The Senate will convene at 12 o'clock noon. After the two leaders have been recognized under the standing order, there will be a period for the transaction of routine morning business for not to exceed 30 minutes with statements therein limited to 3 minutes. At the conclusion of routine morning business, the Chair will lay before the Senate the unfinished business, S. 3526, a bill to provide authorizations for certain agencies conducting the foreign relations of the United States, and for other purposes.

The question before the Senate at that time will be on the adoption of amendment No. 1175, offered by the distinguished Senator from Mississippi (Mr. STENNIS). There is no time agreement thereon or on any other amendment or on the bill itself.

There could be rollcall votes tomorrow afternoon. Whether or not the Senate will proceed to lay the Stennis amendment aside to take relatively noncontroversial amendments remains to be seen.

ADJOURNMENT

Mr. ROBERT C. BYRD. 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 12 o'clock noon tomorrow.

The motion was agreed to; and at 2:15 p.m., the Senate adjourned until tomorrow, Tuesday, May 9, 1972, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate May 8, 1972:

IN THE NAVY

The following-named officers of the Navy for temporary promotion to the grade of rear admiral in the staff corps indicated subject to qualification therefor as provided by law:

Supply Corps

Eugene A. Grinstead, Jr.
Stuart J. Evans
William M. Oller
Wendell McHenry, Jr.

Civil Engineer Corps

John R. Fisher

IN THE AIR FORCE

The following-named Air National Guard of the United States officers for promotion in the Reserve of the Air Force, under the appropriate provisions of section 593(a), title 10, United States Code, as amended.

Major to lieutenant colonel

LINE OF THE AIR FORCE

Roland E. Ballow, [redacted]
Leland J. Bernasconi, [redacted]
Dean T. Biggerstaff, [redacted]
Harold H. Blackshear, [redacted]
James R. Blackwell, [redacted]
Robert B. Blamires, [redacted]
Edward W. Boggs, [redacted]
Bobby Z. Branum, [redacted]
Robert V. Carter, [redacted]
John B. Conaway, [redacted]
Albert J. Cooper, [redacted]
Charles S. Cooper, III, [redacted]
Ray N. Crete, [redacted]
Joseph N. Dietrich, [redacted]
Charles K. Evers, [redacted]
Kenneth O. Gabriel, [redacted]
Homer C. Gober, Jr., [redacted]
Robert J. Gordon, [redacted]
Edward J. Graham, [redacted]
Fillmore V. Hall, [redacted]
Richard O. Hoyt, [redacted]
Joseph A. Kazek, [redacted]
Jack W. Kier, [redacted]
Charles A. Machemehl, Jr., [redacted]
George C. Melloy, Jr., [redacted]
Clyde E. Millington, [redacted]
Donald O. Neary, [redacted]
Joseph Orear, [redacted]
Edward E. Parsons, Jr., [redacted]
John E. Patterson, Jr., [redacted]
Robert Pettinga, [redacted]
George D. Quick, [redacted]
Harold L. Rhoades, [redacted]
William D. Root, [redacted]
Donald J. O'Rourke, [redacted]
Arda J. Roy, Jr., [redacted]
Stanley J. Schill, [redacted]
Sanford T. Shepardson, [redacted]
Fred O. Smith, [redacted]
Luther L. Smith, [redacted]
Richard Suhay, [redacted]
Donald D. Thompson, [redacted]
Hughey S. Williford, Jr., [redacted]
David P. Witmer, Jr., [redacted]
Billy J. Yeiser, [redacted]
Leslie A. Young, [redacted]

CHAPLAIN CORPS

Robert O. Williams, [redacted]

MEDICAL CORPS

William E. Riecken, Jr., [redacted]
Donald E. Wallis, [redacted]

CONFIRMATION

Executive nomination confirmed by the Senate May 8, 1972:

OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

Harald Bernard Malmgren, of the District of Columbia, to be a Deputy Special Representative for Trade Negotiations, with the rank of Ambassador.

HOUSE OF REPRESENTATIVES—*Monday, May 8, 1972*

The House met at 12 o'clock noon.

Dr. Jack P. Lowndes, president, Home Mission Board, Southern Baptist Convention, and pastor, Memorial Baptist Church, Arlington, Va., offered the following prayer:

"O send out Thy light and Thy truth: Let them lead me."—Psalms 43: 3.

We need Thy light to guide us in the life of our Nation. We pray, therefore, for Thy presence to give strength to these our elected leaders who meet here. Help them to gain help from Him whose strength is made perfect in man's weakness.

Give us grace, O Lord, to see our failure but not to be defeated by them. Help us to use our difficulties to serve Thy good purpose. Help us to be able to answer yes to Thy rollcall concerning our faithfulness to our duty. In Thy name we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Geisler, one of his secretaries, who also informed the House that on May 5, 1972 the President approved and signed bills of the House of the following titles:

H.R. 8817. An act to further cooperative forestry programs administered by the Secretary of Agriculture and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment a bill and joint resolution of the House of the following titles:

H.R. 13591. An act to amend the Public Health Service Act to designate the National Institute of Arthritis and Metabolic Diseases as the National Institute of Arthritis, Metabolism, and Digestive Diseases, and for other purposes, and

H.J. Res. 1174. Joint resolution making an appropriation for special payments to international financial institutions for the fiscal year 1972, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 9212) entitled "An act to amend the provisions of the Federal Coal Mine Health and Safety Act of 1969 to extend black lung benefits to orphans whose fathers die of pneumoconiosis, and for other purposes."

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 5199. An act to provide for the disposition of funds appropriated to pay judgments in favor of the Miami Tribe of Oklahoma and the Miami Indians of Indiana in Indian Claims Commission dockets Nos. 255 and 124–C, dockets Nos. 256, 124–D, E, and F, and dockets Nos. 131 and 253, and of funds appropriated to pay a judgment in favor of the Miami Tribe of Oklahoma in docket No. 251–A, and for other purposes; and

H.R. 10880. An act to amend title 38 of the United States Code to provide improved medical care to veterans; to provide hospital and medical care to certain dependents and survivors of veterans; to improve recruitment and retention of career personnel in the Department of Medicine and Surgery.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 11417) entitled "An act to amend the Rail Passenger Service Act of 1970 to provide financial assistance to the National Railroad Passenger Corpora-

tion for the purpose of purchasing railroad equipment, and for other purposes," agrees to the conference requested by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MAGNUSON, Mr. HARTKE, Mr. HOLLINGS, Mr. BEALL, and Mr. WEICKER to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 1756) entitled "An act to amend the Public Buildings Act of 1959, as amended, to provide for financing the acquisition, construction, alteration, maintenance, operation, and protection of public buildings, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. GRAVEL, Mr. JORDAN of North Carolina, Mr. TUNNEY, Mr. BOGGS, and Mr. COOPER to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 538. An act to declare that certain federally owned lands are held by the United States in trust for the Indians of the Pueblo Cochiti; and

S. 3572. An act to extend and amend sections 5(n) and 8(d) of the Federal Water Pollution Control Act, as amended.

RESIGNATION FROM COMMITTEE

The SPEAKER laid before the House the following resignation from a committee:

WASHINGTON, D.C.

Hon. CARL ALBERT,
Speaker of the House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: I wish to submit my resignation from the Committee on the District of Columbia.

As you know, I agreed to join this Committee in 1969. I find that my duties with the Interstate and Foreign Commerce Committee consume so much of my time, that I am unable to fulfill the obligations of another Committee assignment. It would be only proper for me to step aside and allow another Member, who perhaps has more time, to give this Committee the service it deserves.

Sincerely,

RAY BLANTON,
Member of Congress.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

HIJACKING FANTASY

(Mr. SIKES asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. SIKES. Mr. Speaker, the latest and most bizarre of airplane hijackings could well have been pure fantasy rather than fact. It is almost incomprehensible that the law enforcement agencies of the entire country were baffled and paralyzed to such an extreme degree by one demented hijacker. Few things have happened which left the United States so completely exposed to ridicule worldwide as the exploits of an individual who commandeered not one plane but two, changed planes, required payment of a king's ransom, then required it be exchanged for bills of another denomination.

So we ask, what was wrong with all the law enforcement personnel that they were unable to cope with this situation? Do plane crews know nothing about self-defense or have they simply been instructed, rabbit-like, to obey any threat by any individual.

It should be obvious that nothing really has been accomplished toward putting an end to the practice of hijacking. If the law enforcement agencies are unable to cope with the problem, airline crews should be trained to do so. Hijackings are a heinous thing, not a lark. They have made the airlines and the law enforcement officials appear ridiculous and it is time to put a stop to it. The airline companies seem to have no difficulty in paying whatever amount of money the hijackers demand for blackmail. This could lead to the deduction that they are making too much money to care what happens to it and it may be well to look into the matter of raising their taxes to reduce the supply of cash available for hijackers.

THE ANNUAL AIR SHOW AT BARKSDALE AIR FORCE BASE

(Mr. WAGGONNER asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. WAGGONNER. Mr. Speaker, on April 30, I had the distinct pleasure of attending, as I do every year at this time, the annual air show at Barksdale Air Force Base, La., in my home district, and I can truthfully say that the show was a truly remarkable one and a success, and most enjoyable, I might add, for me and the same 100,000 people who turned out for it.

Now, a good many people around the country would have thought that with the raft of antiwar and antimilitary demonstrations in evidence these days, whenever there is a public military function or display, that the presentation down at Barksdale would have been tainted by the presence of protesters and demonstrations.

But, I am happy to report, not one time during the presentation by the Air Force was the show interrupted because of a demonstration. Not one time was there ever the slightest sign of the first protest or a single protester. It was refreshing from that standpoint. I am, for these and many other reasons, extremely proud of our people. These folks do appreciate the need for maintaining an adequate military defense posture; their conduct and numbers at the air show attest to that. This is so because they love their God and their country.

SUPPORT FOR EXPANSION OF INDIANA DUNES NATIONAL LAKESHORE

(Mr. ROUSH asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. ROUSH. Mr. Speaker, expanding the present Indiana Dunes National Lakeshore so as to protect and insure certain prime areas for recreational purposes and ecological study is a subject that has engrossed me in this Congress.

I have received support for my bill (H.R. 10209) from a number of local conservationists, political leaders, and private individuals. Members of the Sierra Club, the Izaak Walton League, the Save the Dunes Council, ECO-Vote and Friends of the Earth have all assisted me in one way or the other in forwarding this legislation.

Last week I received a letter of support from the president of the American Association of University Women, Calumet Area Branch of Indiana. I was pleased and gratified to have their support and I would like to include their letter in full:

AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, CALUMET AREA BRANCH,
Highland, Ind., April 30, 1972.

Congressman J. EDWARD ROUSH,
House of Representatives,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN ROUSH: As a branch of the American Association of University Women in a region which is particularly affected by the presence or absence of parks, we take a supportive stand on the expansion of the Indiana Dunes National Lakeshore.

This park is essential to the wellbeing of this part of Indiana and we view it as an asset to our community. In this industrial area, space, beauty, and recreation are especially needed. We think the park deserves protection by a buffer zone. Industry has plenty of acres; the dunes are irreplaceable.

Sincerely,

HAZEL C. DAVIS,
President, AAUW-Calumet Branch.

RICHARD B. RUSSELL LAKE

(Mr. DORN asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and include extraneous matter.)

Mr. DORN. Mr. Speaker, the late Senator Richard B. Russell was a pioneer in conserving clean water for future generations. Senator Russell was a leader in improving our environment through watersheds, soil conservation programs, tree planting, and grass to filter water where it falls. The time is now and the place is here to honor this great American and carry on the programs in environmental conservation he so ably began.

The Trotters Shoals project on the Savannah River is the best remaining undeveloped site in the United States. I urge the Congress to appropriate the necessary funds so this great project can begin in earnest. With each day of delay the cost will increase and the area remains one of incredible desolation with industrial, social, and economic development in a state of retrogression.

Mr. Speaker, the Trotters Shoals project should be renamed Richard B. Russell Lake and I believe this proposal will be acted on favorably by our House Committee on Public Works.

Mr. Speaker, the following resolution was recently adopted by the National Rural Electric Cooperative Association:

TROTTERS SHOALS PROJECT

Whereas, the Trotters Shoals multipurpose project located on the Savannah River be-

tween the states of South Carolina and Georgia has been authorized by Congress for construction, and funds have been appropriated for land acquisition to begin development of the project, and

Whereas, Senators Talmadge, Gambrell, Thurmond and Hollings and Congressmen Landrum and Dorn have introduced resolutions in both Houses of Congress to rename the project the Richard B. Russell Dam and Reservoir, and

Whereas, the former United States Senator, the late Richard B. Russell of the state of Georgia, was a prime moving force in promoting this much needed government facility: Now, therefore,

Be it resolved, That Congress be urged to complete action on the resolution changing the name to honor Senator Richard Russell, promptly.

U.S. CIVIL SERVICE COMMISSION'S ANNUAL REPORT FOR FISCAL YEAR 1971—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 92-213)

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Post Office and Civil Service and ordered to be printed:

To the Congress of the United States:

I am hereby transmitting the United States Civil Service Commission's Annual Report for fiscal year 1971.

The report encompasses a year marked with considerable progress and innovation in Federal personnel management. Among the year's highlights were significant liberalizations in retirement and health benefits; increased emphasis on employment opportunities for returning Vietnam veterans; a strengthened program in equal employment opportunity for minorities and women; considerable progress in job evaluation policy and personnel management evaluation; and preparations by the Commission to implement the Intergovernmental Personnel Act of 1970 which should bring a new partnership between Federal, State, and local governments.

These improvements resulted from the joint action and cooperation of the Commission, the Congress, the executive agencies, employee organizations, and the President. I therefore hope you share my pride in these achievements which not only have made the Government a better employer but have also provided sharpened government responsiveness to the changing social and economic needs of the American people.

RICHARD NIXON.

THE WHITE HOUSE, *May 8, 1972.*

DISTRICT OF COLUMBIA BUSINESS

The SPEAKER. This is District of Columbia day.

The Chair recognizes the gentleman from Georgia (Mr. HAGAN).

MEDICAL RECORDS, STUDIES, AND RESEARCH IN THE DISTRICT OF COLUMBIA

Mr. HAGAN. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H.R. 9769), concerning medical records, information, and data to promote and facilitate medical studies, research, education, and the performance of the obligations of medical utilization committees in the District of Columbia, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

Mr. HALL. Mr. Speaker, reserving the right to object, may I inquire of the leadership handling this bill if it is their intention to take time under the rules of District day in order to explain this change in medical recordkeeping for the District of Columbia, and explain it adequately prior to final action on the bill?

Mr. HAGAN. Yes, Mr. Speaker, and if the gentleman has any questions, we would be glad to try to get an answer to them.

Mr. HALL. Mr. Speaker, if that is their intention and the bill will not be passed forthwith, I withdraw my reservation of objection to the unanimous consent request.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read the bill as follows:

H.R. 9769

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress hereby finds and declares that the gathering of information and data to promote and facilitate medical studies, research, education, and optimal utilization of medical care facilities is a matter of public interest and the use of such studies should be limited in the public interest.

SEC. 2. (a) Information, interviews, reports, statements, memorandums, or other data gathered in the District of Columbia by, or used for the purpose of the study of morbidity and mortality (including but not limited to the study of maternal welfare and perinatal morbidity and mortality) by, any entity specified in subsection (b) shall not be admissible as evidence in any proceeding before any court or tribunal, or in any proceeding before any governmental commission, board, or agency, within the District of Columbia, and shall not be subject to subpena by such court, tribunal, commission, board, or agency.

(b) This section shall apply with respect to any medical society operating in the District of Columbia, any agency, department, or instrumentality of the Federal Government operating in the District of Columbia, the government of the District of Columbia and any agency thereof, inhospital staffs (including committees) of accredited hospitals in the District of Columbia, and medical school committees and faculty members of the medical schools engaged in research in the District of Columbia.

SEC. 3. Written reports, notes, records, and other data of medical staff committees used for the professional training, supervision, or discipline of the medical staffs of hospitals operating within the District of Columbia, shall not be admissible as evidence in any proceeding before any court or tribunal or in any proceeding before any governmental commission, board, or agency, within the District of Columbia, and shall not be subject to subpena by such court, tribunal, commission, board or agency.

SEC. 4. The furnishing to any of the aforementioned institutions or organizations of any data described in section 2, in the course of a research project shall not subject any person, hospital, sanitarium, nursing, rest home, or any similiar institution to any action for damages or other relief.

SEC. 5. (a) Any information, reports, records, or other data made available to, or issued, recorded, or reported by, a medical utilization committee of a hospital or other medical care facility operating in the District of Columbia shall be confidential and shall be used by such committee of a hospital or other medical care facility operating in the District of Columbia shall be confidential and shall be used by such committee and the committee members only in the exercise of the proper function of such utilization committee.

(b No physician, surgeon, institution, or hospital furnishing information, reports, records, or other data to any such committee with respect to any patient shall by reason of such furnishing be subject to any action for damages or other relief.

(c) No member of a medical utilization committee shall be deemed liable in damages to any person for any action taken or recommendations made within the scope of the functions of such committee, if such committee member acts without malice and in the reasonable belief that such action is warranted by the facts known to him after reasonable effort to obtain the facts of the matter as to which such action is taken or recommendation is made.

(d) As used in this section, "medical utilization committee" include medical utilization review committees of hospitals, extended care facilities, or medical societies operating in the District of Columbia; such committees of the government of the District of Columbia (or any agency thereof), or of any agency, department, or instrumentality of the Federal Government (operating in the District of Columbia, which are established to determine the medical need for continued medical care of individual patients; and review committees having the responsibility for evaluation and improvement of the quality of medical care in any hospital operating in the District of Columbia.

SEC. 6. Nothing contained herein shall be construed as affecting the admissibility of the primary medical record or hospital record or other extended care facility record pertaining to the patient or to the reproduction of such record.

With the following committee amendment:

Strike out all after the enacting clause and insert the following:

That the Congress hereby finds and declares that the gathering of information and data to promote and facilitate medical studies, research, education, and optimal utilization of medical care facilities in the District of Columbia is a matter of public interest and the use of such studies should be limited in the public interest.

SEC. 2. Chapter 5 of title 14 of the District of Columbia Code (relating to documentary evidence) is amended by inserting at the end thereof the following new section:

"§ 14-508. Medical records

"(a) As used in this section—

"(1) The term 'secondary medical records' means—

"(A) any record of information or data, gathered to be used, or used, in the District of Columbia, to study morbidity and mortality (including the study of maternal welfare and perinatal morbidity and mortality) by any person employed by or working or associated with—

"(i) any medical society operating in the District of Columbia;

"(ii) any department, agency, or instrumentality of the Federal Government operating in the District of Columbia;

"(iii) any department or agency of the government of the District of Columbia;

"(iv) any inhospital staff (including a tissue review committee) of an accredited hospital, or extended care facility, in the District of Columbia; and

"(v) any medical school committee, or any faculty member, of any medical school engaged in research in the District of Columbia; and

"(B) written reports, notes, records, and other data of any medical staff committee, peer review committee, tissue review committee, or medical utilization committee used for the professional training, supervision, or discipline of persons engaged in the practice of medicine in the District of Columbia.

"(2) The term 'primary medical record' means the record of continuing care kept by a physician, hospital, or extended care facility regarding a patient which reflects the diagnostic and therapeutic services rendered by the physician, hospital, or extended care facility to the patient.

"(3) The term 'medical utilization review committee' means any committee of a hospital, or extended care facility, operated in the District of Columbia which reviews, on a sample or other basis, admissions to such hospital or facility, the duration of stays therein, and the professional services furnished, (A) with respect to the medical necessity of the services, and (B) for the purpose of promoting the most efficient use of the services and facilities available in the hospital or extended care facility.

"(4) The term 'peer review committee' means any committee of a professional medical society in the District of Columbia composed of persons engaged in the practice of medicine in the District of Columbia which reviews or receives and hears complaints with respect to the quality of medical services furnished by any other person similarly engaged in the practice of medicine in the District of Columbia.

"(5) The term 'medical staff committee' means a peer review committee of a hospital, or extended care facility, operated in the District of Columbia.

"(6) The term 'tissue review committee' means any committee of a hospital, or extended care facility, operated in the District of Columbia which conducts a continuous review of the results of surgical operations with respect to the removal of tissue or blood from patients in the hospital or extended care facility.

"(b) No secondary medical record, in whole or in part, and no copy thereof, made in the District of Columbia shall be admissible as evidence or used for any purpose in any proceeding before any court in the District of Columbia, or before any proceeding of any commission, board, or agency of the government of the District of Columbia, and shall not be subject to a subpena issued by such court, commission, board, or agency.

"(c) Notwithstanding any other law, or rule or law, any person in the District of Columbia may transmit, upon request, to any medical utilization review committee, peer review committee, tissue review committee or medical staff committee, operating in the District of Columbia, any report, note, record, or other data or other information, relating to the medical services provided to any other person, to be included in a secondary medical record, which such person properly has in his possession.

"(d) No person who provides any report, note, record, or other data or information to be included in a secondary medical record made in the District of Columbia (as specified in subsection (c)) shall be liable to any other person for damages or other relief by reason of his providing such report, note, record, or other data or information.

"(e) No member of a medical utilization committee, a peer review committee, a medical staff committee, or a tissue committee, operating in the District of Columbia, shall be liable for damages or other relief to any person for any action taken or recommendation made by such member or by the committee to which such member belongs within the scope of the functions of such committee, if such committee member acts in the reasonable belief that such action is warranted by the facts known to him after reasonable effort to obtain the facts of the matter as to which such action is taken or recommendation is made.

"(f) Nothing contained in this section shall be construed as affecting the admissibility in any proceeding before any court, board, commission, or agency of the primary medical record or those records maintained by the Medical Examiner of the District of Columbia.

SEC. 3. The chapter analysis of chapter 5 of title 14 of the District of Columbia Code is amended by inserting immediately after:
"14—507. Other methods of proof."
the following new item:
"14—508. Medical records".

Mr. HAGAN (during the reading). Mr. Speaker, I ask unanimous consent that the committee amendment be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. HAGAN. Mr. Speaker, the purpose of the bill, H.R. 9769, as set forth in House Report No. 92–1007, is to promote improved health care for the general public through the gathering of information on diagnostic procedures, therapy, medication, surgery, and intensive and aftercare to provide information for medical studies, research, education, and the best use of medical care facilities. The bill establishes a separate classification on medical records which may be compiled and which are available only for the specific uses for which they have been produced.

NEED FOR THE LEGISLATION

In recent years, the rapidly expanding public demand for medical care, services, and treatment has brought with it new requirements of law which are to be met by medical practice. The establishment of the Medicare and Medicaid programs has imposed upon government regulatory agencies the necessity of establishing policy controls on certain areas of the medical profession and review procedures to insure efficient and economic functioning of prepayment and voluntary insurance programs.

An early expression of the interest of government in this field was in the Health Insurance for the Aged Act (79 Stat. 313; 1965) which requires that hospitals establish utilization review committees which study medical histories and charts, look to the needs of administration of the facilities, the length of stay, discharge practices, and evaluation of services ordered and provided in the facility. It is in the public interest that physicians assigned to or participating in such utilization committees be encouraged to carry out their functions under federal law and at the same time not be in jeopardy of involvement in a suit for damages as a witness or a party defendant as a consequence of carrying out such a public duty.

In addition to utilization committees, other committee groups are equally active in other subject areas directed toward improvement of the practice of medicine and the use of hospital and intensive care facilities.

In recognition of the need for providing essential legal status for such committees, more than 25 States have enacted laws somewhat similar to the pending bill, H.R. 9769. The specific need of the legislation is that of encouraging the performance of the statutory medical review functions by removing the threat of involvement in litigation solely because of the performance of such an obligation.

MEDICAL RECORDS

Historically the medical records of any patient have been those entries made in notes or records of a physician regarding the diagnosis, prescription of treatment, medical or otherwise, and the entries and records of clinics, hospitals, or intensive care facilities. At law such records were considered to be privileged between the doctor and patient with the full right and privilege of use by the patient as he deemed it necessary to serve his best interest medically or otherwise.

The provisions of the bill make no change in the essential character of such records or in their legal status. However, such records, for the purposes of the bill are defined as "primary medical records."

PRIMARY MEDICAL RECORDS

The language of the bill continues the status of such records in custom and in law as they have had in the past. Any purpose for which such records might properly be used in the past or as of the current time, will be uses permitted under the bill in the future. The confidentiality of these records as to treatment by physicians and consultants is continued fully as to disclosure of such entries.

SECONDARY RECORDS

The bill, H.R. 9769 establishes by statute another classification of records called "secondary records" which have a very limited and specific function. Whereas a primary medical record is a record related to the particulars of diagnosis, treatment, and hospitalization of a patient, a secondary record contains a body of general data and information derived from primary records, which material is for the general benefit and improvement of medical practice and facility use.

The principal characteristic of secondary records is that they are generally oversight or after the fact records. While the particular committee using such records may find reason to make recommendations which may affect future medical or hospitalization procedure, such recommendations are general guidelines.

DEVELOPMENT OF COMMITTEE SECONDARY RECORDS

The special committees, defined in the bill, may jointly or severally, compile secondary records related to the purposes of the particular committee. Under the terms of the bill a particular committee may lawfully secure information from primary medical records for use in connection with the oversight or review functions of the particular committee. The confidentiality of the material from primary records, which becomes a part

of secondary records, is maintained since secondary records are exclusively for utilization by the respective committees. The provisions of the bill prohibit the production by subpena or use of secondary medical records in litigation before any court or agency for the purposes of any proceeding whatsoever.

COMMITTEE AMENDMENT

The bill H.R. 9769 as reported favorably by our committee was amended by striking out all after the enacting clause and substituting new language. The changes accomplished by this amendment were not changes of substance but rather changes of clarification, definition, and arrangement. The intent of the legislation as introduced and the intent of the Congress as expressed by the committee is that of establishing two different categories of medical records; (1) primary records which are the conventional medical records of a patient and (2) secondary records which are compiled by and may be used only by special committees as defined in the bill. Primary records continue to have the conventional status in law as has been customary while the secondary records may not be produced in court or before agencies for any purpose.

One other principal objective of the clarification accomplished by the amendment was that of making it clear that nothing in the bill is intended to limit the use of the records of the Medical Examiner for the District of Columbia in connection with criminal actions in the courts. The Corporation Counsel for the District of Columbia government raised question concerning the construction of the original bill as to the continuing availability of such information for court purposes. The bill as amended makes it clear that there is no change in the availability or utilization of the records by the Medical Examiner. The committees defined in the bill may have access to data and information in the records of the Medical Examiner.

As a further expression of intent, our committee finds it highly essential that professional persons performing services, on the respective defined committees and whose judgments and opinions are primarily directed to the general improvement of the professional practice of medicine and the use of medical facilities, should not be faced with the unpleasant prospect of being a party to a damage suit as if he were personally responsible as a physician or consultant for a patient who he may never have seen or known.

Likewise, it is the intent of the committee that those persons who have custody of primary medical records may lawfully furnish data and information to committees having custody over secondary records without being in breach of law for maintenance of confidentiality of such records. The bill also provides that members of the defined committees may properly receive such information.

COMMITTEE HEARINGS

Public hearings were held by our committee on the bill, H.R. 9769, by the Subcommittee on Education. A panel of representatives from the District of Columbia Medical Society presented detailed testimony as to the need for such legislation and the purposes which would be accomplished under the bill.

Recommendations were received from the government of the District of Columbia and the Assistant Corporation Counsel commented on the terms of the bill and reviewed the views of the local government. The principal question presented in discussions by the Assistant Corporation Counsel related to the availability of medical records to the Office of the Medical Examiner in the District of Columbia as such information might be needed in connection with the prosecution of criminal cases. As noted above the committee amendment was drawn to meet this question as presented by the District of Columbia government.

COST OF THE BILL

The bill as amended by the Committee relates primarily to procedural matters and recordkeeping in connection with the practice of medicine and the utilization of care facilities in the District of Columbia. Inasmuch as no specific additional personnel is authorized and since such records as are to be kept will be produced primarily by existing personnel, no additional cost is anticipated by reason of this legislation.

ANALYSIS OF THE BILL

The bill H.R. 9769 amends the District of Columbia Code by adding a new section to Chapter 5 of title 1r, which chapter relates to "Documentary Evidence."

Section 1 of the bill is the statement of findings and declaration as to the purposes of the Congress.

Subsection 2(a) defines the term "secondary medical records" as being those records containing information or data to be used or used in connection with morbidity and mortality studies by persons who are employed, work with, or are associated with any medical society, Federal agency operating in the District of Columbia, agents of the District of Columbia government, hospital or extended care facilities in the District of Columbia, or any medical school in the District. The subsection describes the nature of the secondary records and the special committee groups having custody over and use of such records.

Paragraph (2) of subsection 2(a) defines the term "primary medical record," as being the record of continuing care kept by a physician, hospital, or extended care facility reflecting the diagnostic and therapeutic services rendered to the patient.

Paragraphs (3), (4), (5), and (6) of subsection (a) define the types of committees who may assemble and use the secondary medical records for the specific purposes of study and review assigned to those particular committees.

Subsection 2(b) places severe restrictions upon the use of a secondary medical record. No such record in whole or in part, nor any copy, is admissible in evidence or may be used for any purpose before any court or other agency of the District of Columbia government and shall not be subject to production by issuance of a subpena.

Subsection 2(c) provides that any person having possession of data, records, or information relating to medical services may properly transmit such information to the defined special committees.

Subsection 2(d) provides that the person supplying information to be included in a secondary medical record shall not be liable to any other person by reason of his providing the information.

Subsection 2(e) provides that a member of any of the defined committees acts on reasonable knowledge and belief and in good faith in transmitting or making a recommendation shall not be liable for damages or other relief to any person because of such recommendation or action by the committee of which he is a member.

Subsection 2(f) provides that no provision of the bill shall be construed to affect the admissibility of a primary record or of any record of the District of Columbia medical examiner before any court or agency of the District of Columbia.

Section 3 of the bill provides a chapter analysis.

This legislation has the approval of many witnesses who came before the committee. The committee highly recommends that it be passed.

Mr. HANNA. Mr. Speaker, will the gentleman yield for a question?

Mr. HAGAN. I am glad to yield to the gentleman from California.

Mr. HANNA. I am sure the gentleman, because he is very interested in the hospital situation in the District, has been reading some of the very disturbing stories relative to the care of children in Children's Hospital and the ability to assure that young infants will not be dying of diseases picked up right in the hospital. Will this bill give an ability for the hospitals to more appropriately respond to this problem?

Mr. HAGAN. So far as our committee is concerned it certainly will.

Mr. HANNA. I thank the gentleman.

I certainly then feel every Member of this House would want the situation we have been reading about recently to be improved. If this bill is in that direction I certainly commend the committee for bringing it out.

Mr. HAGAN. I thank the gentleman very much.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. HAGAN. I am glad to yield to the gentleman from Missouri. Let me say this, Doctor: I am sorry I did not have an opportunity to discuss this matter with you beforehand, but I will do everything I possibly can to have our eminent Doctor in the House understand what we are trying to do.

Mr. HALL. I appreciate the gentleman's statement. Of course, it is not necessary to clear legislation with all 435 Members prior to a committee bringing it to the floor, especially when that committee action is unanimous.

I do believe, Mr. Speaker, that the gentleman and the committee should lay out in very clear terms the difference between primary and secondary medical records in the District medical and related organizations.

The SPEAKER. The time of the gentleman from Georgia has expired.

Mr. HALL. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I continue in the same vein, and I shall yield to the gentleman or any member of the committee for answers.

Primary medical records in the hospitals, as annotated under progress notes on a patient's chart as made by a physician, or other laboratory determinations, for example, in a hospital, have always been considered primary and as such listed as privileged or confidential communications between doctor—or provider of service—and patient.

This bill, as I read it, and the report of the committee, would establish a system of secondary records, for example, so that certain laboratory reports, useful or useless as the case might be, could be used in the determination of sickle cell anemia, as an example, for which we have recently voted millions of dollars for a primary study.

There is certainly no objection to that if the line is kept clear between the doctor-patient relationship and the confidentiality of hospital records. Would the gentleman comment on this?

Mr. HAGAN. Very definitely so. That was very carefully considered and discussed. The courts are very clear on that particular matter.

In fact, the language of the bill as to primary medical records continues the status of such records in custom and in law as they have had in the past. As to any purpose for which such records might properly have been used in the past, or might be used as of the current time, the same usage will be permitted under the bill in the future.

I should like to say, Dr. HALL, that the confidentiality of these records as to treatment by physicians and consultants is continued fully as to disclosure of such interests.

Mr. HALL. I thank the gentleman.

Mr. Speaker, may I ask the distinguished gentleman from Georgia whether or not the committee amendment changes any of that?

Mr. HAGAN. The committee amendment simply defines the secondary records.

Mr. HALL. And there is no preemption by the so-called secondary records over the confidentiality of primary records in the hospitals of the District of Columbia or offices of physicians?

Mr. HAGAN. None at all. We were very careful.

Mr. HALL. I thank my colleague and have another question. The gentleman from Georgia has been outstanding in his war on alcoholism as a disease. Would this help to benefit the people of the District of Columbia in that regard?

Mr. HAGAN. It certainly would not delay our plans in that direction by any means. I would say yes, it would be of help.

Mr. HALL. Mr. Speaker, again I thank the gentleman.

Finally, I do understand that the District of Columbia Medical Society and District of Columbia's Commissioner of Health and Department of Health are strongly in favor of this bill. Is that correct?

Mr. HAGAN. Yes. That is so. They have so testified.

Mr. HALL. May I ask the distinguished gentleman if this in any wise is a movement to predate and have the District of Columbia Department of Health or other organizations, such as the Hospital Association of the District of Columbia, be prepared to meet national health insurance in the event that it should become the law of the land in any manner?

Mr. HAGAN. It would certainly not tend to that in any way, and I think it would be of help.

Mr. HALL. I say to the gentleman maybe I framed the question poorly, but there are those who believe anything done in anticipation of the type of eventual law that requires Federal intervention—might not be to the best interest of the hospital-doctor-patient relationship.

But, if I may continue for 1 minute, one example of what worries me about this is that as I read the bill it does establish a Peer Service Review Committee as well as continue medical-hospital committees such as tissue committees. Is that correct?

Mr. HAGAN. Yes. That is correct.

