to private employment.

3. Require such persons to accept assignment to a public works project to "work off his grant," if he is not hired in a job within four weeks after he first goes to SES. (A new applicant who is considered employable by DSS must go to SES and indicate willingness to cooperate in the process before an application will even be accepted.)

At the time the New York legislation was passed, HEW advised the state that amounts for which an individual was required to work did not constitute assistance, and therefore that the state could not claim federal matching for the grants of any AFDC recipients required to participate in a public works project. Accordingly, insofar as the work relief program is concerned, the demonstration projects are simply a device to obtain otherwise unavailable federal funding. The Incentives project imposes an additional sanction to obtain participation in the work program. Thus, under the general work relief and PSWOP, an employable's refusal to participate will cause his needs to be removed from the grant. Under the incentives project a family with employable members can obtain its full grant only if such members participate in a work program. If they do not, the already reduced grant will be further reduced because of the employable member's non-work.

PROJECTS

1. Incentives for Independence

(Known in the state agency as the "brownie point program").

A. Project Theory

Everybody starts off with less, some may get as much as they're entitled to, nobody gets more.

No matter what else it may be, the incentives project is not an experiment in income maintenance. No family is even guaranteed the FAP level much less FAP plus their incentive points. Each family's grant is computed by examination of the individual's actual shelter needs so that any effort by a family to decrease shelter costs in order to be able to get greater benefit out of the grant will only decrease the grant.

The stated "primary goal" of the project and its supposed justification is "to see that financial dependency is eliminated for the vast majority of employables now forced to rely on [assistance] for sustenance." Over 26,000 AFDC and HR recipients from over 7100 families will be covered by the project and thereby suffer substantial grant reductions unless they can "earn" incentive points. However, only 1377 individuals are estimated to be unemployed employables. In fact, the project indicates that there are only 50,000 employable adults out of the 1.8 million on assistance in New York State. Clearly it is not the lack of work motivation that has placed the other 1.75 million on assistance. Furthermore, these 50,000 employables including the 1377 people in the project are simply those whose age, physical abilities and home situations would permit work, and they include "many recipients who have never been employed as well as those who lack education, training or skill necessary to obtain employment." (Annual Report of the State Board of Social Welfare, 3/71, Pub. No. 1016) The state's own data destroy its thesis that work is the solution to the problems of the welfare system.

Additional evidence of the insubstantiality of the state's purported objective of placing people in employment is found in the results of the WIN program in New York. The Annual Report of the New York State Board of Social Welfare and the New York State Department of Social Services for the year 1970 (Pub. No. 1016, 3/71) states:

"1970 accomplishments of this program (WIN) have been disappointing. The program has been adversely affected by a lack of employment opportunities caused by the general business slowdown during the past year and by a shortage of day care facilities."

During the year 1970, only 2,947 persons were placed in jobs after completion of WIN training. Since there are currently 14,800 training slots in use in New York State, the question is raised as to how jobs will be found for both WIN trainees and those in the New York projects. The answer is apparent. The latter will be placed in work relief where they will work off their grants in jobs for which state and local governments are not willing to pay a living wage. It is the cruelest form of deception to classify such jobs as training or career opportunities.

Even the estimate of 1,377 employables in the project areas is based on the assumption that the state will be able to provide day care for 1,522 children between the ages of three and eleven. Considering the fact that the state has not even been able to supply day care for children of all the mothers who have volunteered for WIN,[1] there is an obvious question as to the reality or else the quality of the day care which would be provided.[2] It is also noteworthy that no consideration is given to the need for care of children over 11. Presumably such children are to be on their own from the end of the school day until their parents return home at 6:00 or 7:00.

The disproportionate number of unemployables in a project purportedly designed to test work suggests that the project is designed for some other purpose. This other purpose lies in the requirements that will be imposed on unemployables in order to "earn" their full grant. It is at this point that the true character and purpose of the project emerges. Mothers of AFDC families are to

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[1] Report of the Board of Social Welfare, March 1971, p. 7; also April 1970, p. 9.

[2] See discussion of day care under work relief, *infra*.

be treated as irresponsible and non-caring parents who must be driven to improve the lot of their families through the carrot and stick. Children of recipient families are to be trained to do the housework of society, apparently on the theory that only the poor are responsible for the ecological problems of the nation or that only the poor should be involved in their solution. The social and political judgments embodied in the project do not stop there.

Thus, in a spirit of admirable honesty the state makes it quite clear that its fundamental purpose is to obtain "behavior modification" (Project, p. 37). For example, the family is to be rewarded for a child's participation in the Boy Scouts or for utilizing community resources to overcome problems of child delinquency. No indication is given as to whether credit will be given for a participation in the Young Lords or the Black Panthers or how a family might earn similar credits if it is not interested in any of these organizations. At a time when much of America is taking a hard look at its own values and life styles and trying to understand its own children, it is proposed to glibly establish a set of absolute standards for proper family behavior, or perhaps, behavior useful to the state.

Clearly it is no more reasonable to look to such factors in a scheme of public benefits, than it would be to adopt a system of taxation based on individual behavior. Both would amount to punishment for unacceptable behavior in both legal and moral terms. Conditioning receipt of public benefits on acceptance of the views of one segment of society (apparently the white middle class) as to "individual betterment" and acceptable behavior patterns would appear to be a violation of the standards of due process and equal protection.

Another facet of the project would be to further institutionalize the segregation of the poor. Assistance recipients are treated as a group to be set apart and dealt with separately from the general population. Thus the project goals are:

(a) Education and motivation of all school age children—a role given over to the schools for other Americans.

(b) Development and use of employability skills in young adults—again a role generally considered appropriate for schools and colleges.

(c) Employment for all able-bodied adults—generally considered the province of the employment services after the establishment of a basic foundation through the schools.

(d) Development of a sense of community and family involvement and responsibility—whether regarded as useful or not, being "involved" is generally not considered to be a mandatory requirement of citizenship.

B. Project Scheme

The fundamental element in the project is to reduce the grant level of all AFDC and HR families to the level of FAP benefits, e.g. $2400 for a family of four as opposed to the current state grant of $3763. The $3763 payment itself purportedly represents only 90% of need and actually represents far less, since the present need standard equals May 1968 prices for the items in the standard. Accordingly, grants under the project would meet only 60% of stated need and an even lesser percentage of actual need if one recognizes the 15% cost-of-living increase since 1968.

Families will "have an opportunity" to "earn" up to their grant level by:

1. Participation in employment, existing public or private jobs.
2. Participation in employment in funded job slots.
3. Participation in work relief.
4. Work training.
5. Cooperation with school authorities.
6. Participation of teen-aged children-students in "community service projects."
7. Participation in self and community improvement (as defined by the state agency).[3]

Families can earn points worth up to $12.50 bi-weekly for such activities.

A family of four would have to earn eight points, larger families more. No family could "earn" more than its maximum grant, i.e. no credit is given for activities over and above the amount needed to earn the former full grant.

Supplementary assistance to families with earned income will be based on the difference between countable income and the payment standard. However, countable income will be determined under a new formula which disregards $720 plus ⅓ of the remainder up to 150% of the FAP level ($3600 for a family of four) and 25% of the remainder. By this method a family of four with a total gross income of $6128 or a take-home pay of $102.65 a week has attained self sufficiency. (The Bureau of Labor Statistics, Lower Living Standard for an urban family of four in May 1970 was $7060.) Under the current state plan, such family would be eligible for supplemental assistance of $631, and medical assistance for all items of care and services covered under Medicaid.[4] The new disregard deprives them of both. The change in Medicaid status is especially significant since such family, when it becomes medically needy only, would be eligible only for a drastically reduced range of medical assistance. Where is the work incentive in a program which deprives a family of all aid at a point where income is obviously insufficient to meet all needs? Clearly there is a positive disincentive to work unless income can be expected to soar far above the cutoff point for aid.

In addition to the disincentive resulting from the reduced income disregard, the "earning" of incentive credits for a family with earned income is a myth. As is demonstrated by the state's own tables, supplementary assistance is based on the difference between countable income and the maximum payment standard. There is not, and functionally there cannot be, any building up from the FAP level, except for a family with only minimal income and practically no incentive credits. In short, any family with earned income will have its grant determined in exactly the same way as under the regular program except that it will receive less money. For example; a family of four entitled to a maximum grant of $313 would have to have countable income under $51 per month to actually receive any benefit from the incentives!

Basic grant	200
Incentive credit for work	25
Incentive credit for school, child under 15	25
	250
Constant factor (subtraction of rental allowance included in the $200 FAP grant, see p. 3 (*supra*)	−92
	158
Actual rental cost (average figure used by state)	+105
	263
Countable income	+50
Total	313

Even in such cases, increases in income would necessarily wipe out any value to the purported incentive.

The details of the work relief component of the project are the same as those of the general work relief project discussed below. However, there is an additional question with regard to work relief in the brownie point system. In calculating the amount of the grant to be worked off, will the agency include the value of earned credits, e.g., assuming a family of four which has earned back to the maximum grant, will its hours of work be based on $200 a month or $313? The project appears to assume the latter, again demonstrating that the "incentive" for work is a simple exercise in "now you see it, now you don't."

The only remaining purpose for the brownie point system would be its utility in compelling recipients to participate in work relief and surrender their rights to privacy and self determination by forcing them to choose between bread for their children and the expression of their own views and perceptions as to their personal goals and responsibilities and the concomitant goals and duties of their government. The particular activities selected for credit and the values assigned thereto are designed to promote both the control and separation of the poor. A full point is earned by school attendance for children under fifteen; a child over fifteen must both regularly attend school and participate in an after-school service project to get a full point. Similarly, only a child under fifteen earns automatic points in the summer; a child over fifteen must work full time in a community service project. Apparently extra-curricular programs such as sports and other school clubs are not considered important for the children of the poor.

Participation in the community service projects is limited to children of assistance families. This reflects not only segregation in fact, but an approach that only children of the poor need to develop motivation for work and good working habits. Furthermore, earning of the incentive credit and of a stipend of $1.60 per hour (exempt in determining assistance) is dependent upon *satisfactory* participation as determined by the work site supervisor and will include consideration of "program behavior, attitudes, etc."

One of the most telling facets of the project is the range of activities omitted from consideration, e.g., between a woman raising her family alone and a woman with a husband in the home. It is only in the case of a two-parent family that the project considers the family stability is aided by the woman's presence in the home. As to the incentive opportunities, "unemployable adult" is clearly a euphemism for female caretaker, and clearly she cannot be expected to even clean her own house without some financial bonus. One imagines some team of white-clothed Mr. Cleans on bi-weekly visits to check dust levels.

She may also utilize remedial medical services, attend adult basic education or high school equivalence and, of course, help locate her deserting spouse or help to establish paternity. The use of the project to compel cooperation in paternity action and location of deserting parents is apparently an attempt to circumvent the growing body of case law which holds that a state may not impose such requirements as a condition of eligibility. As to the other activities, since the caretaker will not be considered unemployable unless she has children at home who require care, it is questionable as to where or how her children will be cared for while

[3] For a more detailed listing of items 1–6 see appendix 1, attached; item 7, appendix 2.

[4] The diminution in grant is even greater than appears from this comparison. The state's description of current AFDC disregard is based on $30 and ⅓ plus $60 for work expenses. All available information indicates that $60 is not a reasonable estimate of work expenses. Under the state's own figures, deductions for social security, federal and state taxes alone for a family of four with a gross income of $6100 a year cannot reasonably cover all payroll deductions, transportation, lunches, uniforms etc. (In New York City with a 30¢ subway fare, minimum transportation is $3.00 a week or $12.00 a month.)

she participates in all these numerous self-improvement activities, e.g., most adult basic education courses in New York City are given at night. Also, one can assume that if she can make child care arrangements, the department may well consider her employable since she has available arrangements for her child.

Assuming the average AFDC family of four, a mother and three children under eleven, the mother has to find a way to build back from $200 a month to $313 a month by earning eight incentive points. If one of the children is a pre-schooler and she keeps him well vaccinated, she can earn $25 a month; assuming that she doesn't disagree or otherwise talk back to the children's teachers she could earn another $50.

She now has to earn two more incentive points a month. At that point she must turn to the "self-improvement" activities. Meanwhile she must choose between the value of her participation and voice in the conduct of her children's schools at the risk of alienating school staff, and the value of getting along with the teacher. Clearly a parent's involvement and voice in the education of children is to become a luxury for the poor.

C. Project Sites

Stated purpose is to have one urban, one rural, one suburban.

URBAN—HAMILTON CENTER, MANHATTAN

18,746 recipients in 5272 families will be affected—only 883 individuals are considered to be unemployed employables.

Six separated centers were considered. Hamilton was the only one with no whites in AFDC caseload and a 50/50 split between Blacks and Spanish-Americans; the only other without whites was 8% Black, 92% Spanish-American.

No explanation is given as to why a separated center was necessary. Since the theory of separation is based on a simplified program with minimal objective eligibility requirements, it would not appear to be relevant to a project which requires numerous complex and subjective determinations of eligibility with evaluative judgments. The need for such determination would seem to demand trained caseworkers rather than the clerical skill of an income maintenance worker.

SUBURBAN—ROCKLAND COUNTY

1762 families (1599 AFDC, 163 HR) with 6677 recipients—only 313 individuals are considered to be unemployed employables.

No solid explanation is given as to why Rockland was chosen, other than that it has a separated center and that its population is "more representative of that of national suburban growth districts."

RURAL—FRANKLIN COUNTY

Approximately 1,600 recipients in 332 families.[5]—181 considered to be employable.

Chosen "because" of its lack of cities and of public transportation. Employment primarily agricultural. Classified by DOL as area of presistent unemployment since November, 1959.

Full information as to the racial characteristics of the Rockland and Franklin districts are not yet available. However, Franklin reportedly has an American Indian population of approximately 2,500 people, and it is probable that there is a high percentage of Indians in the caseload. Is it a coincidence of selection that has led to concentration on areas with insignificant representation of whites in the caseload?

[5] No figures as to total caseload are given in the project. These figures are based on the New York State Department of Social Services Statistical Supplement to Annual Report for 1969, Table 6, Monthly average number of cases and persons.

D. Reality of Work Opportunities

The creation of paid public service jobs for the estimated 1,377 employables is based on the receipts of $2,844,293 from the Department of Labor to fund 1,377 jobs at $3,720. These jobs are supposedly to be in fields of environmental quality, health care, housing, etc. and to offer opportunities for career advancement. The salary is to be no less than the state minimum wage or the prevailing rate of pay for similar public employment. Franklin County is primarily agricultural and without public transportation, and has had chronic unemployment since 1959. It may safely be assumed that there is no possibility of creating such employment in that area.

In any case, the present minimum annual salary for state employment is $4,595. In New York City the lowest municipal wage is $5,200. Clearly the state cannot set up 1,377 job slots out of the available funding. Unless the state intends to ask for significant additional amounts of federal funds, the proposed job slots are simply a facade to mask the use of the incentive point program and grant reductions as additional compulsion for cooperation in work relief.

II. Public Service Work Opportunities

A. Project Theory

The project application states that "the basic objective . . . is to determine the impact on welfare dependency when every employable recipient is required to be working or in training." There is no specific suggestion in the materials that working off a grant could have any impact on dependency, much less any rationale to support such a theory.