Mr. HALL. Is this peer service review organization that this puts into law in the District of Columbia, should it finally be enacted, the same as the peer service review organization——

The SPEAKER. The time of the gentleman has expired.

(By unanimous consent Mr. HALL was allowed to proceed for 2 additional minutes.)

Mr. HALL. Is this the same as the so-called Bennett amendment in the other body, the gentleman from Utah's amendment in the other body, which would establish a peer service review organization under H.R. 1, or anent national health insurance laws?

Mr. HAGAN. The whole purpose in that—in the creation of these committees—is to work with the medical profession in the District to improve services to the people. The testimony will show favorable response to that particular matter both before the subcommittee and the full committee.

Mr. HALL. If I may put the question in a different way, maybe it can be answered either "Yes" or "No."

Does this establish peer service review organization in the District of Columbia on the enactment of the bill?

Mr. HAGAN. In answer to the gentleman's question, I would say yes.

Mr. HALL. Is the sole purpose, then, simply in order to make the secondary medical records available to this peer service review organization?

Mr. HAGAN. That is right.

Mr. HALL. And it would not establish any alien or unusual or ignoble authority to the PSRO if this bill were enacted, in the opinion of the gentleman?

Mr. HAGAN. In my opinion, the gentleman is correct.

I might say further that this was clearly brought out in discussions in the subcommittee as well as in the full committee. I think it has been aired out on that particular point very carefully.

Mr. HALL. Mr. Speaker, I appreciate the gentleman's responses. I am sorry, as he said, it could not have been coordinated before. I see no harm to the bill in its present form, if passed under national aegis or the realization that this is the Federal city and that we must sit and pass the necessary laws enabling the Commission and their Department of Health to function.

Certainly, no good professional objects to peer review. Whether it is peer service review or not is perhaps questionable. The former has long been practiced as "grievance" or utilization review committees at least at local levels.

Mr. Speaker, I have served my purpose today if I have pointed out the fact that this is not simple legislation. It may be anticipatory legislation.

However, it has apparently been well coordinated and I shall vote for it.

Mr. HAGAN. I thank the gentleman very much and I want to thank the gentleman for his contribution, as he has made such great contributions on our Drug Abuse Subcommittee in the past.

The SPEAKER. The question is on the committee amendment.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. HAGAN. Mr. Speaker, I ask unanimous consent that all Members may extend their remarks on H.R. 9769.

The Speaker. Is there objection to the request of the gentleman from Georgia?

There was no objection.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. BOGGS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 137]

Abourezk	de la Garza	Henderson
Addabbo	Dennis	Hillis
Anderson, Tenn.	Dent	Holifield
Arends	Derwinski	Jones, N.C.
Ashbrook	Dickinson	Karth
Ashley	Diggs	Kazen
Aspin	Donohue	Kee
Aspinall	Dowdy	Keith
Badillo	Dulski	Kluczynski
Baker	du Pont	Landgrebe
Barrett	Dwyer	Link
Bell	Eckhardt	Long, La.
Biester	Edwards, La.	McCloskey
Bingham	Erlenborn	McCormack
Blanton	Eshleman	McDonald, Mich.
Blatnik	Fish	McEwen
Brademas	Foley	McKevitt
Brasco	Ford, William D.	McKinney
Caffery	Fountain	Macdonald, Mass.
Celler	Galifianakis	Mathias, Calif.
Chisholm	Gallagher	Melcher
Clark	Giaimo	Mikva
Clawson, Del	Goldwater	Mitchell
Cleveland	Grasso	Mollohan
Collier	Gray	Murphy, Ill.
Collins, Ill.	Gubser	Murphy, N.Y.
Conyers	Halpern	Nichols
Cotter	Harrington	Obey
Coughlin	Hastings	Passman
Crane	Hawkins	Patman
Culver	Hays	Pelly
Curlin	Hébert	

Pepper	Roy	Stuckey
Pettis	Ruth	Teague, Calif.
Peyser	Ryan	Thompson, Ga.
Poage	St Germain	Udall
Podell	Sarbanes	Ullman
Price, Ill.	Satterfield	Ware
Pryor, Ark.	Scherle	Whalen
Pucinski	Scheuer	Whitehurst
Quie	Schmitz	Wilson, Bob
Quillen	Sisk	Wilson,
Rangel	Slack	Charles H.
Rarick	Smith, N.Y.	Wydler
Robison, N.Y.	Springer	Wyman
Rodino	Stanton,	Yatron
Rooney, N.Y.	James V.	Young, Tex.
Rostenkowski	Stubblefield	Zion

The SPEAKER. On this rollcall 291 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

DISTRICT OF COLUMBIA BUS SUBSIDY

Mr. CABELL. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H.R. 14718) to provide public assistance to mass transit bus companies in the District of Columbia, and for other purposes, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. DINGELL. Mr. Speaker, reserving the right to object—and I shall not object—just simply to protect my procedural rights, let me say I have an amendment in the nature of a substitute which I intend to offer at the appropriate time and I want to be sure my rights on that particular point are protected, if the gentleman from Texas will cooperate with me in that regard.

Mr. CABELL. Yes, I will.

Mr. DINGELL. Then, with that understanding with my friend from Texas, Mr. Speaker, I have no objection and withdraw my reservation.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the bill as follows:

H.R. 14718

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That whenever the Washington Metropolitan Area Transit Commission (hereinafter the Commission) shall determine that a just and reasonable fare for regular route transportation within the District of Columbia would exceed 40 cents, the Commission shall certify to the Commissioner of the District of Columbia with respect to each calendar month commencing with July 1972, and ending June 1973, all inclusive, an amount which is the difference between all fares (including reduced-rate school fares as supplemented under the Act entitled "An Act to provide for the regulation of fares for the transportation of schoolchildren in the District of Columbia", approved August 9, 1955 (D.C. Code, sec. 44–214a)) paid during such calendar month to any carrier for regular route transportation solely within the District of Columbia and the amount which would have been paid for regular route transportation solely within the District of Columbia during that month at the rate determined by the Commission to be just and reasonable. The certification of the Commission shall be made for each month as soon as practicable following the end thereof. The Commissioner of the District of Columbia, upon receiving the certification of the Commission, shall pay to the carrier the amount certified. Amounts paid by the Commissioner pursuant to this Act shall not be considered as income for Federal or District of Columbia income tax purposes.

SEC. 2. Any carrier receiving funds pursuant to this Act shall, in the expenditure of those funds, give priority to meeting obligations to employee retirement and health and welfare programs.

SEC. 3. The Commission shall not make any certification under this Act unless the carrier to which public assistance payments would be made pursuant to that certification has submitted for the approval of the Commission a comprehensive plan for the improvement of transportation services by that carrier within the District of Columbia and a program for the implementation of that plan. The Commission may decline to make certificates for any carrier if, at any time, it finds that substantial progress is not being made in the implementation of the plan of that carrier.

SEC. 4. There is authorized to be appropriated to the District of Columbia not to exceed $3,000,000 to carry out the provisions of section 1 of this Act.

With the following committee amendments:

1. Page 1, strike out line 9 and insert in lieu thereof "commencing with June 1, 1972, and ending May 31, 1973, all".

2. Page 2, immediately after line 14, insert "Such payments to all carriers shall not exceed $3,000,000 in the aggregate.".

3. Page 3, strike out lines 7 through 9, inclusive.

The committee amendments were agreed to.

Mr. CABELL. Mr. Speaker, I move to strike the requisite number of words.

The SPEAKER. The gentleman from Texas is recognized for 5 minutes.

Mr. CABELL. Mr. Speaker, the purpose of the bill, H.R. 14718, is to provide public assistance to mass transit bus companies for service to riders within the District of Columbia. Its terms are designed for the maintenance of local transportation service without the necessity of increasing the existing full rate bus fares. Substantial deficiencies in operating revenues below the increasing operating costs have caused the D.C. Transit company to file an application with the regulatory agency, Washington Metropolitan Area Transit Commission, to establish a schedule of increased fares which will provide the necessary income to permit the operation of the company to proceed as intended under the franchise to the D.C. Transit System, approved July 24, 1956 (70 Stat. 598). This franchise requires that the regulatory body establish rates which permit the franchise holder to meet all operating costs of the system plus a reasonable profit.

Mr. Speaker, this bill is a stopgap measure. It is designed to take care of an emergency that has arisen in the District of Columbia with reference to the public transit system.

Under the terms of a contract that has until 1976 to run the transit company, under a contract given by this Congress, is entitled to make a net income on gross operating revenues of approximately 6.5 percent. They have a right whereby, if they are not making that authorized return, to go before the Washington Metropolitan Area Transit Commission and ask for a rate increase which would give them a return for which their contract calls. The have made their presentation to the commission, and the commission are faced by their own determination with having to increase the fares from the present base rate of 40 cents to a base rate of 50 cents if the projections give the transit company their allowable return.

The hard part and the thing that is facing the people of the District of Columbia is the fact that a fare increase inevitably hurts those who are most in need, that is, the extremely lower income people. Furthermore, there is an inevitable reduction in the number of riders any time a transit system increases its fares.

For example, the ridership of the transit system—the local District of Columbia Transit System—since the last fare increases have dropped from 127 million riders per year to less than 100 million, and it means the ultimate demise of such a transit system. This has been true all over the country. A metropolitan area cannot do without riders and retain its position in the general market.

Mr. Speaker, the purpose of this bill is to authorize the Commissioner of the District of Columbia to give up to $3 million in payments for 1 year only—1 year only, to enable them to maintain their present operations, maintain the validity, the liquidity, of their operation. This will not produce a profit for them.

Based upon the WMATC figures, the present rate of return would present them with a deficit in excess of $4 million for the next 12 months.

The figures that were produced by the Washington Metropolitan Area Transit Commission indicate a loss considerably in excess of $3 million. So, the $3 million which we are authorizing the Commissioner of the District of Columbia to pay out will not give them a profit but will sustain them until a more permanent arrangement can be worked out. Something must be worked out. There is just no question about it.

STABILIZATION OF FARES

The problem faced by our committee in considering this legislation is that of breaking the cycle of increasing fares to meet deficiencies in operating revenues, having increased fares followed by a drop in ridership, finally presenting the same deficit issue as had been hopefully resolved previously. It becomes apparent that there is no end to this process unless there can be a stabilization of the ridership on the transportation system. Facts indicate clearly that this cannot be accomplished unless fares are maintained at a stable level. If the volume of ridership increases and other costs permit such action, a reduction in the subsidy or even in the fares would be possible.

This bill proposes to stabilize mass transit fares within the District of Columbia at the present levels for a period of at least 1 year, during which it is hoped that experience and studies may point to a long range solution which may be sat-

isfactory to the community and meet the needs of the National Capital.

PROVISIONS OF THE BILL

The bill, with amendments as proposed by our committee, provides in section 1 that the Washington Metropolitan Area Transit Commission shall make a determination of what shall be a just and reasonable fare for regular route bus transportation in the District of Columbia. If this fare exceeds 40 cents, the Commission shall certify to the Commissioner for the District of Columbia, for payment from District funds, an amount which is the difference between the amount received from the total payments for bus transportation service during a calendar month and the amount which would have been received by the carrier under the rate determined by the Commission. When the Commission receives the certification from the Commission, he shall pay to the carrier the amount certified. Certifications by the Commission and payments by the Commissioner are related solely to regular route transportation in the District of Columbia.

The bill provides that the certification and the payments shall relate to the period which begins on June 1, 1972, and ends on May 31, 1973, inclusive. The total funding for the subsidy payments may not exceed $3 million in the aggregate amount. The sums received by a carrier from the Commissioner shall not be considered as income for Federal or District of Columbia tax purposes.

Section 2 of the bill provides that funds certified for payment, pursuant to the provisions of the bill, shall be applied by the carrier giving priority to the meeting of obligations to employee retirement, health and welfare programs.

Section 3 of the bill provides that the subsidy assistance provided in section 1 may not be paid to any carrier unless the carrier has submitted, for the approval of the Commission, a comprehensive plan for the improvement of transportation services by the particular carrier within the District of Columbia. The program of the carrier shall also include a plan for implementation. In the event the Commissioner finds that the carrier is not making progress in development and application of an improvement plan, he may decline to make certification for payment to that particular carrier.

PUBLIC HEARINGS

Public hearings on legislation (H.R. 2500, as introduced) were held and detailed testimony was received from the Washington Metropolitan Area Transit Commission, the District of Columbia government, representatives of business groups, community organizations, and private individuals. Alternate suggestions were presented in some instances, but review by our committee resulted in a determination that the 1 year program might expedite action on a long range solution without involving the District of Columbia government in substantial costs without any assurance of a significant change in the immediate problem.

The Washington Metropolitan Area Transit Commission representatives testified at length regarding the problems relating to mass transit in the District of Columbia and expressed the urgency of stabilizing the District of Columbia fares in order to preserve the present ridership as a base for building an improved and better correlated system that might attract back some of the ridership which has been lost because of rate increases.

Representatives of the District of Columbia government supported the general purposes of the legislation, urging that prompt action be taken by the Congress to prevent the development of a crisis as of the deadline date of May 25, on which day the Commission must announce its final action on the application of the D.C. Transit Company for a rate increase. The District of Columbia government explored alternate proposals which were reviewed by the committee.

Community groups concurred in the necessity of good mass transportation in the District of Columbia and the desirability of avoiding further rate increases for such service.

COST OF THE BILL

The cost of the legislation, under the terms of the bill, may be any amount up to, but not in excess of, $3 million which is to be provided from District of Columbia funds.

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. CABELL. Yes, I yield to the gentleman from Ohio.

Mr. VANIK. I would like to ask the distinguished gentleman from Texas a question concerning the language on page 2, lines 17 through 19.

I would like to know why amounts paid by the Commissioner pursuant to this act shall not be considered as income for Federal or District of Columbia income tax purposes.

It seems to me that that is an amendment to the tax code and is beyond the jurisdiction of this committee. It invades the Ways and Means Committee jurisdiction. It provides that this subsidy is something more than $3 million. It is $3 million plus the dollar value of the tax free subsidy.

Mr. CABELL. It is my understanding, sir, that this is not to be considered as net income, but a part of the gross operating income. A subsidy will be paid only to the extent necessary to meet the reasonable operating revenue as set by the Commission. The higher the taxes the more of the $3 million maximum will have to be paid to the transit and would go into the revenue fund.

Mr. VANIK. The language provides that the subsidy is not income for Federal income tax purposes. That is an amendment to the tax code of the United States.

Mr. CABELL. That is not the understanding of this gentleman.

The SPEAKER. The time of the gentleman from Texas has expired.

(By unanimous consent Mr. CABELL was allowed to proceed for 5 additional minutes.)

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. CABELL. I yield to the gentleman from Michigan.

Mr. DINGELL. I think the gentleman from Ohio has raised a most valid point.

The language from the bill reads as follows:

Amounts paid by the Commissioner pursuant to this Act shall not be considered as income for Federal or District of Columbia income tax purposes.

It does not say that this deals with the ratemaking structure or anything. It says that we are giving Mr. Chalk—the corporation, but really Mr. Chalk, because he will get all of the money—a $3 million tax-exempt break and that he pays no tax to the Federal Government or the District of Columbia on this amount.

Mr. CABELL. I must take issue with the gentleman, upon advice of counsel, but that this would go into their gross operating revenue, but at the same time the gross operating cost would be productive and then if there were a profit, I would assume, and I think it is correct, that they would pay on the basis as any other taxpayer pays on their profits.

Mr. VANIK. Why is the language in the bill? Why not just strike it and eliminate this question?

Mr. CABELL. Ask the legislative counsel.

Mr. VANIK. Well, it is your bill.

Mr. MOSS. Mr. Speaker, will the gentleman yield?

Mr. CABELL. Yes, I yield to the gentleman from California.

Mr. MOSS. I find that I am troubled by the same language as is the gentleman from Ohio and the gentleman from Michigan. It says:

Amounts paid by the Commissioner pursuant to this Act shall not be considered as income for Federal or District of Columbia income tax purposes.

I think that would exclude them from gross income. It would exclude them from any consideration as income. I think the impact here has not been assessed, and has not been reflected in the report of the committee.

Is it considered as income for any purpose?

Mr. CABELL. Mr. Speaker, I read from Public Law 757, and it states:

Each gas, electric-lighting and telephone company shall pay, in addition to the taxes herein mentioned, the franchise tax imposed by the District of Columbia Income and Franchise Tax Act of 1947, and the tax imposed upon stock in trade of dealers in general merchandise under paragraph numbered 2 of section 6 of said Act approved July 1, 1902, as amended.

So in the existing code there is apparently provision for special treatment of taxes in determining whether the fares set are producing the necessary income.

Mr. MOSS. Mr. Speaker, if the gentleman would yield further, it seems to me this is a later enactment and this is an absolute exclusion of this payment. And the report says that the sums received by the carrier from the Commissioner shall not be considered for Federal or District of Columbia tax purposes. It is reiterated in the report.

Mr. VANIK. If the gentleman will also yield further, what is the purpose of this language? Why is it needed? It would seem to me it definitely excludes this income from taxation. From the standpoint of Federal taxes I think it is incredible that we should make this kind of an exemption.

Mr. CABELL. In response to the question of the gentleman from Ohio, this Member would state very frankly that he has depended on the advice of the counsel who have stated that this does not basically change the status quo with reference to their taxes. If I am in error, then I certainly stand to be corrected.

Mr. VANIK. As a member of the Committee on Ways and Means I cannot read anything else out of this language but an absolute exclusion of this $3 million from any kind of Federal taxation. That is what I understand it to mean.

Mr. CABELL. There was no question raised by the District government on this point.

Mr. McMILLAN. Mr. Speaker, if the gentleman will yield, this bill was drafted by the Washington Metropolitan Area Transit Commission, and this language was sent down here.

Mr. VANIK. If the gentleman will yield further, who drafted the bill?

Mr. McMILLAN. The Transit Commission.

Mr. CABELL. The WMATC, the regulatory agency, the Transit Commission.

Mr. VANIK. I would state to the gentleman that we have to assume the responsibility for our work here, it becomes our work, and I cannot see any justification for this language at all except that it serves to exclude $3 million of profit from taxation by the Federal Government. I do not think it was ever contemplated we should give Mr. Chalk such a tax advantage.

Mr. MOSS. Mr. Speaker, if the gentleman will yield further so that I might respond to the gentleman from Ohio, the gentleman from Ohio says it is removed from taxation.

Mr. VANIK. Federal taxation.

Mr. MOSS. It is excluded from being used to compute the basis for the taxation.

Mr. VANIK. That is right.

Mr. MOSS. So it is more than just an exclusion from taxation.

Mr. VANIK. It is removed from such consideration.

Mr. MOSS. It is removed for the purposes of considering and computing the tax.

Mr. VANIK. That is right.

The SPEAKER. The time of the gentleman from Texas has again expired.

Mr. GERALD R. FORD. Mr. Speaker, I move to strike the last word.

(By unanimous consent, Mr. GERALD R. FORD was allowed to speak out of order.)

DISTRICT INCOME INCREASES

Mr. GERALD R. FORD. Mr. Speaker, I woke up Tuesday, May 2, and was reading the morning Washington post for that day.

Section C1 on the front page had two stories that interested me. I have the newspaper here in my hand.

On the right hand side of the front page of this section, the headline says: "Bus Subsidy of $3 Million Backed Here."

On the left hand side of that same page, there is another story and the headline of that story reads: "District Income Increases; Per Capita Rise of 11 Percent Noted in Year."

The story has the byline of Paul W. Valentine and the first paragraph reads as follows:

> Per capital income in Washington jumped 11.1 percent in 1971 over 1970, almost twice the national increase, Commerce Department figures show.

There is another paragraph later in the story which reads as follows:

> Per capita income in the Nation as a whole rose 5.6 percent during the same period.

Mr. Speaker, it seems to me that a metropolitan area that has this kind of increase in the per capita income ought to be able to support a bus operation in the community and, therefore, I see no reason whatsoever for this Congress to provide on this occasion for an authorization of $3 million for the operation of this bus company in this 12-month period. Furthermore, the District of Columbia has the lowest unemployment of any major metropolitan area in the country. Couple this with a per capita income increase twice that of any other part of the country and it is hard to see why any subsidy should be paid.

In my judgment, the people here and not my constituents and not your constituents cught to pay for whatever they want in the way of public transportation subsidy for operation of a bus system in the District of Columbia.

Mr. McMILLAN. Mr. Speaker, I move to strike out the last word.

I rise in support of H.R. 14718. The Congress of the United States, as some of the older Members will remember, enacted a law approving a franchise for the D.C. Transit Co. I understand the city officials and the Public Utilities Commission for the District of Columbia have continued to keep two auditors with the D.C. Transit Co. for many years, checking on their receipts and expenditures. I fully realize that some Members of the Congress will oppose this proposed legislation simply because it is owned by Mr. Chalk.

I was here when the Congress approved this franchise, and as far as I know his service has been as good as the service in any other city that requires bus service. The unions that perform the work, such as drivers, maintenance men, and other employees have a contract with the company which automatically increases their salaries and gives them certain fringe benefits. I understand that this was necessary in order to prevent a strike in the D.C. Transit Co. I have not received one letter or telephone call from Mr. Chalk requesting that the Congress approve this proposed subsidy legislation; however, we all know the Public Utilities Commission will automatically increase the fares of the D.C. Transit Co. from 40 to 50 cents on May 26 if the pending legislation is not enacted into law before that date.

I personally would not favor this legislation if it were not the view of the committee that in order to prevent additional motor vehicles from coming into the city during rush hours. It would be better to encourage the workers to ride the bus rather than use their cars, which would further harass the existing traffic problem in the Nation's Capital.

In the contract that gave D.C. Transit the franchise, it stated Mr. Chalk was entitled to a profit up to 6½ percent on the dollar and, of course, he has not been making this amount of profit.

I hope this bill can be approved without amendments so we can have it enacted into law before May 26, which is the deadline.

Mr. Speaker, I certainly concur in the statement made by the minority leader that this is supposed to be the top income group in the Nation here living in the U.S. Capital.

However, if we are going to reduce the traffic here in the District of Columbia and keep people riding, the committee came to the conclusion that it would be better to subsidize the transit company and keep more people riding the buses than would otherwise.

I understand that the city of New York and several other cities subsidize their transit companies up to $100 million a year.

I personally can state that I have not received a letter from Mr. Chalk, the Capital Transit Co. or anyone connected with this company asking that this bill be passed. I think they just prefer to have the tokens increased from 40 to 50 cents each. So I do not think anyone can say the company is trying to promote this legislation at all.

Mr. HOGAN. Mr. Speaker, will the gentleman yield?

Mr. McMILLAN. I yield to the gentleman.

Mr. HOGAN. Mr. Speaker, with reference to the colloquy as to the tax provision, I am troubled by section 2 on page 2 of the bill which reads as follows:

> SEC. 2. Any carrier receiving funds pursuant to this Act shall, in the expenditure of those funds, give priority to meeting obligations to employee retirement and health and welfare programs.

Does the gentleman know that the amount due from Mr. Chalk to the health and welfare and retirement funds of employees amounts to $2,320,000? There is only $3 million involved in this bill?

It seems to me, if I am reading this bill correctly, the first thing that is going to be done with this $3 million is to pay off the note that Mr. Chalk owes to the retirement and health benefits fund.

Is my understanding correct?

Mr. McMILLAN. That is not my understanding. I understood that it was supposed to go to the Transit Commission which would supervise the expenditure of these funds where they thought it was necessary.

Mr. HOGAN. If the gentleman will yield further, it seems to me that section 2 mandates the payment to be paid to the retirement fund and the health and welfare programs before the money can be spent for any other purpose. Since that amounts to $2,320,000, if my arithmetic is right, there is only $680,000 left over for the fare subsidy.

Mr. McMILLAN. That is not my understanding. I did not conduct the hearings, but I will ask the gentleman from Texas (Mr. CABELL) to respond to the gentleman's question.

Mr. CABELL. Would the gentleman from Maryland repeat his question?

Mr. HOGAN. My question is this: It seems to me that section 2 mandates or gives priority to meeting obligations the company has to employee retirement and health and welfare programs. It is my understanding that Mr. Chalk now has a

note payable to the retirement and health benefits program amounting to $2,320,000, interest only, at 7½ percent. Since the bill calls for an expenditure of $3 million, and it also calls for priority payment of the obligations to the retirement fund, what is going to be left for the fare subsidies?

Mr. CABELL. This is an obligation which will be relieved and it will no longer be necessary to pay, because of the contract with the employees. This provision is recommended by the Washington Metropolitan Area Transit Commission, so this will relieve them of that obligation, which is a part of their forecasted deficit.

Mr. HOGAN. In other words, what we are doing here, if we approve this Federal funding of $3 million, is seeing only $680,000 of that going into subsidized fares.

Mr. CABELL. That is right, but the funding would relieve the obligation and the necessity of raising fares to take care of the obligation to the employees.

Mr. HOGAN. If the gentleman will yield further, what it does is to bail Mr. Chalk out of the bad deal that he has made and pays off his debt, because of his use of retirement money, which he probably had no right to use in the first place.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. McMILLAN. I yield to the gentleman from Michigan.

Mr. DINGELL. I should like to point out also that Mr. Chalk will have payments made to the retirement fund on his own behalf out of this tax-exempt grant we are giving of $4,000 a year; is that not correct?

Mr. CABELL. It still relieves his obligation by that amount.

The SPEAKER. The time of the gentleman from South Carolina has expired.

Mr. CABELL. Mr. Speaker, I move to strike the requisite number of words.

(By unanimous consent, Mr. CABELL was allowed to proceed for 5 additional minutes.)

Mr. CABELL. Mr. Speaker, I use this time to move that on page 2, beginning on line 17, to strike out the language—

Amounts paid by the Commissioner pursuant to this Act shall not be considered as income for Federal or District of Columbia income tax purposes.

The SPEAKER. Is the gentleman offering an amendment to the bill?

Mr. CABELL. I should like to offer that as an amendment to the bill.

Mr. YATES. Mr. Speaker, a point of order. The amendment is not in writing.

AMENDMENT OFFERED BY MR. CABELL

Mr. CABELL. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CABELL: Page 2, line 17, after "aggregate,", strike out all remaining language on line 17 and strike out line 18 and line 19.

Mr. CABELL. Mr. Speaker, I shall not use the 5 minutes because I think the point has been well covered. This gentleman would like to make it quite clear that it would be the last thing he would desire to give Mr. Chalk or anybody else a $3 million windfall on his taxes. For that reason I personally accept the amendment prepared by the gentleman from Ohio (Mr. VANIK) and offer it in my own name instead of the name of the gentleman from Ohio.

Mr. NELSEN. Mr. Speaker, will the gentleman yield?

Mr. CABELL. I am glad to yield the gentleman from Minnesota.

Mr. NELSEN. I think the judgment of the gentleman is very good. I indicated to my colleague (Mr. CABELL) that I agree that those lines should be stricken, because obviously if those lines are misunderstood by Members of the House as attempting to give a windfall, that was never the intention of the committee, including the subcommittee chairman himself, and I am a little surprised at how the language has been interpreted by some. Accordingly, I am glad the gentleman offered the amendment.

Mr. CABELL. The gentleman is eminently correct.

Mr. ADAMS. Mr. Speaker, will the gentleman yield?

Mr. CABELL. I yield to the gentleman from Washington.

Mr. ADAMS. I should like to inquire of the gentleman, since really I do not think the tax point is going to be of much consequence, if he is going to pay it into the pension fund, because it will be deductible anyway.

I would like to know if this committee, since 4 years ago when we considered this, has ever had a GAO audit, and if it is not still true that the Washington Metropolitan Transit Authority, which is recommending this, has never been allowed to investigate the Chalk finances, the so-called below-the-line utility expenses, where he has squirreled away this money through the past few years? Has there been a General Accounting Office audit, and has the Washington Metropolitan Transit Authority ever been given authority to investigate the full range of the finances of Mr. Chalk?

Mr. CABELL. This gentleman is not knowledgeable that the General Accounting Office audit has been made. However, he has been informed that the Commission has a thorough audit of the below-the-line expenses and the above-the-line expenses and has found nothing out of the way.

Mr. ADAMS. I might say to the gentleman that the terms of the contract under which Mr. Chalk is paid are not based on his capital expenditures but on an income account, which has been a very bad contract for the passengers and taxpayers and for the U.S. Government.

Second, we have nothing in this report that indicates any of the corporations which were spun off by Chalk during the period 1964 to 1967, which included, among other things, the carbarn and the real estate properties in the District, have ever been accounted for, and this money, as I understand it, will simply go into the general operating revenues, and we have no accounting in the report which indicates these moneys he has previously put aside will not be copied by the $3 million.

Mr. CABELL. Those are nonoperating properties and under the terms of the contract, he could do that. May this gentleman say, if ever I have seen a sweetheart contract, Mr. Chalk has got one, but it is a contract made in good faith, and it was tendered by this Congress, and as of 1976 it will run.

We are up against the hard spot in the road. That is why I said in my opening remarks that this is a one-shot thing, and something more permanent and more equitable has got to be worked out. There is not time at the moment, because under the very terms of this contract, so nicely given to him by the Congress, Mr. Chalk can demand and can go right ahead, without any further to-do by the Congress, and raise his fares.

Mr. ADAMS. We indicated to the gentleman at least as far back as 1966—those Members on the District Committee in 1966 and 1967 indicated—Chalk was in violation of his contract, because he had not carried out the terms of his franchise, that is, to take up some tracks and provide a minimum of service. Once that contract is canceled, he has no contract, and this Congress and the administration has had it within their power to cancel that contract years ago, and we should have done it. I do not think we should subsidize him.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. CABELL. I yield to the gentleman from Michigan.

Mr. DINGELL. Mr. Speaker, at the appropriate time I propose to offer an amendment to cancel Mr. Chalk's contract and have this corporation run by a public authority, as it should be done. If Mr. Chalk cannot make money on the basis of a sweetheart contract, then we ought to cancel that contract and not subsidize him.

Mr. BROYHILL of Virginia. Mr. Speaker, as one of the cosponsors of the bill H.R. 14718, I wish to urge the support of my colleagues for this measure which will assure the continuance of bus transportation service in the District of Columbia, at the present fare level, for the 12-month period beginning June 1 of this year.

This bill, as amended and reported by our committee, provides that whenever the Washington Metropolitan Area Transit Commission determines that a just and reasonable fare for regular route transportation in the District of Columbia would exceed the present fare level of 40 cents, the Commission shall certify to the District of Columbia Commissioner each month, from June 1972 through May 1973, during which such higher reasonable rate should apply, an amount which is the difference between the fares collected during that month and the amount which would have been collected at the higher just and reasonable rate. The Commisisoner of the District of Columbia shall then pay to each such bus company the amount so certified; and these subsidy payments shall not be considered as income for Federal or District of Columbia income tax purposes. However, the payments to all such companies, in the aggregate, may not exceed $5 million.

Throughout the entire United States, urban mass transportation systems have reached the point where they can no longer support their regular route bus operations through revenues from the fare box. Operating costs have continued to rise steeply in recent years, and as fares have been increased in an attempt to meet these additional costs, the number of riders has decreased as a result. This pattern of diminishing ridership has adversely affected every aspect of bus transit operation—the revenues from the fare box, the ability to maintain existing routes and schedules, and the overall quality and convenience of the bus transit operation to the riding public. Thus it has been proved conclusively that fare increases cannot produce sufficient revenues to offset the rising costs of operation, with the retention of adequate routes and schedules.

This grim situation exists to a very real degree today with respect to the four privately owned bus companies which serve the Washington metropolitan area. Two of these companies, the W.V. & M. Coach Co. and the A.B. & W. Transit Co., serve the suburban communities of northern Virginia, and do not conduct any point-to-point services within the District of Columbia. I shall address myself briefly to the matter of these two companies in a moment; but as far as the provisions of H.R. 14718 are concerned, these apply only to the two companies which provide intra-state service within the District of Columbia, namely the D.C. Transit Co. and, to a much smaller degree, the W.M.A. Transit Co.

The experience of the D.C. Transit Co. in recent years has been typical of the problems besetting the urban transportation business on a nationwide basis. In 1967, D.C. Transit's ridership had attained a level of some 127 million passengers. Since that time, a series of fare increases has resulted in a present fare level of 40 cents, and ridership is presently at about 100 million. Today, the company has an application pending before WMTAC for another fare increase to 50 cents, without which they state that they will not be able to continue the full present service. It is estimated, however, that if this fare increase is granted, the company's ridership will drop to 93 million as a result. Thus, the unhappy picture is that fewer and fewer passengers are being asked to pay higher and higher fares—and furthermore, this combination of higher fares and fewer riders does not produce financial stability for the bus company either. For example, when D.C. Transit Co.'s basic fare was increased from 32 cents to 40 cents in 1970, the company thereafter has been unable to secure the necessary credit for the purchase of new buses which the regulatory body had ordered them to procure.

The Washington Metropolitan Area Transit Commission must reach a decision on this application for fare increase to 50 cents not later than May 25. Obviously, therefore, if this increase is to be avoided, immediate action is needed.

After several sessions of public hearings and a great deal of consideration, the members of our committee have concluded that the only feasible immediate alternative is the temporary subsidy provided in the bill H.R. 14718.

I wish to state at this point that I am unalterably opposed to any further increase in District of Columbia bus fares, simply because the people who will be most affected by any such increase will be those who can least afford it—the thousands of people in the city who cannot afford cars or any other private means of transportation, yet who must travel in the city to and from their jobs. And I want to stress the fact that our concept of the thrust of this proposed legislation is to provide a subsidy, not for the transit companies but for the riders.

I am advised by the chairman of the WMATC that under subsidy, the payment to the D.C. Transit Co. for fiscal year 1973, which is approximately the period covered by H.R. 14718, would amount to some $3 to $4 million. This estimate is based on cost estimates provided by the company and by the WMATC staff in the current rate hearings; and since that case has not yet been decided, of course no precise level of allowable costs is yet certain.

In regard to this estimated figure, however, it must be considered that D.C. Transit serves parts of Maryland as well as the District of Columbia. Therefore, since this service in Montgomery County and Prince Georges County accounts for some 26 percent of D.C. Transit's operation, then the District of Columbia is obligated to subsidize only some 74 percent, which would bring the figure to about $3 million, which is the limit set for all subsidy payments by this proposed legislation.

In addition to the D.C. Transit Co.'s service in the District of Columbia, the W.M.A. Transit Co., operating between Prince Georges County and the District, does provide some point-to-point service in the Southeast section of the city. This company carries approximately 16,000 riders per day, and of this number, about 4,000 are intra-District of Columbia riders. Their fare for this service is presently 45 cents, which under the terms of H.R. 14718 would be lowered to 40 cents, and the subsidy accruing to this company is estimated at some $150,000 for the one-year period covered by the bill.

In reference to the 26 percent of D.C. Transit's operation which is provided to Maryland riders, spokesmen for the WMATC have expressed the hope that, if H.R. 14718 is enacted into law, the two Maryland counties where this service is provided will take steps to provide a similar subsidy for that operation, so that the Commission will not have to increase D.C. Transit fares in those counties.

I wish to make it quite clear that in urging support for this bill, which will assure the continuance of bus transit service in the District of Columbia at the present fare level for the next year, I am by no means unmindful of the need for relief on the part of the bus companies and the riders in the suburban jurisdictions of the metropolitan area, and particularly those in the nearby Virginia communities which I have the honor to represent in the Congress.

As a matter of fact, I am the principal sponsor of a bill, H.R. 13019, which would extend the subsidy which is the subject of H.R. 14718 to bus transit operations in the entire Washington metropolitan area. However, I recognize certain difficulties inherent to combining such legislation into a single bill. For example, the $3 million subsidy provided in H.R. 14718 for District of Columbia bus operations will be paid from District of Columbia funds, which is perfectly proper. Obviously, however and subsidies paid for operations in nearby Virginia or Maryland would have to be funded from a different source. But my principal reason for supporting this purely District of Columbia bus subsidy in legislation at this time is the fact that I am assured that the immediate problems incident to the financing of bus company operations in the suburban areas are in the process of being solved in other ways, as the local governments in Virginia and Maryland are taking steps, with State and Federal assistance, to keep these services alive.

The most significant of these developments is the recent action on the part of the Northern Virginia Transportation Commission, in voting unanimously to acquire the Washington, Virginia, and Maryland Coach Co., by condemnation if necessary, and to operate this line as the Washington area's first publicly owned transit system.

This company, a wholly owned subsidiary of the D.C. Transit System, operates mainly between downtown Washington and Arlington, Falls Church, and northwestern Fairfax County, carrying about 20,000 daily round-trip passengers.

Legislation enacted by the Virginia General Assembly this year permits the condemnation of this company's properties, and the general assembly also provided money that can be used as the local share of the purchase price. Under existing Federal law, the balance can be provided from the Department of Transportation's urban mass transportation administration.

I regard this action by the NVTC, which resulted from the W.V. & M. Co.'s serving notice that it plans to file an application for higher fares and some curtailment of service in the near future, as a highly salutary step toward the protection of the bus riding public in the area.

The other major bus company operating in northern Virginia, the A.B. & W. Transit Co., is presently benefiting from its highly successful Shirley Highway demonstration project, a high-speed commuter service sponsored by NVTC and funded by some $4.4 million of Federal funds, a portion of which has been spent to offset operational costs. Over a recent 4-month period, this Shirley Highway service attracted more than 2,200 new customers, and in the same period a reduction of 33 percent in car commuter traffic was noted on Shirley Highway during early morning rush hours. This very helpful federally funded demonstration project is scheduled to continue through much of 1974.

Finally, Mr. Speaker, I wish to emphasize the fact that while I regard the en-

actment of this proposed legislation to be a matter of urgent necessity as a temporary expedient, in view of the short time remaining before the WMATC must rule on D.C. Transit's application for a further increase in D.C. fares, this is by no means the permanent solution to the problem. In my opinion, and that of many of my colleagues, the only reasonable and satisfactory permanent solution will be public ownership of all the bus transit companies in the entire Washington metropolitan area, and their operation under a single administrative authority—and that authority, in my judgment, is logically the Washington Metropolitan Area Transit Authority, or Metro, the organization which is presently constructing the rapid rail transit system in the area.

The successful operation of this Metro system will necessarily depend in large measure upon the feeder operations of the local bus lines. Obviously, this can best be coordinated under a system of unified ownership and operation. This does not mean, however, that some subsidy might not continue to be necessary for this overall operation, as this indeed may prove to be the case. Regardless of this possibility, however, such a system will certainly provide a far better coordinated and more efficient service.

I have reached this conclusion with some reluctance, as I am a firm believer in the system of private enterprise wherever it is feasible. As far as urban mass transit is concerned, however, I am convinced that the economic facts involved have made private ownership and operation of such systems no longer practical. As a matter of fact, the private ownership of the four major bus companies in the Washington metropolitan area has become an anachronism, as I believe they represent the last remaining privately owned such companies in urban areas of the United States.

Further in this connection, definite steps have already been taken toward the accomplishment of this goal, as the legislatures of both Virginia and Maryland have enacted legislation ratifying amendment of the Interstate Compact under which the WMATA is organized. It remains necessary only for the Congress to enact legislation to this same effect; and a bill to accomplish this purpose is presently pending before our committee, in the form of H.R. 5628, of which I am the principal sponsor. I am confident that this measure will be enacted into law in due course, and probably by the end of the 1-year period of D.C. subsidy provided in the bill H.R. 14718.

Today, however, our immediate need is to meet the present emergency which will come to a climax on May 25, with respect to the District of Columbia fare structure. For this reason, while the public takeover of the bus companies is to my mind the ultimate answer, the subsidy provided for D.C. bus operations provided in H.R. 14718 on a temporary basis is acutely needed at this time, as a stopgap measure to avert a disastrous further increase in bus fares in the District.

Mr. Speaker, I urge immediate and favorable action on this proposed legislation.

Mr. Speaker, I wish now to summarize the highlights of my remarks.

As has been previously pointed out, this legislation provides for a $3 million subsidy from District of Columbia funds, for a period not to exceed 1 year, for operation of intra-District of Columbia public transportation. It authorizes the expenditure of District of Columbia funds, even though indirectly we are going to have to provide those funds. But the District of Columbia as a local government would have to be authorized by the Congress to provide a subsidy for its local transportation, because we are the legislative authority for the District of Columbia.

This bill would provide such a subsidy only if the Washington Metropolitan Area Transit Commission determines that it is reasonable and necessary to increase the fares in excess of the existing 40-cent fare. The Commission's decision on this fare increase application must be made by May 25, under the law.

Experience with the busfare increases indicates beyond any doubt that if this District of Columbia fare increase is approved, it is inevitable that there will follow a substantial decrease in ridership in the District system.

Obviously, this will cause more traffic on the crowded streets of the Nation's Capital.

Mr. Speaker, I most certainly realize that this is not popular legislation. I would much rather be standing here in the well talking about some other bill. There is no question about the fact that any legislation which provides a subsidy and a possible profit for a private business is objectionable to Members of this House.

Furthermore, I realize that there is a lot of concern, as has been expressed by the gentleman from Washington, about the financial operations of the D.C. Transit Co. But that is not the issue here at this moment. The personalities involved is not the issue. We are not seeking a subsidy for any bus company—we are seeking a subsidy for the riders of the buslines here in the Nation's Capital.

The question is: How will we provide for continued public transportation beyond May 25? Shall we provide it by an increase in fares that will result in a reduction of ridership and a reduction of services, or by a subsidy provided by the District of Columbia government? In either event the operators of the company are going to get by law an increase in income to meet their increase in expenditures.

This legislation, as has been pointed out by the gentleman from Texas, is stopgap legislation. It is temporary legislation, as it will expire in 1 year's time.

We are confronted with a crisis, an emergency. If we stick our heads in the sand, the problem will not go away. Something is going to have to be done one way or the other by May 25 of this year.

I feel, Mr. Speaker, that there are better long-range solutions to this problem. We have pending in the committee, and have discussed in committee, an amendment to the existing compact which created the Metropolitan Area Transit Authority which is now constructing the area subway system. We have pending an amendment to the compact that would authorize that authority to acquire, by condemnation, negotiation, or purchase the four existing public transportation companies which are operating here now in the metropolitan area of Washington. That amendment to the compact has already been ratified by the Commonwealth of Virginia and the State of Maryland. In fact, this same amendment to the compact has already been approved by the other body. But we have not yet had time to go into hearings on that, though possibly we should have by now.

The SPEAKER. The time of the gentleman from Virginia has expired.

Mr. BROYHILL of Virginia. Mr. Speaker, I ask unanimous consent to proceed for an additional 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. DINGELL. Mr. Speaker, reserving the right to object, I should like to ask the gentleman a question.

Mr. BROYHILL of Virginia. I shall be glad to yield at the proper time.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. BROYHILL of Virginia. Mr. Speaker, the Northern Virginia Transportation Commission has already taken interim steps to acquire one of these four transportation companies with Federal aid, Federal subsidy authorized under other legislation, and a grant from the State of Virginia. They also intend in future years to acquire another one of the four transportation companies of the area.

We hope that in due time we will approve the amendment to the compact that will permit the consolidation of these four separately operated transit companies with the subway system, into a single administrative operation that will result in a properly coordinated areawide transportation system under public ownership.

Mr. McMILLAN. Mr. Speaker, will the gentleman yield?

Mr. BROYHILL of Virginia. I am glad to yield to the gentleman from South Carolina.

Mr. McMILLAN. Is it not true that the taxpayers of the country pay approximately $500 million for grants to the District of Columbia, or this was true last year, and it seems that no one seemed to object?

Mr. BROYHILL of Virginia. It is my understanding that that is correct.

Mr. Speaker, this problem of public transportation is not peculiar to the District of Columbia.

Every metropolitan area in this Nation has the same problem, which is possibly the most acute of all urban area problems—that is, the problem of soaring operational costs and salaries and the simple fact that the riding public will not pay for those extra expenses. The result is that many riders adopt other means of transportation, and the

law of diminishing returns sets in. But the real trouble is that the lower income people simply have no private means of transportation available to them, so the higher fares must be paid by those who can least afford them. And as I have said, we have more and more traffic congestion on our streets and highways.

In fact, I believe that today this bus system in the Washington metropolitan area is the only large urban public transit system which is still privately owned and operated. Such systems have all gone to public ownership throughout the country. As I said before, I feel that public ownership is inevitable here, but we have emergency legislation facing us here to day. It is impossible to pass the necessary legislation and accomplish this public acquisition of the D.C. buslines before the deadline of May 25.

Mr. DINGELL. There has never been a decent audit of Mr. Chalk's operation. I have before me here a copy of an analysis made by the Washington Metropolitan Area Transit Commission, and they say that they cannot properly audit it. Does not the gentleman think that we ought to at least have a good GAO audit of this monster before we go giving them $2 million or $3 million a year?

Mr. BROYHILL of Virginia. Regardless of the desirability of such an audit, there is really no alternative by which to avoid this $3 million temporary subsidy at this time, even if we were to revoke the franchise or pass an amendment to the compact, which I hope will ultimately be done.

Mr. DINGELL. My question to my friend from Virginia was, if we are going to give them $2 million or $3 million, should we not see that they are audited by the GAO? The Washington Metropolitan Area Transit Commission says that they cannot intelligently audit his books the way they are set up at this time.

Mr. BROYHILL of Virginia. The D.C. Transit Co. has not paid a stock dividend in the past 5 or 6 years—and I am not saying this in defense of the company. I am not here speaking in defense of anyone, as a matter of fact.

Mr. DINGELL. Oh, yes, there has. Better than 100 percent has been paid. He gets better than 100 percent on his original investment every year. That is a documented fact. He has prospered mightily from this.

Mr. BROYHILL of Virginia. Of course, the Congress granted this franchise back in 1956. There was a company that was operating profitably here with $13 million in the bank at that time, and they were thrown out. So if there is any fault to be found, it is the fault of the Congress.

Mr. DINGELL. I feel Mr. Chalk gets more than 100 percent on his original investment. It happens every year.

Mr. CABELL. Will the gentleman yield?

Mr. BROYHILL of Virginia. I yield to the gentleman.

Mr. CABELL. The statement has been made to us by the WMATC that no dividends have been paid to stockholders since 1966.

Mr. BROYHILL of Virginia. Mr. Speaker, perhaps we should have acted earlier on this problem. We certainly should have done something about the proposed amendment to the compact. I feel that that is ultimately the best answer if not the only real solution to this particular problem. But we have other legislation pending, with a very heavy schedule in the District of Columbia Committee. We have a bill pending which will change the method of financing the construction of the metropolitan area transit system. However, I have heard the chairman of the subcommittee state that we will get into hearings ultimately on such an alternate program. But we must act now on this particular problem.

The SPEAKER. The time of the gentleman has expired.

(By unanimous consent, at the request of Mr. ADAMS, Mr. BROYHILL of Virginia was allowed to proceed for 2 additional minutes.)

Mr. ADAMS. Will the gentleman yield?

Mr. BROYHILL of Virginia. I will be glad to yield.

Mr. ADAMS. I wonder whether or not this committee prior to going through the compact that the gentleman mentions is going to cancel this franchise, or do you intend to buy this man out and pay the value of a going concern based on a franchise which he has violated?

Mr. BROYHILL of Virginia. The proposed amendment to the compact authorizes the acquisition by purchase or condemnation.

Mr. ADAMS. If you condemn and let the franchise remain in existence, then you pay, in effect, the going market value for a concern that is in violation of its present franchise and contract.

Mr. BROYHILL of Virginia. May I say to the gentleman from Washington that the franchise which was granted to the existing Washington operation was not granted in legislation that was referred to the Committee on the District of Columbia, but to the House Committee on Interstate and Foreign Commerce, of which the gentleman is a member.

Mr. ADAMS. Mr. Speaker, if the gentleman will yield further, the particular franchise in this case comes before the District of Columbia Committee, because it is an intrastate operation.

Mr. Speaker, the second thing that is involved here is the question as to whether or not we are going to pay the $3 million if we are going to condemn this system that is proposed to be given them today.

One final thing is this.

Is the Trans-Caribbean Airline which is involved with the financial operations of this company still in business—the airlines which own this company—or have you severed this link finally?

Mr. BROYHILL of Virginia. I do not know specifically about that.

Mr. ADAMS. That is what bothers me. I am afraid that there are too many things that too many people do not know about this operation.

Many of us in the past have lived with Mr. Chalk's operation, but we need a much better picture of what you are asking us to do.

Mr. BROYHILL of Virginia. May I say in response to the gentleman from Washington that we have to rely upon the evidence provided us by the Washington Metropolitan Area Transit Commission, and upon their expertise.

Mr. ADAMS. Mr. Speaker, if the gentleman will yield further, you do not have to do that.

The gentleman from Arizona (Mr. STEIGER) asked for a GAO audit on this company when he came in and asked for an audit of the subsidy on the children's bus fare. So, you can get a GAO audit based on this bill or based upon the assistance which is provided to this company.

Mr. BROYHILL of Virginia. The gentleman can offer that as an amendment to this legislation.

The SPEAKER. The time of the gentleman from Virginia has again expired.

Mr. ABERNETHY. Mr. Speaker, I move to strike the last word.

The SPEAKER. The gentleman from Mississippi is recognized for 5 minutes.

PARLIAMENTARY INQUIRY

Mr. DINGELL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. DINGELL. Mr. Speaker, my parliamentary inquiry has to do with what is the status of the legislation before us—the pending amendment? I understand we have an amendment offered by the gentleman from Texas. However, we have gone off into other matters.

The SPEAKER. The Chair will state in response to the gentleman's parliamentary inquiry that there is an amendment pending which has been offered by the gentleman from Texas.

PARLIAMENTARY INQUIRY

Mr. CABELL. Mr. Speaker, would a motion be in order to move the previous question on the amendment at this time in order to dispose of it?

The SPEAKER. The Chair will state to the gentleman that the gentleman from Mississippi has been recognized.

Mr. CABELL. Mr. Speaker, would a motion to vote on the pending amendment be in order, since the discussion is not on the amendment?

The SPEAKER. The Chair has control of the House and the Chair has recognized the gentleman from Mississippi (Mr. ABERNETHY).

Mr. CABELL. Then, this Member will defer until that time.

The SPEAKER. The Chair will protect the Members in these matters.

Mr. ABERNETHY. Mr. Speaker and Members of the House, I have not come down to the well either for the purpose of approving or disapproving this bill. However, if I can have your attention for a few minutes, I think I can shed a little light on what has happened here in the last quarter of a century with reference to transit problems that have beset this city.

I was here in 1947, I believe it was, that year, and no doubt some of you were here when the transit system of the District of Columbia was operated by a man named Wolfson. Mr. Wolfson occasionally showed a little profit in his operations. However, some of the people around Washington, on the Hill and

downtown, and particularly the Washington Post objected to that. The most vociferous objections and complaints came from the Post.

Mr. Wolfson was making a little money. What is wrong with that? Do we not live in a country where the profit system is recognized, one of the few of such countries left in the world?

How long would the average business in your community last if it were not for the profit system.

But, some people here did not like the idea of their transit company making a little money.

What happened? There was so much complaint raised about Wolfson's profit that they ran the man out of this town or practically ran him out. They forced him into a sale of his system.

The strange thing about it was that they almost never found anyone to take it. Finally Mr. Chalk appeared on the scene. And I can tell you now he was warmly welcomed because they were afraid that they would all soon be walking instead of riding.

Now, a mistake was made, but it was not Mr. Wolfson's, and it was not Mr. Chalk's. Chalk may be one to kick around politically especially in an election year, or at any other time if you must have somebody in your political life to kick in order to impress the public. But Washington welcomed Mr. Chalk with open arms. So did the House of Representatives and the U.S. Senate.

Go back and look at the debate, and see what kind of a contract this Congress approved for Mr. Chalk. Do not kick Mr. Chalk about it, do not kick anybody about it but the Congress. It was approved right here in this Chamber. It was sitting here at the time. As I recall it was late at night that we finally got an agreement, passed this bill, and saved the people of this city a system on which they could commute to their work and transact their businesses.

Mr. Chalk is not asking for this legislation. Mr. Chalk has not been to see one of you. I dare say that none of his employees have been to see you. Chalk does not say, "Give me this legislation, or I am going to fold."

How did it get here? Well, because the cost of operation went up, the operators decided they wanted more pay, the equipment costs a little more money. And every time a situation like that develops you have to take in a little more to make ends meet. That is true in your own business if you have such. That is true in most any ordinary grocery store; if the cost of the merchandise goes up, if your clerks insist on more pay, then you charge a little more for the merchandise to make ends meet. That is what has happened to the transit system in the District; and this happens, I believe, about every 3 years or 4 years. When Chalk has a threatened strike and all of the wages go up, then he has to go to the Utility Commission and seek an increase in fares.

So that is where we stand now.

The SPEAKER. The time of the gentleman from Mississippi has expired.

Mr. ABERNETHY. Mr. Speaker, I ask unanimous consent that I may proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

Mr. ADAMS. Mr. Speaker, reserving the right to object, I would just state that I will not object if the gentleman from Mississippi will yield to me for a question.

Mr. ABERNETHY. I yield to the gentleman.

Mr. ADAMS. I thank the gentleman for yielding.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. ADAMS. Mr. Speaker, I was very interested in the gentleman's comments on Mr. Wolfson who, I think, if the gentleman will remember, came out of Jacksonville, and came up here. The Washington Transit Authority had put aside a great deal of money during the war years because they could not buy any new equipment, and they had a cash fund of several million dollars; my remembrance is that it was $13 million in cash to be used for such purpose. Mr. Wolfson came in, and in the period of time of 4 years paid out through dividends and used the cash flow literally to finance the Wolfson empire.

We all know what happened to Wolfson's empire, and he later spent some time in the penitentiary for some of his activities.

So when this matter came up it was not a matter of somebody having made a little profit; there was the question that the cash had been drained from this company in order to finance a corporate empire for this man, and the cash flow was used on this basis, but there was still a little left when Chalk came in. Mr. Chalk, as you and I both remember——

Mr. ABERNETHY. The gentleman's question seems a bit long.

Mr. ADAMS. All right, but for the first 5 years of his activities Mr. Chalk paid out a cash dividend every year to himself, and that amount that was paid out in 5 years was more than the entire capital that Mr. Chalk invested in this business.

Mr. ABERNETHY. I do not know whether that is true or not. That was not Chalk's fault. If he paid a dividend; what was wrong with that?

The SPEAKER. There being no objection, the gentleman from Mississippi is recognized for 5 additional minutes.

Mr. ABERNETHY. What was wrong with that? Maybe it was too much—I do not know—but there was nothing illegal about it.

I say again—you were not here, but I was. They ran Wolfson out of this town. He ran a very good system. Whether he took money and established a big empire, I say that I do not think the transit income was sufficient to establish that type of empire—in fact, it would be only a drop in the bucket when compared to the vast Wolfson operations.

But, be that as it may, Chalk has not asked for this legislation. He was not here defending it or asking for it.

The Transit Commission was petitioned by Chalk for an increase in fare. What would you do if your expenses went up? Suppose your expenses went beyond your capacity to pay and you were running the transit service? Who would you go to and what would you do? You would file a petition with the transit authority and give the figures on your expenses and ask for a fare increase.

The utility authority is required to satisfy itself as to whether or not he is entitled to an increase. The transit system, has, I understand already determined that if this is not passed, they are going to give him a raise probably to 45 cents with 5 cents for each transfer. That decision, according to my information, has already been made.

I do not particularly care what you do with this bill. I do not think Chalk cares except that he wants to keep the system operating. Chalk did not ask me to defend his petition in the well of this House. I am doing so only because I think in the debate he has been unfairly attacked.

This is not right—it is not fair to suggest that Chalk is here seeking to euchre this Congress out of any money, subsidy or otherwise.

I do not like subsidies. I do not like this. I may not vote for it. My only purpose in the well of the House at this time is to give you a history of this situation and suggest to you that this is a means recommended by the area transit Commission and the city government to avoid an increase in the fare. It is their bill, not Mr. Chalk's. If you want to continue, then place the source where it belongs.

The SPEAKER. The question is on the amendment offered by the gentleman from Texas (Mr. CABELL).

The amendment was agreed to.

The SPEAKER. For what purpose does the gentleman from Maryland (Mr. GUDE), a member of the committee, rise?

Mr. GUDE. Mr. Speaker, I move to strike out the last word.

(Mr. VANIK asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. VANIK. Mr. Speaker, the bill before the House today, H.R. 14718, asks the Federal Government to provide up to $3 million for the Washington Metropolitan Area Transit Commission.

While I am sure that the Commission needs assistance in carrying on its operations at the present rate structure, many other cities also have transit systems desperately in need of funds. The need for assistance to urban transit systems is not just a District of Columbia problems—it is a national problem. Why should we provide funds expressly for the District of Columbia before we develop a national policy in this area?

In my opinion, the District should be given funds only at the same time and on an equal basis with other needy cities across the Nation. Some of the urban transit needs in this country for mass transportation during the next decade are estimated as follows:

	Billion
Baltimore	$1.7
Boston	0.8
Chicago	2.2
New York	2.15
San Francisco Bay Area	1.8
Other major cities	6.0

It has been estimated that about $2 billion will be needed every year during this decade or about $17.7 billion in total. Therefore, it is obvious that the District of Columbia is not the only metropolitan area that has a mass transportation system that is short of funds.

Not only do all our major cities need assistance in developing improved transportation systems, but most of them are experiencing the same daily operating deficits that are plaguing the District of Columbia's system. For example, in my own area, the Cleveland Transit System lost $1.8 million in 1970 while charging higher fares than the D.C. Transit System. The Cleveland Transit System has the distinction of operating entirely out of the fare box. In other words, like many city transit systems, CTS receives no Government funds. If we are to provide operating subsidies for the District of Columbia system, then we should do so for public systems such as the Cleveland system and others.

In fact, provisions have already been made to subsidize financially endangered mass transportation systems across the country through the provisions of S. 3248, the Housing and Urban Development Act of 1972.

This bill recently passed the Senate by a vote of 80 to 1. It includes an amendment to the Urban Mass Transportation Act of 1964 which provides for the following:

> The Secretary [of Housing and Urban Development] is also authorized, on such terms and conditions as he may prescribe, to make grants or loans to any state or local public body to enable it to assist any mass transportation system which maintains mass transportation in an urban area to pay operating expenses incurred as a result of providing such service.

This legislation is currently before the House Banking and Currency Committee and could provide a uniform method of meeting a national problem.

I am opposed to H.R. 14718. It provides a special and unique grant to the District of Columbia at the expense of the rest of the Nation and it infringes on the development of a uniform national policy in this area.

Moreover, it provides that subsidy to a management of questionable creditability.

Mr. GUDE. Mr. Speaker, as was so eloquently stated by the gentleman from Mississippi we are in a crisis with D.C. Transit, because of the neglect of Congress and the neglect of the District of Columbia Committee as far as transportation is concerned in the Metropolitan Washington area. It is all right to talk all you want about the increased per capita income in the metropolitan area of Washington, but if you do not pass this legislation, or something much stronger, which I would like to support, it is the little guy, the blue-collar worker, who is going to be hurt. Mr. Chalk does not care if his fares go up.

The people who commute in Cadillacs are not going to be affected. The little fellow is the man who is going to be hurt.

It is all right to talk about what we are going to do to Mr. Chalk, and he does not care, as the gentleman from Mississippi outlined.

I thought the gentleman from Michigan (Mr. DINGELL) made a very good observation. I would like to support an amendment to this legislation providing for an audit by the GAO. Our committee has not gone into this whole area of transportation adequately.

I hope the gentleman from Michigan is going to offer his amendment for public ownership. I and the gentleman from Virginia (Mr. BROYHILL) have sponsored legislation to provide for a takeover such as has already been provided by the Virginia and Maryland Legislatures. I hope we are successful in achieving this. We can do this thing by a combination.

Mr. MOSS. Mr. Speaker, will the gentleman yield?

Mr. GUDE. I yield to the gentleman from California.

Mr. MOSS. I will tell the gentleman that I have pending at the Clerk's desk an amendment to provide for an audit by the GAO, and I will offer the amendment as promptly as I am recognized.

Mr. GUDE. That is excellent, and I would hope that we could also obtain what I have pushed for and what the gentleman from Virginia has pushed for in the District Committee in hearings, and that is the power of condemnation to be given to the Transit Authority.

Mr. Speaker, I hope that we achieve this end today. But let us not throw out the baby with the bath water and really hurt the little guy in the Washington area, which we will do if we do not achieve these amendments. It is important that we hold this bus system together, until we can achieve a permanent solution.

I yield back the remainder of my time.

AMENDMENT OFFERED BY MR. DINGELL

Mr. DINGELL. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DINGELL: Strike out all after the enacting clause and insert in lieu thereof the following:

That it is hereby declared that the business of mass transportation of passengers for hire in the District of Columbia is clothed with a public interest and is essential to the proper functioning of the Government of the United States and the government of the District of Columbia. The continuous, uninterrupted, and proper functioning of such business in the District of Columbia is hereby declared to be essential to the welfare, health, and safety of the public, including the civilian and military personnel of the Government of the United States located in the District of Columbia and the metropolitan area of Washington. It is declared to be the duty of any common carrier holding a franchise from Congress to engage in the business of mass transportation of passengers for hire in the District of Columbia to use every reasonable means within its power to perform its franchise functions. The D.C. Transit System, Inc., in the District of Columbia has disregarded its franchise obligations to render public service and has forfeited its right to enjoy franchise privileges. Therefore it is necessary in the public interest to repeal the franchise of the D.C. Transit System, Inc., and grant the Commissioner of the District of Columbia the authority to temporarily perform such functions.

SEC. 2. (a) Effective on and after the date of enactment of this Act, the franchise, and all rights and obligations to operate mass transportation bus system in the Washington Metropolitan Area, granted to D.C. Transit System, Inc., under the Act entitled "An Act to grant a franchise to D.C. Transit System, Inc., and for other purposes", approved July 24, 1956 (70 Stat. 598), are repealed.

(b) On and after the date of enactment of this Act, D.C. Transit System, Inc., shall not be authorized to engage in business as owner or operator of passenger motor bus, public transportation of passengers, or common carrier of passengers within, to, or from, the Washington Metropolitan Area.

SEC. 3. (a) The Commissioner of the District of Columbia (hereafter in this Act referred to as "the Commissioner") shall, on and after the date of enactment of this Act, take possession of, and assume control over, the mass transportation bus system owned and operated by the D.C. Transit System, Inc. in the District of Columbia and shall operate such transportation system on a temporary emergency basis until otherwise provided by law, or until such transportation system may be transferred to the Washington Metropolitan Area Transit Authority (hereafter referred to in this Act as the "Authority") as provided in this Act. Nothing in this section shall be construed to exempt the Commission in operating the transportation system, from any law or ordinance of the Commonwealth of Virginia, of the State of Maryland, or any political subdivision of any commonwealth or State or of any rule, regulation, or ordinance issued under the authority of any such law or ordinance, or from applicable provisions of the Interstate Commerce Act and rules and regulations prescribed thereunder.

(b) In the operation of the transportation system under this Act, the Commissioner is authorized and empowered to engage in special charter or sightseeing services subject to compliance with applicable laws, rules and regulations of the District of Columbia and of the municipalities or political subdivisions of the States in which such service is to be performed, and with applicable provisions of the Interstate Commerce Act and rules and regulations prescribed thereunder.

(c) Nothing in this Act shall be construed as granting to the Commissioner title over any of the real or personal property, including capital stock, of D.C. Transit System, Inc.

SEC. 4. (a) The Commissioner, immediately upon taking possession of the transportation system as authorized under this Act, shall initiate whatever action he deems necessary to acquire by condemnation all assets of D.C. Transit System, Inc., including all real and personal property, capital stock, equipment, pension funds, accounts, and records owned or used by such corporation of whatever nature, whether owned directly or indirectly, used or useful, for the mass transportation by bus of passengers within the Washington Metropolitan Area.

(b) The Commissioner shall prescribe such regulations as he deems necessary to carry out the provisions of this Act.

SEC. 5. The schedule of rates which shall be effective within the District of Columbia upon commencement of operations by the Commissioner shall be the same as that effective for service by D.C. Transit System, Inc., in effect on the date of the enactment of this Act, and shall continue in effect until superseded by a schedule of rates which becomes effective under applicable provisions of law.

SEC. 6. Whenever the Authority determines it has the power to acquire and operate, or provide for the operation of, a mass transportation bus system within the Washington Metropolitan Area, the Commissioner shall, within sixty days after a request there-

for is made by the Authority, transfer to it any mass transportation bus facilities theretofore acquired by the Commissioner, together with all other assets and liabilities of the Commissioner relating to such facility. Any such transfer should provide for assumption by the Authority of the labor contract or contracts of the Commissioner.

SEC. 7. As used in this Act, the term "Washington Metropolitan Area" means the District of Columbia, the cities of Alexandria and Falls Church, and the counties of Arlington and Fairfax in the Commonwealth of Virginia, and the counties of Montgomery and Prince Georges in the State of Maryland.

SEC. 8. The Commissioner is authorized to receive and accept from the United States, or any instrumentality or agency thereof, grants, payments, and contributions for or in aid of the acquisition, construction, ownership, operation, and maintenance of any mass transportation bus system, and to receive and accept aid or contribution from any source of either money, property, labor, or other things of value, to be held, used, or applied only for the purposes for which such grants, payments, and contributions may be made.

SEC. 9. Any person who interferes with or obstructs the Combmissioner, in any way, in taking possession and assuming control over, or in operating, the transportation system, under authority of this Act, shall be fined not more than $1,000 or imprisoned for not longer than one year, or both.

Amend the title so as to read: "To terminate the franchise held by D.C. Transit System, Inc., to operate a bus company in the District of Columbia, and provide for public ownership of a mass transportation bus system."

Mr. DINGELL (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the amendment be dispensed with and that the amendment be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

POINT OF ORDER

Mr. ABERNETHY. Mr. Speaker, I rise to make a point of order against the amendment.

The SPEAKER. The gentleman will state his point of order.

Mr. ABERNETHY. As I understand, the amendment of the gentleman from Michigan provides for revocation of the franchise of the D.C. Transit System, Inc., and a takeover thereof and operation of the facility by the government of the District of Columbia. The bill we are considering is purely a fare bill. It authorizes the payment of a subsidy to supplement fares. The amendment is not germane to the bill. Therefore, I think it is out of order.

The SPEAKER. Does the gentleman from Michigan wish to be heard on the point of order?

Mr. DINGELL. Mr. Speaker, I think the amendment is germane to the bill. As the gentleman from Mississippi has pointed out, the amendment does do a number of things. One, it makes the legislative finding that Mr. Chalk and D.C. Transit have not carried out their franchise obligations. It does, for that reason, legislatively cancel the operating franchise in the District of Columbia. It directs the Commissioner or the Mayor of the city of Washington, D.C., to take over the mass transit system and operate it until such time as it might be transferred to the Washington Metropolitan Area Transit Authority.

It also directs that the Commissioner may operate the franchise in precisely the same fashion as Mr. Chalk has under the same set of rates under which Mr. Chalk has operated the facility.

And it authorizes the Commissioner to receive and accept grants, payments, and contributions in connection with the ownership of the mass transit system in the same way that Mr. Chalk does.

Mr. Speaker, I think it is pretty plain that, if this Congress can engage in giving $3 million and can exempt Mr. Chalk from the tax laws of the United States and the District of Columbia and can provide for a bonus and a subsidy of this size, it seems pretty clear that we might in the same piece of legislation cancel the franchise.

Indeed, I would say in response to the comments made by my friend from Mississippi that the statute which is before us today is an act to provide for the regulation of fares for the transportation of schoolchildren in the District of Columbia. That is a very broad statute, which provides for the regulation of the agency, it provides for the regulation of fares, and it actually authorizes the enfranchisement of Mr. Chalk and the D.C. Transit Co.

Since the legislation referred to goes that far, I can see no reason why we could not make appropriate findings dealing with the question of the fitness and the compliance by the franchise holder with the statute and with his franchise. So for that reason I have offered the amendment which is now before the House. I do assure my colleagues that it is, in my view at least, very strongly in the public interest, as I have communicated to them by letter a little earlier.

The SPEAKER. The Chair is ready to rule. The Chair has had the opportunity to examine the bill and the amendment proposed by the gentleman from Michigan. The purpose of the bill is to provide a subsidy to the transit company to hold the fare at 40 cents in the event the Transit Commission determines that D.C. Transit is entitled to a fare increase. The proposal offered by the gentleman from Michigan would cancel D.C. Transit's franchise and provide for public ownership and operation of the bus system. The Chair is of the opinion that the amendment proposed is not germane, and, therefore, sustains the point of order.