However, the goals of the project again include the achievement of certain behavioral modifications as well as "improve[ment of] the attitude of the public" and "decreas[ing] the costs of public assistance." Perhaps the last stated goal provides the truest key to the purpose of the project.

It is apparent that the fact that recipients are working off their grants does not in and of itself decrease the costs of public assistance. It could result in a decrease if the program resulted in individuals leaving the rolls or requiring less assistance because they had acquired paying jobs. However, given the fact that work relief is designed for those for whom "employment in the regular economy, training or public service employment is not available *or not appropriate*" and the present poor results of the state's WIN program, it is apparent that the state has no real expectation in this regard. Costs could also be decreased if the program brings attrition, i.e. individuals being dropped for refusal to participate and/or foregoing assistance rather than participating in work relief. For example, a mother who believes that her proper place is in the home caring for her child may well try to eke out a hand to mouth existence rather than seek assistance at the cost of leaving the home.

And finally, the cost of assistance may be decreased even if the dollar expenditure is not reduced, if assistance is looked upon as buying certain services for the state. Certainly $3763, the grant for a family of four for a year, is not a costly figure if it is looked upon as an annual wage for full-time year round employment, i.e. 2034 hours or 51 weeks at $1.85 an hour.

This approach could also explain how work relief can "improve the attitude of the public," i.e. the public may be willing to support the program as a source of cheap labor (so cheap as to be free). It is difficult to conceive of any other relationship between work relief and public attitudes toward welfare except for a somewhat Machiavellian theory allegedly advanced by the state.

Thus, representatives of the state agency have reportedly suggested that the project could be used to show how few assistance recipients are truly employable.[6] Of course, if this is in fact the project purpose, it could be certainly accomplished more expeditiously and more economically, not to mention more humanely, by an informational campaign designed to bring the facts as to the makeup of the caseload to public attention.

The behavioral goals of the project are but another reflection of the stereotyping of recipients and mandating of life styles manifested in the brownie point programs. Thus the project assumes that individuals on assistance are lacking in self respect and initiative and are non-participants in their community and further that these attitudes can be changed by work relief. No rationale or theory is advanced as to how such problems if they exist could be cured by work relief. If one considers the forced nature of the work, the segregation of the assistance recipient in the work setting, the lack of any recourse from arbitrary supervision, as well as the lack of any wage or income increment, it is difficult to see how one's self respect or initiative could be enhanced.

B. Project Scheme

Every family member who is "found to be available for work" by the welfare agency will be required to work off his grant, or in the case of a parent, the family's grant if regular employment is "not available or not appropriate." Provision is to be made for the cost of transportation and lunches. There is no indication as to the amount which will be provided, however, and since the agency only allows $60 a month in the regular program for all work expenses, it can be assumed that the allowance for transportation and lunches will be considerably less. Also it would appear that the allowance will be included in the amount the individual is required to work off.

In general, any non-student child over the age of 16 and any caretaker of a child six or over is available for work unless he or she is unable to work because of illness, incapacity or age. However, the definition of availability distinguishes between a woman raising her family alone and one who shares her home with an adult male relative; the latter is exempted from the work requirement. In addition, it is a stated purpose of the program to insure that every "mother and other female caretaker will be employed in the regular economy, or be in training, or be in a public service program or be providing 'in home' day care to children of other [recipients]." It is apparent that the project is based on the assumption that a mother's role in child rearing is of no value and that caring for one's own children is a luxury not to be wasted on the poor.

A particular activity or job will be considered sufficient if it can be characterized as "maintaining or developing adequate work habits" without regard to whether it develops skills or otherwise offers any potential for upward job mobility. At present, participants in work relief have been used to pick up litter in Central Park. Theoretically, no recipient will be used to fill established unfilled position vacancies in any unit of government. However, considering the extent of public job classification, it is difficult to conceive of any productive work which could be done for a governmental agency which would not fall within a position classification.

New York City is clearly filling existing positions with recipients, apparently on the theory that a frozen position, i.e. one which may not be filled with a paid employee, is not an unfilled position since it is not available for filling. Some indication of the type of jobs which will be included is provided by

[6] Comment attributed to Barry Van Lare, Executive Deputy Commissioner, at October 7 meeting with New York community groups and voluntary agencies.

the fact that the agency felt it necessary to stipulate in the application that "sanitary facilities will be supplied and a basic standard of cleanliness will be maintained." One might think that such conditions would be assumed in most jobs.

The hourly rate assigned to a work project will be the state minimum wage, e.g. $1.85 for non-agricultural employment, or the wage paid to employees of the governmental unit in comparable work, whichever is higher. New York City will assign hourly rates of $2, $3 and $4. However, it appears that rate variances will depend on subjective judgments of the "hiring" agency rather than any objective classification of the work assigned.

New York City has stated that the average requirement for a home relief recipient in the present program is four days work in a two week period. It should be noted, however, that most home relief recipients would be working off a one or two person grant. The required hours can be expected to rise sharply in the AFDC program where mothers must work off a family grant.

If a recipient fails to participate in the project "without good cause," he or she will be ineligible for AFDC, i.e. the family grant will be reduced by removing one person from the family budget. There is no time limit on ineligibility and the project does not indicate how a recipient could be reinstated to the grant.

What can work relief be other than an enforced servitude, more commonly known as slavery? The individual has no choice as to where he works, or the hours or conditions of his employment and is necessarily subject to any and all demands of his work supervisor, since he is dependent on the continued good will of such supervisor to meet his basic subsistence needs. Should the supervisor determine that the individual is not "cooperating" in his work, he is deemed to not be participating in the program and thereby suffers the loss of his grant.

This total subjection of the individual must be viewed in relation to the express project purpose of obtaining behavioral changes. Apparently the behavior sought is blind unquestioning obedience and acceptance of the fact that being poor is equivalent to being a second-class citizen who has no right to self determination or self expression. In addition the project is a total admission of the failure of American society to find a just and equitable answer to the problem of poverty in a nation whose economy is based on the concept of less than full employment and which has not yet guaranteed good education, good health care and adequate housing for each of its citizens. Shall this then be America's ultimate resolution of the "war fought to free the slaves?"

C. Day Care

In order to ensure availability of mothers for participation in work relief, recipients will be encouraged to work off their grant by serving as in-home day care centers for up to five children. The mothers of the children so cared for will then be required to take other work relief jobs. An AFDC recipient will not have any right to refuse to place her child in such day care, if the agency determines that it is suitable care for her child.

There are no standards specified as to the person or dwelling. Apparently agency workers will be free to make their own decisions as to the suitability of a home for such purpose. No provision is made for any payment to cover the cost of providing meals and snacks to the children, much less to provide any books, games, or any other items which might normally be expected to be present in a "day care" situation. Similarly, although the caretaker is supposedly required to assure the provision of adequate health care and the availability of a person to assist in emergencies, there is no indication of how she is to accomplish this without additional funds or any agency help.

The day care portion is a concrete example on the whole thrust of these projects, i.e., the repeal of the service program for families on assistance and abandonment of the income maintenance principle for assistance payments.

D. Project Sites

The project will cover all AFDC recipients in the Manhattan and Staten Island, some 60,000 families, as well as recipients in Rockland County, 1,599 families; Nassau County, 11,318 families; Niagara County, 3,004 families; Oneida County, 3,201 families; Albany County, 2,761 families; Cattaraugus County, 875 families; Chemung County, 925 families; St. Lawrence County, 1,218 families; Franklin County, 493 families; Greene County, 224 families; Orange County, 2,360 families.

III. Procedural inadequacies

There is a fundamental procedural problem in approval of these projects, the lack of any true project design. The materials submitted by the state are merely a statement of purposes and effects without any detail as to the actual process which will be followed or the standards or guidelines which will be applied. For example, there is no delineation of the standards which will be used by workers to determine "satisfactory" participation in a work program, or "cooperation" with school authorities, or "good cause" for refusal to participate in work relief.

Assuming that any validity at all could attach to the projects, it would seem to be wholly dependent on the sophistication and meaningfulness of such standards, and on the ability of the state to construct standards which are susceptible of at least somewhat objective application. Yet the state has apparently not yet even reached the question of attempting to fashion such standards. It is ludicrous to suggest that HEW could reach any reasoned judgment as to the relationship of the projects to the objectives of the Social Security Act when the materials do not provide any specific details as to the working of the project and, further, are inconsistent on a number of points.

The projects also dispense with most of the basic procedural safeguards which have been established to ensure continuance of assistance to those entitled thereto. Overpayments will be deducted out of subsequent checks regardless of whether the individual still has the money available. Hearings as to the correctness of a denial of incentive points and therefore denial of payments will come after the fact. In fact, there is not even a requirement of retroactive payment to correct erroneous determinations. Similarly there is no specification of hearings requirements in the work relief project. Will the individual have a hearing on the questions of availability for work, suitability of job, refusal without good cause? Will assistance be continued pending the outcome of such hearing?

Suggestions have been made by state representatives that crediting of incentive points will be based on the recipient's declaration of entitlement. Significantly there is no mention of any such declarative method in the project. On the contrary, all the internal evidence indicates the necessity for an affirmative finding. Thus, reference is made to *satisfactory* performance in a work project with reports of supervisors, *determination* of cooperation with school authorities, *certification* and *auditing* of incentive opportunities. Clearly there is no basis on which to infer an automatic crediting of incentive points based on the recipient's declaration.

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Staff Attorney.

APPENDIX 1

Incentive points—for all families—dollars credited semi-monthly.

Pre-school child, if parent obtains medically required vaccination and booster during the prior six months. (No explanation of how you earn if medical care not available), $12.50.

Child 5–15, if parent cooperates with the school authorities, $12.50.

Full-time student over 15, if parent cooperates with school authorities, $6.25.

School year participation of six hours every two weeks in "community service program," $6.25.

Summertime participation of up to 60 hours every two weeks in "community service project." (Can be earned without participation if child is in other employment, required to take care of brothers and sisters, or is in a remedial or supplementary education program), $12.50.

Unemployed Employable Adult on assistance for less than four weeks reports to State Employment Service and follows directions, $12.50.

Unemployed Employable Adult on assistance for more than four weeks, reports to SES and participates in manpower training, $12.50.

Employed Employable Adult, $12.50.

APPENDIX 2

INCENTIVE OPPORTUNITIES FOR UNEMPLOYABLE ADULTS

One point for any one activity or combination of activities.

1. Improvement in housing standards by *self clean-up or self-repair* of dwelling.

2. Participation of children in citizen building activities, e.g. *Boy Scouts, 4–H, community centers.*

3. Participation in individual or group activities designed to improve *money management or home management.*

4. Attendance of the adult at *family life education* program.

5. Utilization of *community resources* to overcome problems of child *delinquency.*

6. *Providing* out-of-home *day care* for a child of another public assistance family.

7. Participation in the *establishment of paternity* for children born out-of-wedlock and/or securing financial support for them.

8. Participation in the *location of a deserting parent* and/or of securing financial support.

9. *Initiating* own satisfactory *day care* plan *for* children in order to engage in regular *employment,* training, or public service opportunity.

10. Utilization of remedial *medical (health) services* by the adult which is designed to enhance employability or self-functioning.

11. Participation by the adult in a *program of rehabilitation* designed to improve economic independence or self-functioning.

12. Participation by the adult in a program of *adult basic education* or high school equivalency.

13. Attendance of the adult at a health education program.

14. Providing a child with *foster care.*

15. Serving as a social services agency *volunteer.*

COMMENT ON REVISION OF NEW YORK'S PROPOSED PROJECTS UNDER SECTION 1115 OF THE SOCIAL SECURITY ACT

The NYSDSS submitted to HEW by letter of November 11, 1971, substantial amendments to its two proposed projects, Incentives for Independence and Public Service Work Opportunities Project (PSWOP). These revisions remove some of the more obviously Orwellian features of the project but leave their basic purpose unchanged i.e., to use public assistance to control individual behavior by conditioning the amount of the

grant and its receipt on the manifestation of behavior considered to be acceptable by the state.

The extensive scope of the alterations and the introduction of substantially different mechanisms raise entirely new questions for analysis and comments. However, HEW stated on November 16 that it may approve the projects on November 24. This statement is even more remarkable in view of the fact that the submissions have incomplete and inconsistent data, e.g., the state has neglected to change data related to the change in districts, and there are conflicting figures as to the amount of DOL funding. (HEW was still apparently not aware of the missing links on November 16.) In fact, the overall impression is one of hastily thrown together and incompletely thought out materials.

The following comments are addressed primarily to the changes and should be read in conjunction with our analysis of October 27 for a complete understanding of the total projects.

INCENTIVES FOR INDEPENDENCE

The across-the-board reduction to FAP levels has been abandoned, but families will suffer grant reductions for failure of "employable" members to participate in work or training selected by the agency or failure of a teen-ager, over 14, to participate in a "community service project." In addition, a family will be completely deprived of any control over their grant if a child exhibits "truant behavior" and the family fails to accept and follow through on a plan of counseling and corrective action established by the social services department.

The work requirements for employables are substantially unchanged. The state continues to make no provision for child care for children over eleven whose mothers will be compelled to work. It is now clear that the family grant will be reduced by $800 per year for any person determined to be employable who does not comply. In addition, mothers of children under six, full-time students, and individuals needed in the home on a continuous basis because of illness or incapacity of another family member, will be "counseled and encouraged" to voluntarily register for manpower services, training and employment. The potential * * * the mathematical calculations are $6000 are merely a bit of hastily and carelessly worked up window dressing, and that the intention is to provide jobs at $3720 a year.

Two of the brownie point features have been retained. One is that AFDC children over 14 who are full-time students and not otherwise employed or in a training program will be required to participate in "community service projects." The family's grant is reduced $12.50 per month for any child who refuses to so participate. There is no allowance for, or recognition of the possibility of good cause for a refusal in a particular case. In fact, the proposal even neglects to place responsibility for determination of whether there has been such refusal, i.e. is the determination to be made by DSS, ES, both.

A stipend of $1.60 an hour is to be paid, but payment is limited to 150 hours per year. However, the student apparently can be required to work 360 hours per year, averaging out to a rate of $.67 per hour. (Twelve hours per month for 10 months + 120 hours per month for two vacation months=360 hours.)

The student is required to report to the State Employment Service regardless of whether or not there is a slot available and there is no limit on the number of times a student could be required to report while waiting until a slot is available. Apparently a student who refused to continue reporting to the center without job placement would incur the grant deduction penalty.

There are no employment centers in the neighborhoods in which the affected recipients live. There is no provision for payment for the cost of transportation to the employment center office, nor any identification of the center to which they will be required to report. Carfare could easily run $1.20 round trip and might well cost more.

Finally, there are no provisions or standards with regard to the work which could be required or its possible location, i.e. the community service need not be in the student's own community.

The second brownie feature relates to school attendance. A determination by the social services agency that a child "exhibits truant behavior" can lead to the family's being completely deprived of any control over, or voice in, the use of its grant. If such family does not accept counseling and a plan for dealing with the child which is established by the agency, its grant will be paid to a protective payee to disburse on its behalf. In all probability this payee will be a social services employee.

At the outset, it is to be noted that New York is required to offer such counseling services under the Title IV–A and IV–B services program. 45 C.F.R. § 220.22. Therefore its identification as a service to be provided on an experimental basis seems to indicate that the state is currently violating the provisions of federal law by not supplying these services. In any case, the system of compelled counseling is in direct violation of the federal requirement that a family have the right to accept or reject any plan of services. 45 C.F.R. § 220.16.