The Chair recognizes the gentleman from Iowa at this time.

Mr. GROSS. Mr. Speaker, I move to strike the necessary number of words.

Mr. Speaker, I am at a loss to understand exactly what this bill is about. We hear that it is a bill to stabilize bus fares from some of those who support it. Yet it provides, as has been pointed out earlier by the gentleman from Maryland (Mr. HOGAN) and others, that any carrier receiving funds pursuant to this act shall—not may, but shall—in the expenditure of those funds give priority to meeting obligations of employee retirement and health and welfare programs. That sounds like this bill is designed to take care of what? Retirement, health, and welfare programs of bus company employees. Are we about to embark upon legislation that will set a precedent that we will have to live with in other cities of these United States? What are we about to do here if we pass this legislation?

Moreover, I should like to ask the sponsors of the bill, where are the hearings in connection with this proposal that can set such precedent?

Does anybody care to answer?

Also, where are the departmental reports? This bill involves $3 million. There is nothing in this bill from any entity in the government of the District of Columbia, the Federal Bureau of the Budget, or anyone else. Where are the usual reports from agencies and individuals that accompany a bill on the House floor? What kind of business are we indulging in here today?

This is pretty sad. We hear from the chairman of the subcommittee that this is a byproduct of a sweetheart contract. If I am quoting him correctly, and I hope that I am, he says he never saw a better sweetheart contract in his life than the contract between O. Roy Chalk and the District of Columbia.

What are we doing here? I suggest we end this debate, vote the bill down, let the committee start all over again, and this time hold some hearings, and this time get some reports from those divisions of the District government that are directly involved. Let us have some information, let us have just a little bit of light on this subject.

I fail to understand how the House Committee on the District of Columbia could possibly put in a provision such as the amendment just knocked out:

Amounts paid by the Commissioner pursuant to this Act shall not be considered as income for Federal or District of Columbia income tax purposes.

When I read this bill on Saturday, that stuck out like a sore thumb. It was about the first thing I saw in this bill, after observing the $3 million handout that they want from us here today.

Where were members of the committee when that provision went into the bill? How did it get there? Then, when it came to the floor of the House, the chairman of the subcommittee promptly offered an amendment to knock it out and the ranking minority member of the committee quickly arose and said, "I accept the amendment."

Why in the world did you put such a condition in the bill in the first place? Apparently there is no explanation.

This bill ought to be defeated out of hand and let the members of the committee hold hearings, write a decent report, tell us what they are out to do, and bring their bill back, if they feel that way about it. But do not try to ram this thing down our throats here today.

Mr. CONTE. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Massachusetts.

Mr. CONTE. I want to join with the remarks of the gentleman from Iowa. Let me also say that there is a HUD bill pending before the Committee on Banking and Currency which provides for $400

million of subsidies for operation and maintenance to private and public transit companies across the United States. That is merely the camel's nose under the tent. It will run into billions of dollars before we are through. It has no incentive whatsoever. It is just like pouring corn down a rat hole. We ought to stop right now.

Mr. GROSS. This is the camel's nose under the tent in the District of Columbia.

Mr. CONTE. There is no question about it. Those others will be sitting down waiting for a Federal handout.

This is as bad as the farm subsidies.

AMENDMENT OFFERED BY MR. MOSS

Mr. MOSS. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Moss:

SEC. ——. Each carrier receiving a payment under this Act shall maintain an integral set of accounts and records, which shall be audited annually by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions, as provided in section 105 of title I of the Government Corporation Control Act (31 U.S.C. 850).

Mr. MOSS. Mr. Speaker, I think this is the minimum we should require if we are going to authorize the payment of this $3 million subsidy.

It has been stated here on the floor this afternoon that profit is something we should all anticipate and we should want it—and I do. I believe that profit which comes about as the result of investment prudently managed rendering a service is totally appropriate to our system, and I will defend the ability of any company to have that kind of profit.

But this strange miniaturized Penn Central is operating here in the District of Columbia, O. Roy Chalk's empire, and seems to be sort of the exception to all good practices, legislative and otherwise.

During each of the 20 years that I have been here we have had a problem with D.C. Transit. We had it before Wolfson came in. We had it after Wolfson arrived and found out how profitable it was to interfere with its cash flow and to rearrange some of its assets. And Mr. Chalk has made a very good thing out of this. He has had many spinoffs.

I said it was a miniaturized Penn Central. It is precisely that.

Maybe he did not come here and ask for $3 million, but he knew where to apply the pressure to get the reaction that would lead someone else to come here and ask for the $3 million. He knows the District of Columbia needs transit.

Mr. CABELL. Will the gentleman yield?

Mr. MOSS. I yield to the gentleman from Texas.

Mr. CABELL. This Member is delighted to inform the gentleman from California that both sides of the aisle are favorable to accepting his amendment.

Mr. MOSS. I appreciate that. I think it will improve the bill. But I seriously question the wisdom of us passing this kind of legislation, with or without the amendment, here on this floor today. Still, if we want to perfect it in anticipation of its possible passage, then I think the amendment ought to be adopted.

The SPEAKER. The question is on the amendment offered by the gentleman from California (Mr. Moss).

The amendment was agreed to.

Mr. HOGAN. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I had intended to offer an amendment today, but my legislative instincts tell me that the unbeatable liberal-conservative coalition is going to ram this bill to defeat anyway, and that is probably a good thing.

I served on the District of Columbia Committee when we had some hearings on the transit situation and, as the gentleman from Washington has pointed out, a number of us called for an audit by the General Accounting Office, which was not forthcoming.

The gentleman from Arizona (Mr. STEIGER) at that time brought to the attention of the committee some material which was, to say the kindest thing about it, scandalous. It showed indications of siphoning off real estate which had been titled to the D.C. Transit Co. and transferred to various corporate entities controlled by Mr. O. Roy Chalk. Mr. Chalk himself came before the committee and was asked by this gentleman now in the well and others for additional material to corroborate the information that he was giving to this committee. To this day, 3 years later, that information has not yet been received.

So I am pleased that the amendment offered by the gentleman from California (Mr. Moss) was adopted.

Hopefully, if this bill is passed—and I, for one, intend to vote against it—we will be able to get that GAO audit.

I oppose this bill on another basis. It only approaches part of the problem. It only addresses itself to the problem within the confines of the District of Columbia itself. There are bus companies in trouble in suburbia which have been rendering far better service to their riders than D.C. Transit. They have been excluded from this legislation. So, I had intended to offer an amendment to include them, but I would not want that amendment to be interred with the bones of this bill before us.

Mr. Speaker, I do feel we need some way to solve our transit problems, but this bill is not it. As I pointed out earlier, most of this $3 million, if not all of it, is going to go to pay the deficit that Mr. Chalk has run up from the retirement of the health benefits program and none of it will be left to subsidize the fares of the riders.

H.R. 14718 in its present form benefits only O. Roy Chalk and the D.C. Transit Co. and those riders who use the service wholly within the District of Columbia. It does not benefit those who get on in the District of Columbia and get off in Maryland or vice versa and who pay far more in fares than if their trip stopped before they reached the District line. And now we are proposing to take action to compound the inequity.

Year by year in the last decade, the D.C. Transit has lost passengers. The D.C. Transit has a poor financial record and a poor record of service. It pays no real estate, fuel, or mileage taxes unless its profit exceeds 6.5 percent. It has a history of corporate controversy.

On the other hand, let us look at the problems and record of the bus company serving those who ride over the District line into Maryland. The WMA Transit Co., which serves much of my district, has doubled its passengers in the last decade, but mileage has increased four times while D.C. Transit's mileage has remained constant. It pays the D.C. Transit 3.4 cents per mile on duplicated routes for providing service in the District. It pays personal property, fuel, and license taxes in Maryland without regard to earnings. It pays mileage, fuel, and license taxes to the District, also without regard to income. It pays road, revenue, and licenses taxes to Virginia.

Up until the time of the riots in Washington in 1967, the WMA Transit Co. was a profitable company regulated as to rates. From 1968 on, it has lost $300,000 annually. The WMA Transit Co. has been a good corporate citizen and rendered good service. It is run by local people. It does not have the resources of the D.C. Transit, and, it cannot continue to run at a deficit which, this year, may be a half million dollars. Yet, the traffic problem for the area becomes greater every day for those who ride over the District line.

WMA Transit Co., through an expansion program between 1961 and 1967, provided new service to 250,000 residents of Prince Georges County who had previously not been provided with bus service by WMA, most of whom commute to Washington. Passengers rose from 2,167,264 to 6,553,690, an increase of 4,386,426 or 202.39 percent; at the same time, mileage operated rose from 810,141 miles to 3,861,139, an increase of 3,050,998 miles or 376.60 percent. Ridership for this increased service averaged only 1.44 passengers per mile, which lowered the service efficiency—measured in passengers per mile—by 47.2 percent from its peak in 1963.

If WMA Transit Co. had not expanded its area of operations, but had instead concentrated its entire effort in its original service area—as D.C. Transit has—service efficiency would have been stabilized or improved. The increase in service efficiency between 1961 and 1963 was completely within the original service area; 250,000 Prince Georges County residents who have service would be without any bus service, if WMA had concentrated on its original service area instead of expanding its service area.

The WMA Transit Co. has overextended itself in an effort to provide service to as much of Prince Georges County as possible. The cost of providing this service to these 250,000 residents has been borne by the company itself.

While other area transit companies have received fare increases from 1961 through 1971, WMA requested and received a fare increase in 1963. After a 40-day strike in December 1968–January 1969, WMA had three fare increases. Since May 10, 1971, by reason of an appeal from the decision of the Transit Commission, WMA had not yet realized and cannot realize the increase in fares as authorized by the Commission.

At the time of last fare increase the Transit Commission projected a 7-percent loss in passengers. Actual passenger loss for 1971 was 12½ percent and the

first 3 months of that period were at the lower fares.

In November 1971, WMA Transit Co. requested certain curtailments and changes in scheduled service from the Transit Commission in lieu of a fare increase. It was granted only 50 percent of the request due to expectation of relief from some governmental agency. If this relief is not forthcoming, WMA Transit Co. Order No. 1197 has been held open for further action. This order says:

We (Washington Metropolitan Area Transit Commission) will hold this docket open against the possibility that we may be required to take further action if *timely public assistance* is not forthcoming.

Under the proposed H.R. 14718, assistance is not forthcoming. What would be the answer? Certainly not higher rates with further loss of passengers. Service curtailment merely aggravates the problem in what is practically the Nation's fastest growing county, Prince Georges, and, bankruptcy of the WMA Transit would benefit no one.

Even though I have always been dedicated to free enterprise, I support the ultimate public ownership of the Washington metropolitan bus companies. Unfortunately, this is the only ultimate route. However, if we are proposing interim solutions, we must recognize the full problem. We must not favor only the District and the D.C. Transit Co. because of the numbers and the dollars. We must recognize that this is a metropolitan area problem and the solution should be directed at all the bus companies serving Metropolitan Washington.

Because this bill will not solve the problem I plan to vote against it.

Mr. FAUNTROY. Mr. Speaker, I move to strike the last word.

Mr. Speaker, I rise in support of H.R. 14718. I do so reluctantly because I would prefer that we were voting today on an amendment similar to that offered by the distinguished gentleman from Michigan, providing for public ownership of the company. Such bills have been introduced by the gentleman from Virginia, the gentleman from Maryland, and myself on behalf of the people of the District of Columbia.

But, I want to assure you that the issue here is not whether the transit company or Mr. Chalk is being given a windfall.

The issue is, quite frankly, whether or not this transit system will survive until such time as the interstate compact can be amended to enable the purchase of the system in a fashion that the public subsidy becomes a public investment in its own system.

Effective on May 25 the Washington Metropolitan Transit Commission has already decided that it must grant a 50-cent fare, which previous experience shows where it will cause us to lose another 20 million riders in this 1 year, with the result that the situation of the company itself will make it more expensive to acquire.

This is designed to provide the kind of service to which the people of this city are entitled.

It is for that reason that I urge you, albeit reluctantly, to support this subsidy, but to move swiftly thereafter to amend the interstate compact so we can in fact purchase it for operation by the WMATA.

First we ought to be sure that our subsidies in fact become an investment in the transit system of our Nation's Capital.

Mr. ABERNETHY. Mr. Speaker, will the gentleman yield?

Mr. FAUNTROY. I am glad to yield to the gentleman from Mississippi.

Mr. ABERNETHY. I believe the gentleman from the District of Columbia has announced that his position is that he favors public ownership of the Capital Transit Co.; is that right?

Mr. FAUNTROY. Precisely.

Mr. ABERNETHY. And, subsequently, that everyone in the District ride free—no charge at all? That is your position, is it not?

Mr. FAUNTROY. That is not true.

Mr. ABERNETHY. Both you and I have seen a paper to that effect?

Has the gentleman circulated a paper with that statement in it?

Mr. FAUNTROY. That is not true. If you read the statement carefully you will find what I am saying and what I favor.

Mr. ABERNETHY. What is the gentleman's position about charging people fares?

Mr. FAUNTROY. My position about charging people fares at this time is to avoid a 50-cent fare in this city, which would cause a loss of 20 million riders for the coming year. My position is that we should provide the subsidy which is requested here, with the understanding that pursuant to hearings and deliberations of the District of Columbia Committee, we will seek an amendment to the interstate compact in order that we might purchase it from its present owners and run it.

Mr. ABERNETHY. Is the gentleman familiar with this paper I have seen? You know there is such a paper floating around?

Mr. FAUNTROY. If you have reference, sir, to the Washington Agenda, I would be very pleased to discuss it with you, but not on my time on this bill, this very important measure which is now pending before us.

Mr. ABERNETHY. Did the gentleman prepare such a paper as that that has been circulated, or has he circulated one?

Mr. FAUNTROY. I have indicated that I would be very pleased to talk with you about that, but I have stated my position on this bill at this time.

Mr. ABERNETHY. But your position in the future is that everyone rides free?

Mr. FAUNTROY. I have indicated the fact that I would discuss that with you on your time but not on mine.

Mr. ABERNETHY. In other words, you do not want to reveal it right now?

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. FAUNTROY. I would be happy to yield to the gentleman from Iowa.

Mr. GROSS. Well, is the answer "Yes" or "No"?

Mr. FAUNTROY. The answer to what is "Yes" or "No"?

Mr. GROSS. To the question of the gentleman from Mississippi as to whether you want free fares for everyone in this area, or whether as you now say you want a 40-cent fare? Which is it?

Mr. FAUNTROY. I submit, sir, that the question as to whether or not there will be free fares in the District of Columbia is not an issue in this discussion on this bill.

Mr. GROSS. You ought to be able to state your position.

Mr. FAUNTROY. Mr. Speaker, I rise in support of H.R. 14718, a bill that will provide a subsidy to the transit companies operating within the confines of the boundaries of the District of Columbia. This bill, Mr. Speaker, is not intended to subsidize or better the profit of D.C. Transit. It is, rather, designed to maintain the level of ridership that will be lost if a pending fare increase is approved and to preserve a valuable and vital social service for all of us here in the city.

D.C. Transit, Inc., has a 50-cent fare request pending with the Washington Metropolitan Area Transit Commission. It is estimated that if this 10-cent increase is approved, ridership will drop from 100 million per year to less than 80 million. This loss of riders is well documented by the past performance of fare increases. The last fare increase from 32 cents to 40 cents dropped ridership from 120 million to the current 100 million. Today we have one-third the number of riders that we had in 1950. In 1950 we had a 15-cent fare with approximately 300 million riders; in 1955, with a 25 percent fare increase, ridership dropped to 150 million; in 1962, another fare increase to 25 cents was not overly destructive to the level of ridership; but starting in 1967, fare increases in tokens from four for 85 cents to four for 95 cents caused a 4.6 million loss of riders; increases in 1968 caused an 8.4 million loss; from this 30 cent fare increase to the now existant 40 cent fare increase, we, in this city, have seen the level of ridership decreased by about 20 million.

This is a loss of riders which we cannot continue to tolerate. The people who cease to use the public transit system do not cease to go to work. They use, instead, their own cars which mean more congestion, more pollution, and more accidents on our already over-crowded and over-polluted streets.

I favor public ownership, but, if the House will not vote for it, I urge it to support this measure as reported by the committee, for it is clearly intended to be an interim measure until the committee has more time to study and offer a true long-term solution to the problem of mass transportation in the city that is integrated with the outlying jurisdictions.

On May 25, the Transit Commission has indicated that a fare increase will be granted, since the franchise that the Congress granted to the D.C. Transit Co. assures them of a right to a reasonable return. Admittedly this was a poor bargain; but, perhaps at the time that was the best all of us could do. There is absolutely no doubt in my mind that the ultimate resolution to this bad bargain lies in the revocation of the franchise to O. Roy Chalk with a subsequent investment to be made by the public. On the

other hand, it is clear from the testimony of Jeremiah Waterman, chairman of the WMATC, that, unless either we revoke that franchise or otherwise change the law, the commission will provide an increase. O. Roy Chalk, and the holding companies that are part of the D.C. Transit empire, will not suffer. The riding public—and particularly the poor and the elderly—will suffer. We will suffer too because we will have failed to protect the investment of people who use public transportation, for the Metro when it is completed. The $3 billion investment that we and our surrounding communities have made in conjunction with one of the most productive compacts ever entered into by the States and the Congress will be jeopardized. We must not allow that to happen, and we must not allow the mistakes that we in the Congress have made, by the grant of this franchise to Chalk, to be passed on to those who are not in any way responsible. We passed that franchise; we have elected to not revoke it; and, it thus seems to me that we ought to do what is right in terms of correcting our past errors.

Frankly, I would have preferred, if not complete ownership, a subsidy bill that would have given us lower fares. I certainly feel that we must provide a means for lower fares for our elderly. For them, transportation is not a luxury. It is a necessity and, on fixed incomes, it is difficult to make the rounds to the doctor, to church, and to see their friends. Cities that have tried reduced fares have had excellent success with attracting more riders. Once attracted and held, it is possible to permit increases that more nearly approximate the operating costs of the system. At this time, Atlanta, Ga., has the best short- and long-term program which can be successful in this regard, starting with a 15-cent basic fare that will be increased in increments after the seventh year until it is 30 cents after the 10th year.

This is the direction in which we must begin to move. Today, in this Congress, we can take that first step. There is only one transit company in this city, there is only a limited amount of time in which we can act before a fare increase will be a fact. I urge you to act in reporting out this bill.

The SPEAKER. The time of the gentleman from the District of Columbia has expired.

Mr. NELSEN. Mr. Speaker, I move to strike the last word.

Mr. Speaker, I want to review briefly the background dealing with this piece of legislation. I did not sit with the subcommittee that worked on it, but it was taken up in the full committee. Without question, the major mistake, as Congressman ABERNETHY stated earlier, that was made, was made by the Congress when the franchise was originally granted in 1956 which runs to 1976. I was not a Member of Congress at that time, but certainly we live with that mistake today.

It is a difficult job to deal with District of Columbia legislation. It is a long way from the type of legislation of interest to my folks back home. You can make no gain by being involved in it, but here we are, and we are on the committee, and we assume our responsibility.

And so, I was pleased to see the language on page 2, lines 17, 18, and 19, stricken. I am pleased to note that the GAO examination is recommended. I think this whole, entire matter should be contingent on an examination that thoroughly informs the Congress as to where this total matter stands. But it is obvious to me that the real issue here comes down to: Do we have public ownership of the transit system or do we not? And if you read the statement that was given before the committee by the City Council Chairman, Mr. Hahn, he refers in his statement on page 5 to the fact that, if the transit system were publicly owned, the District of Columbia can get from the Urban Mass Transportation Administration of the Department of Transportation two-thirds Federal funds, one-third local, which in effect means that there might be a subsidy to the District of Columbia transit system by the taxpayers of the United States in far greater amounts—perhaps $12 million—than we find in this bill. It may be a question of a choice between bad alternatives.

The discussion in our committee, and my recommendation, was this: That the bill be drafted so that no subsidy should be allowed out of Federal funds but that, if the District had the money to pay for them, it should come out of District revenues. I do not favor the precedent that may be established where the Federal Government picks up the subsidy for all local transit systems that are in trouble.

But when we talk about this whole proposition I am frank to say that I do not know which way to go because it has an unattractive alternative. There are many things that have happened in the past that have caused people to be turned off as far as the privately operated transit system is concerned. But I would like to point out that those of us who are on the committee who have looked at the New York City experience with a publicly-owned transit system are not at all inclined to move in the direction of turning over the D.C. Transit system to public ownership, feeling that under our system of private ownership with government regulation we have better administration.

Now, great debate goes on as to what our objectives are here in the District of Columbia, as to subsidization or purchase of the transit system. I want to point out that there are those who want public ownership, those who believe that it is better, while I am convinced to the contrary. But I want to read the statement that has been referred to by my good friend, the gentleman from Mississippi (Mr. ABERNETHY). It says here in part in a circular "Toward A Washington Agenda" that the President should support legislation—

> Providing for takeover and operation of D.C. Transit by public agencies, and public ownership and management of all mass transit. Such legislation should include provisions for ultimate elimination of fares in recognition of the fact that transportation is an urgent public service, like education and police service, that should be provided free of charge to the individual user.

Now, if denying a subsidy and turning down this bill means that we force the District of Columbia into the acquisition of the transit system for public ownership which ultimately leads to free fares on the transit system—I would have to favor the subsidy which is the option given you in this bill by the Full Committee.

The SPEAKER. The time of the gentleman from Minnesota has expired.

(By unanimous consent, Mr. NELSEN was allowed to proceed for 3 additional minutes.)

Mr. NELSEN. Mr. Speaker the statement of Gilbert Hahn Jr., former Chairman of the District of Columbia sets forth some of the alternatives as outlined in his testimony to the committee:

STATEMENT ON BEHALF OF THE DISTRICT OF COLUMBIA BY CITY COUNCIL CHAIRMAN GILBERT HAHN, JR., ON H.R. 2500, APRIL 13, 1972

Mr. Chairman, on March 24, I testified before this Committee on H.R. 2500 and H.R. 13019. At that time I requested an opportunity to come back to you with a specific plan of action on the matter of the D.C. bus situation.

I am pleased today to submit a plan, which I believe will be effective in maintaining fares at their present level and in stabilizing and eventually increasing public transit ridership in the period leading to Metro operations. This plan, if adopted, could put the area on the road to consolidating all four regular route bus systems serving D.C. into a single, coordinated operation with Metro, a goal which I'm sure we are all striving to achieve.

This plan represents the position of the Administration and has the endorsement of Mayor Washington and the District of Columbia City Council. In developing it we have worked closely with WMATC, WMATA and COG. In addition, we have sought the advice of the Department of Transportation and the Urban Mass Transportation Administration on the feasibility of the plan's various elements.

I can assure you that with your consent we are all prepared to act as quickly as is necessary to implement the elements of this plan.

The two bills which we are considering, H.R. 2500 and H.R. 13019, would do much to alleviate the critical situation that exists in the metropolitan area regarding increasing fares and resultant decreasing ridership. The bills, however, do not address the important issue of the source of funding for a bus subsidy program and the longer-term consideration of integrating the ownership and operation of all bus service in the Washington area with the operation of Metro.

I am going to suggest some amendments to H.R. 2500 to address these issues by implementing the program outlined below.

As you will recall, current legislation specifically provides for WMATA to cause the Metro system and the four regular route bus companies to be operated in a coordinated manner. We believe, that this should happen by the time Metro begins operations in 1974. Therefore, the plan which I'm proposing, together with other actions already initiated, is consistent with the ultimate public ownership of all the four regular route bus companies operating in the Washington area.

I pointed out in my testimony of March 24, 1972, that the Washington Metropolitan Council of Governments had applied to UMTA for a $3.1 million Technical Studies Grant. I can now report to you that this grant was made on April 10, 1972. As part of the local commitment, $1.6 million in local funds will match the UMTA grant, making a total of $4.7 million. The major purpose of the grant is to develop a comprehensive transit plan, particularly for short-range, immediate action capital and service improve-

ments. We are confident that this grant will result in operating efficiencies and improved levels of service that will help stabilize fares and increase ridership.

Notwithstanding this, you will also recall that in my March 24 testimony I pointed out that the last ten years, the area's private companies have faced serious financial problems. Basic fares have gone from 25 cents in 1962, to 40 cents now. The last D.C. Transit fare increase from 32 cents to 40 cents dropped ridership from 120 million to about 100 million passengers per year.

D.C. Transit, Inc. has a 50 cent fare request pending with the Washington Metropolitan Area Transit Commissions. I estimate that, if the fare is approved, ridership will drop from about 100 million rides per year to 80 million rides or below per year. Thus, a fare increase at this time would aggravate the situation and further diminish ridership.

We should allow no further fare increases. The consequences have been outlined to you forcefully in the past. It is generally agreed that to meet Federal air pollution standards we must attract more riders to public transit, rather than forcing present riders off through higher fares. It is also generally agreed that many of our citizens are dependent upon transit service to move about the area. Further, if we are to meet the transportation needs for the influx of visitors for the Bicentennial Celebration in our Nation's Capital we must take steps now to insure an improved and coordinated public transportation system. Particularly critical to this is the need to improve levels of service so that transit will be a more acceptable alternative to auto travel.

To maintain the current fare level, there is a need for some form of financial assistance and for this reason we support H.R. 2500 with amendments which implement the following program:

1. Provide a fare subsidy to be paid to D.C. Transit for the period from July 1, 1972, to June 30, 1973. That subsidy would be based on the difference between the current 40 cent fare and a "just and reasonable" fare as determined by the Washington Metropolitan Area Transit Commission. Authorization must be provided the District of Columbia Government to make whatever subsidy payments may be necessary under this formula and appropriations to the District Government should be authorized for this purpose. The subsidy would be paid with respect to regular route transportation solely within the District of Columbia.

2. Provide authorization for the District of Columbia to purchase the bus equipment (rolling stock) of D.C. Transit. This action will reduce the subsidy by an estimated $3 million a year. The purchase would be funded through a capital grant from the Urban Mass Transportation Administration of the Department of Transportation on a two-thirds Federal, one-third local, matching basis. Approximately 1,058 buses would be involved and while the book value is about $12.1 million, the purchase would need to take place at the current appraised fair market value which is subject to negotiation. The District of Columbia should be authorized to provide its part of the local share for the UMTA grant and the funding of this authorization should be accomplished in a supplemental appropriation to be sought upon the completion of the negotiations. This would place the District of Columbia in the same position as any other jurisdiction in terms of providing for the local share for a grant from UMTA.

In presenting this program, we expect WMATC to require, in the event of purchase, any lump sum payment to D.C. Transit for the rolling stock to be used by D.C. Transit toward the improvement of operations and the establishment of financial stability, rather than being considered an extraordinary earning. Mr. Loconto, a financial analyst, has made a study for the WMATC which suggests a need of $12 million in cash to be added to D.C. Transit this year in order to make such improvements and to attain financial stability. It appears to me that the only feasible way to meet the need for the $12 million is to ask Congress to provide this sum to D.C. Transit, this year, through the equipment purchase we have prepared. (It would be possible to provide such sums by sale of real estate held by subsidiaries of D.C. Transit, but this is in the control of WMATC.)

3. Provide authorization for the District of Columbia, subsequent to purchase of D.C. Transit's buses, to lease back the buses to the company.

The effect of this arrangement would be to reduce the costs of D.C. Transit by an approximate amount of $3 million for the period from July 1, 1972, to June 30, 1973. This would likewise reduce the amount of subsidy needed for that period from $3½ to $½ million, plus any interest charges that may be necessary in obtaining the local share for the purchase. This figure is based on the $3.5 million in the Present D.C. Transit application before the WMATC. This figure may be lower; but it may also be higher. We have an estimate prepared by the WMATC staff that puts the need at $4¼ million. Consequently, the subsidy may be $1¼ million plus interest, instead of $½ million plus interest.

As amended, this proposed legislation is designed to meet the immediate needs of the riding public dependent upon D.C. Transit for mass transit service. The proposal is designed to provide the most efficient form of subsidy while protecting both the public and private interests involved. However, it should be clearly understood that the proposal is an interim measure. It is assumed that at such time that WMATA is authorized to acquire the Washington area bus companies, the District of Columbia will be appropriately reimbursed for its expenditures in the acquisition of D.C. Transit rolling stock.

In connection with the objective to achieve a more integrated bus mass transit system at this time, it should also be noted that NVTC has applied to UMTA for purchase of WVM Company buses and Maryland officials are expected also to submit an application to UMTA for the purchase of WMA Transit Company. With further respect to Virginia, we have received assurances for NVTC that upon completion of the Shirley Highway Express Bus Demonstration, if not sooner, it will consider acquisition of the bus equipment of AB&W Transit Company. All of these actions involving bus acquisition by public agencies will facilitate the eventual transfer of the bus company property to WMATA with reimbursement for all the jurisdictions involved.

Similar action by the District of Columbia, as authorized by our proposed amendments, is consistent with the actions of Virginia and Maryland and would represent a concerted effort to resolve the regional bus mass transit problems.

The most critical date is May 25, 1972, at which time WMATC must decide on D.C. Transit's request for a fare increase. In presenting this plan to you today, I would first hope that it could be implemented before that date. However, if this is not practical, I request that the Congress join with the District of Columbia Government in urging WMATC to authorize D.C. Transit to utilize the $600,000 reserve bus fund, which the company is maintaining at the request of WMATC, to maintain fares at their present level.

I have attached for your convenience suggested changes in H.R. 2500. I urge you to pass the bill and suggested amendments as soon as possible but in any event before July 1, 1972.

Mr. Speaker, I would say that the voters in my district who are trying to get a road to market from their farms and those who have been waiting for years to get a highway system and to get a better road built, would oppose a situation where we are laying the ground work, if you please, for moving in the direction of a public takeover of a transit system. So far as I am concerned, I feel that there should be more information that would answer the questions such as the gentleman from Iowa (Mr. GROSS) propounded.

I believe a further hearing would be fully justified so that public confidence in what was intended to be done could be better substantiated and a better foundation laid for it. I would have no objection to it. In fact, I think it ought to be done. I would vote in favor of recommitment.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. NELSEN. I yield to the gentleman from Iowa.

Mr. GROSS. I would ask my friend, the gentleman from Minnesota, what was he reading from a moment ago when he spoke of the free fares in the District of Columbia?

Mr. NELSON. This was circulated "Toward a Washington Agenda"—stated to be circulated by Congressman FAUNTROY.

Mr. GROSS. I thank the gentleman.

Mr. LENNON. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I would like to direct a question to the distinguished chairman, both of the subcommittee and of the full committee, with respect to section 2 which provides explicitly and definitively that in the expenditure of the $3 million, priority should be used to meeting the obligations to the employees' retirement and health and welfare programs.

I take it you are talking about the retirement of the present employees of the Chalk Bus Co. and also the health and welfare programs of the District of Columbia Transit Authority?

Mr. CABELL. To the best of my knowledge, it is for the rank and file worker with reference to annuity benefits.

I am sure as in most companies that the administrative personnel also would have coverage on this.

Mr. LENNON. Let me ask the gentleman this question.

I am advised that that particular fund of the retirement fund and the health and welfare programs is in debt to the tune of $2,230,000.

Now assuming the verity and the truthfulness of that, then the $2,230,000 of that $3 million would have to be used first to pay for the retirement system and the health and welfare programs and of the $3 million you would only have less than $800,000 of that $3 million to be used to hold the bus fares at 40 cents.

Mr. CABELL. Mr. Speaker, will the gentleman yield further?

Mr. LENNON. I yield to the gentleman.

Mr. CABELL. That same question was raised and was debated at some length by the gentleman from Maryland. They have this obligation. They are going to have to take the money out of their operating revenues to bring this up to the

statutory requirement. That fund is audited by the WMATC.

If they take it out of their operating funds to repay that which is not available to them otherwise, then they are not going to have sufficient money to operate on even under or after the subsidy. If that money goes to bring that back up to its legal amount, then they will not have to take the money out of their operating revenues to continue operation.

It is still a contract and it is six of one and a half dozen of the other.

Mr. LENNON. My basic question is this. In other words, you are saying—if they take the $2,330,000 of that and apply it to the pension fund and the welfare program, they could take the balance of in round figures of $800,000 and keep the fare down to 40 cents?

Mr. CABELL. That is the recommendation and that is what we feel about the situation.

Mr. LENNON. That is what you say they think they can do?

Mr. CABELL. As a matter of fact, they are not asking for this subsidy. They say it is not going to be enough, but they are trying to live with it.

Our question here is whether or not we are going to authorize the District government to pay this in order to maintain the present fare structure. Or, if this is not done, under the terms of their contract, they have two alternatives—either to reduce their service to nothing but their peak paying lines and cut out the Saturday and Sunday service or raise the fare to 45 cents and a transfer fee or go to 50 cents flat fare.

They have the legal right to do that.

Mr. LENNON. Why did you give them the priority? You say the first funds from the $3 million should be used for this purpose, the liquidation of a $2.3 million debt. Why did your committee decide to give them that priority and that much of the $3 million?

Mr. CABELL. That was recommended by the WMATC, which is the regulating agency under the contract.

Mr. LENNON. I thank the gentleman.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. LENNON. If I have more time, I yield to the gentleman from Iowa.

Mr. GROSS. In other words, we are looking at a little sleight of hand here, and with that little sleight of hand, I will say to my friend from North Carolina, this bill mandatorily directs the carrier to expend $2,320,000 to take care of the retirement, health and welfare programs of employees. Yet they say the $3,000,000 in the bill is going to maintain a 40-cent fare. Simple arithmetic should tell anyone that if $3,000,000 is necessary as an outright subsidy to maintain a 40-cent fare it is impossible to do so with the $680,000 that would be available after funding the $2,320,000 shortfall in employee retirement, health and welfare programs.

Mr. FINDLEY. Mr. Speaker, I move to strike the requisite number of words.

The SPEAKER. The gentleman from Illinois is recognized.

Mr. FINDLEY. I would like to say to the gentleman from North Carolina that he has discovered a good deal of the iceberg but not all of it. The $2,320,000 is only a part, as is true of most icebergs, but not all of it. In addition, there is owed some $350,000 to these employee funds for the month of March and a similar sum for the month of April. When you add all three items together, it comes to slightly over $3 million. So there is not going to be 10 cents left for a fare subsidy if this is passed.

Mr. JACOBS. Mr. Speaker, I move to strike the requisite number of words.

The SPEAKER. The gentleman from Indiana is recognized.

Mr. JACOBS. I do not like to prolong the debate very long. I think it is only beating a dead horse anyway. I think we are going to defeat this bill, and I think it is a very good idea. But I would like to call the Members' attention to one partial myth, I think, that has been launched here today, and that is this matter of contractual obligations to the present operators of the bus system in the District of Columbia.

I have never quite understood what is so sacred about an obligation or a contract by the Government with a bus company that is not equally sacred when it involves a Government contractor as an individual. Take myself, for example. I was a Government contractor in the latter part of 1950. I had a contract with the Government under which I was paid $84 once a month, and my contract extended for 2 years. But something occurred over in Asia and Korea and somebody introduced a bill in Congress, and the next thing I knew, I had signed a contract for 3 years. It was called "convenience of the Government."

Now, I do not know of anything I had done to hurt anybody in this country at the time my contract was broken by the Congress, and so I just commend for your consideration, when we consider legislation in the future related to this obligation of the contract with the present operator of the D.C. transit system, the pressure of assets and all the rest, just how sacred that contract is with the Government, particularly in view of the manner in which this bus company has been conducted.

I commend the defeat of this bill heartily, and I was one of the two who voted against it in the committee.

I yield back the remainder of my time.

Mr. McMILLAN. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I would like to state, before we come to the close of the debate on the amendments and on the bill, whatever we call it, that the District Committee has been criticized from time to time for not taking up matters requested by the District people which are presented by the District officials. That is the reason this bill is here today. It was presented to me by the District Transit Commission. It is almost word for word as they presented it to us.

As far as I am concerned, I have no particular interest in the bill other than to carry out my duties as chairman of the committee and present it to the House.

Mr. FAUNTROY. Mr. Speaker, will the gentleman yield?

Mr. McMILLAN. I yield to the Delegate from the District of Columbia.

Mr. FAUNTROY. Mr. Speaker, I would like to ask a question or ask for clarifying information.

It is my understanding that this legislation is sufficient authorization for appropriations to be made for purposes of the bus subsidy payments even though the bill contains no specific authorizing language. Is that true?

Mr. McMILLAN. The bill, as I understand it, authorizes the District of Columbia to take up the $3 million slack for the D.C. Transit Co.

Mr. FAUNTROY. Do I understand that there remains authorized but unappropriated approximately $4 million in District of Columbia fiscal funds for 1972, and that this could be appropriated for purposes of carrying out the intent of this bill?

Mr. McMILLAN. I am not in a position to advise the gentleman whether that is correct or not. He should get that information from the chairman of the Appropriations Committee.

Mr. FAUNTROY. Does the subcommittee chairman know whether or not that $4 million authorized is available?

Mr. CABELL. If the gentleman will yield, it is my impression, or was a short time ago my impression there were some funds which had been authorized but not appropriated, and final disposition of that would be at the discretion of the Appropriations Committee, but I cannot commit them to any course of action.

Mr. FAUNTROY. I thank the gentleman.

Mr. SPRINGER. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I have been on this committee since 1958. This problem has been with us all of that time, even before Roy Chalk bought out Wolfson. But the part that disturbs me most in all of this, is that this is only the beginning. I certainly think that those on the committee have given this every consideration, including the chairman of the subcommittee, the chairman of the committee, and the ranking minority member. I do not know that I can criticize what has been done, but I think it ought to be brought to the attention of the Members of this body at this time that this is only the beginning.

This $3 million is for the coming fiscal year. I will not be here next year when I am sure this will come up again. But, I will bet anybody who is a wagering man and who wants to bet, 10 to 1 that this will be back here next year with a substantially increased request for appropriation for subsidy. Why do I say that?

Mr. Speaker, the only large city I know of that has had a longtime experience with this problem is New York City. If any Member wants to see a system which has been in chaotic condition, I suggest he visit New York and see what is happening in the city of New York. They tried to stick with a 20-cent fare which had been in existence since before World War I. They recently raised the fare to 30 cents, and in addition they have a $125 million subsidy.

Now I will read from the New York Times of Monday, March 8, 1971. They will need to find approximately $150 million in new subsidy beyond the more

than $125 million that was then received in subsidies from the city, and the Triborough Bridge, and the Tunnel Authority. This is in the nature of almost $300 million of subsidy for New York.

There is one thing which I think ought to be brought directly to the attention of Members. It seems we do have a difficult problem in that 80 percent of all the costs of these kinds of transit systems are not in buses, or bus stops, or carbarns, but in wages of employees.

Unless they can increase the efficiency of what they are doing there is no chance to keep the subsidy from going up, let alone saying it will stand still.

I read further from this article:

One expert estimated that in most job categories, employee productivity is about 25 to 50 percent higher on the highly automated, two-year-old rapid transit line between Philadelphia and points in South Jersey than on any other transit system in the country.

Yet I have not seen anything brought in here today which would indicate there is any thought in the future of increasing efficiency. So I would expect that what they are going to get is another labor raise in the next year, and that is exactly what they will be back here asking a subsidy for next year.

The gentleman from North Carolina and the gentleman from Illinois (Mr. FINDLEY) brought this to the attention of Members a moment ago. There is not anything in this bill, really, to subsidize the busline. This is to subsidize the labor end of it, which I assume is a considerable part of the cost.

I do not want anyone to be under the illusion that the problem involved here is buying business or modernizing or getting any better service than is being given at the present time. The problem here is almost entirely one of an increasing labor cost. This is the problem involved.

We have raised the fare once already in the last year or two. This has not cured the problem. I do not believe there is anything I can see in the future of this system which is going to amount to any kind of a remedy or improvement over what presently exists.

So I believe that possibly some Members who are listening here today on the committee will recall my words at this time next year, if this bill is passed. The District will be back here for just about whatever the labor cost raises are that will be permitted between now and this time in 1973. That is essentially the problem involved. I am not here to criticize.

The SPEAKER. The time of the gentleman from Illinois has expired.

(By unanimous consent, Mr. SPRINGER was allowed to proceed for 2 additional minutes.)

Mr. SPRINGER. I thought the Members ought to have here, on top of the record, the problem which is involved, about which nothing can be done unless we can improve the efficiency of the system.

The only discouraging thing I find in coming here with this bill is simply that there is no provision looking forward to the future for an improved more efficient transit system. We are not going to be in any better shape either next year or the following year than we are this year, unless we do raise fares or cut costs. And there is some indication that if the fare is raised the transit system will lose some riders. All the more reason, I say, for calling for increased efficiency.

I do say that this is the essential problem of subsidizing the labor costs which go into this system, which will be about 80 percent. I am not being critical of it at all. I am just saying I wanted the Members to be sure of what is involved.

It is not increased efficiency. It is not newer buses. It is not improved operating efficiency of any kind. It is just this one thing.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Iowa.

Mr. GROSS. Is it not true that the citizens of New York City recently voted by an overwhelming majority against a bond issue raising funds to finance their system?

Mr. SPRINGER. Yes. The gentleman's statement is true.

AMENDMENT OFFERED BY MR. DINGELL

Mr. DINGELL. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DINGELL: Page 3, beginning on line 5, strike out "The Commission may decline to make certificates for any carrier if, at any time, it finds that substantial progress is not being made in the implementation of the plan of that carrier", and insert in lieu thereof the following:

The Commission shall conduct a continuing review of the progress being made by each carrier with respect to the implementation of the plan of the carrier. If, at any time, after notice and an opportunity for public hearing, the Commission finds that a carrier is not making substantial progress toward the implementation of its plan, or that such plan does not serve the public interest and necessity, or that the carrier is not providing adequate service, it shall not issue a certificate for that carrier for any suceeding month, as provided under this Act, until such carrier has taken whatever action is necessary to remedy the situation which gave rise to the suspension of its certificates.

Page 3, after line 11, insert the following:

SEC. 4. (a) The Commission is authorized and directed to conduct a full and complete study and investigation leading to establishment of an adequate program of mass transit in the District of Columbia, including whether public ownership would best meet the need for reliable inexpensive surface mass transportation in the Washington Metropolitan Area.

(b) The Commission shall report to the Congress as soon as possible, but in no case later than 6 months after the date of enactment of this Act, the results of its study and investigation; together with such recommendations it deems appropriate.

Mr. DINGELL. Mr. Speaker, the crux of this amendment is simple. It is a try—and I suspect rather unsuccessfully—to make a good bill out of a bad piece of legislation.

The idea is that it requires the Commission and not Mr. Chalk to come forward with a plan for mass transit services. It requires, where the Commission finds after notice of public hearing that the carrier is not making substantial progress toward implementation of the plan that the payment of the $3 million to Mr. Chalk shall be suspended; where it finds the plan of the operator is not necessary and sufficient to meet the public interest that it shall suspend the payments and shall not again renew payments until such time as the situation which caused the suspension has been remedied.

In addition to this it requires that the Washington Metropolitan Area Transit Authority—not the operator, Mr. Chalk—is authorized and directed to make a full and complete study leading to the establishment of an adequate program of mass transit in the District of Columbia, including therein whether or not public ownership could best meet the need for reliable and inexpensive mass transit.

In addition to that, it requires the Commission shall report to the Congress, not later than 6 months after the date of enactment of this legislation so that we may have it substantially in advance of the time that the $3 million of taxpayers' money being dissipated on Mr. Chalk has been exhausted.

The idea is to get us a fair appreciation of what is going, and to have an intelligent plan so that we will know what the needs of the District are and how they can best be met.

Lastly, Mr. Speaker, the purpose is to see to it that during the time we are subsidizing Mr. Chalk to the amount of $3 million a year, we shall at least have some appreciation that he is operating in compliance with the laws and in compliance with orders of the WMATC and with the public interest.

I do not tell my colleagues, Mr. Speaker, that this makes this a good bill. As a matter of fact, I think any time you give O. Roy Chalk access to the public treasury whether it be for 10 cents or $10 million, you have bad legislation. Obviously we are in the higher figures here because we are giving him some $3 million, but I am sure that he will dissipate it to himself and his friends with the same facility that he has dissipated other assets that have fallen within his tender clutches.

Nevertheless, if we must have a bill—and I do not think we should—this amendment is absolutely necessary to see to it that the public interest is served.

Mr. CABELL. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker and Members of the House, this amendment in the final analysis accomplishes nothing. It is a backdoor approach to the kind of amendment which was declared out of order earlier during the day. There is no necessity for this requirement of the Transit Co. specifically as is called for in this amendment. If you will read the wording in the bill, you will find that the Transit Co. is required to submit a plan. That plan must be acceptable to the Transit Commission before they will certify the fares to the District Commissioner, and he can uncertify those plans and improvements and the implementation of them unless they have been approved by the Commission.

Now, UMTA—Urban Mass Transportation Association—has set aside $4 million for a study of the entire metropoli-

tan area, not just the District of Columbia, but throughout the compact area. There is where we will get the real study in timing, in surface and underground transit systems for the best results and the best service.

So, Mr. Speaker, I urge very sincerely the defeat of this amendment as being entirely unnecessary at this time.

Mr. NELSEN. Mr. Speaker, will the gentleman yield?

Mr. CABELL. I am happy to yield to the gentleman from Minnesota.

Mr. NELSEN. I take it from your comments that really you are not opposed to what the amendment proposes to do, but you are of the opinion that what is being proposed can be done under the contract; is that right?

Mr. CABELL. The gentleman is entirely correct.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. CABELL. Yes, I yield to the gentleman from Michigan.

Mr. DINGELL. I would ask my good friend from Texas why he does not accept the amendment if it does no violence to the bill and makes clear the intent of the Congress?

Mr. CABELL. If you already have it, why double up on it?

Mr. DINGELL. Well, if it does not hurt anything, why not accept it?

Mr. CABELL. We are talking about a $4 million grant for a better comprehensive study.

Mr. DINGELL. This defines what will be put into the comprehensive study you are talking about. It strikes me that this amendment would make this a better piece of legislation.

Mr. CABELL. I think it is completely unnecessary and duplicative of the requirements that are in the original bill.

Mr. DINGELL. In reading the original bill this would make clear the requirement that the Commission in handling these matters has to make a series of findings regarding the public interest before proceeding.

Mr. CABELL. You would have duplication if you did this.

The SPEAKER. The question is on the amendment offered by the gentleman from Michigan (Mr. DINGELL).

The question was taken; and on a division (demanded by Mr. DINGELL) there were—ayes 24, noes 35.

Mr. DINGELL. Mr. Speaker, I demand tellers.

Tellers were refused.

So the amendment was rejected.

Mr. CABELL. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

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

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 50, nays 270, answered "present" 1, not voting 111, as follows:

[Roll No. 138]

YEAS—50

Abzug	Gonzalez	O'Neill
Boggs	Gray	Patten
Broyhill, Va.	Green, Pa.	Pepper
Burke, Mass.	Gude	Reid
Burton	Hawkins	Roberts
Cabell	Hicks, Mass.	Rooney, N.Y.
Clay	Hicks, Wash.	Rooney, Pa.
Collins, Ill.	Howard	Roybal
Corman	Kazen	Ruppe
Davis, Ga.	McClory	Sisk
Dellums	McMillan	Springer
Dorn	Matsunaga	Stephens
Dow	Metcalfe	Stokes
Drinan	Mink	Stratton
Edwards, Calif.	Moorhead	Sullivan
Eilberg	Nelsen	Waldie
Flood	O'Konski	

NAYS—270

Abbitt	Dwyer	Kastenmeier
Abernethy	Eckhardt	Keating
Adams	Edmondson	Kemp
Alexander	Edwards, Ala.	King
Anderson, Calif.	Esch	Koch
	Evans, Colo.	Kuykendall
Anderson, Ill.	Fascell	Kyl
Andrews, Ala.	Findley	Kyros
Andrews, N. Dak.	Fisher	Landrum
	Flowers	Latta
Annunzio	Flynt	Leggett
Archer	Ford, Gerald R.	Lennon
Ashley	Ford, William D.	Lent
		Lloyd
Baring	Forsythe	Long, Md.
Begich	Fraser	Lujan
Belcher	Frelinghuysen	McClure
Bennett	Frenzel	McCollister
Bergland	Frey	McCormack
Betts	Fulton	McCulloch
Bevill	Fuqua	McDade
Biaggi	Garmatz	McEwen
Blackburn	Gaydos	McFall
Blatnik	Gettys	McKay
Boland	Giaimo	McKevitt
Bolling	Gibbons	Madden
Bow	Goodling	Mahon
Brademas	Green, Oreg.	Mailliard
Bray	Griffin	Mallary
Brinkley	Griffiths	Mann
Brooks	Gross	Martin
Broomfield	Grover	Mathis, Ga.
Brotzman	Hagan	Mayne
Brown, Mich.	Haley	Mazzoli
Brown, Ohio	Hall	Michel
Broyhill, N.C.	Hamilton	Miller, Ohio
Buchanan	Hammer-schmidt	Mills, Ark.
Burke, Fla.		Mills, Md.
Burleson, Tex.	Hanley	Minish
Burlison, Mo.	Hanna	Minshall
Byrne, Pa.	Hansen, Idaho	Mizell
Byrnes, Wis.	Hansen, Wash.	Monagan
Byron	Harsha	Montgomery
Camp	Harvey	Morgan
Carey, N.Y.	Hathaway	Mosher
Carlson	Hébert	Moss
Carney	Hechler, W. Va.	Myers
Carter	Heckler, Mass.	Natcher
Casey, Tex.	Heinz	Nedzi
Cederberg	Helstoski	Nichols
Chamberlain	Hillis	Nix
Chappell	Hogan	Obey
Clancy	Holifield	O'Hara
Clausen, Don H.	Horton	Pelly
	Hosmer	Perkins
Collins, Tex.	Hull	Pickle
Conable	Hungate	Pike
Conte	Hunt	Pirnie
Daniel, Va.	Hutchinson	Poff
Danielson	Ichord	Powell
Davis, S.C.	Jacobs	Preyer, N.C.
Davis, Wis.	Jarman	Price, Tex.
Delaney	Johnson, Calif.	Purcell
Dellenback	Johnson, Pa.	Quie
Denholm	Jonas	Railsback
Dent	Jones, Ala.	Randall
Devine	Jones, N.C.	Reuss
Dingell	Jones, Tenn.	Rhodes
Downing	Karth	Riegle
Duncan	Kazen	Rinaldo
Robinson, Va.	Snyder	Vanik
Roe	Spence	Veysey
Rogers	Staggers	Vigorito
Roncalio	Stanton, J. William	Waggonner
Rosenthal		Wampler
Roush	Stanton, James V.	Whalley
Rousselot		White
Roy	Steed	Whitehurst
Runnels	Steele	Whitten
Sandman	Steiger, Ariz.	Widnall
Satterfield	Steiger, Wis.	Wiggins
Saylor	Symington	Williams
Schneebeli	Talcott	Winn
Schwengel	Taylor	Wolff
Scott	Teague, Calif.	Wright
Sebelius	Teague, Tex.	Wyatt
Seiberling	Terry	Wylie
Shipley	Thompson, N.J.	Yates
Shoup	Thomson, Wis.	Young, Fla.
Shriver	Thone	Zablocki
Sikes	Tiernan	Zion
Skubitz	Ullman	Zwach
Smith, Calif.	Van Deerlin	
Smith, Iowa	Vander Jagt	

ANSWERED "PRESENT"—1

Daniels, N.J.

NOT VOTING—111

Abourezk	Edwards, La.	Patman
Addabbo	Erlenborn	Pettis
Anderson, Tenn.	Eshleman	Peyser
	Evins, Tenn.	Poage
Arends	Fish	Podell
Ashbrook	Foley	Price, Ill.
Aspin	Fountain	Pryor, Ark.
Aspinall	Galifianakis	Pucinski
Badillo	Gallagher	Quillen
Baker	Goldwater	Rangel
Barrett	Grasso	Rarick
Bell	Gubser	Rees
Biester	Halpern	Robison, N.Y.
Bingham	Harrington	Rodino
Blanton	Hastings	Rostenkowski
Brasco	Hays	Ruth
Caffery	Henderson	Ryan
Celler	Kee	St Germain
Chisholm	Keith	Sarbanes
Clark	Kluczynski	Scherle
Clawson, Del	Landgrebe	Scheuer
Cleveland	Link	Schmitz
Collier	Long, La.	Slack
Colmer	McCloskey	Smith, N.Y.
Conyers	McDonald, Mich.	Stubblefield
Cotter		Stuckey
Coughlin	McKinney	Thompson, Ga.
Crane	Macdonald, Mass.	Udall
Culver		Ware
Curlin	Mathias, Calif.	Whalen
de la Garza	Meeds	Wilson, Bob
Dennis	Melcher	Wilson, Charles H.
Derwinski	Mikva	
Dickinson	Miller, Calif.	Wydler
Diggs	Mitchell	Wyman
Donohue	Mollohan	Yatron
Dowdy	Murphy, Ill.	Young, Tex.
Dulski	Murphy, N.Y.	
du Pont	Passman	

So the bill was rejected.

The Clerk announced the following pairs:

Mr. Addabbo with Mr. Arends.

Mr. Kluczynski with Mr. McDonald of Michigan.

Mr. Brasco with Mr. Hastings.

Mr. Celler with Mr. Fish.

Mr. Rostenkowski with Mr Crane.

Mr. Rodino with Mr. Bell.

Mr. Murphy of New York with Mr. Robison of New York.

Mr. Miller of California with Mr. Bob Wilson.

Mr. Mikva with Mr. Halpern.

Mr. Charles H. Wilson with Mr. Del Clawson.

Mr. Yatron with Mr. Eshleman.

Mr. Young of Texas with Mr. Whalen.

Mr. Slack with Mr. Mathias of California.

Mr. Hays with Mr. Ware.

Mr. Henderson with Mr. Cleveland.

Mr. Barrett with Mr. Biester.

Mr. Clark with Mr. Peyser.

Mr. Cotter with Mr. Pettis.

Mr. Donohoe with Mr. McKinney.

Mr. Dulski with Mr. Smith of New York.

Mr. Evins of Tennessee with Mr. Quillen.

Mrs. Grasso with Mr. Wyman.

Mr. Macdonald of Massachusetts with Mr. Derwinski.

Mr. Meeds with Mr. Erlenborn.
Mr. Mollohan with Mr. Schmitz.
Mr. Stubblefield with Mr. Baker.
Mr. Podell with Mr. Wydler.
Mr. Rarick with Mr. Ruth.
Mr. Long of Louisiana with Mr. Keith.
Mr. Caffery with Mr. Landgrebe.
Mr. Passman with Mr. Dickinson.
Mr. Murphy of Illinois with Mr. Collier.
Mr. Link with Mr. Scherle.
Mr. Culver with Mr. Gubser.
Mr. Foley with Mr. Goldwater.
Mr. Fountain with Mr. Ashbrook.
Mr. Conyers with Mr. Kee.
Mrs. Chisholm with Mr. Gallagher.
Mr. Diggs with Mr. Badillo.
Mr. Aspinall with Mr. Coughlin.
Mr. Anderson of Tennessee with Mr. McCloskey.
Mr. Mitchell with Mr. Harrington.
Mr. de la Garza with Mr. Thompson of Georgia.
Mr. Blanton with Mr. Dennis.
Mr. Aspin with Mr. du Pont.
Mr. Abourezk with Mr. Bingham.
Mr. Udall with Mr. Galifianakis.
Mr. Melcher with Mr. Pryor of Arkansas.
Mr. Rangel with Mr. Pucinski.
Mr. Colmer with Mr. Rees.
Mr. Ryan with Mr. St Germain.
Mr. Sarbanes with Mr. Price of Illinois.
Mr. Stuckey with Mr. Curlin.
Mr. Patman with Mr. Scheuer.

Messrs. ECKHARDT, LONG of Maryland, and CASEY of Texas changed their votes from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AUTHORITY FOR SPEAKER TO DECLARE RECESS FOR PURPOSE OF RECEIVING APOLLO 16 ASTRONAUTS, TUESDAY, MAY 16

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that it may be in order at any time on Tuesday, May 16, 1972, for the Speaker to declare a recess for the purpose of receiving in this Chamber the Apollo 16 astronauts.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

REVENUE SHARING IS ABSURD

(Mr. HALEY asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. HALEY. Mr. Speaker, since the term "revenue sharing" was coined, I have been opposed to it for many reasons—one among them being its unfair distribution scheme. Also, though, I have been against this program because of the absurdity of the idea of the Federal Government sharing revenues with the States which are nonexistent and therefore require more deficit spending to finance.

With the many messages being sent to the Congress this election year by the voters, it would be informative to my colleagues to read what some of the people think about this nationally advertised cure-all for taxpayer woes which neglects to explain on its label the truth about its adverse side effects.

The following article from a constituent newspaper focuses accurately on this problem and reflects the views of many of the voters in my congressional district. I commend it to the attention of the Members of the House.

THAT CARROT IS DYNAMITE

"Revenue sharing" is the big gimmick in Congress at the moment, the carrot which some re-election-seeking politicos are dangling before the voters in their bailiwicks.

It has a sweet sound, that—"revenue sharing." It brings visions of federal sugar plums dancing in the heads of pocket-weary state taxpayers. Ah yes, those sweet eternal visions of something for nothing.

But those who can shake off the tantalizing visions for a moment will take a closer look at the carrot before they bite—and they are apt to discover that that carrot actually is a stick of dynamite. Biting on it will not only blow the gold fillings out of the taxpayers' teeth, but might extract some of the teeth as well.

There are two great big booby traps hidden in the politicos' carrot.

Booby Trap No. 1:

Before Uncle Sam starts sharing revenue with the 50 states, the question should be asked "What revenue?" The most optimistic estimates of the federal budget for the next couple of years put the annual deficit at $10 billion dollars. Most guessers figure the shortage at several times that.

So if Uncle Sam is already scheduled to spend umpteen billion dollars a year more than he takes in, there's nothing for him to share with the states.

The bigger the annual deficit, the more the Federal government must borrow; the more the government borrows, the bigger is the national debt; the bigger the national debt, the higher the interest that must be paid; and the higher the interest to be paid, the higher taxes must be to pay the bill.

These are not theories—they are cold, hard facts. And so is this: When Uncle Sam sends money from Washington to the 50 state capitals, he must first get that money from the residents of the 50 states—and before Uncle Sam starts sending the money back, he takes out a healthy chunk for a handling charge.

Booby Trap No. 2:

Even if there were surplus federal funds to be shared with the states, what formula would govern the distribution?

As explained by U.S. Rep. James A. Haley in his latest news letter, half of the amount would be earmarked only for those states which already have a state income tax. Only 10 do not—Florida is one of those 10.

Then, after half the pie is sliced up 40 ways, the other half would be cut into 50 pieces—but the pieces for the 10 no-income-tax states would be smaller than the pieces going to the other 40. Thus, Florida and nine other states would be shorted twice in one transaction, thereby putting almost intolerable pressure on the 10 state Legislatures to saddle their people with state income taxes.

So let's look at that carrot again.

If we bite it we must, first, dig up extra taxes to pay for the carrot, and second, citizens of Florida and nine other states must ante up more state taxes in order to get as much of a Federal hand-out as the other 40 states.

Housewives and husbands, do you think the price of carrots has gone up at your friendly corner grocery store? That's nothing to the price of the carrot Congress is offering in the sweet name of "revenue sharing."

REMARKS OF HON. JOHN BRADEMAS ON RECEIVING FOURTH ANNUAL RIAA CULTURAL AWARD OF THE RECORDING INDUSTRY ASSOCIATION OF AMERICA

(Mr. THOMPSON of New Jersey asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. THOMPSON of New Jersey. Mr. Speaker, on April 25, 1972, our distinguished colleague from Indiana, JOHN BRADEMAS, was the recipient of the fourth annual Recording Industry Association of America Cultural Award.

I believe the citation honoring a Member of this body, and Mr. BRADEMAS' remarks upon accepting the award, deserve the attention of all Members of Congress:

THE FOURTH ANNUAL RIAA CULTURAL AWARD IS PROUDLY PRESENTED BY THE RECORDING INDUSTRY ASSOCIATION OF AMERICA TO REPRESENTATIVE JOHN BRADEMAS OF INDIANA

In recognition and deep appreciation of his dedication to the arts and humanities, his continued efforts in behalf of education at all levels, and his enlightened leadership in providing broader cultural horizons for the nation. In his 13 years as a member of the House of Representatives, he has become an internationally-acknowledged leader in the arts and education. He is the vigorous champion of the arts and humanities in Congress, an avid supporter of the National Endowment for the Arts, and an invaluable leader in achieving an expanded Federal role for the support of culture. As floor manager of the Arts and Humanities Foundation Bill in the House in the last Congress, his leadership produced the greatest number of votes in history for this measure. He has been sponsor or co-sponsor of most of the legislation in recent years dealing with education.

He is chief sponsor in the House of the Comprehensive Child Development Bill, the Rehabilitation Act of 1972 and the Museum Services Bill, all measures with significant implications for the arts in America.

He is a Harvard Overseer, a fellow of the American Academy of Arts and Sciences, and a member of the National Historical Publications Commission. For his total involvement and active interest in fostering and encouraging the cultural and educational climate in our country, the Recording Industry Association of America is proud and delighted to present him with its Fourth Annual Cultural award.

REMARKS OF CONGRESSMAN JOHN BRADEMAS OF INDIANA ON ACCEPTING THE FOURTH ANNUAL RIAA CULTURAL AWARD OF THE RECORDING INDUSTRY ASSOCIATION OF AMERICA, APRIL 25, 1972, WASHINGTON, D.C.

First, let me say how grateful I am to the Recording Industry Association of America for the high honor you have done me.

That my father and mother are here tonight makes all the more happy this occasion, for I am sure that my own interest in the arts stems in large measure from them.

When yet a child, I used to hear my father who was born in Greece, speak of the glories of our Hellenic heritage—of Socrates and Plato, of Aristotle and Phidias and Praxiteles.

And to prove he was part of it all, my father, who is, as you can see, not very tall, told me how, back in his home town in Greece, he would stand on a wooden box to play the clarinet in the local symphony.

The overture to "Cavalleria Rusticana" was his speciality—and, though born near Sparta, my father, I like to think, is at heart an Athenian . . .

Vice President Agnew's ancestors, by the way, also come from near Sparta, but I think he feels more at home there!

My mother is a Hoosier schoolteacher—named Beatrice Cenci because my grandfather admired Dante—and she has taught music and art for nearly 50 years in the schools of Indiana and Michigan, mostly to very young children.

I recall still as a child going with her to the operettas she directed in the small coun-

try schools of Northern Indiana where she rode circuit, teaching music.

So, to reiterate, I am pleased that my parents could be here tonight for this award is really more properly theirs than mine.

SUPPORT FOR THE ARTS INADEQUATE

During my service of over 13 years now in Congress, I have been immensely encouraged to see the burgeoning appreciation on the part of Presidents and Senators and Congressmen, both Democrats and Republicans, for the vitality of the arts in our society.

That Presidents have sought the full appropriations authorized for the National Arts Endowment is concrete evidence of this rising appreciation.

And that Congress in recent years has given overwhelming approval to these funds is yet another.

Yet we have no right, I must here interject, to bask in the sun of self-congratulations.

For what the United States of America, the wealthiest nation in human history, does in support of the arts is pitifully small and inadequate when measured either by the need or by the relative investment in the arts of other countries of the world.

As my Hellenic compatriot, John Veronis, makes clear in the current issue of Saturday Review, our government spends today less per capita on the arts—just 15¢—than nearly every other country in the Western world.

Measure this 15¢ against the per capita outlay of other countries:

Great Britain	$1.23
Israel	1.34
Canada	1.40
Sweden	2.00
Austria	2.00
West Germany	2.42

Or, if you like, look at how we stand in total government support of the arts.

With 205 million people, we appropriated $30 million last year for the National Arts Endowment.

Our Canadian neighbors, with 22 million people, spent $26 million; Great Britain, with nearly a quarter of our population, spent over twice as much, $66 million; and the West Germans, also with 55 million people, spent $134 million.

Clearly we can afford to do better . . .

And surely we need to do better . . .

And that is why I have been encouraged by such efforts as the Partnership for the Arts, so vigorously led by Amyas Ames, which seeks to mobilize support across the country for more funds for the National Arts Endowment, beginning even now and aiming, after successive annual increases, for $200 million—$1 for every American—to celebrate the bicentennial in 1976.

THE ARTS IN AMERICAN LIFE

You in the Recording Industry Association of America know, better than do most, the immense power of American music, both within our own society and abroad.

Our musicians—composers and performers—our poets and painters, our actors and dancers and novelists are heard and seen and read throughout the world.

And the hunger for the experience of art is not abating here in our own country but is rising rapidly.

Yet the demands on our artists and institutions of art are escalating at just that time when the financial burdens on them are soaring as well.

And I do not believe we can ignore this squeeze any longer.

In particular, I do not believe that we in the Federal government can turn our backs on the situation of the arts in American life.

That the people of the United States, acting through their national government, should give evidence of support for the values of mind and feeling and creativity which are what art is all about seems to me therefore not only proper but, indeed, essential.

So I am not one of those who believe that art is an activity we support provided that some money is left over.

For money will never be left over.

Art and artists must be supported as indispensable in their own right.

THE ARTS AND THE QUALITY OF LIFE

Let me summarize what I am trying to say by telling you of an experience to which I have frequently referred.

As you have been told, the education subcommittee I have the honor to chair has jurisdiction over the programs of the National Arts and Humanities Foundation—but I must tell you that my subcommittee handles a variety of other legislative areas as well.

We also write bills touching on educational technology, child day care and preschool programs, drug abuse education, educational research, public libraries, education of the handicapped, and the older Americans programs.

And it has been fascinating to me to see the ways in which what we do in one area dovetails with our legislative activities in others.

So it will not surprise you when I tell you that when several of my colleagues and I decided some time ago to write legislation providing funds for elementary and secondary schools for offering courses about the environment, I picked up the phone in Washington and called Robert Motherwell to ask him to be a witness on the first day of our hearings.

He said, "Why do you want me to testify on environmental education; I'm a painter."

I said, "Because we want to establish at the outset that in discussing the environmental crisis, we are talking about far more than clean air, land and water. We are talking about the fundamental values of human life."

Motherwell said,"I'll come," and his eloquent testimony that day provides the text for my concluding remarks to you here tonight.

Said this distinguished American painter, "I speak only as an artist, but to speak as an artist is no small thing. Most people ignorantly suppose that artists are the decorators of our human existence, the esthetes to whom the cultivated may turn when the real business of the day is done. But actually what an artist is, is a person skilled in expressing human feeling."

Motherwell went on to demonstrate his own skill in expressing human feeling when he voiced his horror at what we have made of our environment:

"One's mind reels at what men without an aesthetic sensibility have been capable of. Far from being merely decorative, the artist's awareness, with his sense of proportion and harmony, is one of the few guardians of the inherent sanity and equilibrium of the human spirit that he have."

It is to help assure that we do not lose the efforts of these indispensable guardians of the human spirit that we must all dedicate ourselves.

And it is with that conviction—of the need for still greater commitment to support of the arts on the part of my colleagues in Congress and myself and, I hope, on the part of all the people of our country—that I accept, with deep thanks, this award from the Recording Industry Association of America.

For to remind you, "To speak as an artist is no small thing."

VLADIMIR MACHLIS FREED TO EMIGRATE

(Mr. KEMP asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. KEMP. Mr. Speaker, today I received good news from Moscow which gives additional support to my belief that sustained congressional and public attention to the plight of Soviet Jews produces beneficial results in their behalf.

The message is the result of a weekend telephone call between Vladimir Machlis and Dr. David Korn, chairman of the Soviet Jewry Committee on the Jewish Committee on the Jewish Community Council of Greater Washington.

Less than 3 weeks ago, on April 20, I reported to this body that Mr. Machlis, a 27-year-old Moscow resident, had unsuccessfully sought six times to obtain permission to emigrate to Israel to join his mother, sister and twin brother, Leonid, who had been granted emigration permits 6 months earlier.

Today, Dr. Korn translated into English, the following message he was given in Russian by Vladimir Machlis. It is:

DEAR CONGRESSMAN KEMP: You have saved my life, and thanks to you, I was given permission on Wednesday to leave for Israel to fulfill my dream of being reunited with my family and my people.

You believe in Democracy and Human Rights and it is because of your belief and your colleagues and of the American President that I am finally free.

But there are others who want to fulfill their dreams and join me. Please make every effort to help them. We only want to help through peaceful means just as you have done on my behalf.