Again, the project is so vague as to leave recipients virtually at the mercy of the agency. There is no definition of the term "truant behavior," e.g. the frequency or length of absences. Nor is there any limit on the number or frequency of counseling sessions which a family might be required to attend. Although the plan required for the child is to be reached by "consensus" among the parents, agency worker and school personnel, there is no indication of who has the controlling vote in case of inability to reach an agreement. It may safely be assumed, however, that the views of either school personnel or agency worker or both will carry more weight than those of the parent.

Should the parent not go along with any of these steps in the process, the loss of the grant ensues. As with the teen-age work project, there is no recognition that a parent might have good and valid reasons for refusal in a particular case, e.g., it is not altogether impossible that in a particular situation the child's truancy may be due to school conditions or behavior of school personnel, and that the focus on counseling for the parents is misplaced. Furthermore, there is an inherent anomaly in a so-called counseling program which is really a program to compel parents to follow a specific course of action with their children on pain of financial harm for failure to comply.

Even more fundamentally, the use of the protective-vendor payment device as a penalty for refusing to surrender the normal rights of parental control is the grossest violation of fundamental rights of self determination and self control. If the child's or parent's behavior is not such as to warrant action under the generally applicable provisions of New York law relating to child welfare, the state has neither the right nor the authority to attempt to coerce changes in such behavior.

The use of the protective payment is also in direct contravention of the purposes of the Social Security Act, which limits its use to cases of demonstrated inability to manage funds. This limitation is essential to the fundamental premise of the federal assistance program—direct money payment to the individual concerned.

The original demonstration districts were the Hamilton Center in the West Harlem area of New York City, Rockland County, and Franklin County. The revision substitutes the Bay Ridge Center in Brooklyn for Hamilton Center. Although the prior submittal devoted some length to an analysis of the reasons and justification for selection of the particular demonstration districts, the revision dispenses with any attempt to offer a rational basis for selection. In fact, the form and extent of the revision indicates that rationality had no part in the selection or the overall scheme.

Thus, pages 16 and 19 of the project description and budget, as revised, which constitute the fiscal estimates for the youth work program and the DOL funded jobs, are unchanged, i.e. all the information given relates to Hamilton Center, Rockland and Franklin Counties. No doubt this explains the amazing coincidence by which the estimate of 1377 employables remained constant. This is only one example of the somewhat incredible inattention to "details" which permeates the project proposals.

Notwithstanding the state's lack of concern with such details, which only form the premise for its whole estimate of required funding, it appears to be worthy of some mention that substitution of Bay Ridge has increased the number of affected recipients from 26,000 to 37,000 people and from 7100 to 9100 families. Furthermore, while Hamilton was purportedly chosen because of its good accessibility to an Employment Service Youth Opportunity Center to service the youth work program, there is no YOC in the vicinity of the Bay Ridge area.

The family caseload in Bay Ridge has been variously estimated at 65% Spanish-surname and 15–20% Black,[1] or 55% Spanish, 31% Black.[2]

Although the center has been reorganized to separate income maintenance and services so as to purportedly free caseworkers to concentrate on services, the caseload per caseworker precludes any truly meaningful service activity. As of February, 1971, the average number of cases per caseworker was 213 families (as compared to 171 for Hamilton Center or 134 for Clinton Center).[3]

Another "detail" which is given minimal attention in this project as well as in the separate work relief project is the matter of procedural safeguards to be applied in individual cases. With respect to hearing rights, for example, it is merely stated that those decisions which are "now reviewable, shall be subject to review" and that "in cases in which it is requested, an immediate fair hearing will be provided." There is no specification of the particular determinations which will be subject to review, the issues which could be raised, e.g., whether a particular action did in fact constitute a "refusal," or whether assistance will be continued unchanged pending the state fair hearing. There is not even any assurance that individuals will receive prior notice of any and all proposed charges and of their right to hearing thereon, etc. This is particularly significant since New York is not now complying with the federal fair hearing requirements in its regular programs.

In view of the substantial divergence between state practice and federal requirements there can be no assurance that New York will interpret its hearing commitment consistently with federal policies, unless there is a precise specification in the projects covering each determination included in the process.

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[1] These figures are based on statements of the Director of the Bay Ridge Center.

[2] Figures used by NYCDSS.

[3] The reference to Hamilton and Clinton is not meant as an indicator of the acceptability of such workloads, but merely to indicate the extremity of the problem in Bay Ridge.

PSWOP

The work relief project remains virtually the same. It serves notice to any mother that she will have to choose between staying in the home to take care of her children or receiving assistance to meet her family's needs. Its main purpose is still to "reduce the number of new [AFDC] cases," i.e. to deter parents from claiming the benefits to which they are entitled under state and federal law in order to care for their children. Apparently, not even the state believes that work relief is any meaningful response to a family's need for assistance.

As in the prior submittal, some recipient mothers will be required to serve without pay as in-home day care mothers, while other mothers will be required to place their children in such care in order to work at non-paying public jobs. The project still does not specify the procedures and standards which will be used to determine whether a particular individual is equipped to provide in-home day care and does not even specify that the home must qualify for licensing as a family day care home under the state's general day care program. This is in direct contravention of federal regulations which require the state to establish standards which meet the standards of national standard-setting organizations such as the Child Welfare League of America and the National Council for Homemaker Services, 45 C.F.R. 220.18(c).

There is still no provision made for any payment to meet the costs of meals, snacks, etc. for the children or for any support system to deal with emergency situations.

The agency is to be the sole determinant of the type of day care to be utilized for a particular child based on its assessment of the child's needs. This is again in direct contravention of the federal requirements that the parent be given a choice as to the type of care to be provided where there is more than one kind of day care available. 45 C.F.R. § 220.18.

Another example of the state's mathematical wizardry is found in the substitution of Bay Ridge for the Fordham Center. The total number of New York City cases affected remains exactly the same (Project Appendix). However, the failure to make any adjustments is understandable in view of the fact that the figures given already exceed 25% of the state AFDC caseload, i.e. 25% of the state=85,286 cases, cases covered by demonstration=88,503. But then what's ten or twenty thousand people here or there, when one has already decided that hundreds of thousands can be deprived of statutorily guaranteed rights by administrative fiat.

NOMINATION OF EARL L. BUTZ TO BE SECRETARY OF AGRICULTURE

Mr. HUGHES. Mr. President, whom does Dean Butz, President Nixon's nominee for Secretary of Agriculture, speak for: agribusiness or agriculture?

Just a few months before the Ralston Purina Co. asked Mr. Butz to become a director of their company, he offered his views about one of the crucial issues facing agriculture: vertical integration. Under vertical integration the large companies who previously only sold to the farmer or bought from the farmer, became the farmer. They signed contracts with individual farmers for their production, contracts which often specified what, when, how, and where the farmer would produce. The farmer often became what one commentator called the modern day equivalent of the sharecropper.

During the period that Mr. Butz served on the Ralston Purina board of directors, that company was one of the leading agribusiness companies to vertically integrate into the poultry, eggs, and turkey industry. Today, virtually all the Nation's broilers, for example, are produced under contract with one of the giant agribusiness companies, with Ralston Purina one of the leaders.

During his confirmation hearings in the Senate Committee on Agriculture and Forestry last week, Mr. Butz cited the fact that Ralston Purina is leaving the poultry business as an example of the fact that corporations and big business interests are not taking over agriculture. But a report last week in Feedstuffs indicates that one of the leading contenders to take over Ralston Purina's poultry operations is Donald Danforth, Jr., executive vice president of Ralston Purina, on behalf of the Danforth family, including Donald Danforth, Sr., retired chairman of the Ralston Purina board, and William Danforth, a member of the Ralston Purina board.

The poor poultry farmers are going from the corporate frying pan into the executive fire.

I am submitting for the RECORD two views of the benefits and costs of vertical integration: The first is by Mr. Butz, entitled "Don't Be Afraid of Integration," a speech that was reproduced in Farmers Digest, August–September 1959. He argues to farmers that vertical integration is not bad. The other view is reflected in a report prepared by Mr. Harrison Welford, an associate of Ralph Nader, entitled "Sowing the Wind: Pesticides, Meat, and the Public Interest." It calls into serious question the Butz-Ralston-Purina view that vertical integration is in the farmers' best interests.

I am also submitting for the RECORD some more of the many letters I am receiving from my State expressing the frustration and anger on the part of farmers and rural people toward this nomination.

Finally, I am submitting a letter I received today from Mr. Oren Lee Staley, president of the National Farmers Organization, expressing his opposition to the appointment, and a telegram from Gov. J. James Exon of Nebraska, opposing Dean Butz.

I ask unanimous consent that these items be printed in the RECORD.

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

After observing two days of questioning of Dr. Earl Butz at the Agricultural Committee Hearings, we remain firmly convinced that his confirmation as Secretary of Agriculture would be a disaster for farmers. His answers have not satisfied our concerns over his long and close ties to agri-business, his attitudes toward elimination of farmers and the drive by integrators and others to gain control of the food industry, and the conflict of interest arising from his substantial payments as a director of three of the nation's largest agri-business companies.

He did not satisfactorily answer most of the questions put to him by Senators and other Members of congress of both political parties. These included attempts to determine what he might recommend to raise farm prices, how he would get REA and other department funds released by the White House, how he would tighten poultry inspections, and what he would do to halt the drive by integrators and others to take over farm production.

We feel Senate approval of Dr. Butz would be a vote to abandon an historic commitment to opportunity for people on the land. It would, in effect, ratify a policy to drive people out of agriculture, undermine farm and small business enterprises, and destroy rural towns and cities.

The Senate, in voting on confirmation, will be making a choice on the kind of agriculture and rural America our country wants to encourage. This crucial decision, in our judgment, is the most important single farm vote in this Congress. Farmers everywhere are deeply upset over the selection of Earl Butz and hope the Senate will not cast a vote against them. We, therefore, urge you to vote against the confirmation of Dr. Butz.

Respectfully yours,

OREN LEE STALEY,
President, National Farmers Organization.

[Telegram]

GOVERNOR'S OFFICE,
November 17, 1971.

I respectfully urge the United States Senate refuse consent to nominee Dr. Earl Butz for Secretary of Agriculture. Regardless of other considerations, the key reason for my objection to Dr. Butz has been his past record under former Secretary Benson when the nation's farmers suffered their other worst cost-price ratio in the nation's history. We are in deep economic distress in the farm belt. I am concerned that this fact is not fully appreciated or at least placed in its proper perspective in Washington. An indication that the U.S. Senate is concerned and intends corrective action would be evidenced by your declining to act favorably on this nomination.

Respectfully,

GOV. J. JAMES EXON,
Nebraska.

As a college student raised on a family farm in Iowa, I feel obliged to communicate to you my feelings concerning President Nixon's choice for Secretary of Agriculture.

Although America's rural population has declined regularly, and undoubtedly will continue to do so, it remains a unique subculture. Loss of family farms to huge agribusiness concerns would not only destroy a way of life which has striven to provide the world population with food and clothing for decades, but it would also destroy the economic backbone of countless small towns, not only in Iowa, but all across Middle America. This could conceivably cause an economic crisis in state governments of agricultural states such as Iowa.

In addition, conversion to agricultural conglomerates on a large scale would displace persons, although relatively small in number, who have no skill other than that they have spent their lifetimes developing. The American agronomist has developed his trade into a science, business, and industry all rolled into one. After so many years of dedication on the part of rugged individualists, to divert their potential to mere skilled labor so the real profit can go to urban dwellers who can invest large sums of money seems to me to be totally contrary to America's ideal of self-determination. After decades of work on the part of a distinct minority to make agriculture profitable, to rob these people of the reward simply because they haven't the strength of numbers of finances truly is a sad commentary on America.

The President's selection of Mr. Earl Butz as the next Secretary of Agriculture seems to me to be a sellout to big business on the part of the Administration. Mr. Butz' open advocation of agricultural conglomerates makes him a menace to the farmer, rather than a spokesman for him. Emphasis in selecting a man for this position should instead be directed toward organizing farmers so that their small voice can be unified and uncompromised.

I urge you to oppose the appointment of Mr. Butz for the sake of your constituents. It is indeed high time the interests of the American farmer received adequate protection from the federal government.

We as farmers in a livestock and grain area are opposed to President Nixon's nomination of Earl L. Butz as Secretary of Agriculture.

Secretary Hardin has not curtailed the flow of farm families from rural areas, nor has he improved farm prices. The farmer is the "whipping dog" to help keep down the cost of food. All other industries take their profit from our raw material and we get what is left, often this is a loss.

Butz, with his background, looks like a step in the wrong direction.

We would like a man working for the average farmer, not for Purina, International Minerals, Van Camp, or any Life Insurance Company.

As a student in agriculture at Iowa State University at Ames, Iowa, I am very much interested in the nomination of Mr. Earl Butz as the new Secretary of Agriculture. From the news media I understand your stand on this issue is the final defeat of his confirmation. According to your accusations Mr. Butz may eventually lead the administration to believing in the rise of large corporations in farming as favorable, thus leading to the downfall of family farms. I would like you to know that if this is his purpose I am definitely against it and am in complete agreement with you.

Since I grew up on a family farm and plan to return to farming I would like to do whatever is possible in preserving this trend. So I would like to know what I can do, besides just writing this letter, to help defeat the final appointment of Mr. Butz as the Secretary of Agriculture. I *have* a very *definite opinion* on the matter and I want to do all I can to preserve the family farmers. If I can be of help please let me know immediately as to the channels to affect the decision of the Senate's final vote.

Any other information you can give me on helping to control the corporate farming and let family farms survive, would be much appreciated. Thank you for your time and cooperation.

Farmers in this area oppose the appointment of Earl Butz to the Agricultural post. Butz has too many interests in feed companies and fertilizer companies.

We realize that you also are opposed to Butz as Secretary of Agriculture. But we want to tell you of our opposition too

It is well that Hardin resigned but we need a man who is interested in improving the economic status of the farmer, not a man out to run the farmer off the land by low farm commodity prices.

Let's create a desirable economic atmosphere in agriculture to encourage people to remain in agriculture to lessen urban congestion.

So please use your influence to get a Secretary of Agriculture who will obtain 100% parity for the farmer.

I was very much pleased to read in the news releases today that you have taken a definite stand against the nomination of Mr. Earl Butz for Secretary of Agriculture, which will release Mr. Hardin from this very important office so that he can assume the vice-presidency of the Ralston-Purina Corporation, one of the many agri-business giants that Butz has been associated with.

Butz with his entire background, going back to the Benson days, just won't do the family-sized farm people any good. He will try to destroy them.

It may be too much to wish for,—that his nomination will not be confirmed—yet a good stiff fight by those who are opposed to him might get back to enough people to have a significant effect on the 1972 election results.

I am greatly opposed to the appointment of Earl Butz as Secretary of Agriculture.

I know that his being associated with Ralston Purina, even though he resigns, will spell the end to the family farm. Once this is done your constituents will no longer have their cheap food, which we farmers can no longer afford.

Please tend to this matter.

We are shocked that Mr. Butz is even considered for Secretary of Agriculture. We beg you to work against his confirmation.

We family farmers, like the Indians, are truly becoming the forgotten people. We work so hard and such long hours for a bare existence. Many of us can not hang on much longer.