I will be in touch with you as soon as I get to my homeland.

Thank you again, very much.

VLADIMIR MACHLIS.

Mr. Speaker, Vladimir Machlis lost his job as a Soviet Aeroflot pilot after requesting an emigration permit. On April 19, his brother, Leonid, visited my Washington office and gave me the following message from Vladimir:

I have only one hope left now, that good people of America and everywhere will cry out for me.

Today, I am convinced that the concern of Americans and their Representatives in the Congress have helped Mr. Machlis' dream of emigration come true.

Last November, Yakov Gluzman, who had been frustrated in requests to emigrate to Israel since February 1970, in order to be reunited with his wife and to meet a baby son he had never seen, finally was granted an exit permit.

Following Mr. Gluzman's emigration, I wrote a letter of appreciation to His Excellency, Anatoly F. Dobrynin, the Soviet Ambassador to the United States, for his personal interest in the Gluzman case and his Government's action.

I will write Mr. Dobrynin another letter of appreciation for his Government's action in the case of Mr. Machlis and, at the same time, appeal to the Ambassador to make additional efforts in behalf of those Soviet Jews who are still seeking permission to emigrate.

Even as I received the happy tidings from Vladimir Machlis, Dr. Korn informed me that, as a result of additional telephone conversations to Moscow in recent days, he has learned that at least five young Jews, who were among a list of 46 seeking exit permits which I

brought to the attention of my colleagues on April 20, have been ordered into military service.

According to Dr. Korn, the number of emigration applicants being inducted into Russia's armed forces is rapidly growing as the President's planned visit to the Soviet Union draws near. Most vulnerable, I am told, are those in Moscow, Leningrad, and Kiev, the cities the President plans to visit.

The policy of induction is referred to as "Judenfrei," which means, as it did in Nazi Germany, to free a community of Jews, Dr. Korn reports.

The five men, who were previously brought to the attention of my distinguished colleagues as among those being refused exit permits and who have since been inducted into military service are: Abramovich Pavel, Mikhail Kliachkin, Sergei Gurvich, Leonid Tsypin, and Gavriel Shapiro, all of Miscow.

Others who were seeking permission to emigrate and who have been inducted include Vladimir Lerner, Daniel Roginsky, David Markish, Victor Yackhut, Marek Nashpitz, Boris Einbinder, and Leonid Yoffe, all of Moscow, and Mark Levin, of Sverdlovsk.

Mr. Speaker, I wish to commend those on the impressive list of Members of Congress who have joined me in signing a petition to our President, requesting him to express the concern of Americans in behalf of Soviet Jewry to Soviet leaders.

Since April 20, when I entered the names of 127 distinguished colleagues, who had signed the petitions, in the CONGRESSIONAL RECORD, 16 other colleagues have joined our effort. They are Congressmen WALTER BARING, GEORGE COLLINS, JAMES CORMAN, NICK GALIFIANAKIS, CHARLES GUBSER, WILLIAM HATHAWAY, PETER KYROS, RALPH METCALFE, GEORGE MILLER, WILLIAM MOORHEAD, ALBERT QUIE, HENRY REUSS, PETER RODINO, FERNAND ST GERMAIN, W. S. STUCKEY, and GUY VANDER JAGT.

On May 15, the names of these 16 members and all of the 143 petitioning Members of Congress, along with approximately 1 million signatures of fellow Americans from across the Nation, will be turned over to leaders of the National Assembly on Soviet Jewry in Washington. These leaders, in turn, will bring the signatures to the attention of the White House prior to the President's departure for Moscow.

TRIBUTE TO PRESIDENT TRUMAN ON HIS 88TH BIRTHDAY

The SPEAKER. Under a previous order of the House, the gentleman from Missouri (Mr. RANDALL) is recognized for 60 minutes.

Mr. RANDALL. Mr. Speaker, once again it is my pleasure to pay tribute to the No. 1 constituent of the Missouri Fourth District—former President Harry S Truman—on this the occasion of his 88th birthday.

To honor such a man is an honor in itself. The life of Harry S Truman reads like the work of Horatio Alger, escalating the hero, through perseverance, honor, and ability. Born to Kentucky-bred parents, two decades following the close of the Civil War, Harry S Truman entered life under rather inauspicious circumstances, in no way suggesting he was destined for greatness. The post-Civil War economic boom had little effect upon his neck of the woods out in Barton County, Mo.; and even after the family moved to Independence, in 1891, the economic struggle continued.

Nor was young Harry Truman the kind of boy to take the social world by storm. He was shy, quiet, wore glasses at the age of 8, and made books his sport while his classmates were riding their horses around the countryside. Such conduct was not exactly the best means of becoming a social lion. Nonetheless, by the age of 15 he was said to have read every single book in the library collection at Independence, Mo.

Another apparent obstacle in Harry's path, at that stage, was his mother's insistence that he study the piano. That was not the sort of thing most young fellows in Independence were doing, back in 1893, and the music sheets that Harry carried through the streets caused some ridicule from those of his same age.

But, for all that, Harry liked books and he liked music. He was not the kind of person to avoid something simply because it happened not to be the fad among his close associates.

He was also a hard worker, and when his family suffered financial reverses in the 1890's Harry took on a couple of part-time jobs, first as drugstore clerk, and later as a mailroom clerk for the Kansas City Star. After high school he worked steadily for a time in Kansas City, before returning to the farm near Grandview where he was reared, to try to make a living in agriculture.

There was no denying Harry Truman's ability as a farmer. His mother declared:

> That boy could plow the straightest row of corn in the county. He could sow wheat so there would not be a spare spot in the whole field. He was a farmer and could do anything there was to do just a little better than anyone else.

While the source of the remarks was not unbiased, numerous other observers were inclined to agree with Mrs. Truman.

There was, however, more on Harry Truman's mind than farming, even while he was plowing "the straightest row of corn in the county." His reading had made him deeply conscious of American history and he had acquired several historical heroes. All of them, he said later, were somewhat familiar with the subjects of military operations, finance or banking, as well as agriculture, and Harry was determined to emulate the men he most admired. With this in mind, he joined the National Guard in 1905, and served 6 years, rising to the rank of corporal. Logically, he might next have turned to finance or banking; but then came World War I, and Harry Truman promptly enlisted in the Field Artillery.

Even in this capacity, he was able to expand his horizons, by some practical economics. At Fort Sill, where he was stationed he started a canteen by collecting $2 from each of the 1,100 men in his regiment. With the aid of a friend with mercantile experience, he built up the canteen until in 6 months it not only refunded the $2 apiece but accumulated $15,000 in dividends for the regiment.

As captain of Battery D, 129th Field Artillery, 35th Division, Harry Truman led his men whom he described as "a hard-boiled bunch of Kansas City Irish," through the Saint-Mihiel and Meuse-Argonne offensives in France. In 1919 he reentered civil life as a haberdasher, and then was married. For a wife he selected Bess Wallace, his childhood sweetheart, whom Harry described as "the only girl I ever went with."

As a businessman, Harry Truman ran into the deflation troubles of 1921, and was quickly driven out of business. But this was his last defeat. From there on, as the saying goes, it was a successful course, "downhill all the way."

From business, Harry Truman turned to politics, for which he was admirably suited. His family were stanch Democrats and he had many friends among the farmers and townspeople of eastern Jackson County, which was a Democratic stronghold. Moreover, he was a Mason, in a section heavily populated by fellow Masons. With this background, he was recognized as a man of political potential, and in 1922 he was selected to run for the office of judge of the Jackson County Court. The court was not judicial, despite its title, but rather a county commission. Harry was elected, studied law, and 4 years later was elected presiding judge of the county court.

In time "Judge" Truman became known all over Missouri as the outstanding symbol of political honesty. With this in his favor, he fought hard for and won the Democratic nomination for U.S. Senator in 1934; the subsequent election was easy.

In Washington Harry Truman revealed from the start that he was devoted to the cause of progress, notwithstanding the conservative tendencies of his colleague, Bennett Champ Clark, the senior Senator from Missouri. Clark was an isolationist, and an opponent of many of F. D. Roosevelt's New Deal reforms. Harry Truman, on the other hand, endorsed the New Deal with many of his votes.

In 1937 Truman was named chairman of two important subcommittees, one of which drafted the Civil Aeronautics Act, the other drafting a bill which became the Railroad Transportation Act of 1940.

In the investigations preceding the finalizing of the Railroad Transportation Act, there were some political shenanigans uncovered in Missouri. Some of his political associates were deeply embarrassed. Pressure was exerted to cut off the investigations, but Truman refused to yield. In consequence of Harry Truman's exposés in Washington, other investigations were launched in Missouri, revealing—among other things—the existence of a bogus voting registration list, containing the names of 47,000 nonexistent Democrats, all of whom were listed as voting for Truman in 1934. It looked as though Harry's honesty had paid off in the form of his own political demise. But he went out for reelection in 1940. It was a struggle in the primary, but in the fall he was reelected, with a majority of 40,000 votes.

The war years, 1941–45, found Harry Truman at the head of the Special Committee to Investigate Contracts Under

the National Defense program—a title that was shortened in the press to the more concise description of the "Truman committee." In its first annual report, the Truman committee exposed the waste of $100 million in Army construction work and "extraordinarily poor judgment in many other wartime expenditures.

Truman committee reports were responsible for the abolishment of the bumbling Supply Priorities and Allocation Board, in 1942, in favor of the Office of Production Management. Further exposés by the committee caused the establishment of the highly efficient War Production Board; broke up cartel agreements between American and German industries; ended the scrap shortage that was hampering the war effort; cut down on malpractice by labor unions and faulty production on the part of several major manufacturers; and forced the better coordination of the entire American war program.

At the Democratic National Convention of 1944 Harry Truman was nominated for Vice President, on the strength of his work as head of the Truman Committee. In November of that year he acceded to the second highest office in the land, and with the death of President Roosevelt on April 12, 1945, Harry Truman became President of the United States.

It has been said that President Truman assumed office as a new leader at one of the most unpropitious moments in history. At this point, remember he was without experience in the field of national administration. All his experience had been legislative—not executive. Immediately he was required to take a leading part in winning World War II, making the peace, establishing the United Nations, reconverting from a wartime to peacetime economy and helping the wartorn lands. Moreover, in moving into the White House at this juncture, Harry Truman had to fill the shoes of Franklin D. Roosevelt, the most colorful and popular President to hold office since Teddy Roosevelt, a half century before. F. D. Roosevelt, like Teddy Roosevelt, had already been classed among the political immortals in American history. How, in this event, could Harry Truman be expected to make a fair showing? Could he, walking in the shadow of his predecessor, dare aspire to greatness?

The facts, I think, are clear enough today. Indeed, Harry Truman was able, in his two terms as President, to establish himself among the list of the truly great American Presidents. The fact, I think, is undeniable on its face, and easily supported by the record.

It is a notable fact that the greatest of American Presidents have been inclined to arouse the greatest storm of activity while they are in office, both in favor of and in opposition to their policies. It is also a notable fact that the greatest of American Presidents have departed from office with their outraged opponents in full cry, swearing to undo their policies. This was the case, certainly, so far as Harry Truman was concerned. It was also true of George Washington.

When Washington left the White House, following 8 years of firm Federal control over the infant American Republic, he could hear on every side the voices of his critics. Was he right in following Hamilton's conservative lead in the establishment of the original Federal economic program? His critics did not think so. Was he right in suppressing the Whiskey Rebellion? His critics did not think so. Was he right in avoiding further conflict with England? His critics did not think so.

They said they would show him. They would undo the National Bank, weaken the Federal authority in behalf of States' rights, and drive the British out of Canada. That is what they said. But when all was said and done, none of this occurred. As it turned out, the National Bank was left standing, the Federal authority remained strong, and the British—though nudged a bit in the War of 1812—retained control of Canada. In the end it had to be conceded and admitted that George Washington's program was, in fact, good enough to keep.

The same, you will recall, was the reaction of Harry Truman's opponents to his departure from the Presidency in 1952. Much was said about the changes that were going to take place. Much was prophesied as to the whirlwind revamping that would be required once "that man from Missouri" was out of the White House. But what occurred along this line? Not very much, as I recall. In fact, it seemed as though the great "reformers," who were going to undo Harry Truman's policies, wound up letting them alone, to an extraordinary extent. Why? Because those policies were good ones; good for the Nation and good for the world.

It was President Harry Truman who linked the American destiny with that of Western Europe, under the terms of the NATO alliance. It was he who inaugurated the Marshall plan, which stopped the spread of communism across the European Continent. It was he who brought the Nation through 7½ years of prosperity, without the slightest letup.

I yield at this point to the distinguished Speaker.

Mr. ALBERT. Mr. Speaker, I appreciate the gentleman from Missouri yielding and I commend him on the excellent statement he has made on the birthday of one of the greatest Americans of all time. I want to join the gentleman in wishing Harry Truman a happy birthday.

Mr. Truman is one of the few men who have been recognized in his own lifetime as one of the giants among American Presidents. Certainly as a man of courage, he must be ranked with Andrew Jackson and Teddy Roosevelt. As a man of wisdom and farsight he must be ranked with Washington, Jefferson, and Woodrow Wilson.

He had strong intuition with respect to the direction of history. I have been in Congress ever since the Greek-Turkish loan program was enacted. That program, of course, was the beginning of America's post-World War II foreign policy.

The guidelines which President Truman and his administration laid down at that time have been substantially the guidelines of American foreign policy ever since. No better policy has been promulgated to improve or change the general philosophy of the Truman doctrine, notwithstanding changing conditions.

Mr. Truman was a President who, as the gentleman has said, was criticized severely at times. With the passage of time and relatively little time by historical measurement, his critics appear to have justifiably faulted him only on little issues; he seems to have been right on the big ones. Harry Truman truly was one of the towering giants of this century while he was in the White House. He is a great man who took the helm when his country was at a crossroads. We now realize his perspicacity and his sound judgment made the vital difference in one of the critical turning points of history.

I loved Mr. Truman from the time I first met him. I treasure his friendship as I share it with his countless admirers.

I read only yesterday what the great Missouri artist Thomas Hart Benton said about him in one of the Washington papers.

It is providential that a man could have such longevity. He has served as a world leader, a great modern-day President, and now continues to serve as an inspiring genius for the American people whom he loves and who love him.

Mr. RANDALL. Thank you, Mr. Speaker. We are most grateful for your contribution to this salute to our former President.

I now yield to the gentleman from Missouri (Mr. HUNGATE).

Mr. HUNGATE. I thank my distinguished colleague, Harry Truman's own Congressman, for yielding to me.

I want to join in this tribute to former President Truman on his birthday.

Harry S Truman—A man of independence in more than one sense and of considerable courage.

A man whose life poured content into the words "courage" and "loyalty."

An artillery captain who unhesitatingly removed a five-star general who refused to fade away.

A bankrupt haberdasher who could look failure in the face without losing faith in his country's future.

A high school graduate who refused to be intimidated by sheepskins or gold braid.

In the rough and tumble of American politics he remembered rule No. 1: Never forget your friends.

He had the courage to make the awesome decision on the use of the atomic bomb and the wisdom to recognize the imperative necessity of an effective international peacekeeping organization.

And, with all this, he had a simple directness of speech so greatly admired by all of us—an ability to describe the issues as he really saw them without sophisticated pretense.

The sort of father any wife or daughter can recognize; the sort of father any father would like to be.

The piano player who, when a national columnist criticized his daughter's singing, called him an S.O.B. This is the sort of conduct with which we may not approve, but with which we can identify.

May the Lord bless us with his presence for years to come.

Mr. RANDALL. I thank my colleague from Missouri.

Mr. Speaker, I am delighted to yield to the gentleman from Texas (Mr. GONZALEZ).

Mr. GONZALEZ. I thank my distinguished colleague from Missouri for yielding, and I thank him for taking time out today to commemorate this illustrious American's birthday.

I join our illustrious speaker as well as our other colleagues who have spoken in wishing Harry Truman a very happy birthday and many more to follow.

We have a great debt to this great American, and it is well that we pause to mark his birthday.

I thank the gentleman from Missouri.

Mr. RANDALL. We are grateful to the gentleman from Texas.

Mr. Speaker, it is a privilege to yield at this time to the distinguished gentleman from Ohio (Mr. MCCULLOCH).

Mr. MCCULLOCH. I thank the gentleman from Missouri for yielding to me.

I first came to Congress when Harry Truman was President. I am not of his party, but he was a Chief Executive with whom most if not all could work.

I watched him through that term when I began to serve, when he was President and I soon came to the conclusion that the Korean war could well be the high tide of armed Communist aggression in the world.

I should like to say, Mr. Speaker, if that summary is correct, Harry S Truman will be the great man of the century. I am glad to say a word about a great President.

Mr. RANDALL. We are appreciative of the remarks of our dear friend from Ohio.

In conclusion, under all present circumstances, I am sure it will be necessary; yes, mandatory, for history to accord a high place to this remarkable man—Harry S Truman of Independence, Mo.—just as the American people accord him a high place in their hearts today on the occasion of his 88th birthday.

He saw his duty and performed it, with a will and with the energy and ability required of his Office. You can well imagine the pride that is mine in knowing that this man—of great mind, great heart, and great accomplishments—is a resident of and a constituent in our congressional district.

It is, therefore, my distinct pleasure to salute Mr. Truman on this day, and to wish him many more happy birthdays in the future; birthdays in a world made better because he was President of the United States.

Mr. HAGAN. Mr. Speaker, today, May 8, marks the 88th birthday of President Harry S Truman and I want to join my colleagues and his multitude of friends in extending my heartiest congratulations and all good wishes on this wonderful milestone in his life of devoted service to his country.

I deeply value some personal remembrances of President Truman which include his kind acceptance of my invitation to speak to the Hibernian Society on St. Patrick's Day of 1962 in Savannah, Ga.

On the celebration of his 88th year, it is earnestly hoped that President Truman's face will grin broadly and that he will reflect with understandable pride on a wealth of remarkable achievements which not only add to his personal stature, but also to the greatness of our beloved Nation.

PIONEERS OF BUFFALO—ITS GROWTH AND DEVELOPMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 10 minutes.

Mr. KEMP. Mr. Speaker, the higher education bill, which is presently before a House-Senate conference committee, includes provisions for ethnic heritage studies. As a strong supporter of both the higher education measure and its ethnic studies provisions, I call upon the conference committee to report out this legislation in the immediate future.

I feel confident that the resources provided by this bill can bring about a greater understanding of the different ways of life and tradition among our ethnic peoples and thus help us all live and work together in a more harmonious society.

For too long now we have put too much faith in the great "melting pot" theory of America and have ignored the concept of ethnicity. The American heritage has been greatly enriched by the cultures, backgrounds, and traditions of the countries from which our forefathers emigrated. Our ethnic groups have much to be proud of and pride of origin should be encouraged, not stifled for the sake of uniformity. In the process of homogenization, our peoples lose a sense of identity and the important values of community and family solidarity.

Rather than denying the many ethnic and traditional differences of all Americans, it is time to emphasize them. Rather than sacrificing diversity, we should build upon it to strengthen our pluralistic society.

Mr. Speaker, the Buffalo Commission on Human Relations has published a booklet which tells the story of the city's nationality and racial groups, and I would like to have it reprinted here. A study of ethnic contribution to the growth and development of this great American city and our entire Nation surely will serve to reaffirm pride of origin and renew a sense of identity within our ethnic groups, and I urge swift approval by the Congress of these programs for the study of ethnic heritage.

The article follows:

PIONEERS OF BUFFALO—ITS GROWTH AND DEVELOPMENT

(By Stephen Gredel)

ON BEHALF OF THE PEOPLE OF BUFFALO

"Historia est magistra vitae" is an old Roman saying which suggests that history teaches us. It best expresses the purpose of the Commission on Human Relations in presenting this informative booklet on behalf of the people of Buffalo. It is a story of the city's nationality and racial groups. From the earliest days as a small village, Buffalo has had problems, tensions and conflict situations which confronted her various social, religious and nationality groups or individuals from time to time.

In 1815, a clash between an early Scottish pioneer and blacksmith for the Indians, David Rees, and an important chief of the Seneca tribe, Young King, almost created a crisis between the early white villagers and the Indians. However, they were able to resolve their differences by "peaceful settlement" on November 25, 1815.

The Polish newcomers had a difficult time when they first started to move to Buffalo's East-side. Their neighbors were members of a large well organized German community. At the beginning of the Polish influx, Germans were most helpful to the newly arrived immigrants. Later, however, when the Poles overflowed the East-side of the city, the Germans considered them intruders. Yet, while there was tension, no serious clashes were recorded.

In earlier days the city was well known as the crossroad of the "Underground Railroad," the escape route of fugitive slaves to Canada. Many of Buffalo's citizenry showed a friendly and helpful attitude toward the Negroes. It is recorded in the *Buffalo Morning Express* of October 1, 1847 that on the previous day Robert Perry and another man, also from Kentucky, tried by armed force to compel a fugitive slave named Christopher Webb, who was working as a waiter in the Gothic Hall saloon on lower Main Street, to return to "his master." A "six shooter" threatened anybody who might have tried to interfere.

They took Webb to a law office, but the citizens who soon gathered there made the situation dangerous for the slave hunters. Webb was permitted to leave. The two men from Kentucky hurried through the back window of the second floor of that office running for their lives and left the city in a carriage. A deputy sheriff accompanied by several Negroes on horseback was on their trail. Those slave hunters, if caught, could have been arrested for "assault and battery" and "false imprisonment."

Such were the people and officials of Buffalo. Compassion and mutual help in time of need have never changed in the "City of Good Neighbors."

When the Italian newcomers began to replace the Irish settlers in their stronghold in south-west Buffalo, tension rose and existed there for some time between these two nationality groups. Fights were common in the streets and saloons of the waterfront area but this tension, too, gradually subsided.

Not too long ago in a Buffalo suburb, a Negro family planned to move into a house located in an all-white neighborhood. Apparently some of the neighbors or their children disapproved of this, and one night vandals splattered paint and wrote on the house which was under construction. An appeal by a minister was heard by concerned residents, and they gathered next day to paint the house. From that day on the Negro family lived there undisturbed.

In its entire history, Buffalo has never experienced any rioting or serious internal conflicts. It is my sincere hope that Buffalo's people will continue to live peacefully in the future.

This booklet is the first publication to be published by the city's Commission on Human Relations. In the future, others relating to the present period will follow. With problems of preliminary organization largely met, the newly created Commission may get on with its mission which is to promote equality, interracial understanding, neighborhood peace and harmony among the people of Buffalo.

FRANK A. SEDITA,
Mayor.

ACKNOWLEDGMENTS

In May 1965, the Buffalo and Erie County Historical Society published a part of this

material in the thirteenth volume of the *Adventures in Western New York History* series for educational purposes. The title of the booklet was "People of Our City and County." On February 3, 1966, at a meeting of the City Commission on Human Relations the recommendation of its Research and Public Information Committee to publish the entire manuscript was unanimously approved. It will be used as an informative historical booklet relating to the history of Buffalo's major and significant nationality groups.

May I express my deep gratitude to Mr. Walter S. Dunn, Jr., Director of the Buffalo and Erie County Historical Society, who considered my manuscript worthy of publication and took time to condense the manuscript for its first printing; to Mr. Lester W. Smith, the Society's Associate Director, for his constructive suggestions; to Mrs. Thelma M. Moore, former editor of the *Adventures* series and Curator of Education with the Historical Society, who was helpful in counseling me along the way of my writing; to Mrs. Wilma C. Bertling, present Curator of Education at the Society, who volunteered much of her time to read the manuscript for both editions; to Mrs. Mary U. Fiorella, Chairman of the Commission on Human Relations, for her suggestion to the Commission that the complete manuscript be published; and to the members of the Commission who unanimously authorized the publication.

It is my hope that this booklet will bring to its readers more understanding and mutual respect for their neighbors, be they newcomers or natives; white or of other colors and races; of the same religion or other faiths; because we are all the children of God. This city would never be what it is today without people like you and me and our neighbors. May the exciting history of our city stimulate us to be more friendly, humane and loving. May we prove to be worthy of our beloved city, truly the "City of Good Neighbors."

AUTHOR.

When we are listening to the wonderful music of the Buffalo Philharmonic Orchestra at Kleinhans Music Hall, few of us are aware that the musicians performing in such close harmony represent strains of many different national and cultural backgrounds. We find the same variety of national and cultural backgrounds in our Common Council, and elsewhere in the community. There are teachers and classmates, neighbors and store keepers, priests and mailmen, all originating from somewhere abroad and all descending from one or several nationalities. They are now Americans, speak the English language and are devoted citizens of the United States.

The food we eat is a delightful mixture of the delicacies of Southern Europe, the Middle East and the Orient along with our turkey or corn or apple pie. The art we enjoy may be Spanish or French or Chinese in origin. Our architecture may show a blend of different and strange styles. Our speech may have been enriched by various cultures brought to this country by millions of immigrants during many centuries.

In accepting these various cultural strains and by absorbing the best ideas, we have developed our own culture. Americans today, living in comfortable homes, proud of churches, public buildings, schools, cultural institutions, department stores, plazas, banking houses, recreation centers, transportation and communication facilities, need to remember those days when this spot of land was still a wilderness and Indians inhabited the fertile lands of the New World.

At first there were adventurers and later regular homesteaders, followed by waves of immigrants. With them they brought their skills, their dreams, their convictions and their genius, to make this land great and strong, useful and prosperous, rich and comfortable.

INDIANS AND EARLY SETTLERS

Before frontier scouts and traders came as forerunners of the first white settlers, we have strong evidence that Indian council fires once burned here. At first, the Algonquins, then the Neutrals, and lastly the Iroquois, dominated our Niagara Frontier. Several ancient villages and Indian hunting parties made camp on the present location of Buffalo. Archeologists excavating for earthworks, artifacts and skeletons have so located these settlements.

In the mid-Eighteenth Century a Frenchman, Chabert Joncaire, established a farm and trading post at Buffalo Creek, but it lasted only a few short months. In 1789 the British sent about 1600 Indians from a temporary winter camp outside Fort Niagara to Buffalo Creek. There, in the area located about four miles southeast of present downtown Buffalo, the land was excellent for farming and hunting, and the fishing was good.

By 1800 the Indian population of the area began to decrease. As the western New York area was opened up for settlement by the Holland Land Company, the Indians quietly drew back into their reservation where there was an already existing village. In 1817 they numbered about 700 Senecas, some Munsees, Onondagas and Cayugas, and during this period it was not unusual to see Indians on the streets in the growing New Amsterdam, or Buffalo in the midst of groups of newly arrived settlers. By the 1840's the Indians were transferred to the Cattaraugus Indian Reservation and disappeared from the history of our local area.

Even before Joseph Ellicott completed his survey of the future village of New Amsterdam, a name given by the Holland Land Company for the town on the waterfront of their purchase, there were several settlers living here. On land owned by William Johnston, British Indian agent, Ellicott found a Dutch trader and tavern keeper named Cornelius Winney who later departed this area in 1799. There was also a German named Martin Middaugh living with his daughter and son-in-law, Ezekiel Lane, a former Revolutionary War soldier. Joseph Hodge, a Negro called "Black Joe," was the fifth inhabitant. Even at this early date the small settlement was already displaying several cultural strains.

One prominent citizen in this early settlement was John Crow from Oneida County, whose tavern was the gathering place for fur traders, Indians and soldiers from across the river at Fort Erie.

THE YANKEES

Most of these early pioneers were Yankees. Among them were tavern keepers Jesse Skinner and John Palmer; blacksmith William Robbins; Indian trader Sylvanus Maybee and goldsmith Asa Ransom who also traded with the Indians. Ransom had a thriving business making buckles and other pieces of jewelry for Indians to adorn their already colorful costumes. In time, Ransom took land on the Batavia Road to open a tavern, or resting station, for other settlers moving west into the Holland Land Purchase mostly from the eastern or New England states.

Yankees, or New Englanders, followed closely in the steps of frontier scouts. During the War of Independence many of them encountered the frontier in the Genesee Valley, and after the fighting was over they decided to push westward. Usually they came as peddlers and in their wagons they carted what amounted to a small general store with supplies of dry goods, shoes, cloth, firearms, hats, clocks, tinware and salt. Moving deeper and deeper into the wilderness they made their own roads, and when necessary, forded across the creeks. When they came upon desirable trading spots they settled down. They built do-it-yourself homes using the timber, logs, mud, stones and grass that were the natural resources of the area.

Most of the first Buffalo settlers came from Massachusetts, Vermont, Connecticut and New Hampshire. They purchased lots from the Holland Land Company with small "down payments" and promised to pay the rest on a long term basis. Some of them established grist mills or sawmills, so necessary to homesteaders in the pioneer days. As the area continued to be opened up for settlement, land hungry settlers began pouring in.

One typical Yankee settler, Captain Samuel Pratt, passed through what is now Buffalo on a fur-trading trip to Mackinaw in 1802. He saw great future possibilities for this area, and two years later he settled here permanently. His coach and two open wagons stopped at Crow's Tavern on present Exchange Street in September of 1804. He was accompanied by his wife and seven children, one of whom, Hiram, became Mayor of Buffalo in 1835 and again in 1839.

The settlement was composed of some twenty shanties, log cabins and small frame houses. Captain Pratt built a temporary building to be used as a store for trading with the Indians, and a house for himself, referred to as "Pratt's Mansion." In his home, plans were made for the first Presbyterian Church of Buffalo. He was highly esteemed as a public spirited citizen and as a respected businessman of the early village. By the Indians he was called "Negurriyu," meaning "honest dealer," and also "Hodanidoah," or "Merciful man." Members of his family continued to be leaders in Buffalo and his descendants, now in the eighth generation, still live in the community.

These early Yankees, like Pratt, put a stamp of vision, hard work and ambition on the growing village. Another pioneer who was outstanding was Dr. Cyrenius Chapin. Originally from eastern New York, he visited here in 1801 and saw the need for a medical practitioner on the Frontier. He purchased a lot in 1804 and a year later moved his family from temporary quarters in Fort Erie to the first frame house in the village. During the War of 1812 he showed great courage and lived to see the village grow to a prosperous city. Today, a Buffalo parkway honors his name, and a gravestone marks his resting spot in Forest Lawn Cemetery.

THE IRISH

One of the earliest nationality groups to join the Yankees were the Irish. Records of 1817 show that a small Irish settlement was located south of present downtown Buffalo and Exchange Street on the "Flats." Many of them had first immigrated to Canada from their native Ireland. Later they responded to newspaper advertisements on the American side of the river for what were good wages in 1822. Many of them joined thousands of laborers along the Erie Canal at $1.87 a day. On the canal and in the harbor these Irish "canawlers" and laborers fought many a battle with sailors in the streets and the saloons.

By 1815 many people with Irish names were living here. Names such as the O'Rourke family; Daniel Bowen, a coachmaker; Dr. F. Daughtery, a bartender; and G. V. Mooney, an upholsterer, were common. Bishop Dubois, while inspecting land donated by LeCouteulx for St. Louis Church in 1828, found that there were about fifteen hundred French, German and Irish Catholics in the area. Most of the Irish came from Philadelphia, Baltimore and New York. Later, the great potato famine of 1845 in Ireland caused increased Irish immigration to America, and many of these people also settled in Buffalo. Railroad construction was under way, and many other job opportunities were available as well. Among those arriving during this period were Robinson Moorehead, the owner of a dry goods store on Main Street, and the lively William Duffy, proprietor and manager of Buffalo's first theater.

A freedom-loving and democratic people, never sidestepping arguments, the Irish participated from the very first in local politics. There were a significant number of Irish aldermen, school superintendents, supervisors, constables, inspectors, collectors and Commissioners of Deeds serving the city over the years. In 1841, Isaac R. Harrington was elected Mayor, to name but one of their number to hold public office.

In the late 1850's two Irish benevolent societies were formed. The Friendly Sons of St. Patrick and the Sons of Erin. In 1866, the Irish in Buffalo declared war on England, and an army of Fenians was formed to invade Canada. Wagonloads of arms and ammunition were assembled in the First Ward, and Irishmen from other places converged on Buffalo. At midnight on May 31st, six hundred Fenians streamed out Niagara Street headed for Black Rock and commenced the assault on Canada. Needless to say, the invasion was not successful. The Fenians were defeated at Ridgeway, near Crystal Beach. However, many of the Irish who came to fight from as far away as Tennessee and Indiana stayed here to settle permanently, mostly along the waterfront. Although militarily unsuccessful, the Fenians continued to be a powerful force in American politics for several decades thereafter.

The record of Irish contributions to the growth and development of the city should not be concluded without mention of the first Roman Catholic Bishop of the Buffalo Diocese. Rt. Rev. John Timon was an outstanding representative of the Irish-Americans and the first of a continuous line of Buffalo Bishops with Irish heritage. Born in the United States in 1797 he came to Buffalo in 1847. At his invitation religious orders of the church came here, and they helped to establish some of the great institutions in our midst. The Sisters of Charity established Buffalo's first hospital in 1849 and later an orphanage. The Jesuits founded Canisius College. The Sisters of St. Joseph conducted the LeCouteux Institute for deaf mutes and Mt. St. Joseph Academy. The Franciscan Fathers started St. Bonaventure College and Seminary. The Grey Nuns of the Sacred Heart founded Holy Angels Academy and later D'Youville College. The Christian Brothers founded St. Joseph's Collegiate Institute. Bishop Timon was also the founder of Niagara University, and in 1855 he had St. Joseph's Cathedral built. He died in 1867.

THE SCOTS

From the very beginnings of Buffalo there was one vigorous, sturdy and thrifty group of settlers whose influence was far more than their numbers. These were the Scottish people, and their first appearance on the Frontier came with the arrival of David Rees, or "Old Uncle Rees," in 1803. He set up his red-painted blacksmith shop on the site of the present Customs Building on Washington Street, and the shop stood for many years after it was spared during the burning of Buffalo in 1813. He was described by one friend as "an eccentric, quick-tempered Scotchman." His skill in forging a broadaxe was greatly admired in the new settlement. Tales of his violent clashes with Indians live in history amid the happenings at his "Ye Sign of Ye Broad Axe."

Once Red Jacket ordered a special tomahawk made to order. When it was finished, Red Jacket criticized it, indicating it was not made as he had requested. The Indian prepared a wooden pattern for Rees to use as a model. Although annoyed, the blacksmith took the model and made one just like it. When Red Jacket returned for his tool Rees was slyly amused as the chief flung the tomahawk aside in disgust. It had been made exactly like the model—without a hole for the handle.

In 1815 David Rees had an altercation with the Seneca chief, Young King. Rees was having a dispute with another Indian when Young King rode by, dismounted and attacked Rees. Rees seized a scythe from a bystand and struck Young King, almost severing his arm. The next day the Indian's arm was amputated. Later, Young King received a government pension "for his brave services rendered during the War of 1812, where he lost his arm."

Among the other Scottish pioneers was George Keith, who built Buffalo's first schoolhouse in 1807. The first nursery business in western New York was begun by his Scottish neighbor, Joseph Husten. It was located near Main and Utica Streets prior to 1809. Henry M. Campbell is remembered as a hatter, a village trustee and Justice of the Peace.

The most significant early Scottish settler, however, was one well-known navigator on the Upper Lakes, Captain James Rough, who settled here about 1803. He has been described as matching his name, rough as the elements but also "affable, courteous and gentlemanly." His fellow countryman and friend, Donald Fraser, eventually inherited his lands and possessions. Fraser was an eccentric, singular man, as well as a courageous and gallant soldier. His ferry-house and store, which was a curiosity museum during his lifetime, remained for many years after his death as a reminder of the sturdy pioneers of Black Rock.

Rev. Gilbert Crawford, pastor of the First Presbyterian Church from 1824–28; merchants John Adams and William Buxton, who was first President of the Scottish St. Andrew's Society; the Thompson brothers known as the "Tall Thompsons," who were hardware dealers, and Robert Patterson are among other Scottish names found in the story of early Buffalo. The cheap land in western New York state, the variety of business opportunities and the rapid development of the area attracted many Scottish homesteaders from southeastern states to move here after the opening of the Erie Canal. As time went on they became an influential core in the cultural business, and political life of Buffalo. In 1905, one of their number—the well-known merchant, philanthropist, politician and co-founder of the A.M. & A. department store—James Noble Adam, became Mayor of Buffalo (1906–1909).

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At the time of the War of 1812 there were some five hundred persons living in Buffalo. After recovering from the devastation caused by the British and Indians in their burnings on this side of the border they set about to develop a busy commercial center. By 1822 the harbor had been constructed, and ship chandlers were doing a thriving business. A steamship, "Walk-in-the-Water," was launched from Black Rock, and Buffalo was picked as the western terminus of the Erie Canal. A chronicler, William Hodge, wrote lively descriptions of the early pioneers he saw on his way to and from a one-room log Cold Spring school house or in his father's tavern or who later became his own friends.

THE FRENCH

Through Hodge and other writers of the period another prominent pioneer comes to life. He was the French nobleman, Louis Stephen LeCouteulx de Caumont, whose occupation was listed for many years in the City Directory as "gentleman." Born in 1756 he came to the New World as an escapee from the French Revolution, and he had contacts among the wealthy financiers of the Eastern cities. Walking the paths of Buffalo in his immaculate and stylish clothes, he was a sharp contrast to the many rough frontiersmen and poor struggling settlers. In 1803 he suggested to Joseph Ellicott, the surveyor of Buffalo, that a canal be cut from the mouth of Buffalo Creek to Black Rock. LeCouteulx was convinced that there existed every possibility "of making a good harbor." In 1804 he settled on the northeast corner of Crow and Main Streets, and there he established Buffalo's first drugstore. In 1828, he donated to Bishop Dubois a lot at the corner of Main and Louis (present Edward) Streets for the erection of St. Louis Church. After that he gave land on which were built the Buffalo Orphan Asylum, the Immaculate Conception Church, the LeCouteulx Institute for Deaf Mutes and St. Mary's Maternity Hospital.

LeCouteulx was a man of great vision. He gave to the booming, bustling little village an air of elegance. His investment profited the community just as his fortunes grew with the community, and after he died in 1840 he was chronicled as "the model of a perfect Gentleman of Irreproachable life."

Several Buffalonians of French parentage have been among the important members of the community. Joseph Anthony Dingens, a businessman; C. Frank Bruso, M.D.; David E. Peugeot, reporter and lawyer, and Raymond P. Hoen, a businessman, are four that should be mentioned.

The influx of French people to Buffalo was modest, except for 1875 when 1,261 French people settled here and for 1920 when a few more than 2,000 of them arrived. In the early days of Buffalo, however, one Frenchman's contributions, those of LeCouteulx, were most significant.

The township of Buffalo was organized in 1810. The British burned the village in December, 1813. The town was rebuilt and was incorporated as a village, using the boundaries laid out in 1804 by Joseph Ellicott. When Buffalo was chosen as the western Port of Entry to the Erie Canal, the door to the future metropolitan city as we know it was opened. The town was lined with stumps and rail fences.

By 1825 the population of Buffalo was nearly 2,500, composed mostly of New England Yankees. To the northeast, in the village of Black Rock, there were over 1,000 people. Living in Buffalo were 51 carpenters, 17 attorneys, 9 physicians and 7 blacksmiths. There were 36 grocery stores and 26 dry goods stores. Four weekly newspapers met the diversified needs of a people engaged in laboring and professional occupations.

The Yankees were then joined by a few English, Scottish, Welsh, French, Dutch and German settlers. Still of local prominence were the Indian chiefs Red Jacket, Captain Pollard and Young King from the Indian reservation.

THE GERMANS

One of the most hardworking, industrious and ambitious of the various nationality groups during the Nineteenth Century were the Germans with their societies; their religious, business and military organizations and their great contributions to Buffalo's cultural, economic and political life.

Martin Middaugh (probably an Americanized form of Mittag) was an early German pioneer to the area. Once a Tory living in New Jersey, he moved first to Canada. Then about 1784, he followed his son-in-law, Ezekiel Lane, back to the American side and settled on Buffalo Creek. The double log house they shared was located on William Johnston's land at Exchange Street and was used as a hostel for travelers for many years. Theirs was the only white family residing between the Genesee River and Erie, Pennsylvania. Martin Middaugh died in 1822 at the extremely old age of 94.

Other German names may also be found in early Nineteenth Century records. There were Schultz, a baker; Henry Windecker, a ferryman at Black Rock and Benjamin Wintermute, among others. Two early German pioneers, Samuel Helm and John Roop, met cruel deaths during the burning of Buffalo in 1813. Roop was the last man scalped by Indians on this frontier.

One of the most unusual was John Kuecherer, often called "Water John" (1795–1876), who arrived in Buffalo in 1821 and was water carrier for the early village. He introduced his "water works" in 1825; this consisted of a large barrel mounted on a two-

wheeled cart drawn by a single horse. On washing days he supplied Buffalo housewives with water from Lake Erie. When he furnished a regular supply of water to a household he charged one shilling (12½¢). He would drive slowly through the streets, crying out, "Ladies, here is your water! Ladies—w-a-t-e-r!" For many years he lived in a small house on the southwest corner of Franklin and Court Streets. A good, religious but poor man he died in 1876 after "seeing Buffalo grow from a village of 2,000 inhabitants to a large city of 180,000 people."

By 1827 Buffalo had about 25 German families, mostly settlers of Palatine stock from Pennsylvania. Reactionary absolutism of the post-Napoleonic era and later religious persecution, crop failure and widespread unemployment led to a huge wave of German immigration to the United States. As the rapid growth and activity of this busy lake port attracted more and more people, the new, easier passage to the West via the Canal and the Lakes brought many Germans, as well as other groups, to congregate on our shores.

The first German language newspaper, *Der Weltbuerger*, appeared on Buffalo's streets in 1837. Germans also entered local politics. They founded the Steuben Guard, later the Lafayette Guard; the Harrison Grenadiers, the Jefferson Guard and the Plain Grenadiers. The first German school was opened at Oak and Ellicott Streets.

In 1838 Philip Dorschheimer was appointed postmaster, and Dr. Frederich Dellenbach was elected to the Common Council. In the 1850's the first German singing society was founded, later to be called the Buffalo Liedertafel and to become one of the outstanding musical societies of the area. The well-known German Young Men's Association sprang from the German-English Literary Society founded five years earlier in 1841. All of these societies and organizations served to preserve the German cultural heritage, and with the German-language newspapers were invaluable to the German newcomers, unable to read or write English. Also organized were their own private schools and churches, such as the Old Lutherans, the Evangelical Lutherans, the Baptists, the Methodists and the St. Louis Roman Catholic Church. German fire companies and German lodges were also established.

In 1848 the German Democratic Organization was founded. Following this period German-Irish political strength was to be most influential in local government for several decades. The records of 1845 indicate that the Germans had organized six churches, a number of iron foundries, machine factories, taneries, breweries and many other important businesses.

When these German newcomers arrived, they found the city completely settled up to Chippewa Street. They had to settle beyond that line and to the east of Main Street. Lumbermen and woodcutters found work in the woods of the Masten-Best district and made their homes in the "Fruit Belt." Their area extended up to the old Fourth Ward; later the Fifth and Seventh Wards were almost completely inhabited by German families. By the 1850's the German population of the city numbered about 6,800, and during the 1890's and until 1920 German immigration reached a peak when about 40,000 immigrants arrived.

There was one unusual temporary German settlement on the southeast side of Buffalo that was founded in 1842. Christian Metz, leader of one religious group, came from Germany with about 350 followers. This was known as the Community of True Inspiration, and its philosophy concerning property and living conditions was communistic. Its governing body was theocratic, or oligarchial. The members purchased a large tract of land, cut wood, cleared land and built their homes, even though for a long time the Indians were opposed to the sale of the land for their use. Finally, in 1846, the Indians departed for the Cattaraugus Indian Reservation, and the Ebenezer Community of True Inspiration, only six miles from downtown Buffalo, came into being. Two years later their numbers had increased to about 1,000, and later three other inspirationist settlements were founded. In time, the rapid growth of Buffalo and the expansion of settlement outside the city limits endangered their seclusion, and the inspirationists moved further west to Iowa where land was cheap and plentiful. For a period of ten years they were selling off their lands, and finally in 1865 the last of these German inspirationists left our area.

The entire cultural and social life of Buffalo was stimulated by all the various German organizations. German beer and German food, their popular picnics and musical clubs became well known throughout the community. The brewery business, the tanneries, the lumber industry, the flour mills, the foundries, and bakeries were filled with German workers and owners. One seventeen-year-old German immigrant, Christian Klinck, arrived in Buffalo in the 1850's. First, he took a $6 a week job as a butcher; eventually, he founded a meatpacking business, the Christian Klinck Packing Company, that covered 25 acres and comprised 25 buildings. Jacob Dold, Louis Fuhrmann, Laux and Edbauer, and the Klinck Brothers were among those whose businesses made it common to see a mile-long drove of hogs, cattle and sheep being herded down Main Street out toward the stock pens.

Another German, Jacob F. Schoellkopf, immigrated to Buffalo directly from Germany. He opened a modest leather store on Mohawk Street in 1843 and kept enlarging his activities until, at the time of his death in 1899, every variety of leather which could be made from sheepskin was manufactured in the Schoellkopf plants. His products carried the Buffalo name to countless people in Europe and South America. He also took part in the development of the infant hydro-electric power industry by establishing, in 1878, the Niagara Falls Hydraulic Power & Manufacturing Company. This industry was to influence the whole future of the Frontier.

A year later his son, Jacob F. Jr., introduced the Aniline & Chemical Co. that later became the National Aniline Div., Allied Chemical Corp. The names of both father and son became nationally known in industrial circles.

Another German name that became well known was that of the Rev. Johannes Andreas Grabau. He was a Lutheran clergyman who opposed Union liturgy in Germany, was placed in jail, and, in 1839, he immigrated to the United States accompanied by 1,000 followers. A notable pastor and preacher in Buffalo, he opened a school, later known as Martin Luther Seminary, in 1840, and five years later he organized the Synod of the Lutheran Church in Milwaukee. This was also known as the Buffalo Synod. He had a fierce controversy with C. F. W. Walther and other theologians of the Missouri Synod and, as a result, the Buffalo Synod split into three factions. Rev. Grabau organized a paper, *Die Wachende Kirche*, and was elected Senior Ministerii of the new Buffalo Synod. He edited a hymn-book for his Synod, and in 1879 he died .

But religious and industrial affairs did not claim the whole attention of the German community. In 1853 the Turnverein was founded; in 1868 the *Buffalo Volksfreund* began publication and is still being printed. The next year the famous Buffalo Orpheus was founded, and later, Canisius College. Germans have always been politically active and, beginning with Mayor Alberger in 1860, there have been at least eight mayors of the city with German parentage. The last was George J. Zimmerman in 1937.

By 1850 Buffalo was divided into five wards. Its population had increased to over 42,000 mainly because of its position as the western gateway of the Erie Canal. In 1832 Buffalo had obtained its City Charter and nearly half of the city's people were foreign born, including Germans, Irish, English and Canadians During that period the German settled mostly in the old Fourth Ward bounded by Main, Eagle, Jefferson and Goodell Streets and further to the northeast. The Irish, slightly fewer in number, moved into the area south of Exchange Street. In the German section were also settled the French, and the English Canadians; Scots, Dutch and Swiss were scattered throughout the city. In the 1840's the Indians were transferred to the Cattaraugus Indian Reservation.

One contemporary author, Thomas S. Cuting, enthusiastically wrote that Buffalo had experienced "an increase without parallel in the history of cities." During the season the harbor was crowded with innumerable vessels, loading and unloading the rich products of the West. The "magnificent stores" of Main Street offered every variety and delicacy to their customers.

THE AMERICANS

During this period one of those who settled in Buffalo was Millard Fillmore, lawyer, statesman and educator. He was a typical representative of all-around Americans. Of English descent, he was born in a log cabin in 1800. In 1822 he came to work in Buffalo; six years later he was elected state Assemblyman. When Buffalo became a city, he was elected to Congress, serving from 1836 to 1847 when he was elected New York State Comptroller. Elected to the Vice Presidency in 1848, Fillmore succeeded Zachary Taylor to the Presidency in 1850. At the conclusion of his term he returned to Buffalo.

Then Buffalo's most public-spirited citizen, Fillmore was highly influential during the Civil War as Captain of the Buffalo Home Guard, or Union Continentals; in the Young Men's Association; as one of the founders of the University of Buffalo and its first Chancellor; as president of the first Board of Trustees of the Grosvenor Library; as one of the patrons of the newly established Museum of Natural Sciences and of the Fine Arts Academy, and as first President of the Buffalo Historical Society (1862–1867). He died in 1874 and is buried in Forest Lawn Cemetery.

English speaking people such as those who came from England, Wales, Scotland and Canada did not encounter a language barrier, and they assimilated rapidly into their new environment. Contributions of these people to the growth and development of the city prevailed from the very first, and they are influential up to the present time. The Yankee influence quickly disappeared as the newcomers set about becoming citizens. The new American nationality was born. The immigration of Canadians to the area was significant; this factor has made it difficult to trace the national origins of many groups. They were simply immigrating from Canada. In 1850 this group numbered 1,271; in 1875 there were 4,639; in 1892 there were 12,237 and by 1960 they numbered 20,533.

THE WELSH

The Welsh people, although a small, distinguished group, were successful in preserving their ethnic characteristics for many decades. Many Welshmen came from their homeland to work in the newly established Buffalo rolling mills. They found jobs at the Pratt mill located at Black Rock where they worked as scrapers and puddlers. Many of them also came from the coal mine areas around Scranton, Pennsylvania.

The Welsh are still active locally in their St. David's Society and are proud of their national heritage. For years they held annual meetings in the Genesee Hotel, and later at the Lafayette Hotel, and from those buildings old Welsh songs would ring out across the darkened streets of the city as they recalled the misty hills of home.

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At the beginning of the Civil War Buffalo's population was about 84,000. Almost half of the people were forign-born and some 20,000 of them were German-born. Recruiting stations shot up throughout the city like mushrooms, and the Irish enlisted in large numbers in the Union army. A special Irish regiment was formed which distinguished itself throughout the war period. About 1,500 Irish volunteers served, for the most part, in the 116th, 155th and 161st Regiments, and these regiments were outstanding for bravery.

Naturally, native Americans contributed the majority of the enlistments, but the Germans, strongly motivated by their military organizations, the Turnverein, Liedertafel and other societies, also joined the Union cause. The most famous German group sent to the Front was Wiedrich's Battery. They 187th Infantry Regiment was almost all composed of Germans, or men of German descent.

The French people and the Negroes were ready to fight for the Union cause. The Cattaraugus Indians and representatives of the Six Nations led by their chief, Issac Newton Parker, offered to organize an Indian company. One of their number, however, the sachem Ely S. Parker, born on the Tonawanda Reservation, served with distinction and was aide-de-camp to General Grant at the surrender of General Lee.

One other group of hardworking people with a special sense of enterprise and commerce should be mentioned, the Jews. Of course, they belong to various nationalities, but their religious identity surmounts their ethnic origins.

The first forerunners of the Jewish faith were Mordecai Myers who served in the War of 1812 as Captain, and Mordecai Manuel Noah whose name is recorded on a stone marker now in the possession of the Historical Society. It was he who enthusiastically atempted to establish a homeland for Jews on Grand Island in 1825, to be called Ararat.

The first Jewish settlers in Buffalo were Lemuel Flersheim, a German teacher, joined later by Lemuel H. Flersheim, and several Jewish families arriving mainly from Germany. By 1850 Buffalo already had a small Jewish community. One interesting note is the fact that before 1865, except for one Catholic family, all of the early Polish settlers were Jewish. They came from the Russian part of Poland for the most part and were called "Hoch-Polish." Their suppression at home caused their migration to the New World, and some of them chose Buffalo in which to live. They made their living as peddlers. Other Jews who settled here were merchants, clothiers and tailors, and as Buffalo became a center of trade and commerce, the Jews chose locations on lower Main Street, The Terrace and Commercial Streets, located close to the harbor and the bustling Lake traffic.

In 1848 the Polish Jews founded the first Jewish congregation on Pearl Street, Beth El Synagogue. Two years later the German Jews formed the second congregation of the Orthodox faith, Beth Zion, at the corner of Ellicott and Clinton Streets. Later, this group changed to the Reform Beth Zion. In 1865, the third congregation, B'rith Sholem, was formed under the influence of the Lithuanian newcomers.

Several benevolent societies, such as Jacobson which was succeeded by the Hebrew Benevolent Association, and the Young Men's Hebrew Benevolent Association were organized. Several other congregations and lodges were founded in various parts of the city after that.

Several local Jewish men joined the Union army during the Civil War, and in the postwar period Buffalo's Jews moved to new residential sections of the city, displacing the older settlers on Franklin, Tupper, Pearl to the north, and William-Clinton section to the east. Jewish peddlers became traveling salesmen. Some Jewish clothiers from Commercial Street were successful in establishing a fine clothing industry which employed hundreds of laborers in several factories. By 1890 there were about 1,500 Jews living here. A mass migration of Russian Jews then began, because of the dangers of personal persecution, and many of these people landed in Buffalo.

The first Corporation Counsel of the City of Buffalo, Louis E. Desbecker, was Jewish, and from that point on Jewish interest in local politics was established.

After the industrialization of the city, the well-organized Jewish community became even more prosperous, and the newly rich moved further to the north and east of the city, and more recently to the suburbs. Whereas previously their occupations were as tailors, clothiers and peddlers, many of them later made fortunes as real estate businessmen, cigar manufacturers, jewelers, physicians, bankers, lawyers and contractors. After World War II more Jewish people came to Buffalo as refugees from the totalitarian persecutions of the Nazi. By 1950 there were about 22,000 Jews in the city. Today, they and their children may be found working in hospitals, law courts, the many fine educational institutions of Buffalo and the professions. With their fierce love of freedom they give new life to Buffalo's multi-cultural climate.*

The population of Buffalo had reached 135,000 by 1875. By the annexation of the Village of Black Rock, the city limits were extended to approximately the present boundaries. There were then 13 wards and the people were predominantly English speaking groups and Germans along with their descendants. Waterways, railroads and many newly established businesses and industries contributed much to the city's rapid growth. Shipbuilding and heavy industry made Buffalo a booming center after the Civil War, and a substantial labor force was needed by the steel industry to work at the blast furnaces and factories which were making railroad equipment.

THE POLISH

One nationality group met that enormous need in an expanding labor market. This was the Polish group.

According to many sources, the first forerunners of the Polish people here were John and Peter Stadnicki. Careful research, however, reveals that neither actually lived in Buffalo, nor even in the United States. The Stadnicki name occurs in the early village history as the name of one street in New Amsterdam, now Church Street. It was named this by Joseph Ellicott as a compliment to one of the partners of the Holland Land Company who lived in Amsterdam, Holland.

Other Polish names found in our early history were Major Mogilski, Captain Bzowski, Chaplain Sebastian Szcybury, August Wengierski who was a teacher of French and dancing, and J. A. Wilczerski, a drawing teacher; as well as John Hiz and Gregor Sadlowski, officers of the exiled Polish Army, and Father John Zawistowski, pastor of St. Francis Xavier Church. All of these have been claimed as early settlers, but once again, careful research shows that they stayed but for a short time in Buffalo, then moved on.

The first true Polish-Catholic settler was Martin Stephanowski. He moved here with his wife and four children about 1864. Shortly afterwards, scores of Poles began pouring into Buffalo, and they settled in the vicinity of Ash, Walnut, Spruce, Sycamore, Genesee and Carroll Streets. However, until 1872, most of the Polish immigrants were only passing through Buffalo on their way further west—to Chicago, Detroit, Toledo and Milwaukee.

After the St. Stanislaus Society was established, more Polish people stayed in Buffalo and their small community grew. A German Redemptorist Father, Elias Fred Schauer, advised Joseph Bork, City Treasurer, that the surest way to encourage Polish settlement would be to build a church and school for them. Father M. I. Gartner then brought, in 1873, from Rome Italy a young Polish seminarian. He was John Pitass, who later was ordained to the priesthood at Niagara University, Niagara Falls, N.Y. Rev. Pitass found about thrity Polish families when he arrived in Buffalo. Joseph Bork deeded land to him for the first Polish church, St. Stanislaus, in a then undeveloped area at Townsend and Peckham Streets, and after the church was erected in 1874 the real Polish colony began. Ten years later the present St. Stanislaus Church was built. Pitass opened the first Polish parochial school; established St. Stanislaus Cemetery; organized the first Polish language newspaper, *Polak w Americe;* and was appointed dean of all Polish parishes in the Diocese by Bishop Ryan. Rev. John Pitass came to be recognized as the Founder of the Eastside Polish colony and was known as the "Patriarch of Polonia" in Buffalo.

In the 1890's a second Polish colony was established at Black Rock where the Poles were attracted to the growing steel industry there. Later, Poles claimed a third section of the city, that part bounded by Clinton and Snow Streets and Buffalo Creek. In the seventeen years from 1875 to 1892, about 13,000 more Polish people came to make their homes in Buffalo. This enormous influx of Polish immigrants was never equaled by any other ethnic group in the city's history.

The newly arrived Poles settled between Adam and Fillmore Streets on the west, Broadway on the north, Clinton on the south and the city limits on the east. This section may well be called the real cradle of Buffalo's Polish people. At that time, however, the percentage of people born in Poland was relatively small as compared with the 40,000 Germans, for example, who could then claim three generations born on American soil.

From 1892 to 1920 Polish immigration is difficult to trace since Poles were listed both nationally and locally as Germans, Austrians, or Russians upon entry, depending upon which part of divided Poland they had left. Estimates in 1908 show that about 27,500 Polish immigrants, or a total of 60,000, if the Polish born in the United States were included. In 1940 there were 76,465 Buffalonians of Polish background, including second-generation citizens born in the United States.

In the early period of Polish immigration here, only unskilled hard labor in the iron foundries, construction and clothing industries was open to them. They encountered a great language barrier and suffered greatly because of lack of training. As a matter of fact, the great majority were peasants unaccustomed to city life. A severe housing shortage brought more suffering to their people, and again Joseph Bork with his brother, George, and Henry V. Vogt helped the newcomers build hundreds of one- and two-story houses in the Polish district. Even these low mortgage houses were crowded, and as time went on, even more crowded. Most families found that they had to take in boarders since their average family income was too low to adequately support them.

Life became easier after the turn of the century, and the Polish people organized nearly fifteen singing societies and musical clubs. About 400 Polish businessmen established the Polish-American Business Association. Educational opportunities increased noticeably. Polish youngsters, born in Buffalo, enrolled in various departments of the

*The story of the Buffalo Jews is based for the most part on the book, *From Ararat to Surburbia,* written by Selig Adler and Thomas E. Connolly. It contains an inexhaustible source for the complete history of the Jews.

University of Buffalo. New Polish parishes, such as St. Adalbert's, Assumption, St. Kazimier's, St. John Kanty and Transfiguration were founded, along with parochial schools in which the Felician Sisters of Cheektowaga played a prominent role. "Dom Polski," with its Polish library, and the "Falcon Hall" were organized and buildings erected. The most powerful Polish club, The Polish Alliance, began its work. By 1929 Buffalo had fourteen Roman Catholic Polish churches. The first Polish-language newspaper, entitled *Ojczyzna*, was edited by Stanislaw Slisz in 1885; two years later it was renamed *Polak w Americe* and for thirty-two years it was edited by M. J. Sadowski and other editors. Several other newspapers lasted for short periods, but *Everybody's Daily* lasted for half a century.

Soon after their arrival, Buffalo's Polish citizens began to take an active part in politics. As early as 1892 the Polish Democratic Club was founded under the leadership of Jacob Rozan, who later became an assemblyman. Frank Burzynski claims the distinction of having been the first Pole elected to the State Assembly. In 1892, Francis Gorski was elected city councilman on the Republican ticket. Prior to that time, most of the city's officeholders were German, Irish or the earlier-settling English-speaking people.

One outstanding figure among the Polish-Americans was Dr. F. E. Fronczak, City Health Commissioner after 1910. It was largely through his efforts that Polish traditions, culture, history and literature became known throughout the city. One of the most successful local Polish businessmen was Stanislaus K. Lipowicz, who arrived here in 1885 and five years later opened a grocery store. His business ultimately developed into a wholesale grocery business serving all the Polish groceries in the city. He was also co-owner of a vinegar works and a soap factory, and later, director of the Stock Yard Bank and the Liberty Bank of Buffalo. Greatly interested in civic affairs, he was one of the prime movers in establishing the first vocational school opened as the Peckham Vocational School, now known as Emerson Vocational High School. He died in 1940.

The Polish community, like the other ethnic communities, grew larger, but unlike the others, maintained its separate identity. The steadily increasing number of Polish councilmen, supervisors and other city officers shows the strength of their political activity and ever growing influence in the city. Joseph Mruk was elected mayor in 1949 and Chester Kowal in 1962. Both were Republican candidates, although most of the Poles are traditionally supporters of the Democratic party.

In the course of but a few decades, the Poles in Buffalo were able to overcome almost insurmountable obstacles—not the least of which were the English language and the traditional English law and customs so common to many of the English speaking immigrants who became Americans. Their integration into the American way of life was speeded, however, when thousands of men with Polish backgrounds served with distinction in the services during World War I and II, the Korean and Viet Nam conflicts. Polish contributions in all areas of civic life have been great and have influenced the growth of Buffalo as a city with a distinctive Polish character.

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In 1892, Buffalo was divided into 25 wards with over 265,000 people. The German-Irish populace, reinforced by three generations of native-born Americans of German and Irish descent, was most numerous, even though the number of Irish born immigrants in the city seldom exceeded 10,000. The number of Poles increased sharply as they spread from their nucleus to three other colonies. Forty-two nationality groups settled in this period, and they included Russians, Swedes, Swiss, Austrians, Norwegians, Hungarians and Danes. The population of this busy lake port was becoming increasingly cosmopolitan. The "Gilded Age," and especially the "Brown" or "Mauve Decade" of the 1890's, brought to Buffalo progressive industrialization and great prosperity. Workers were needed for newly established industries, such as railroad car and machine factories, oil refineries, foundries and steel construction. The Great Folk migration of the 1890's brought masses of newcomers looking for jobs and homes, and the city became a natural exchange point for grain, lumber, iron ore and coal transfer. The wealthy of the city built fashionable homes of brown stone and brick, and Delaware Avenue became "The Avenue" of Buffalo.

THE ITALIANS

A new labor force for industry and especially railroad construction was found among the Italians who swarmed into Buffalo next. Living in a small waterfront settlement at first, they soon extended their area as far as Front Park and Niagara Street on the north and Eagle and Chicago Streets on the east.

There were some Italians connected with the early history of the area—Father Francis J. Bressani; Henry de Tonty, called "Tonty of the Iron Hand," and Paul Busti, general agent for the Holland Land Company living in Philadelphia—but these men were not settlers.

Luigi Chiesa is generally recognized as the first Italian pioneer settler of Buffalo. He sold rat traps and bird cages and established his business at the corner of Elm and Batavia Streets in the 1850's. He Americanized his name to Louis Church, and his daughter, Maria, married John Roffo, son of another prominent early Italian family in the city. John Roffo opened a grocery store on the waterfront where Dante Place is now and also built a block of houses, called Roffo's Block, on Erie Street for incoming Italians. Dominico Bozze arrived here about the same time that Chiesa did and bought the Old Revere House in 1860. Four years later he renamed it Waverly House. He introduced billiards to the city and kept a saloon.

Other Italian settlers of that early period also influenced the formation of the Italian community. They were Giovanni Bierone, Antonio Pellegrini, Augustus and Philip Denegri, Vitale Bottani, Giovanni Carraccioli, the Oishei and Pieri brothers. With employment hard to find, many of them moved to the Dante Place section where the rents were cheapest and where they could live at minimum cost. For years the members of the Italian community clustered around the corner of Genesee and Elm Streets; gradually they moved to Canal Street, and that area became the business center of the colony for many years.

One of the most prominent of the early Italian settlers was Louis Onetto who came in 1868. He opened an ice cream shop, later started an ice cream factory using a steam process, and built an ice house. He established a wholesale fruit business and introduced the first peanuts and popcorn fritters to the city. In 1890, he started the first Italian macaroni factory in Buffalo. During the 400th anniversary of the discovery of America, he played the role of Columbus in the parade. He helped to establish the first Italian language newspaper, *Il Corriere Italiano*, and to build the first Italian Roman Catholic Church in Buffalo, St. Anthony of Padua. He died in 1943 at the age of 93. His businesses are still thriving. Louis Onetto was known here as the "King of Peanuts and Macaroni" and was truly recognized as "Patriarch of the Italian colony."

Economic restrictions in Italy were largely responsible for the Italian immigration to this country. Most of the early immigrants came from the northern provinces of Italy as political refugees, but they were followed later by large numbers who came from the rural areas of southern Italy and Sicily. In the 1890's a large group of Italians from northern Italy arrived, and the state census of 1892 shows that there were about 2,500 Italians in Buffalo that year. As they moved in they congregated in the 1st, 3rd, 19th and 20th wards, and these wards became predominantly Italian. Today, their descendants have begun to disperse throughout the city and are being assimilated.

As with the Polish people who settled on the east side and had difficulties with the Germans, so was it also with the Italians. Life was not easy for them as they moved into an area that for decades had been an Irish stronghold. Oldtimers recall how Italians fought Irish with empty bottles, bricks and fists. In time, however, Irish were forced to make way for the large numbers of thrifty Italians who were buying land and building homes.

Typical of the turbulence of the period was the battling among boys. Once the Irish and German boys had a monopoly in the newsboy and shoeshining businesses on Main Street. When an Italian boy was caught working there he would be driven from the streets, but gradually around the turn of the century, this monopoly weakened. Those who once fought on the waterfront streets became ward leaders and policemen. Boys who fought viciously at the drop of a hat, grew into men intent on dominating the political life of the city.

The Italians, mostly of Republican leaning in politics, proved themselves thrifty, industrious citizens and ardent patriots. Many had an ear for music and sound which may have helped them to learn English more easily. Second generation Italians are often indistinguishable from the general citizenry except for their names. In 1910 Buffalo had 11,379 Italians; in 1930 the number of foreign born Italians had reached an all-time high of 19,471. The 1950 census shows that the number of foreign-born has begun to decrease, with only 14,696 Italians being listed.

When their numbers increased, their settlement expanded "out in the wilderness" to Ferry, Winchester, Fillmore, Sidway, Delavan and later to Humboldt Parkway. After the turn of the century a small Italian colony developed on Roma Avenue. By 1920, two-thirds of the Italians of Buffalo lived on the west side along the waterfront in the Niagara District and had displaced the previous residents of that area.

Knowing a great deal about fruit in their native country, it was natural for Italians to engage in fruit-handling and peddling here and in areas outside the city. They owned numerous saloons and restaurants specializing in their style of cooking. Today, Italian food is part of the diet of other ethnic groups as well. In time, Italians entered the professions and other businesses. They may now be found as architects, contractors, barbers, importers, bankers, doctors, merchants or in any of a variety of other occupations.

They organized many religious and mutual aid societies. In 1922 there were about fifty such organizations with Italian connections. Buffalo had twenty-three lawyers and thirty-five physicians of Italian origin by 1922. One of the most prominent was Dr. Charles Borzilleri, an active member of numerous professional societies and a recognized leader in the local Republic organization. Today you will find many office holders of Italian heritage among those in political service of the city and state level affiliated with both major parties.

Italians first published their weekly newspaper, *Il Corriere Italiano*, in 1898 and for many years Ferdinando Magnani was its editor. As the number of foreign-born Italians decreased, publication ceased by 1950. Buffalo

elected its first mayor of Italian origin in 1958, Frank A. Sedita, a Democrat, and he was re-elected in 1965 which shows locally their increasing political influence.

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The city was divided into 27 wards and was over 500,000 in population by 1920. The Poles were ranked as the most numerous nationality group, and they had enlarged their three colonies. The German influx was less noticeable, as they had already been assimilated into the community. The Italian waterfront colony had expanded as far north as Massachusetts Avenue; a second colony was established between Carroll and Clinton Streets and from the end of William Street into the outlying township of Cheektowaga. Scattered groups of Italians were living east of Main Street and north of Ferry Street, including Roma Avenue. Ukrainians and Russians had settled in the section bounded by Eagle, Madison, Broadway, Bennett and Pine Streets. Smaller nationality groups, such as the English, Welsh, Irish, Greek, Hungarians, French, Scottish and Swedish people, remained at their previous locations but expanded their settlements. One new major ethnic group appeared on the scene, the Negroes. They displaced the German settlers in the area bounded by Eagle, Bennett, Pine, Michigan, Goodell and Main Streets. They were also starting to move northward to the location of present Humboldt Expressway, and a few Negro settlements were scattered throughout the 24th, 25th and 26th wards to the west of Main Street and between Carolina Street on the south, and Ferry and Hampshire Streets on the north.