Won't you please help us by seeing that someone is appointed whose main intent isn't directed toward liquidating all but 600,000 farmers.

P.S.—Our Fools Gold (corn) will be more worthless if Mr. Butz is approved.

We are writing you in regard to the appointment of Secretary of Agriculture.

Farmers in Iowa really need someone there who will fight for them, especially as individual farmers, not a part of a machine. We have raised one of the biggest corn crops, and prices have dropped, it's piled on the ground. His past record hasn't been for the farmer, and he doesn't talk it now. We ask for your help in helping fight his appointment.

We as small farmers are very much against the nomination of Earl Butz as Secretary of Agriculture, and we are asking you to try and urge President Nixon to withdraw the nomination.

We don't like his connections with the four large corporations. We would appreciate it so much if you help in this regard. Thank you.

I am writing to commend and support you in your opposition to this disgusting nomination of Earl Butz as Secretary of Agriculture. No man who has been a part of Ralston-Purina could possibly serve the best interests of producing farmers. As you are no doubt aware Ralston-Purina is one of the worst promoters of vertical integration with contracts designed to bankrupt the producers. If Butz was opposed to these methods he would have left Ralston-Purina long ago.

Again I ask you to continue your opposition to this insult to farmers. It is apparently just more of Nixon's government of, by, and for big business.

[From Farmer's Digest, August–September 1959]

DON'T BE AFRAID OF INTEGRATION

[From a talk by Earl L. Butz, Dean of Agriculture, Purdue University]

Agriculture is changing from a way of living to a way of making a living . . . From a business of arts and crafts to a business of science and technology.

The industrial revolution of the past half century by-passed much of agriculture leaving its organization around the relatively small family-type unit. Many of these individual units—perhaps more than half of them—are so small or so inefficient as not to yield their operators a living standard generally regarded as adequate.

The present agricultural revolution, resting on basic science and closely allied with the widespread advance of automation in both production and distribution, is threatening this traditional pattern.

Because *vertical integration* is one of the stage properties being used by science, by technology, and by automation, places it under political suspicion as the villain in the act.

Here are five fundamental characteristics of current agricultural adjustment which bear on the problem:

1. Capital requirements have increased to the extent that it is difficult for an individual to accumulate sufficient capital to finance an economically-sized operating unit. This will become increasingly true in the decades ahead.

2. Management has become the key factor in successful farm operation. This is in sharp contrast to a generation or two ago . . . when many fewer critical managerial decisions had to be made.

3. The trend toward larger and fewer commercial farm units will continue. This trend has been pronounced during the past decade. It will accelerate in the decade ahead.

4. The commercial farm will assume characteristics of a manufacturing plant with the manager assembling "packages of technology," produced by others on a custom basis The share of total farm receipts spent for production items will increase still further, the gross margin per dollar of receipts will become narrower, and profits will depend more and more on growing volume.

5. The process of "Rurbanization" will accelerate. Rural and urban cultures will intermingle. A new community culture will emerge in which the farmer will tend to lose his vocational identity, just as the lawyer, the doctor, or the machinist now loses vocational identity in his own community.

Thus, we have the five basic trends brought on by integration in agriculture. Now let's look specifically at the social implications of the agricultural revolution. They may be grouped under four general headings:

Growing pressure on the combination of owner-manager-operator in one man.

We have departed from this pattern in the majority of other major business sectors of America. Time was we had many family foundry shops, bootmakers, corner grocery stores, and yes, even automobile assembly plants. These have given way to larger units, with more capital, with higher levels of management, with more specialization of labor, and, if you choose, with a higher degree of integration.

In the main, when such changes have occurred, opportunities for profit and for higher living have increased for owners, for managers, and for workers. Some individuals were injured in the adjustment, but on the whole, society gained.

The point is that economic pressures in agriculture make the field ripe for integration to manifest itself. But the critic of the change will often mistake the process of integration as the cause of the change.

Our system of fee simple ownership by individual operators will be under increasing pressure.

The typical cycle of farm ownership and operation under our present system of fee simple ownership by individuals is essentially the life cycle of an individual. In the main, our farms need to be refinanced each generation.

With the process of refinancing, usually comes a disruption of the farm as a going concern.

Industry has avoided this disruption by having divisible shares of ownership. This permits passing ownership from one generation to the next without disrupting management or operation.

The pressure is in this direction in commercial agriculture. However, this does not necessarily mean the growth of corporate farms. This may be accomplished in a number of ways:

We shall see the growth of family shares of ownership of the family farm, instead of

placing the farm in an estate to be sold as a unit.

Another way of meeting this problem is single operation of multiple tract ownership. The operator may be either a part owner or a complete tenant. In either event, he shares with others part of the traditional owner-manager-operator function. He surrenders certain freedoms and privileges in the process, but he gains greater rewards in return.

Negotiated pricing will tend to displace the present competitive price-making structure.

This has already taken place in the case of fruits and vegetables grown under contract for specialized processing, broilers produced under contract, and some feeding contracts for large animals. We shall see the development of price bargaining agencies among producers, who will attempt to bargain growing terms and prices before the crop is planted, the eggs put in the incubator, or the livestock bred.

Distribution patterns will change markedly.

Under the kind of price bargaining outlined above, existing marketing institutions will be under pressure. They will be bypassed by increasing quantities of products as they flow from farm to consumer.

Local auction markets will be under pressure. Jobbers, wholesalers, and even retailers may find it difficult to get enough volume to maintain themselves.

POLITICAL IMPLICATIONS OF INTEGRATION

The political implications of vertical integration may be classed under five general headings.

Fewer farmers inevitably means decreased political power for agriculture.

Indeed, that trend has been apparent in recent years, as farm politicians have faced increasing difficulty in holding the Farm Bloc together in Congress.

As commercial agriculture moves away from a "way of life" and becomes more business-like, and becomes more closely integrated with processing and distribution functions, it is inevitable that the relative political power of agriculture will decline. Even so, farmers will continue to exert political influence out of proportion to their numerical strength.

Political leaders will resist vertical integration in agriculture.

The philosophy of the small, owner-operated family farm is deeply ingrained in our sociological and political customs. Political pressure will continue to be to maintain small family farms, even though modern technology dictates that family farms become larger.

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

Governmental aid will become available for producers to organize bargaining units to deal with processors on matters affecting price and production arrangements.

In some states the Agricultural Extension Service will likewise develop aids and guides for producers who want to form some bargaining units.

Sometimes initiators of vertical integration will feel that such aid to producing groups constitutes an unwarranted interference with the price-making structure.

There will be an increase in the amount of regulation over our entire marketing structure.

Increased regulation will be distributed throughout the entire market structure. Some of it will be done by producer groups, some by processor and distributor groups, and much of it by state and federal governments.

The trend will be in the direction of administered prices, determined either through negotiation or by quasi-public regulatory bodies, rather than by direct competition in the market place.

As production of a commodity moves into fewer hands, and the commodity moves toward integration from producer through processor and distributor, increasing pressures will develop to extend the use of marketing orders.

There will be growing governmental discrimination against the larger processors and marketing agencies who attempt to initiate integrated arrangements.

This will place large commercial concerns at a competitive disadvantage *vis-a-vis* the smaller and medium sized concerns. The larger concerns which attempt integration, especially under direct arrangements with producers, will face continuing harassing action from the Federal Trade Commission, the Department of Justice, and Congress itself.

CHANGES NOT NECESSARILY BAD

Many agricultural and political leaders are frightened by the growing vertical integration in agriculture. They should not be any more wary of this change than of other economic and sociological changes occurring in modern society.

Change is the law of progress. The challenge which faces us is to direct the change along constructive and beneficial channels.

There is much good in integration. With proper direction, it will result in increased production and distribution efficiency, added control of quality, a more even flow of product seasonally and geographically, less risk of price and income variation to the producer, more rapid adaptation to scientific and technological innovations, and increased incomes to many producers.

The fact that an individual producer may surrender some of his managerial freedom and may transfer part of his risk-taking to someone else is really a very small price to pay for the advantages that flow out of an integrated system.

It is clear that the forces of politics and the forces of economics are and will continue to be on opposite sides of the vertical integration question. In this engagement, politics will fight a delaying action. They will neither stop nor reverse the economic trend. In the final analysis, the economic forces working in this process will be overwhelming.

None of us would want to live under the economic conditions which prevailed 20 years ago. Yet we vigorously resisted changes which were then occurring in the patterns of production, processing, and distribution. As we look back now, we wonder why.

Likewise, 20 years from now, we'll look back on 1959 and be a little amused that we were so fearful of change, rather than directing our energies toward channeling change down beneficial pathways.

It has been said that the proponents of the "status quo" are often the villains of history.

Those who resist inevitable change frequently perish in the process.

The future belongs to those who prepare for it.

[From Sowing the Wind: Pesticides, Meat, and the Public Interest]

"POULTRY PEONAGE"

(By Harrison Welford)

"Us folks in the chicken business are the only slaves left in this country."—Crawford Smith, Alabama contract farmer.

"They're whipped. We've broken them."—John Bagwell, President Spring Valley Foods, contractor.

The dirt poor hill country of Northern Alabama was the scene of bizarre events in the spring of 1970. Its poor white chicken farmers, rugged individualists to a man, had organized and were out on strike—the first time for farmers anywhere in the South. These family farmers with their rough blue overalls and Jeffersonian agrarian values, walked picket lines before the gates of Pillsbury, Ralston-Purina, and the other food conglomerates which bought their chickens for processing. Equally unprecedented was the decision of federal meat inspectors in the chicken plants to honor the pickets and refuse to enter the plants. Strangest of all, truckloads of black industrial unionists from Birmingham arrived at one plant to cheer the farmers on. The locals swore that the ghosts of Tom Watson and the Populists could be seen dancing in the shadows, their dream of a labor-farmer coalition against the trusts come true at last.

These events were stimulated by profound economic grievances which foreshadow problems for the consumer as well. A study by USDA economists recently reported that poultry growers in Northern Alabama work for an average of *minus* 36 cents an hour.[1] Their economic plight reflects the outcomes of the farmers' man-to-man encounters with the $300,000,000 corporations which buy their chickens.

The problems of the poultry grower have a common cause with the problems of farm workers, environmentalists, and consumers when they confront this nation's agricultural establishment: organized bargaining power is heavily weighted on the side of agribusiness. The concentration of meat production and marketing power in relatively few food conglomerates over the last two decades has not been matched by compensatory restructuring of consumer and farmer power. In dealing with the farmer suppliers at one end and the consumer at the other, Swift, Pillsbury, Ralston Purina, Central Soya and the other agribusiness giants still maintain a man-to-man, eyeball-to-eyeball contact with unorganized individuals. The unequal relationship encourages an irresponsible marketing power which permits the corporation to pass the costs of its mistakes and excessive profit margins either forward to the consumer or backward to the supplier. This imbalance assumes classic proportions in the chicken country of the Deep South.

The corporations see nothing improper in their refusal to deal with debt ridden farmers except as individuals. The Operations Manager of the Pillsbury Company, after refusing to meet with a grower's association, explained:

"Our position continues to be that we will gladly meet with any grower *on an individual basis* to discuss problems, complaints, or questions . . ."[2]

A Wisconsin Turkey grower describes the farmer's leverage in this situation:

"What farmer would want to buck up against a big corporation to fight for his rights, with probably $18 in his checking account, against a staff of 25 attorneys, to which money doesn't mean anything. How can a small farmer compete in this situation."[3]

The infiltration of the corporate state into agriculture is having a profound effect on the economic and social relationships of rural America. As large integrated companies move in, they force more and more family farmers to lose their independent status and become, in effect, organization men in overalls. Large corporations have recently moved into cattle ranching, cotton growing, orcharding and other kinds of farming. Dow Chemical now grows catfish in Texas; Purex is growing vegetables on thousands of acres in the Southwest; American Cyanamid and John Hancock Mutual Life Insurance Company have a joint venture to grow corn, wheat and soybeans on a 35,000 acre farm in North Carolina. Swift, Tenneco, Textron, Campbell Soups, Ralston Purina, Pillsbury, and Central

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Footnotes at end of article.

Soya dominate the beef and chicken industry. When corporations of this size go into farming, they pull the whole agricultural establishment in their wake. Congressional committees and the federal bureaucracy become more attuned to the interests of corporate agribusiness and less sensitive to the needs of small farmers, the rural poor and the consumer.

The corporatization of agriculture has been more rapid in the chicken industry than anywhere else. The chicken farmers of Mississippi, Georgia, Alabama and Arkansas, provide a melancholy model of what the new industrial state may hold in store for rural people. For readers of Southern fiction, this has a special irony. The chicken farmer, while he often cuts a ludicrous figure, was at least his own man farming his own land. He grew his chickens in a back lot, fattened them with diets of home-grown cornmeal and mush and sold them at auction at the county market when he was ready. As late as 1959, nearly 60 percent of all broilers were still grown by independent farmers and then purchased in the open market by large processors for slaughter. By 1970, the situation had drastically changed. Over 98 percent of all chickens are now produced under contract to large integrated corporations.

In contract farming, the corporation contracts for use of the farmer's land and its production resources. In doing so, it gains many of the advantages of family farming (primarily cheap labor) without taking from the farmer the risks of ownership. The farmer sells his commodities directly to the packer or processor at a fixed price agreed on in advance. In ten years from 1954 to 1964, the broiler industry went from 3 to 98% integrator controlled. Mergers of processing and slaughtering firms increased at a rate of 41% during the four years 1960–1964.[4] As a result, the open market, the traditional cushion between the farmer and his corporate buyers, is gone. The chicken farmer is no longer protected by competitive bidding in the marketplace. If a farmer wants to sell chicken, he must sell to a corporation through a contract with a fixed formula price or not at all. There is still an open market for cattle but it is succumbing to contract agriculture, as Swift and other companies increasingly buy fed cattle directly from the feedlot at a fixed price. The American Agricultural Marketing Association estimates that 50% of American food will be produced by farmers under contract to corporations in 1970–1980 and that within 15 years, 75% of agricultural production and marketing will be cornered by contracts.[5]

Until the early Fifties, the chicken industry was fragmented with hatcheries, feed companies, growers and processors all operating more or less separately. Gradually, large companies began to integrate these elements. Feed companies like Ralston-Purina and Pillsbury integrated forward to develop markets for their feeds, while poultry processors integrated backward as a means of controlling costs. Eventually the largest companies absorbed all the stages of chicken production, except the actual raising of the birds. The "integrators" found it more profitable to contract with independent farmers to do that. The big companies grow the feed, hatch the chicks, and then slaughter and process the mature birds. The farmer furnished his land, building, equipment and labor to feed the chickens for eight weeks until they grow to marketable weight of 3½ pounds.

On one level, the integrated chicken industry is the great success story of American agriculture. Before World War II, chicken was still a seasonal dish. Families looked forward to "spring chicken," a by-product of the spring hatch from farm flocks of layers. As demand increased, a few producers began raising chickens not as egg producers but as fryers for the market. Spurred on by World War II, when people turned to chicken while other meat was scarce, broiler production climbed steeply after the Depression. From 1939 to 1958, poultry sales increased an average 14 percent each year.[6] Production reached nearly 3 billion birds in 1970, up from 310 million in 1947. The American who ate 18 pounds of chicken a year in 1940, consumed 39 pounds a year in 1969. Market specialists estimate that he will consume 45–50 pounds by 1980.

As a result of rapid technological development in genetics, feeds, animal drugs and economies of scale, the price of chicken has actually *declined* as consumption has gone up. In 1950, broilers cost the consumer $.60 a pound; in 1970 the price was $.42 a pound. The price received by the grower has plummeted from $.29 to $.15 a pound in the same period.[7] Retail prices for beef, by comparison, have increased from $.67 a pound in 1955 to nearly $1.00 in 1969.

The farmer has stayed in business by increasing the efficiency of the process by which chickens convert feed into meat. No animal surpasses the chicken as a meat factory. While it takes 8–10 pounds of feed to produce a pound of beef, it takes only 2.4 pounds (the figure is 3.5–4 lbs. of feed if the broiler breeder's feed requirements are included[7a] to produce a pound of chicken, down from 4–5 pounds in 1950. The time needed to grow a broiler to market weight was reduced from 10–12 weeks in 1950, to 8–9 weeks in 1969.[8]

The chickens themselves have become computerized units in a factory environment. The chicken which used to run free to scratch and root in the soil until time for slaughter, now spends its short life in a 12" x 18" cage crowded up against three other birds. His day may consist of 16 hours of dull artificial light in a totally programmed environment. Crowding favors disease by creating stress and aiding the buildup of harmful bacteria and parasites, such as *coccidia*. The chicken's feed, therefore, is sprinkled with antibiotic drugs. Other drugs, including arsenic and antibiotics, such as nitrofurans, are fed to increase the rate at which the chicken matures and gains weight. Before going to market, chickens may also be bathed in tetracyclines (antibiotics) or sorbic acid to extend their shelf life. In addition, the birds' chemical diet may contain coloring additives to give its flesh a desired yellowish tint. They are also sprayed regularly with pesticides. With this medicine chest of ready chemicals, the poultryman can cheat on sanitation without suffering severe flock losses, but at the risk of chemical contamination of the final product. The growers' extreme economic deprivation caused by inequitable contracts with the integrators encourages them to cut corners with drugs. They can ignore withdrawal periods and recommended dose levels in applying this chemical technology to their flocks, with little chance of being caught by USDA residue samplers—see ("Hidden Ingredienta.") Stress also induces cannibalism. Chickens are, therefore, debeaked to keep them from destroying their neighbors,[9] and in some cases given tranquilizers.

One indication of how far the chicken industry has come from the barnyard is the development of what must be one of the world's most exotic and highly specialized professions: chicken sexing. For economic reasons, chicks must be segregated by sex at birth. Chicken genitalia being what they are, it is virtually impossible for the untrained eye to distinguish the sex of a day old chick. But in 1925, the Japanese discovered some telltale sign of sex in the chick's anatomy which they jealously guarded as a trade secret. As a result, no modern hatchery is complete without its chicken sexor imported from Japan. The best can sort 800–1,000 baby chicks an hour. The Japanese sexors have recently founded the American Sexing School in Landsdale, Pennsylvania, and will let anyone in on their secret for $1,300 and an 18-week course. To keep their professional standards high, they have, in the best American tradition, formed the American Chicken Sexing Association.

The technical sophistication of chicken growing, especially in disease control, gives an impetus to concentration in the industry. According to Dr. Philip Raup, Professor of Agricultural Economics at the University of Minnesota, one of the determinants of the most effective size of firm in poultry production and beef feeding is a scale of operations large enought to support a resident veterinarian.[10] Without expert advice, the typical farmer cannot develop the skills to use chemical technology effectively. Much of the effort at farmer education in the use of feed additives, farm chemicals and drugs is conducted by private companies who prefer to concentrate on volume users. Dr. Raup notes that our ability to produce this technology has outrun efforts to distribute it in packages useful for the small farmer. He blames the Federal Extension Service and agricultural experiment stations for the failure to develop an effective extension program in animal health.[11]

The pyramiding of economic power in the chicken industry has created a vicious marketing system which can be turned against the consumer as well as the farmer. Up to now, many of the benefits of cost-reducing technology has been passed on to the consumer. But as concentration increases, this may cease. The history of concentration in other industries—the making of automobiles is a classic example—shows that when a few firms dominate the production field, many of the rewards of technological advance are captured by the firms. At the same time, a technological rigor mortis may set in as the firms, freed of competitive pressure in pricing, devote more energy to corporate risk-reduction than product improvement.

In the chicken business, Pillsbury and Ralston-Purina may soon compete in the manner of the soap, detergent and breakfast food makers—by using non-functional advertising to create the illusion of differentiation in essentially similar products. The advertising costs to create the image of "brand name" poultry will be passed on to the consumer.[12] The Pillsbury chicken may soon rival the NBC peacock as the nation's most ubiquitous TV fowl.

Thus far, however, the full weight of the food conglomerates' market power has been turned toward the supplier, not the consumer.

AN HONEST DAY'S PAY

Despite the broiler industry's modernization and growth, the growers have not shared in its prosperity. Of all the links in the chain of chicken production, the actual growing of chickens has the lowest profit margins. As one observer noted: "If the growing of chicks were profitable, it would have been integrated long ago."

This situation exists because the relationship between the farmer and the companies is so extremely one-sided. Even though the farmer has invested nearly 50 percent of his industry's capital, he is hardly an equal partner. The growers have little bargaining power in setting the contract price. Companies deny that they stake out exclusive claims for specific territories, but the fact is that with the exception of Gainesville, Georgia and a few other areas, many growers face local monopoly situations where there is only one company to deal with.[13] The contract price from company to company varies very little. Usually the contract

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is drafted by the company and presented to the grower on a take it or leave it basis.

In 1969–1970, the grower received between one and three-fourth cents and two cents per pound for the birds he raised. The American Farm Bureau estimates that the break even point for the average grower is 2.29 cents per pound. Robert Troy, a skilled observer of the Southern poultry scene gave this description of the economic plight of one Alabama grower, a Mr. Thurmond Banks, who grows chickens for Spring Valley Farms in Empire, Alabama:

"For 84 days, Mr. Banks and his family fed, watered, housed and looked after 22,500 chickens. Mr. Banks estimated his total labor at a minimum of 588 hours. His gross receipts minus direct cost yielded him a net of $317.67, which works out to be $.25 an hour for his investment of labor and capital. But depreciation and tax costs, which the grower rarely takes into account, would come to about $370.00 on his equipment. Thus Mr. Banks and his family were actually making about minus $.08 an hour, which would be a windfall if the negative income tax were enacted." [14]

Many growers are not sophisticated enough in budgeting to realize that a year's net cash flow, without deductions for fixed costs such as depreciation on his buildings and equipment, is a poor measure of income. There is a story about a lady chicken grower who was asked by a labor organizer how she was doing with her chickens. "Great," she said. The surprised organizer then asked if she had figured out her direct and indirect expenses. "Lord no," she answered. "I wouldn't have nothing then." [15]

The fact is that most growers have been working for almost nothing.[16] The Economic Research Service of USDA has estimated that poultry farmers in Georgia earned only $.53 an hour for their labor in 1952, and that income then declined in the next decade to reach a low of $.01 per hour in 1964. They rebounded to $.54 an hour in 1965.[17] Testimony in Senate hearings on the Agricultural Fair Practices Act of 1967 showed that many growers were living off their depreciation. Conditions have not improved much since.

1969 was a record year and yet the net return to the average farmer was approximately $2,000.00 per year, a three-fold improvement since 1960–64, but an income which still puts him well below the poverty line.[18] (These figures do not include depreciation and interest payments. They were figured on the very unlikely assumption that the farmers were debt free.) This represented total farm income for broiler growers and was calculated at 2.1¢ per pound of broilers sold.

An Alabama study of cash flow budgets for broiler growers found that a farmer with a 20,000 bird capacity who produced 3 batches of broilers in 1969, ended up $628 in the red, after payments on housing and equipment loans, depreciation and other fixed costs were taken into account. If production was expanded to 4½ batches a year, the farmer came out ahead but just barely. His net return to labor and management was $890.00. The return on the chickens he sold was only $90.00; he earned the other $800.00 by selling the chicken's manure.[19]

If the farm unit had a 45,000 bird capacity with 4½ batches a year, the total return was $2000 per farm in spendable and non-spendable income, a modest return to say the least for a businessman with a $40,000 investment in housing and equipment alone. If manure and increases in net worth—the non-spendable income—are not included, the farm was over $4,700 in the red.

When this example was cited before the Senate Agriculture Committee in 1969, spokesmen for the integrators said it was unrealistic because it depreciated chicken houses over 5 years rather than 10.[20] It is true that the growers' profits improve with 10 year depreciation. His average spendable income is now a "realistic" $374.62 for the year or $31.00 a month. He has additional non-spendable income of $1800.00 from 360 tons of manure.[21] Whether the depreciation is figured at 5 or 10 years, the result is the same: the grower's profits are literally chicken ———. (Some growers have suffered because chicken manure is not always readily convertible into cash, but help is on the way. The FDA is considering a proposal to use the manure as feed for chickens, cattle and hogs. The manure must be pasteurized to eliminate bacteria and chemical residues must be removed, but these problems are manageable. "This is the recycled generation," says Joe Claybaugh, a poultry consultant for DeKalb Ag-Research, Inc. "Can you envision a 750 steer lot tied to a 100,000 layer operation?" This recycled manure would reduce feed costs 60% or more.)[21a]

The integrators fare differently, to say the least. James Finlayson, a leading poultry consultant for Pillsbury, estimates that on a five year average, publicly held companies essentially in the broiler business, can average a 23–24% return on invested capital before taxes each year.[22]

The chicken farmer is convinced that his small profits are caused as much by the way they are calculated by the integrator as by market conditions. Here the grower has been totally at the mercy of the integrator. The National Broiler Council, the major association of integrators, publishes a code of ethics which states that its members should give the grower a written contract with full documents on his flock, showing the amount of feed used, the condemnation rate, the weight and number of birds slaughtered, and a settlement sheet giving the calculations used in reaching payment. The only problem with the Code of Ethics is that few integrators have observed it.[23] From the beginning of his association with the integrator, the grower is kept in a state of ignorance. According to J. B. Noblin, President of Scott County Farm Buerau in Forest, Mississippi:

"There are no broiler contracts in this area. Integrators simply give the producer a sheet showing what would be paid per pound, based on the feed conversion. The terms of the so-called contracts are not discussed with the producer, nor is it signed by the integrator or producer." [24]

The Packers and Stockyards Administration of USDA reported in 1967 that the grower frequently does not know how many chickens the integrator brought to him, nor how many are eventually taken away, nor how much they weighed. Chickens are neither counted nor weighed at the farm. He has to take the word of the company on all of these matters. The grower is not permitted to inspect the scales of the integrator. Frequently, he is forbidden to see the USDA condemnation and grading certificates on the chickens he markets even though all condemned birds are charged to the grower.[25]

Growers are forced further into debt by the company's requirement that they install expensive equipment such as automatic feeders and elaborate insulation, as condition for receiving the chicks. Ralston-Purina in the mid-Sixties would only contract with growers who agreed to a tie-in purchase of company equipment. During the National Food Marketing hearings in 1966, a grower in East Texas testified that "Purina" made him buy a fan worth $19 at any 5&10¢ store for $50. The National Farmers Organization charges that the companies deliberately increase the growers' indebtedness with these measures so they will be forced to take chickens at any price. The companies claim that their only interest is to improve the quality of the chicken houses and cut their losses.

The grower's contract is so unequal that he has been compared to the sharecropper in both his status and his poverty. The difference in this version of that infamous relationship is that the bossman is an absentee landlord with a corporate, not a personal, identity whose "big house" is in a paneled boardroom in far-away Minneapolis or New York. Otherwise the analogy needs no explanation. The "cropper" is visited by the "field man" who supplies him with his essentials to make a crop (in this case, baby chicks, feed, and technical advice); the field man collects the harvest (eight week old chickens), measures the results (he weighs the chickens, and sets the price), and decides what the cropper's share ought to be. The cropper may even be forced to buy his supplies (his broiler equipment) from the company store. The corporate landlord keeps all the records. When results are totaled up, the poultry "cropper" often finds he has a bigger debt instead of a big payment, and is even more in thrall to his bossman than before.[26]

The poultry farmers have all the insecurities of an organization man and none of the fringe benefits. While not strictly employees of a corporation, and therefore, *without* retirement and medical benefits, these farmers keep chicks in their houses only at the sufferance of the corporation. David H. Sloan, President of the South Carolina Farm Bureau Federation, states: "the poultry producer in most cases has invested everything he has in the property, poultry houses and equipment. He is at the mercy of the processor because he must have birds to grow or go broke." [27] The grower also shares the psychological state of the sharecropper. The latter knew that he could be evicted if he complained; the grower knows that he can be cut off arbitrarily by the integrator and be left with no chickens to raise. A Georgia organizer for the National Farmers Organization used only mild hyperbole when he recently described the growers as "the last slaves to be freed in the South."

THE BURNOUT

Pillsbury, Arkansas Valley Industries, and the other integrators argue that the grower benefits from the contract system and that the system itself has nothing to do with his penury. It is true that in the fifties, contract farming appeared to be a great opportunity for the farmers.

Production was centered in the depressed, rural counties of five Southern states, where there were many unemployed white farmers with a little land and not much else. For many of these marginal farmers, raising chickens seemed to be the last chance to make money off their farms. The contracts promised to take all the risk out of chicken raising. The farmer on contract is somewhat protected from the fluctuations of the free market, but risks remain. Many growers have market related contracts and thus risk loss in a down market. They risk loss from condemnations which may not be their fault and from cutbacks during periods of overproduction; they risk loss through damage to or obsolescence of their equipment.

The integrators justify the growers' economic plight by pleading their own poverty. In the words of John Yarbrough, the militantly pro-integrator publisher of the news weekly, *The Poultry Times:* "Any grower who believes his integrator is making money today is not acquainted with the economic facts of the broiler business." [28] The poultry industry has been plagued with overproduction in 1970–1971 and the broiler divisions of many large integrators have lost money. But on a five year average, as mentioned earlier, the companies can average a 24% return on invested capital, according to a leading poultry consultant. In any case, the losses of the broiler divisions of food conglomerates are not what they seem. Current tax laws permit diversified companies to deduct losses of one operation from the profits of unrelated or

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distantly related operations and substantially reduce their total tax load. An effort by poultry growers to prohibit the use of farm production losses as deductions from nonfarm production operations in tax calculations failed to win support in Senate hearings on corporation farming in 1968. Moreover, in periods of overproduction, large feed manufacturers like Ralston-Purina may make up in profits from selling feed the losses they incur in processing chickens.

One indication of the integrators' financial strength is that they frequently increase their investment in the poultry industry during surplus crises. This was the case with the turkey industry in 1961 and 1967. The head of the Wisconsin Turkey Federation notes:

"When a [conglomerate] goes into farming, profit should be the motive. However we have seen such companies enter into or expand turkey operations during years where there was little or no profit potential. This leads one to feel that profit, for a specific year at least, is not the only motive." [29]

Over-capacity is precisely what keeps the poultry farmer in peonage, for it robs him of any bargaining power he might have. In the South, the growers have a term for increases of production in a falling market. They call it a "burn-out." Only the strongest growers survive, and they are far more vulnerable than before. The Packers and Stockyards Administration in 1967 accused the processors of using this strategy. It reported that integrators use get-rich-quick advertising campaigns to encourage farmers to build new facilities to grow chickens, even in times of surplus.[30]

The farmers cannot match the financial staying power of the integrators in a falling market. As their debts increase, they become more dependent on the contractors. In order to meet mortgage payments and keep their farms, the farmers have to keep their chicken houses filled with birds even if they were losing money. In August, 1970 the Director of a Mississippi Marketing Association described the situation:

"Most broiler farmers are small farmers and land owners. To get into the business, they had to mortgage their small farms and homes to build broiler houses. From this point on, they must have birds in their houses to make payments; they must have birds in their house or they must leave home." [31]

The grower also suffers from the integrator's sleight-of-hand in accounting techniques. Large companies charge feed and sometimes chicks, produced by other divisions, to their broiler divisions at inflated or "puffed" prices. Since the farmer does not pay for feed and chickens, this may seem simply a matter between the integrator and the Internal Revenue Service. But when puffed prices result in paper losses for the broiler divisions, they work against the growers when they bargain for a new contract with the integrator.[32]

SELF-HELP

Whether or not the integrators are responsible, the fact is that when overproduction occurs, the grower, the weakest link in the industry, is forced to make most of the economic sacrifices. Lack of bargaining power, far more than market conditions, is the cause of his plight. This situation was recognized by the Packers and Stockyards Administration of USDA in 1967:

The problem in Southern broiler contracting is the weak bargaining position of the grower. He is ill-equipped to bargain vigorously and effectively with integrators.[33]

The relative defenselessness of the grower and the real incentives for irresponsible use of private economic power it creates provides an interesting test case for the Department of Agriculture and, on a broader level, for the possibilities for reform in the American political system. Should the growers bank on the objectivity of the federal government and look to it to protect their rights? Would Congress respond to their needs with new legislation? Or should the growers dispense with the old institutions and seek self-help through new institutions of their own making? It is clearly an offense to democratic values that individual farmers should have to confront alone the full force of corporate power, but is the political system flexible enough to respond? Here on the humble stage of the chicken farm, one sees exaggerated in microcosm the plight of farm workers, consumers, textile workers, meat inspectors and other groups left exposed to irresponsible corporate power by structural imbalances in the political and economic system.

The federal agency with regulatory responsibility in the area of chicken farming is the Packers and Stockyards Administration. In a strong report entitled *The Broiler Industry* released in 1967, it first brought the growers' situation to national attention. Based on the uncompromising research of James D. Tuggle and Everett Stoddard, the report described the inequities of the contract system in merciless detail. Spurred by these revelations, Secretary of Agriculture Freeman pledged immediate investigation of any complaints of boycotting or other retaliation by contractors against farmers who joined cooperatives in an attempt to better their lot.[34] He also promised new regulations for growers' contracts.

The effect on the poultry industry was electric. The large integrators directed a barrage of criticism at Freeman and the Packers and Stockyards Administration. But in September 1967, in an attempt to gain industry-wide support, Freeman promised that no new regulations protecting the growers would be put into effect until they had been reviewed in advance by an advisory committee which included integrators and growers.[35] Thus began a long series of delay. Regulations giving the grower a more equal voice in negotiating contracts were not proposed until three years later in the fall of 1970. At the request of the National Broiler Council and other integrator associations, they were then further delayed. The regulations require:

(1) A written contract which includes all significant details, including duration, termination and conditions, and payment terms;

(2) Settlement sheets with all information necessary to compute payments due to the grower;

(3) Condemnation and grading certificates;

(4) Grouping or ranking sheets which show the grower's precise position with other growers during the settlement period.

The regulations seem modest enough, by the standards of any other industry, but they are seen as a fundamental threat to the free enterprise system by some integrator spokesmen. John Yarbrough of The Poultry Times called Assistant Secretary of Agriculture Richard Lyng a "pseudo dictator" when he signed the Federal Register notice of the regulations on January 23, 1971. He quoted a poultryman: "If the Secretary of Agriculture can require all of the things contained in the new Packers and Stockyards regulations, we are living in the wrong country. This is just like Russia." [36] The regulations go into effect on June 1, 1971. Their effectiveness depends on their enforcement and, therefore, remains to be tested.

The growers have luckily not waited for USDA to equalize their bargaining terms with the conglomerates. Out of desperation, they have cast aside the separatist ideology of the family farmer and organized in self-defense. They recognized that the old cliches of individualism and economic independence, appropriate perhaps when an open market existed as a buffer between the farmer and the integrator, had now become luxuries they could not afford.

The efforts of farmers to organize against the integrators have a long and often violent history. They began in 1961 with the formation of the Northwest Poultry Growers Association in Arkansas. Its best known leader was Ellis Hale, who with his wife and four children, raised 200,000 broilers a year in Scott County, south of Fort Smith. His efforts to organize growers were at first discouraged, and then actively opposed by Arkansas Valley Industries, Ralston-Purina, and Tysons Foods, the largest integrators in the state. At first Hale was successful with his message that farmers should stop living off the depreciation of their investment and earn a fair return. But in the spring of 1962, the resistance of the integrators became more threatening. In May, when growers congregated at the Scott County Courthouse for one of Hale's meetings, they got an ominous reception. As the farmers arrived, they found that Arkansas Valley Industries had cars and trucks parked strategically on the square around the courthouse, covering all its approaches. Company officials were sitting in the vehicles taking down the names of the growers as they passed by. During the meeting, a company truck with no muffler gunned its motor near the courthouse door, drowning out Hale's words.

In August, Arkansas Valley Industries cancelled its contracts with Hale and his father and brother, all of whom were members of the Northwest Poultry Growers Association. Ralston Purina and Tysons Foods joined AVI in boycotting all growers who had joined the association. Because of the blacklisting, the Hales and dozens of other growers could no longer get chicks for their broiler houses and went bankrupt. The Hales filed a civil suit against the poultry companies in the hopes of recovering their losses, but when they could not put up the $10,000 necessary to prepare and present the case, their attorneys withdrew.[37]

After a lengthy investigation by the Packers and Stockyards Administration, the three integrators were ordered in 1968 to "cease and desist" their harassment of the growers. The order was subsequently overturned for lack of jurisdiction by the U.S. Circuit Court of Appeals in 1969. USDA has still not asked for legislation to give Packers and Stockyards jurisdiction in such cases. Hale lost everything.

The Arkansas case helped inspire new organizing efforts in other states. The holding action in Alabama in the spring of 1970 was organized by the National Farmers Organization, the most militant of the farm organizations which support the growers' demands for collective bargaining. The NFO strike was marred by violence on both sides. Night riders roamed the lonely claytop roads of northern Alabama, burning the chicken houses of striking and non-striking growers alike. Company trucks were fired on, and there were fights on the picket lines. As one observer noted, there was "much violence, with neighbor turned against neighbor. The wounds will not heal completely during this generation." [38]

The striking farmers refused to accept chicks from the integrators. They demanded higher contract payments and the right to monitor the weighing and inspection of their birds. From the beginning, the companies refused to negotiate with the farmers' representative. John Bagwell, the president of Spring Valley Foods in Cullman, Alabama, was asked by a reporter whether he would negotiate with the NFO. He gave a forthright response:

"I'd rather be dead and in hell, than talk with W. O. Thomas (the NFO local President) . . . the day I talk to that bunch, I'll call all the reporters to Cullman and have

Footnotes at end of article.

W. O. Thomas pull down his britches and I'll kiss him square on the ——." [39]

USDA, while officially an impartial observer of the strike, actually went to great lengths to discourage it. When 87 USDA poultry inspectors refused to cross the NFO picket lines because of the violent atmosphere, the Inspector General investigated them, judged them to be AWOL, and deprived them of pay. All the inspectors received letters of reprimand from the Department. The Alabama Poultry Inspectors Local of the American Federation of Government Employees feels strongly that the investigation by the Office of the Inspector General was biased and unfair.[40] There are also charges that the Farmers Home Administration has made reprisals against striking growers. T. H. House of Addison, Alabama, who has an FHA mortgage on his farm, was told by local FHA representative that his farm would be "a changing hands" if he didn't take chickens from the integrators.[41]

USDA's intervention did give the strike a comic interlude. When the inspectors refused to cross the picket lines, the Consumer and Marketing Service was deluged with demands from the processors to keep inspection going. C&MS then made a nationwide appeal for volunteers to go to Alabama. GS 14's from C&MS Washington headquarters, men who had not seen the inside of a chicken plant for years and probably never wanted to see another one, were dispatched to Alabama in their coats and ties to sub for GS 7 inspectors. The crowning indignity came when the inspector-in-charge at Plant 6666 in Gadsden, Alabama, suspended two of these inspector-bureaucrats for incompetence.

The NFO holding action was temporarily stopped by a court injunction on June 28, and has never really recovered. The picket lines have vanished and some growers are returning to the companies, but the 9 county local is holding on. John Bagwell, President of Spring Valley Foods, boasts: "They're whipped. We've broken them." He may be right. Many of the growers are in bad financial trouble. Crawford Smith, one such grower, observes:

"It's a hard row to hoe. All we're asking is fair wages for a fair day's work . . . Seems like we just keep on losing ground." [42]

More recently, the American Agricultural Marketing Association, an affiliate of the American Farm Bureau Federation, has organized growers against the Maplewood Poultry Company in Belfast, Maine. The growers decided not to accept chicks after the integrator made contract changes which allegedly reduced the grower's income by 20%. The AAMA has asked the Packers and Stockyards Administration to investigate threats and intimidation against growers.

The growers have not as yet received much help from the Congressional arena. The Agricultural Fair Practices Act, better known as S. 109, which was passed in 1967, in practice has proved a triumph of form over substance. It promised to protect the grower against unfair trade practices such as boycotts, black lists, contract cutoffs and harassment, but as early as 1971, USDA had prosecuted no integrator under the act. Responsibility for administering the act was recently transferred from the Farmers Cooperative Service to the Consumer and Marketing Service, a move which, by putting it in a primarily marketing agency, has left the act in a kind of bureaucratic limbo. The Consumer and Marketing Service his thus far failed to give active support to investigation and prosecution under the act.[43] Claude Gifford, an editor of the *Farm Journal*, the leading farm magazine, recently accused USDA of being slow in pressing cases for farmers.[44]

Two other bills, S. 2225, and a bill sponsored by Senator Walter Mondale (D.-Wisc.) go much further in defining and protecting the growers' rights at the bargaining table. They would make the failure of an integrator to recognize a bargaining association an unfair labor practice. These bills are now pending.

According to the National Broiler Council and other integrator spokesmen, these bills threaten the efficiency and life-blood of the processing industry. On the contrary, the right to organize to protect occupational interests is a basic cornerstone of the free enterprise system. This kind of institution building is essential to give balance and fair play to the economic relationships of contract farming.

The integrators' attempt to invoke the ideology of economic independence and individuality to justify their attacks on growers' organizations is particularly ironic because it comes at a time when the integrators are trying to increase their own bargaining muscle through group action. Operating under the umbrella of the Capper-Volstead Act of 1922, Ralston Purina and other integrators have formed the National Broiler Marketing Association which now controls 35–45% of the nation's broilers.[45] The Capper-Volstead Act was designed to allow small producers to legally collude in order to offset the power of large corporate buyers. It seems doubtful that its framers wanted it to be used to allow large integrators and non-farm processors to collude against the small farmer. Neither the Federal Trade Commission nor the Justice Department has challenged the legitimacy of the National Broiler Marketing Association. Both are notorious for their indifference to the impact of corporate concentration on the small farmer.

With the exception of the strong Packers and Stockyards report in 1967, USDA has been at best lukewarm to the attempts of growers to organize in their self-defense. Assistant Secretary of Agriculture Richard Lyng recently gave bargaining associations the weakest possible endorsement: "We are not intrinsically opposed to bargaining associations." [46] He states that many farmers have become disillusioned with farm bargaining, and warns that the "rewards and incentives of the free market system must not be . . . unduly inhibited." [47] Lyng is strangely silent, however, on the free market implications of collusion among the integrators.

CONCLUSION

One must conclude, therefore, that up to now USDA has failed this test of its responsiveness to the needs of small producers. More help may be forthcoming in Congress now that the National Farmers Organization, the National Farmers Union, and the American Farm Bureau Federation have joined forces to support a strong bargaining bill, and the collective bargaining efforts of the National Farmers Organizations continue to gather momentum. These groups must force USDA to reevaluate its relationship to farm bargaining.

For the individual chicken farmer, however, the lesson is clear. The corporations have come to Northern Alabama and the other poultry areas to stay. As the corporate state advances into rural America, the farmer will have to organize in self-defense. The alternative is the neo-feudalism of Northern Alabama.

FOOTNOTES

[1] Robert Troy, "Alabama Farmers on Strike," *South Today*, November, 1970, p. 4.

[2] Letter of George Haefner, Operations Manager, Pillsbury Company, to Ralph Meadows, Poultry Producers Association, Montgomery, Alabama, October 10, 1968.

[3] *Corporation Farming*, Hearings before the Subcommittee on Monopoly of the Select Committee on Small Business, U.S. Senate 90th Congress, Second Session on the Effects of Corporation Farming, Small Business, Great Plains and Upper Midwest, Omaha, Nebraska, May 20 and 21, 1968, Eau Claire, Wisconsin, July 22, 1968.

[4] *Corporation Farming, op. cit.* Statement of Nebraska Grange, Albert J. Ebers, Seward, Nebraska, p. 165.

[5] *Feedstuffs*, December 12, 1970, p. 4.

[6] William E. Cathcart, "Changes in the Poultry Meat Industry and Projections for the Decade," *Poultry and Egg Situation*, April, 1970, USDA Economic Research Service, p. 10.

[7] *Ibid*, p. 19.

[7a] James C. Finlayson, Consultant to the Pillsbury Company, quoted in *Feedstuffs*, January 23, 1971, p. 6.

[8] William E. Cathcart, *op. cit.*, p. 19.

[9] *Feedstuffs*, November 7, 1970.

[10] *Corporation Farming, op. cit.*, p. 247.

[11] *Ibid.*

[12] *Ibid.*

[13] *The Broiler Industry, An Economic Study of Structure, Practices and Problems*, Packers and Stockyards Administration, USDA, 1967, p. 4.

[14] Robert Troy, *op. cit.*, p. 4.

[15] *Ibid.*

[16] Dr. Randall E. Torgerson, "A Vision of Broiler Bargaining in the Future," *Feedstuffs*, December 26, 1970, p. 29.

[17] *The Broiler Industry, op. cit.*, p. 21.

[18] *Cost and Returns: Commercial Broiler Farms*, Georgia, 1969, Economic Research Service, USDA, June, 1970.

[19] Wilson Lee and Morris White, "Typical Cash Flow Budgets for Contract Broiler Growers," Cooperative Extension Service, Auburn University, 1970.

[20] *Agricultural Marketing and Bargaining Act*, Hearings, Senate Committee on Agriculture and Forestry, 91st Congress, 1st Session, November 20 and December 9, 1969, p. 85.

[21] Lee and White, *op. cit.*, Table 6.

[22] Daryl Natz, "Take Good Look at Production Costs, Broiler Firms Advised," *Feedstuffs*, January 23, 1971, p. 82.

[23] *The Broiler Industry, op. cit.*, p. 61.

[24] Letter to USDA Hearing Clerk on 9 CFR Part 201, August, 1970.

[25] *The Broiler Industry, op. cit.*, p. 47.

[26] Many observers of the poultry industry in the Deep South have remarked on the analogy to sharecroppers. *See* Robert Troy's excellent article in *South Today*.

[27] Letter to USDA Hearing Clerk, *op. cit.*

[28] *The Poultry Times*, Northeast-Midwest, April 21, 1971, p. 14.

[29] *Corporation Farming, op. cit.*, p. 285.

[30] *The Broiler Industry, op. cit.*, p. 45.

[31] Letter to USDA Hearing Clerk, *op. cit.*

[32] *The Broiler Industry, op. cit.*, p. 4.

[33] *Ibid.*, p. 63.

[34] *Corporation Farming, op. cit.*, p. 285.

[35] *The Broiler Industry, op. cit.*, p. 45.

[36] *The Poultry Times*, Southeastern, March 17, 1971, p. 14.

[37] Dr. Randall E. Torgerson, *Producer Power at the Bargaining Table*, p. 10.

[38] *Feedstuffs*, December 12, 1970, p. 4.

[39] Quoted to Robert Troy, *South Today, op. cit.*

[40] Letter of Ed Harrison to Ralph Nader, October 21, 1970.

[41] Robert Troy, *op. cit.*

[42] *New York Times*, November 21, 1970.

[43] *Feedstuffs*, December 26, 1970, p. 30.

[44] *Feedstuffs*, January 23, 1971, p. 64.

[45] Dr. Randall Torgerson, "A Vision of Broiler Bargaining in the Future", *Feedstuffs*, December 26, 1970.

[46] *Feedstuffs*, January 23, 1970, p. 64.

[47] *Ibid.*

SUPREME COURT DECISION IN REED AGAINST REED

Mr. BAYH. Mr. President, I was greatly pleased with the Supreme Court's decision today in Reed against Reed, a case which squarely presented the question of the constitutionality of State laws which discriminate against women. In a unanimous consent, the Court struck down an Idaho statute giving automatic prefer-

ance to males over females when both are otherwise equally qualified as potential estate administrators. The Court held that—

The arbitrary preference established in favor of males . . . cannot stand in the face of the Fourteenth Amendment's command that no state deny the equal protection of the laws to any person within its jurisdiction.

I had the privilege of representing the National Federation of Business and Professional Women's Clubs as amicus curiae in the Reed case. I placed a copy of our amicus brief in the RECORD of September 14, and am delighted that the Court has recognized the validity of our argument that women are entitled to the equal protection of the laws under the 14th amendment.

While today's decision is a landmark in the struggle to guarantee equality to all our citizens, I do not believe that it obviates the need for an equal rights amendment to the Constitution. As I pointed out in the amicus brief, such an amendment is still desirable, because of its immense symbolic value. The women of the country must have tangible evidence of our commitment to guarantee them equal treatment under law.

Furthermore, today's decision by the Supreme Court does not reach every instance of sex discrimination. In adopting the 14th amendment test of reasonableness, the Court has left the burden on the woman plaintiff to prove that State action perpetuating sex discrimination is unreasonable. In my brief, I urged the Court to adopt the strictest 14th amendment standard, one which would shift the burden to the State to demonstrate a compelling, overriding interest in the discriminatory practice. The Court has adopted the strictest 14th amendment standard in overturning discrimination in voting power, discrimination against aliens, discrimination against the poor, and most importantly, instances of racial discrimination. I believe that women, too, are entitled to the fullest protection of the 14th amendment, and I regret that the Court did not go further in its decision today. The need for an equal rights amendment is underscored by the inherent limitations of the Reed holding.

I ask unanimous consent that the Supreme Court decision in Reed against Reed be printed in the RECORD.

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

SUPREME COURT OF THE UNITED STATES SYLLABUS REED VERSUS REED, ADMINISTRATOR

APPEAL FROM THE SUPREME COURT OF IDAHO

(NOTE.—Where it is deemed desirable, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States* v. *Detroit Lumber Co.*, 200 U.S. 321, 337.)

No. 70–4. Argued October 19, 1971—Decided November 22, 1971.

A mandatory provision of the Idaho probate code that gives preference to men over women when persons of the same entitlement class apply for appointment as administrator of a decedent's estate is based solely on a discrimination prohibited by and therefore violative of the Equal Protection Clause of the Fourteenth Amendment.

93 Idaho 511, 465 P. 2d 635, reversed and remanded.

BURGER, C. J., delivered the opinion for a unanimous Court.

SUPREME COURT OF THE UNITED STATES

No. 70–4

SALLY M. REED, APPELLANT, v. CECIL R. REED, ADMINISTRATOR, ETC., ON APPEAL FROM THE SUPREME COURT OF IDAHO

[November 22, 1971]

NOTICE.—This opinion is subject to formal revision before publication in the preliminary print of the United States Reports. Readers are requested to notify the Reporter of Decisions, Supreme Court of the United States, Washington, D.C. 20543, of any typographical or other formal errors, in order that corrections may be made before the preliminary print goes to press.

Mr. CHIEF JUSTICE BURGER delivered the opinion of the Court.

Richard Lynn Reed, a minor, died intestate in Ada County, Idaho, on March 29, 1967. His adoptive parents, who had separated sometime prior to his death, are the parties to this appeal. Approximately seven months after Richard's death, his mother, appellant Sally Reed, filed a petition in the Probate Court of Ada County, seeking appointment as administratrix of her son's estate.[1] Prior to the date set for a hearing on the mother's petition, appellee Cecil Reed, the father of the decedent, filed a competing petition seeking to have himself appointed administrator of the son's estate. The probate court held a joint hearing on the two petitions and thereafter ordered that letters of administration be issued to appellee Cecil Reed upon his taking the oath and filing the bond required by law. The court treated §§ 15–312 and 15–314 of the Idaho Code as the controlling statutes and read those sections as compelling a preference for Cecil Reed because he was a male.

Section 15–312 [2] designates the persons who are entitled to administer the estate of one who dies intestate. In making these designations, that section lists 11 classes of persons who are so entitled and provides, in substance, that the order in which those classes are listed in the section shall be determinative, of the relative rights of competing applicants for letters of administration. One of the 11 classes so enumerated is "[t]he father or mother" of the person dying intestate. Under this section, then, appellant and appellee, being members of the same entitlement class, would seem to have been equally entitled to administer their son's estate. Section 15–312 provides, however, that "[o]f several persons claiming and equally entitled [under § 15–312] to administer, males must be preferred to females, and relatives of the whole to those of the half blood."

In issuing its order, the probate court implicitly recognized the equality of entitlement of the two applicants under § 15–312 and noted that neither of the applicants was under any legal disability; the court ruled, however, that appellee, being a male, was to be preferred to the female appellant "by reason of Section 14–314 of the Idaho Code." In stating this conclusion, the probate judge gave no indication that he had attempted to determine the relative capabilities of the competing applicants to perform the functions incident to the administration of an estate. It seems clear the probate judge considered himself bound by statute to give preference to the male candidate over the female, each being otherwise "equally entitled."

Sally Reed appealed from the probate court order, and her appeal was treated by the District Court of the Fourth Judicial District of Idaho as a constitutional attack on § 15–314. In dealing with the attack, that court held that the challenged section violated the Equal Protection Clause of the Fourteenth Amendment [3] and was, therefore, void; the matter was ordered "returned to the Probate Court for its determination of which of the two parties" was better qualified to administer the estate.

This order was never carried out, however, for Cecil Reed took a further appeal to the Idaho Supreme Court, which reversed the District Court and reinstated the original order naming the father administrator of the estate. In reaching this result, the Idaho Supreme Court first dealt with the governing statutory law and held that under § 15–312 "a father and mother are 'equally entitled' to letters of administration," but the preference given to males by § 15–314 is "mandatory" and leaves no room for the exercise of a probate court's discretion in the appointment of administrators. Having thus definitively and authoritatively interpreted the statutory provisions involved, the Idaho Supreme Court then proceeded to examine, and reject, Sally Reed's contention that § 15–314 violates the Equal Protection Clause by giving a mandatory preference to males over females, without regard to their individual qualifications as potential estate administrators. 93 Idaho 511, 465 P. 2d 635.

Sally Reed thereupon appealed for review by this Court pursuant to 28 U.S.C. § 1257 (2), and we noted probable jurisdiction, 401 U.S. 934. Having examined the record and considered the briefs and oral arguments of the parties, we have concluded that the arbitrary preference established in favor of males by § 15–314 of the Idaho Code cannot stand in the face of the Fourteenth Amendment's command that no State deny the equal protection of the laws to any person within its jurisdiction.[4]

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[1] In her petition, Sally Reed alleged that her son's estate, consisting of a few items of personal property and a small savings account, had an aggregate value of less than $1,000.

[2] Section 15–312 provides as follows:

"Administration of the estate of a person dying intestate must be granted to some one or more of the persons hereinafter mentioned, and they are respectively entitled thereto in the following order:

"1. The surviving husband or wife or some competent person whom he or she may request to have appointed.

"2. The children.

"3. The father or mother.

"4. The brothers.

"5. The sisters.

"6. The grandchildren.

"7. The next of kin entitled to share in the distribution of the estate.

"8. Any of the kindred.

"9. The public administrator.

"10. The creditors of such person at the time of death.

"11. Any person legally competent.

"If the decedent was a member of a partnership at the time of his decease, the surviving partner must in no case be appointed administrator of his estate."

[3] The court also held that the statute violated Art. I, § 1 of the Idaho Constitution.

[4] We note that § 15–312, set out in n. 2, *supra*, appears to give a superior entitlement to brothers of an intestate (class 4) than is given to sisters (class 5). The parties now before the Court are not affected by the operation of § 15–312 in this respect, however, and appellant has made no challenge to that section.

We further note that on March 12, 1971, the Idaho Legislature adopted the Uniform Probate Code, effective July 1, 1972. Ch. 111 (1971) Idaho Session Laws 233. On that date, §§ 15–312 and 15–314 of the present code will, then, be effectively repealed, and there is in the new legislation no mandatory preference for males over females as administrators of estates.

Idaho does not, of course, deny letters of administration to women altogether. Indeed, under § 15–312, a woman whose spouse dies intestate has a preference over a son, father, brother, or any other male relative of the decedent. Moreover, we can judicially notice that in this country, presumably due to the greater longevity of women, a large proportion of estates, both intestate and under wills of decedents, are administered by surviving widows.

Section 15–314 is restricted in its operation to those situations where competing applications for letters of administration have been filed by both male and female members of the same entitlement class established by § 15–312. In such situations, § 15–314 provides that different treatment be accorded to the applicants on the basis of their sex; it thus establishes a classification subject to scrutiny under the Equal Protection Clause.

In applying that clause, this Court has consistently recognized that the Fourteenth Amendment does not deny to States the power to treat different classes of persons in different ways. *Barbier* v. *Connolly*, 113 U. S. 27 (1885); *Lindsley* v. *Natural Carbonic Gas Co.*, 220 U. S. 61 (1911); *Railway Express Agency, Inc.* v. *New York*, 336 U. S. 106 (1949); *McDonald* v. *Board of Election Commissioners*, 394 U. S. 802 (1968). The Equal Protection Clause of that Amendment does, however, deny to States the power to legislate that different treatment be accorded to persons placed by a statute into different classes on the basis of criteria wholly unrelated to the objective of that statute. A classification "must be reasonable, not arbitrary, and must rest upon some ground of difference having a fair and substantial relation to the object of the legislation, so that all persons similarly circumstanced shall be treated alike." *Royster Guano Co.* v. *Virginia*, 153 U. S. 412, 415 (1920). The question presented by this case, then, is whether a difference in the sex of competing applicants for letters of administration bears a rational relationship to a state objective that is sought to be advanced by the operation of §§ 15–312 and 15–314.

In upholding the latter section, the Idaho Supreme Court concluded that its objective was to eliminate one area of controversy when two or more persons, equally entitled under § 15–312, seek letters of administration and thereby present the probate court "with the issue of which one should be named." The court also concluded that where such persons are not of the same sex, the elimination of females from consideration "is neither an illogical nor arbitrary method devised by the legislature to resolve an issue that would otherwise require a hearing as to the relative merits . . . of the two or more petitioning relatives . . . ." 93 Idaho, at 514, 465 P. 2d, at 638.

Clearly the objective of reducing the workload on probate courts by eliminating one class of contests is not without some legitimacy. The crucial question, however, is whether § 15–314 advances that objective in a manner consistent with the command of the Equal Protection Clause. We hold that it does not. To give a mandatory preference to members of either sex over members of the other, merely to accomplish the elimination of hearings on the merits, is to make the very kind of arbitrary legislative choice forbidden by the Equal Protection Clause of the Fourteenth Amendment; and whatever may be said as to the positive values of avoiding intrafamily controversy, the choice in this context may not lawfully be mandated solely on the basis of sex.

We note finally that if § 15–314 is viewed merely as a modifying appendage to § 15–312 and as aimed at the same objective, its constitutionality is not thereby saved. The objective of § 15–312 clearly is to establish degrees of entitlement of various classes of persons in accordance with their varying degrees and kinds of relationship to the intestate. Regardless of their sex, persons within any one of the numerated classes of that section are similarly situated with respect to that objective. By providing dissimilar treatment for men and women who are thus similarly situated, the challenged section violates the Equal Protection Clause. *Royster Guano Co.* v. *Virginia, supra.*

The judgment of the Idaho Supreme Court is reversed and the case remanded for further proceedings not inconsistent with this opinion.

Reversed and remanded.

FOREIGN AID

Mr. JAVITS. Mr. President, as my colleagues know, the AID legislation is presently in conference between the Senate and the House. The recent defeat of the AID bill has led many of our major private institutions to review their position concerning foreign aid. It is gratifying that the U.S. Chamber of Commerce has reaffirmed the worth of foreign aid.

I ask unanimous consent that the new position of the U.S. Chamber of Commerce which was adopted by the board of directors of the chamber on November 18 be placed in the CONGRESSIONAL RECORD.

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

U.S. FOREIGN ASSISTANCE AND INTERNATIONAL ECONOMIC DEVELOPMENT

(The Board of Directors of the Chamber of Commerce of the United States of America approved the following statement relating to foreign economic assistance on November 18, 1971)

The National Chamber believes that the United States must recognize the importance of developing countries in its scale of national priorities.

The Chamber reaffirms its belief that legislative and administrative programs to aid economic development should be separated from other programs of security or military assistance and that economic development programs should continue at a meaningful level, and with increased utilization of multilateral assistance.

The Chamber urges that the Administration, in implementing the international aspects of its New Economic Policy, make allowance for the special trade requirements of the developing countries necessary to their economic growth and development.

The Chamber will continue to monitor both bilateral and multilateral economic assistance programs toward optimum benefit of the private sector.

SENATOR SPESSARD L. HOLLAND

Mr. STENNIS. Mr. President, I am deeply grieved at the passing of our friend and former colleague, Senator Spessard L. Holland, of Florida.

It is less than a year since we joined on this floor in well-deserved tribute to Senator Holland, on the occasion of his retirement. That occasion was touched with sadness because we did not like to see him leave this body and leave Washington, but we could enjoy with him the prospect of the pleasures of retirement at his home in Bartow, Fla. This occasion brings us only deep grief and a profound sense of loss.

Spessard Holland was a man of many distinguished talents, who used them unsparingly on behalf of his country, his State, his friends, and his family. He was decorated for heroism in the Army in World War I. He was prosecuting attorney of Polk County, Fla., and he served 8 years in the Florida State Senate. Thirty years ago the people of Florida selected him to serve in their highest office, as Governor. After 4 years, they sent him to the U.S. Senate, until he retired on January 3 of this year, the end of his term.

Spessard Holland's full life, and the way he led it, serving the people, is its own testimonial. He gave his best to every cause he undertook and was a skilled legislator. There is little anyone can say that could add to that testimonial that he carried out in many years of services. I can only say, with affection and admiration, that he lives in my memory as one of the most distinguished Americans I have been privileged to know—a great Senator, and a true friend.

My deep sympathy goes to his wife, Miss Mary, and to his daughter and sons, in their great earthly loss.

Mrs. Stennis joins me in all the sentiments of this statement. Our prayers are that God will continue to bless and sustain Mrs. Holland, their sons and daughter, and their families, now and of the years ahead.

SENATOR HUMPHREY'S TELEGRAM TO PRESIDENT GEORGE MEANY

Mr. HUMPHREY. Mr. President, I ask unanimous consent that my telegram to Mr. George Meany, president of the AFL–CIO be printed in the RECORD.

Due to the important legislation before the Senate, I was unable to fulfill my commitment to address the convention of the AFL–CIO. I did, however, send a message to the convention and to the distinguished president of the AFL–CIO.

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

MR. GEORGE MEANY,
President of AFL–CIO,
Americana Hotel,
Miami Beach, Fla.

DEAR GEORGE: I deeply regret that I must return to Washington rather than address your convention, so that I may vote on one of the most important pieces of legislation of the Twentieth Century. I would appreciate your reading this message to the delegates, whose friendship I value and whose efforts on my behalf I shall always treasure.

President Nixon came to this convention not to seek cooperation but rather with a set script to provoke confrontation; not to correct inequities, but to accentuate differences; not to explain to the convention and the American people his economic program, but rather to demand obedience to executive edict.

An opportunity for bringing America together was cast aside in the interest of personal political gain. A President should act to unify, not divide.

The President says he is for law and order, and so am I. Law and order, however, includes equal application and respect for the law. There is a long-established rule of law that applies to both public and private matters—it is the "sanctity of contract." That rule of law has been ignored by the Nixon Administration in its refusal to honor collective bargaining agreements between labor

and management existing prior to the Phase I freeze of August 15. To deny retroactive pay to workers, who have a binding contract with management, violates the basic principles of law and order.

These are contracts that reflect the toll of a three-year rising inflation—contracts that mean purchasing power to help stimulate a lagging economy—contracts that provide some degree of economic justice for the worker.

Much of the reaction to labor's non-acceptance of Richard Nixon's convention rhetoric is artificially stimulated. The American people must never forget that when you are dealing with a pocketbook issue that affects a man's wages and the well-being of his family, he has the right and the responsibility to speak out loud and clear. That's what has been happening and he should be respected, not chastised for doing so.

The Pay Board should fulfill its responsibilities by immediately recognizing the contracts and permitting their terms to become effective. In plain language, this includes retroactive pay.

This Nation owes a debt of thanks to you and to the leaders of organized labor for your courageous and timely efforts to inject economic justice and growth into the Administration's new economic program.

NORMAN COUSINS: ONE OF AMERICA'S GREAT EDITORS

Mr. HUMPHREY. Mr. President, Norman Cousins is one of my dearest and closest friends, a man whose integrity, insights and intellect I deeply respect. In recent days he resigned as editor of the Saturday Review, a successful magazine whose design he created and whose accomplishments stemmed from his creativity and genius. It was a result of Norman Cousins' wisdom and guidance that the Saturday Review became one of the most effective and wholesome influences on the American literary scene. More than that, however, the magazine and Mr. Cousins have played a crucial role in the strengthening of our society's democratic institutions.

The New York Times of November 17 published an article about Mr. Cousins which summarized some of his and the magazine's accomplishments. As I ask unanimous consent to have the article published in the RECORD, I want to say that from my own intimate, personal knowledge, complimentary and fulsome as the accomplishments may appear from a reading of the article, they do not reflect the full measure of Mr. Cousins or his services to our society. No man in private life worked as hard to accomplish world peace and no man deserves greater appreciation for those efforts, the details of which only future historians will record. I welcome the opportunity at this time to pay personal tribute to Mr. Cousins. He deserves much more.

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

[From the New York Times, November 17, 1971]

UNYIELDING EDITOR—NORMAN COUSINS

(By Lawrence Van Gelder)

"It's the kind of wrench that goes up your spine and right to your soul." With those words, 56-year-old Norman Cousins tried yesterday to describe how he felt about resigning as editor of the Saturday Review. When he joined the magazine in 1940, its circulation was 20,000. Now, he said, it is 660,000. "At the time we began," he noted, "there was something of an unwritten law that no magazine of ideas could have a circulation of more than 30,000. I think that was a lot like the four-minute mile, and when we cracked through the umbrella, we saw a lot of sky up there."

Although he expressed pride in the size of the Saturday Review's audience, the graying-and-dammit-thinning-haired Mr. Cousins said:

"I take the greatest pride in the kind of relationship I've been able to have with individual readers of the magazine. What emerges from my mailbag each day is the sense that I'm not just dealing with customers, but with members of the family."

SOME OTHER PRIDES

Six years ago, shortly after a surprise party held in the magazine's offices at 380 Park Avenue in honor of Mr. Cousins' 25th anniversary as editor, he wrote of some of his other prides in the magazine in an editorial entitled "Life Begins at Twenty-Five":

"I am proud that SR was the first magazine to report and write in depth about the implications of the atomic age, and to maintain its concern. I am proud of the part SR played in the campaign for a ban on nuclear testing."

He continued:

"I am proud of SR's role in bringing about reform in the manufacture and dispensing of unsafe drugs, and in giving its readers such an early and authentic awareness of the problems and possibilities of space travel. I am proud of the way SR anticipated the far-reaching changes in music records and recording equipment. I am proud of its service to and standing in the educational community. I am proud of its leadership position in the field of travel. I am proud of its stand on cigarette advertising. I am proud of what it has done in relating the world of books to the world of ideas, and of the battle it has waged for freedom of intellectual inquiry."

Norman Cousins made up his mind at an early age that he was going to be an editor. "As far back as I can remember I've been interested in print," he said yesterday, and in a little album he had in the third grade, he wrote that he wanted to work in newspapers and magazines.

The son of Samuel and Sara Miller Cousins, he was born June 24, 1915, in Union Hill, N.J. A frail and serious boy, he was thought to have tuberculosis and spent a year when he was 11 in a sanitarium. "I came out with a new respect for the preciousness of life," he said.

After attending Columbia University briefly, he became an education writer for The New York Evening Post in 1934 and the following year joined Current History as literary and managing editor. Five years later, he went to the Saturday Review.

Mr. Cousins is the author or editor of several books, among them "Doctor Schweitzer of Lambarene" and "Talks With Nehru."

He has been a ghost writer of speeches for Presidents, a member of the Mayor's Task Force on Air Pollution, an honorary president of United World Federalists, a co-chairman of the National Committee for a Sane Nuclear Policy. He also helped arrange for the so-called "Hiroshima Maidens"—victims of the Hiroshima atomic bombing—to come to the United States for treatment.

Mr. Cousins adopted one of the Hiroshima women, Shigeko Sasamori. He and Mrs. Cousins, the former Ellen Kopf, have four daughters of their own, ranging in age from 21 to 29.

The Cousins make their home in a Georgian-style house surrounded by woodland in New Canaan, Conn.

Asked about his plans after leaving the Saturday Review, Mr. Cousins said, "Well, you're talking to a man who loves to goof off." He spoke of playing tennis, playing golf, catching up on his reading, working on his organ playing, and then said:

"It might last a couple of weeks. And then back into the arena again."

HAPPY BIRTHDAY TO A VETERAN REPORTER OF INTEGRITY AND COURAGE—MR. ARTHUR BARRAIAULT

Mr. BYRD of West Virginia. Mr. President, I was remiss in not realizing that November 17 was the birthday of one of the best liked, one of the most utterly honest, and one of the most respected veteran reporters of activities of Congress. It would take no divine interpretation on your part to know that I refer to Mr. Arthur Barraiault, who happens to work for NBC; but it would make little difference for whom he worked—he would still have the reputation of being charitable with us, when we needed a tolerant attitude, and of being tough with us when we should have been scolded. The majority leader and other Senators have saluted this man of integrity and courage—and now I would like to add my own salute—to a job well done, as they say in the military service in which Mr. Barraiault served during World War II.

DEPARTMENT OF DEFENSE APPROPRIATIONS, 1972

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 487, H.R. 11731. I do this so that the bill be the pending business.

The PRESIDING OFFICER (Mr. CHILES). The bill will be stated by title for the information of the Senate.

The bill was read by title as follows:

A bill (H.R. 11731) making appropriations for the Department of Defense for the fiscal year ending June 30, 1971, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations, with amendments.

ORDER FOR SENATE TO CONVENE AT 10 A.M. TOMORROW INSTEAD OF 9 A.M.

Mr. MANSFIELD. Mr. President, in view of the long day the Senate has had and the lateness of the hour, I ask unanimous consent that the order calling the Senate into session at 9 a.m. tomorrow be vacated and that the Senate convene at 10 a.m.

Mr. GRIFFIN. There is no objection on this side.

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

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that tomorrow after the recognition of the joint leaders there be a period for the transaction of routine morning business for not to exceed 15 minutes, with statements limited to not more than 3 minutes.

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

ORDER FOR RECOGNITION OF SENATOR HUGHES ON MONDAY, NOVEMBER 29, 1971

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that on Monday, one week from today, November 29, 1971, immediately following the recognition of the two leaders under the standing order, the distinguished Senator from Iowa (Mr. HUGHES) be recognized for not to exceed 15 minutes.

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

ORDER FOR RECOGNITION OF SENATOR WEICKER ON TUESDAY, NOVEMBER 23, 1971

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that tomorrow, immediately following the recognition of the two leaders under the standing order, the distinguished Senator from Connecticut (Mr. WEICKER) be recognized for not to exceed 15 minutes, just prior to the period for the transaction of routine morning business.

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

ADJOURNMENT TO 10 A.M.

Mr. BYRD of West Virginia. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 10 a.m. tomorrow.

The motion was agreed to; and (at 10 o'clock and 28 minutes p.m.) the Senate adjourned until tomorrow, Tuesday, November 23, 1971, at 10 a.m.

NOMINATION

Executive nomination received by the Senate November 22, 1971:

U.S. DISTRICT COURTS

Kenneth K. Hall, of West Virginia, to be a U.S. district judge for the southern district of West Virginia, vice John A. Field, Jr., elevated.

EXTENSIONS OF REMARKS

THE PENTAGON PAPERS

HON. MIKE GRAVEL

OF ALASKA

IN THE SENATE OF THE UNITED STATES

Monday, November 22, 1971

Mr. GRAVEL. Mr. President, I ask unanimous consent to have printed in the Extensions of Remarks the following legal motions, applications, affidavits, memoranda, orders, petitions and other papers dealing with the publication of the so-called Pentagon Papers.

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

Oath of office;
Mr. GRAVEL letter to Mr. Garrity;
Motion to intervene—Mr. GRAVEL;
Brief in support of motion to intervene—Mr. GRAVEL;
Government opposition to motion to intervene;
Notice of hearing;
Motion for specification—Mr. GRAVEL—and order;
Motion to quash—Mr. GRAVEL—and order;
Motion to quash—Mr. Rodberg;
Brief in support of motion to quash—Mr. GRAVEL;
Affidavit of Mr. Dunphy;
Ridgely letter;
Affidavit of Mr. Rodberg;
Affidavit of Mr. GRAVEL;
Government opposition to motion for specification;
Government brief in opposition to motion to quash;
Mr. Rodberg brief in support of motion to quash;
Memorandum and decision of October 4, 1971;
Second. Mr. Rodberg subpena;
Motion in reconsideration and stay—Mr. GRAVEL;
Brief in support of motion for reconsideration—Mr. GRAVEL;
Brief in support of motion for reconsideration—Mr. Rodberg;
Government motion for extension of time;
Motion, and Government brief in opposition to reconsideration;
Government motion for order and order commanding Mr. Rodberg to appear before the the grand jury;
Reply memo for reconsideration;
Motion to intervene—Mr. Webber;
Motion to quash—Mr. Webber;
Order granting motion to intervene—Mr. Webber;
Order granting motion to stay—Mr. Webber;
Motion for further relief—Mr. GRAVEL;
Motion for stay pending proposition of motion for further relief;
Government for modification of order;
Motion and order denying steno copy of grand jury minutes;
Subpena to N. E. Merchants Bank;
Order denying motion for reconsideration;
Order denying Mr. Rodberg's motion for certification;
Order denying motion for further relief;
Supplemental protective order of October 29, 1971;
Notice of appeal—Mr. Rodberg;
Notice of appeal—Mr. Webber;
Government notice of cross-appeal;
Motion for stay pending appeal—Mr. GRAVEL;
Motion for stay pending appeal—Mr. GRAVEL;
Order of October 29;
Motion for postponement of argument;
Order of November 1;
Government brief on appeal;
Brief on appeal—Mr. GRAVEL;
Motion for order to show cause;
Order to show cause;
Affidavit of Charles Fishman;
Brief on appeal—Mr. Rodberg;
Reply brief—Mr. GRAVEL;
Government motion in opposition to Mr. Rodberg brief;
Rejected stipulation;
Granted stipulation;
Order withdrawn—order to show cause;
Order granting Government motion in opposition to Mr. Rodberg's brief;
Mr. Rodberg's motion for reconsideration;
Order denying reconsiderations; and
Letter to clerk and attachment.

OATH OF OFFICE (WITHOUT COMPENSATION)

I, Paul C. Vincent, do solemnly swear that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties of the office of Special Attorney under letter of appointment dated July 2, 1971 authorizing me to assist in presentation to the grand jury and trial of the case or cases in the District of Massachusetts in which the Department is informed that various persons have violated in the District of Massachusetts the laws relating to the retention of public property or records with intent to convert (18 U.S.C. 641), the gathering and transmitting of national defense information (18 U.S.C. 793), the concealment or removal of public records or documents (18 U.S.C. 2071), and conspiracy to commit such offenses and to defraud the United States (18 U.S.C. 371) on which I am about to enter: So help me God.

PAUL C. VINCENT.

Date of Birth Dec. 4, 1914.
Date of entry upon duty July 7, 1971.
Subscribed and sworn to before me this 7th day of July A.D., 1971, at R———, Mass.

RICHARD M. PELL,
Clerk.

UNITED STATES SENATE,
Washington, D.C., August 26, 1971.

Hon. W. ARTHUR GARRITY, Jr.,
United States District Judge,
Federal Court House,
Boston, Massachusetts

DEAR JUDGE GARRITY: I have been informed by Leonard Rodberg, a personal servant of mine, that he has been subpoenaed to appear before a Federal Grand Jury in Boston at 10 AM, August 27, 1971. I do not know why Mr. Rodberg has been ordered to appear.

However, if Mr. Rodberg has been subpoenaed for the purpose of testifying about any matter or activity done with respect to the performance of my constitutional duties as a United States Senator, I have authorized my attorney, Charles Louis Fishman, to intervene in the matter to assert my