THE NEGROES

The Negroes are today one of the largest ethnic groups in Buffalo. According to the federal census of 1960 they rank first place in the city with 70,904 individuals, or 13.8 percent of the total population. Their members may be regarded as a separate ethnic grouping, since most of them came here from the South as well as other parts of the country.

The first recorded Negro in the area lived in a bark-covered cabin at the mouth of Little Buffalo Creek in 1792. He was Joseph Hodge, also called "Black Joe." He kept a low class groggery store and served often as an interpreter with the Indians. He left Buffalo in 1807 for the Cattaraugus Creek Indian Reservation. It is said that he married an Indian woman. This early Negro resident is shown as a bystander witnessing a fight between David Rees and the Indian Chief Young King in the "People of Our City and County" exhibit at the Buffalo and Erie County Historical Society which opened in 1963.

Most of these Negroes were free men, but records do show that slavery did exist in the early days of our area, although it was not widespread. The County of Niagara (now divided into Erie and Niagara Counties) listed eight slaves in 1808. Records show that Captain Samuel Pratt had a fugitive slave in 1813 named Jack Ray and a little Negro servant girl called "Tam." Letitia Porter, wife of Gen. Peter B. Porter of Black Rock, inherited five juvenile slaves in 1820 from John Breckenridge of Kentucky. A law had already been passed in 1817 for the gradual abolition of slavery in New York State, and according to that law, the Porter slaves were to obtain their freedom when the males reached twenty-eight and the females twenty-five years of age.

By 1828 there were about 58 Negroes living in the village of Buffalo and working as servants, barbers, laborers in the harbor and stewards on the boats. Their first settlement was around Michigan and William Streets, and in 1931 they founded their first church, Bethel African Methodist Episcopal, and later the Michigan Ave. Baptist Church. The Michigan Ave. Baptist church was a station of the famous "underground railroad." One of their pastors, Dr. J. Edward Nash, who served for 61 years became well known as a religious and civic leader of our community. He was born in 1868 in Virginia as a son of slave parents, graduated from Whalen Seminary, came to Buffalo in 1892 and lived here for many years, becoming instrumental in the founding of the Buffalo Urban League and local branch of the NAACP. In 1954 the National Conference of Christians and Jews presented him its annual Brotherhood Award in the field of human relations. Buffalo's Common Council recognized his meritorious work and in 1953 changed the name of Potter Street to Nash Street. Rev. Nash died in 1957 as a pastor emeritus and a dean of Buffalo's Protestant clergymen.

In 1848 the city established the first Negro public school on Vine Street in a section that became the center of the Negro community.

Buffalo was a center on the escape route for fugitive slaves to Canada known as the "Underground Railroad." The people of the city, Negroes and white (especially those of German ancestry), eagerly supported the fugitives by providing shelter in cellars and coachhouses for them while they were waiting to cross the Niagara River. By 1850 Buffalo had more than 300 Negroes settled within the area of the 1st, 2nd and 3rd wards. Their homes were behind the flourishing business section near the New York Central Depot and Exchange Street. The Buffalo Anti-Slavery and Fugitive Aid Society had already been in existence here for three years and at a special meeting in January, 1863, they celebrated the Proclamation of Emanicipation. George Weir, Jr. gave an enthusiastic address to the audience. By 1870 some prominent Negro Buffalonians, including Payton Harris, Robert Talbert and John Cary, addressed a petition to the Common Council asking admission to their school children to other city schools. When the Fifteenth Amendment was ratified, the Negroes again had a huge celebration. The Negroes gathered at the Michigan Ave. Baptist Church, led a procession through the city streets and afterwards had a dinner at St. James Hall to honor that auspicious occasion.

By 1892 the Negro population had increased to over 1,000. Some of them took jobs in railroad construction and the heavy industries of the city, but most of them were employed as barbers, cooks, waiters and caterers. During World War I many Negroes came from the South to work in the newly created industries producing war equipment, and displaced the older residents up to the central area part of Main Street. During World War II and after, a new flow of Negroes brought more strength to their community, and they became Buffalo's largest ethnic group. Two weekly newspapers, the *Buffalo Criterion*, in existence for forty-one years, and the *Buffalo Challenger*, serve the Negro community.

Better living conditions and job opportunities attracted many Negroes to the city. Since 1945, when the State Commission Against Discrimination was created, prejudice against the Negroes has gradually lessened, and they are now on the way to becoming an influential power in the downtown area. Their community is now well organized with many churches and societies. From 1950 to 1960 they doubled their numbers, and they are still increasing. They are presently experiencing a high rate of unemployment as a result of automation in industry and their lack of job training. Despite this, they are better off here than in many other northern cities, and the city is making great strides in solving the problems of slums and acute housing with its Ellicott Redevelopment project. Today, Negroes in Buffalo are not only working as janitors and hardworking laborers, but also as lawyers, physicians and community leaders. Their businessmen and teachers are highly respected. They are represented on the Common Council, and in local politics they play an important role. The first Negro to be elected assemblyman from the 3rd Buffalo District was Arthur Hardwick, a Democrat, in 1964. Their future in the city looks promising.

THE HUNGARIANS

Local Hungarians consider that the visit of the prominent Hungarian patriot, Lajos Kossuth, to Buffalo in 1851 marked the beginning of early Hungarian migration to the city. The first forerunner of these people, however, had already appeared in Buffalo in 1850. He was William Wise, a cigar maker. In the next thirty years several others—Jacob Perlis, also a cigar maker, and Bernhard Grenfield, a tailor—settled here with their families. The 1892 census lists 94 Hungarians mostly settled in the 11th ward but also later in the 1st ward and the 2nd ward, or Black Rock. They founded St. Elizabeth's Roman Catholic Church in 1906 and in 1918 the Assumption Church in Lackawanna. They also organized several societies.

Hungarian immigration to Buffalo increased from 1910 to 1960 from two to three thousand. In 1956 an unsuccessful revolt in Hungary against the Communist regime dispatched additional Hungarians to our shores, called "Freedom Fighters." Hungarians in Buffalo today have created their own stable community and are greatly respected by the other nationalities. Not only have they enriched American cuisine with their famous Hungarian "goulash," but they have contributed their music and other arts to our culture.

THE UKRAINIANS

Of the present ethnic groups the Ukrainians are more than significant. Their first small colony was founded in West Seneca (now Lackawanna), and this settlement was followed shortly by the Black Rock colony. At the beginning of the 20th Century a larger Ukrainian colony was established in the Fillmore section of the city where they built their national church, St. Nicholas Ukrainian Church, at 308 Fillmore Ave.

Both World Wars brought increasing Ukrainian immigration to the United States and also to our city. Ukrainians themselves, estimate that Buffalo has 12,000 citizens of Ukrainian parentage and about 6,000 foreign-born. Three Ukrainian Catholic, one Orthodox church and more than eighteen societies care for the spiritual needs of Buffalo's Ukrainians. Ukrainian Home Dnipro at Genesee Street serves at their cultural center. The intellectuals among them occupy important positions in the city. Former Mayor Steven Pankow is of Ukrainian descent.

THE GREEKS

Another prominent group is the Greek community. Four Greeks were living in Buffalo in 1880, but generally regarded as their first forerunner was George H. Peters, a tinsmith, who appeared in the area five years earlier. What happened to him later is unknown. At the end of the Mauve Decade Buffalo's Greek population included John D. Farmakis, Peter S. Niarchos, Samuel Niarchos and Theodore K. Macheras, copartners in a confectionery firm at 317 Main Street. They were the pioneers of the present Greek community. In 1906 a Greek Orthodox Church was erected, and the Greek community grew slowly. During the following thirty years the Greeks grew in number to 1,366 inhabitants, including two generations born in the United States. Center of the present Greek community is the Hellenic Orthodox Church of the Annunciation on the corner of Delaware Ave. and W. Utica Street. The Greeks did not settle around their national church, but rather they spread out over the entire city. In the past, several societies and clubs were

organized to hold the Greeks together, but they assimiliated rapidly. Their traditions and cultural heritage have been preserved, however, and many of these people are prominent lawyers, physicians, teachers, pharmacists, engineers and businessmen representing a distinguished and well-to-do nationality group in Buffalo.

THE PUERTO RICANS

The Puerto Ricans are recent newcomers to the city. Many of them worked during the season as laborers on farms in the villages of Erie County. Many of them saved their money to improve their poor economic situation; some of them have tried to find permanent jobs here and have settled in the southern sector of the city. By 1960 the Puerto Ricans in Buffalo numbered 1,386, with 790 of Puerto-Rican parentage. Theirs is a happy community proud of its native island, of its Spanish heritage and its American citizenship.

Also newcomers to the area are the Cubans.

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The achievements of the many non-English speaking groups who came to Buffalo must be viewed with admiration, in view of the hardships they had to undergo. Only among the Germans, early Dutch and French were there many from the educated middle class. These people could adjust themselves to the new way of life and could learn the language easily. Newcomers from other European countries had greater difficulties.

When the great tide of Polish immigrants was rolling into Buffalo in the 1890's their troubles were complicated by a great housing shortage. Records show that it was not unusual to find seventeen people living in a single room 14' square. It would be so packed at night that it was nearly impossible to open a door. Polish people were often forced by necessity to board in miserable and unhealthy shelters. Twenty Italians during the same period, could be found living in a room considered adequate for two. Often several families shared accommodations in a single room, or one room might shelter a couple of boarders in addition to a whole family. Single and double houses still stand in Lackawanna and other industrial areas that were built at the turn of the century and housed up to a hundred persons.

A street scene typical of that period when immigration was at an all-time high, would have depicted a small crowd of scantily-clothed people carrying bundles, bag or boxes which contained all the possessions they had brought with them from their homelands. They would have been seen moving slowly through the streets, desperately seeking shelter. They had come with high hopes, and they encountered tremendous obstacles, not the least of which was earning their daily bread. (See cover drawing.)

At the turn of the century, about 72 percent of the immigrants arriving in the United States from eastern and southern Europe found employment in the railroad construction, the steel industry, and in the mines. In West Seneca and around the steel plants, Hungarians, Poles, Croatians and the newly arrived Germans lived in huddled tenement houses and huts. Prior to this time trade unions had not been organized to protect workers, hence these men were often denied basic rights. They found themselves unable to either express their dissatisfaction or to protect themselves against exploitation. Their average wage was $1.50 for a 10-hour day, or about $21 for a continuous two weeks of work. Unscrupulous boardinghouse owners exerted pressure on these immigrants to spend the balance of their pay after board and room were covered right in the houses for beer and liquor, or they would not allow them to remain. The tenements were overcrowded, and a laborer returning from work might have found his bed still warm from a fellow worker who had just left for another work shift.

The following incidents illustrate the severity of the existing conditions of that time. During the winter of 1907–08 thirty or more Hungarians were found near starvation at 490 The Avenue, West Seneca. They had no income, and no welfare aid was available. Fathers Baker, Ryan and Basso undertook the relief of these poor men, and Father Basso's work eventually led him to feed about 700 men daily. Several oldtimers still living in that area recall this period as the most critical of their experience.

Not only hardships and obstacles faced the immigrants coming to this country, but on two different occasions, a general prejudice shook the country. A new political movement began in Boston, Massachusetts in the 1850's, or a little earlier, and started to spread out over the country. It soon became known as the political "Know Nothing Party." The nativists organized secret societies that spread the belief that foreigners, largely Catholic, were responsible for the sudden increase in crime, pauperism and insanity. Only white Protestants who spoke English without an accent and whose ancestors had been Americans for two generations were considered 100 percent American. Nativism could not succeed nationwide, and locally it met the resistance of the nationality groups, especially the Germans. Later it completely disappeared. In 1882 a series of laws were passed prohibiting the admission of Orientals. During the early 1920's a new wave of anti-immigrant feeling emerged under the slogan, "America for Americans," which swept the country. Foreigners were blamed for the rise in the number of criminals and gangsterism. Congress passed a series of immigration laws and established quotas to limit immigration. The year 1943 marks the turning point in the modification of the racial barrier.

Neither the hardships nor the prejudices could prevent the immigrants from adjusting to their new environment. The foreigners formed the backbone and bulk of the total labor force needed by heavy industry, and in later years, by the airplane and automobile industries. The major and significant nationality groups of Buffalo were later joined by minor or less significant groups, such as the Russians, Ukrainians, Hungarians, Austrians, Greeks, Croatians, Swiss, Swedish, Slovaks and others. Besides those who came from Europe there were others from Asia, Africa, Australia and South America. All have blended together to make an international community. They have enriched our cultural heritage through the molding and mixing of various cultural strains.

The English and the Canadians quickly scattered throughout the community since no language barrier existed. For a longer period the Irish and the Scottish were clannish, but they, too, could not resist assimilation. Other clannish communities usually clustered around their national churches. A stable community with people speaking their native language, keeping their native customs, eating their national foods and belonging to the same religious group, was the bulwark of each nationality group. As the years passed each community grew, and offshoots spread to other places where they became the nucleus of a new community. After locating the various national churches, the center of each new colony may be determined. The best examples are to be found among the Polish community. As the city spread out and expanded, even their old neighborhoods changed, and they found it necessary to move to the suburbs. Newcomers seeking homes and jobs would move right to the new location. There they would organize their social life around their church. Buffalo's West Seneca, the present City of Lackawanna, is the best example. There Hungarians, Poles, Italians, Croatians, Serbians and other nationalities built small colonies. At the turn of the century the Italians in the nineteenth ward became prosperous after two generations and began leaving that area for the suburbs. The same pattern was repeated all throughout Erie County, and in many other cities of the country as well.

* * * * *

The newcomers and foreigners coming to the city of Buffalo are assisted in their many needs by the International Institute. It is located at 1260 Delaware Avenue and was organized first, in 1917, as part of the YWCA. In 1934 the Institute was established as a community agency supported by the Community Chest and now by the United Fund. The staff assists those seeking naturalization and citizenship; those wanting to keep families together; to adjust to new surroundings, and to locate a new job. They direct special classes in English for those with difficulty. Professional persons are organized whenever necessary. Other services of a diversified nature include translation and evaluation of foreign language documents, organization of nationality and community clubs, special meetings to help newly arrived persons to be quickly integrated. The general purpose of the Institute is to assist newcomers in many ways to become useful, industrious citizens of the community.

* * * * *

The people who settled here sought freedom, but because of improved social conditions in this century, they are today entitled to have equality of opportunity and to be protected by the law regardless of their race, creed or their national origin.

In an effort to eliminate group prejudice, intolerance, bigotry, discrimination and to prevent any disorder of human relations by amendment to the Charter of the City of Buffalo on March 9, 1965 the Commission on Human Relations was created. Originally it was created as the twelfth department of the City Government, consisting of twenty-five members appointed by the Mayor. This number was increased on July 13, 1965 to thirty-five. One of the members is appointed by the Mayor as Chairman of the Commission. The chief executive of the Commission is an Executive Director appointed originally by the Commission, but this law was amended on February 28, 1966 giving the appointive power to the Mayor. The Executive Director is the supervisor and manager of Commission affairs, but he is subject to its direction.

The functions of the Commission are to foster mutual understanding among all racial; religious and ethnic groups; to foster the spirit of Americanism, to encourage equality; to prevent any discrimination against any racial, religious or ethnic group; to cooperate with other agencies and to study human relations. Courses of instruction in order to achieve harmonious intergroup relations shall be presented to public and private schools and city employees. The Commission established six standing committees, such as Education; Employment; Health, Sanitation, Welfare and Recreation; Housing; Research and Public Information; and Grievance Committee. The Grievance Committee shall receive and investigate complaints of discrimination and hold private and public hearings. In addition to the standing committees there are three others, the Police-Community Relations; Community Organization and Good Neighbor Awards Committee.

On June 30, 1965 the Board of Community Relations which operated for twenty years was abolished. Its goal was similar, but not the same as that of the Commission on Human Relations.

* * * * *

Mention should be made of the Buffalo and Erie County Historical Society. It has devoted itself to the gathering of informa-

tion on general history of the area, and in 1960 established a special ethnic research project which in 1965 received the national award of merit presented by the American Association for State and Local History. A research associate has collected material from all available sources relative to the history of the various ethnic groups of the area. In this way the heritage of all the nationalities which contributed so greatly to the growth and development of our city and county will be preserved, studied and interpreted. Students working on thesis are encouraged to make use of these findings. In 1963 a major long-term exhibit of the Society, "The People of Our City and County," was opened. It reveals the settlement of various people in our midst during a century and a half by use of an electronic talking map. Recognition is given to a number of ethnic groups in the Hall of Pioneers, while a Shrine of Nations with its national costumes represents the native countries of many of our settlers. In conjunction with the exhibit, the Society introduced a series of weekly ethnic programs. Many visitors have been attracted to these performances of native songs, music and dancing. This later became popular as the Annual Festival of Nations, now in its third consecutive year. Each year a grand International Evening concludes the Festival. In this way the Society preserves the cultural heritage of various ethnic groups.

* * * * *

By 1950 Buffalo was divided into 72 census tracts and had over 580,000 people. The Negro population had increased rapidly during the Second World War as families came north to work in the war industries. The Steel Age also brought the Hungarians and Greeks, the largest of the minority groups; Rumanians; Puerto Ricans; Slovaks; Croatians; Lithuanians; Mexicans, Bulgarians; Serbians; Belgians; Czechs; Spaniards; Turks; Latvians and Estonians. While a century ago the foreign-born composed 42 percent of the total city population, in 1950 only 12 percent were born outside the United States.

As a result of the Great Folk Migration of the 1890's other ethnic groups were also noted in Buffalo.

* * * * *

The East-side of Buffalo, the Riverside section of the city, and especially West Seneca, presently the City of Lackawanna, were cradles of other nationality groups. In Lackawanna, the Hungarians, Croatians, Spaniards, Serbians, Macedonians, Arabs and Mexicans gathered joining other major nationality groups of that area. These people settled, built their national churches and established their societies or benevolent organizations. At the coming of the Steel Age many were attracted to West Seneca and Riverside, where it was easy to find jobs in the huge factory plants. The Steel Age introduced mass production followed later by the Atomic Age. It brought to Buffalo a fresh impetus and impulse. This drastic change was intensified by automation and the recent exodus of some local industries to other places. Time will indicate whether the change will be profitable for the remaining labor force, part of which is presently suffering from unemployment. These people, who suffered greatly during the great depression of the 1930's but who loved and trusted their adopted country, gradually became Americans. Their self-sacrifice during the two World Wars and the Korean conflict put a mark of citizenship on them and sealed their longing for happiness and freedom in the New World.

Captain Samuel Pratt, who settled here in 1804, was convinced of the future greatness of the then tiny settlement of that period. Other Yankee pioneers and forerunners of various nationalities made it possible to establish this metropolitan city. Despite hardships, prejudices and difficulties the endeavors of these immigrants and their descendants have made Buffalo a great and prosperous city.

INTRODUCTION OF BILLS TO AID JUVENILES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. BELL) is recognized for 5 minutes.

Mr. BELL. Mr. Speaker, I am today introducing on behalf of Congressman PUCINSKI and myself the "Comprehensive Youth Services Act of 1972" as submitted by the administration. At the same time, I am also introducing for myself the "Juvenile Delinquency Prevention and Control Act Amendments of 1972" which was introduced in the Senate by Senator MARLOW COOK.

The statutory authority for the Youth Development and Delinquency Prevention Administration in the Department of Health, Education, and Welfare expires this year. It is my feeling that prevention of crime and assistance to the disadvantaged, to dropouts and to delinquent youth is an important and critical area and one which should receive prime attention from the Congress. In introducing both of these bills, I am doing so to provide vehicles for discussion and comparison of the various approaches. Neither I nor Congressman PUCINSKI are locked into either bill and we hope that our hearings on this subject—which will begin soon—will give us some new insights when we write a new bill.

The bills follow:

H.R. 14817

A bill to encourage and assist States and localities to coordinate their various programs and resources available for the prevention, treatment, and control of juvenile delinquency, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Comprehensive Youth Services Act of 1972".

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds that—

(1) Delinquency among the youth of this country continues to be a national problem.

(2) While much progress has been made in developing services which can assist in solving the problem of juvenile delinquency, obstacles to the effective provision of those services still exist.

(3) These obstacles often take the form of fragmentation among many agencies and organizations of the responsibility for providing services to juvenile delinquents and those in danger of becoming delinquent; structural rigidity and arbitrary categorization of Federal, State, and local programs; and lack of coordination and communication among agencies and organizations which provide services to youth.

(b) It is therefore the purpose of this Act to encourage and assist State and local agencies to enter into new cooperative arrangements and, where necessary, reorganize or reassign functions, in order to establish or operate comprehensive youth services systems which will—

(1) assist in the prevention of juvenile delinquency or the rehabilitation of youths who are delinquent;

(2) reduce alienation and promote the positive development of youth in ways which are meaningful and socially acceptable;

(3) improve the delivery of services to individuals who are delinquent or in danger of becoming delinquent; and

(4) serve as a model for the establishment or operation of similar systems in other geographic areas.

DEFINITIONS

SEC. 3. For purposes of this Act—

(1) The term "youth services" means services which assist in the prevention of juvenile delinquency or in the rehabilitation of youths who are delinquent, including, among other services, the provision of individual and group counseling, family counseling, remedial education, tutoring, alternate schools (which, for purposes of this Act, means institutions or organizations which provide education to youths outside the regular school system), vocational testing and training, job development and placement, emergency shelters, halfway houses, hot lines (which, for purposes of this Act, means the provision of telephone access to emergency counseling), health services, drug abuse programs, social, cultural and recreational activities, community awareness programs, foster home placement, and legal services.

(2) The term "comprehensive youth services system" means a coordinated system, separate from the system of juvenile justice (which encompasses agencies such as the juvenile courts, law enforcement agencies, and detention facilities), for providing youth services to an individual who is delinquent or in danger of becoming delinquent and to his family in a manner designed to—

(A) facilitate accessibility to and utilization of all appropriate youth services provided within the geographic area served by such coordinated system by any public or private agency or organization which desires to provide such services through such system;

(B) identify the need for youth services not currently provided in the geographic area covered by such system, and, where appropriate, provide such services through such system;

(C) make the most effective use of youth services in meeting the needs of young people who are delinquent or in danger of becoming delinquent or their families; and

(D) use available resources efficiently and with a minimum of duplication in order to achieve the purposes of this Act.

(3) The term "State" includes the District of Columbia, Guam, Puerto Rico, the Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands.

(4) The term "Secretary" means the Secretary of Health, Education, and Welfare.

(5) The term "Governor" means the Governor of the State, in the case of any of the fifty States, and, in the case of the other States, the chief executive officer thereof.

(6) The term "unit of general purpose local government" means (A) a political subdivision of the State whose authority is broad and general and is not limited to only one function or a combination of related functions, or (B) an Indian tribal organization.

(7) The term "year" means any twelve consecutive calendar months.

ASSISTANCE FOR COMPREHENSIVE YOUTH SERVICES SYSTEMS

SEC. 4. (a) The Secretary may, during the period beginning with July 1, 1972 and ending with the close of June 30, 1975, make grants to, or contracts with, any public or nonprofit private agency or organization to cover, for not more than one year, part or all of the cost of (1) planning for the establishment of, establishing, or operating comprehensive youth services systems; (2) short-term training of personnel employed in connection with the operation of such systems or in connection with the provision of services through such systems; or (3) providing through such systems, either directly or through contractual or other arrange-

ments, youth services which are necessary to the success of such systems, which are not being adequately provided in the community, and for which payment is not available from other sources.

(b) The Secretary may, during the period beginning with July 1, 1973, and ending with the close of June 30, 1977, make supplemental grants to, or contracts with, any public or nonprofit private agency or organization which was provided financial assistance for any period under subsection (a). Such supplemental grants or contracts may be made to cover, for a period not exceeding two years following the period for which assistance was provided under subsection (a), part of the cost of any activity for which assistance is authorized under subsection (a).

(c) A grant or contract may be made under subsection (a) only upon application therefor which—

(1) provides or is accompanied by assurances satisfactory to the Secretary that—

(A) the development of a comprehensive youth services system will be undertaken in a manner which will afford adequate opportunity for recipients of youth services and public or private agencies or organizations providing one or more youth services within the geographic area to be served by the applicant to present their views to the applicant with respect to such development;

(B) the applicant has the necessary capability to develop and operate a comprehensive youth services system;

(C) the applicant will provide such information as the Secretary determines to be necessary for carrying out the purposes of the Act, including information obtained pursuant to procedures established in accordance with clause (2)(D) of this subsection, information which will enable the Secretary to evaluate the benefits of the comprehensive youth services system, and information which will enable the Secretary to determine th desirability of encouraging the establishment of similar systems in other communities; and

(D) in any year for which the applicant receives supplemental assistance under section 4(b), a greater proportion of the cost of the activities for which the applicant receives assistance under section 4 will be covered from resources other than payments under this Act than was covered from such sources in the preceding year; and

(2) includes a description of—

(A) the functions and services which will be coordinated by the applicant;

(B) the administrative efficiencies which will be achieved in the delivery of youth services by such coordination;

(C) the procedures which will be established for protecting the rights, under Federal, State, or local law, of the recipients of youth services provided under the comprehensive youth services system to be developed by the applicant, and for insuring appropriate privacy with respect to records relating to such services; and

(D) the procedures which will be established for evaluating such system;

and

(3) includes such other information as the Secretary determines to be necessary for carrying out the purposes of this Act.

(d) Except in the case of an application by an Indian tribal organization, no grant or contract may be made under subsection (a) unless the application therefor has first been submitted to the Governor of the State in which the comprehensive youth services system is to be established in order to provide him with an opportunity (in accordance with regulations of the Secretary) to review and comment upon such application. In the case of an application by an Indian tribal organization, no grant or contract may be made under subsection (a) unless the application therefor has first been submitted to the Secretary of the Interior in order to provide him with an opportunity (in accordance with regulations of the Secretary) to review and comment upon such application.

(e) In making grants or contracts under subsection (a), the Secretary shall give prefererce to agencies of units of general purpose local government.

PAYMENTS

SEC. 5. Payments under grants or contracts made under section 4 may be made (after necessary adjustment on account of previously made overpayments or underpayments) in advance or by way of reimbursement, and in such installments and on such conditions, as the Secretary may determine.

EVALUATION AND TECHNICAL ASSISTANCE

SEC. 6. (a) The Secretary may, directly or by grant or contract, evaluate comprehensive youth services systems assisted under section 4 in order to determine the achievements of such systems and the efficiency and effectiveness of the youth services provided on a coordinated basis thereunder. In addition to funds otherwise available therefor, such portion of any appropriation to carry out this Act as the Secretary may determine, but not in excess of one per centum thereof, shall be available to him for carrying out this subsection.

(b) The Secretary may disseminate the results of the evaluations conducted under subsection (a) as well as other information concerning comprehensive youth services systems and significant findings of research activities in the field of delinquency prevention and youth development, to interested agencies, organizations, and individuals.

(c) The Secretary may provide, directly or by grant or contract, such technical assistance as he determines to be necessary to assist public or nonprofit private agencies or organizations in the planning, establishment, or operation of comprehensive youth services systems or in the provision of youth services.

JOINT FUNDING

SEC. 7. Pursuant to regulations prescribed by the President, where funds are advanced for a comprehensive youth services system by more than one Federal agency to an agency or organization assisted under this Act, any one Federal agency may be designated to act for all in administering the funds advanced. In such cases, a single non-Federal share requirement may be established according to the proportion of funds advanced by each Federal agency, and any such agency may waive any technical grant or contract requirement (as defined by such regulations) regardless of whether such requirement is imposed by statute or by regulation, if such requirement is inconsistent with the similar requirements of the administering agency or which the administering agency does not impose. Nothing in this section shall be construed to authorize the expenditure of Federal funds for purposes other than those for which they were appropriated.

INTERDEPARTMENTAL COUNCIL

SEC. 8. (a) There shall be an Interdepartmental Council on Juvenile Delinquency (hereinafter in this section referred to as the "Council") composed of the Attorney General, the Secretary of Health, Education, and Welfare, and the representatives of such other departments or agencies as the President may designate.

(b) The functions of the Council shall be to coordinate all Federal activities in the field of juvenile delinquency.

(c) The Chairman of the Council shall be appointed by the President.

(d) The Council shall submit to the President an annual report which shall contain, among other things, a description of the activities of the Council and of the activities relating to juvenile delinquency of the Federal departments and agencies.

APPROPRIATIONS AUTHORIZATION

SEC. 9. There are authorized to be appropriated for the fiscal year ending June 30, 1973, and for each of the next four fiscal years, such sums as may be necessary for carrying out this Act.

REPEALER

SEC. 10. With respect to appropriations for fiscal years beginning after June 30, 1972, the Juvenile Delinquency and Control Act of 1968, other than section 407 thereof, is repealed. Section 407 of such Act is repealed effective with the close of June 30, 1972.

H.R. 14816

A bill to amend and extend the Juvenile Delinquency Prevention and Control Act of 1968

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 "Juvenile Delinquency Prevention and Control Act Amendments of 1972".

SECS 2. Section 2 of the Juvenile Delinquency Prevention and Control Act of 1968 is amended to read as follows:

"FINDINGS AND PURPOSE

"SEC. 2. The Congress finds that delinquency among youths has reached a crisis situation which can be met by assisting and coordinating the efforts of public and private agencies engaged in combating the problem, and by increasing the number and improving the quality of the services available for preventing and combating juvenile delinquency. It is, therefore, the purpose of this Act to assist States and local communities in providing diagnosis, treatment, rehabilitative, and preventive services to youths who are delinquent or in danger of becoming delinquent, to provide assistance in the training of personnel employed or preparing for employment in occupations involving the provision of such services, to provide support for development of improved techniques and information services in the field of juvenile delinquency, and to provide technical assistance in such field.".

SEC. 3. (a) The heading of title I of the Juvenile Delinquency Prevention and Control Act of 1968 is amended to read as follows:

"TITLE I—COORDINATED PREVENTIVE AND REHABILITATIVE SERVICES".

(b) The heading for part A of such title is amended to read as follows:

"PART A—PLANNING AND DEVELOPING COORDINATED SERVICES".

(c) Section 101 of such title is amended to read as follows:

"DEVELOPING PREVENTIVE AND REHABILITATIVE COORDINATED SERVICES

"SEC. 101. The Secretary may make grants to, or contracts with, any public or nonprofit agency, organization, or institution for establishing or operating programs for the prevention and treatment of juvenile dilinquency, which insure coordinated services. Such grants or contracts may be provided for paying all or part of the cost of establishing or operating coordinated youth services, including the cost of planning such programs, of providing youth services either by contract or through other arrangements, or directly, only for those services which are not being provided in the community and for which payment is not available from other sources.".

(d) The heading for section 102 of such title is amended to read as follows:

"PLANNING COORDINATED SERVICES"

(e) Section 113 of such title is amended to read as follows:

"APPLICATIONS

"SEC. 113. (a) Grants under this part may be made only upon application to the Secre-

tary which contains or is accompanied by satisfactory assurances that—

"(1) such applicant agency will provide to the extent feasible for coordinating, on a continuing basis, its operations with the operations of public agencies and private nonprofit organizations, furnishing welfare, education, health, mental health, recreation, job training, job placement, correction, and other basic services in the community for youths;

"(2) such applicant agency will make reasonable efforts to secure or provide any of such services which are necessary for diagnosing, treating, and rehabilitating youths referred to in section 111 and which are not otherwise being provided in the community, or if being provided are not adeqaute to meet its needs;

"(3) maximum use will be made under the program or project of other Federal, State, or local resources available for provision of such services;

"(4) public and private agencies and organizations providing the services referred to in paragraph (1) will be consulted in the formulation by the applicant of the project or program, taking into account the services and expertise of such agencies and oragnizations, and with a view to adapting such services to the better fulfillment of the purposes of this part;

"(5) in developing coordinated youth services, youth and public or private agencies, organizations, or institutions providing youth services within the geographic area to be served by the applicant are given the opportunity to present their views to the applicant with respect to such development; and

"(6) the applicant or lead agency is responsible for both accountability for and continuity of services for youth.".

(f) Subsection (b) of section 113 of such title is amended (1) by deleting the word "and" after the semicolon in clause (2) thereof, (2) by deleting clause (3) thereof, and (3) by adding at the end thereof the following:

"(3) the functions and services included;

"(4) the procedures which will be established for protecting the rights, under Federal, State, and local law, of the recipients of youth services, and for insuring appropriate privacy with respect to records relating to such services, provided to any individual under coordinated youth services developed by the applicant;

"(5) the procedures which will be established for evaluation; and

"(6) the strategy for phasing out support under this Act and the continuance of a proven program through other means.".

(g) Section 113 of such title is amended by adding at the end thereof the following new subsection:

"(c) No grant or contract may be made under part B unless the application therefor has first been submitted to the Chief Executive Officer of the State in which the coordinated youth services are to be established in order to provide him with an opportunity (in accordance with regulations of the Secretary) to review and comment upon such application.".

SEC. 4. (a) Section 123 of title I of the Juvenile Delinquency Prevention and Control Act of 1968 is amended as follows:

(1) Subsection (a) of such section is amended by deleting "a State agency or, in the case of direct grants under section 132, to the Secretary, by a public agency or nonprofit private agency or organization," and inserting in lieu thereof "the Secretary".

(2) Subsection (b) of such section is amended by deleting the semicolon and the word "and" following such semicolon and inserting in lieu thereof a period.

(3) Such section is amended by adding at the end thereof the following new subsection:

"(c) No grant or contract may be made under part C unless the application therefor has first been submitted to the Chief Executive Officer of the State in which the coordinated youth services are to be established in order to provide him with an opportunity (in accordance with regulations of the Secretary) to review and comment upon such application.".

(b) Sections 131, 132, 133, and 134 of title I of such Act are hereby repealed.

(c) The first sentence of section 135 of title I of such Act is amended by deleting "the State agency or, in the case of grants under section 132,".

(d) Section 402 of title IV of such Act is amended to read as follows:

"SEC. 402. There are authorized to be appropriated for grants and contracts under this Act, to the Department of Health, Education, and Welfare, $75,000,000 for the fiscal year ending June 30, 1973, and for each of the next two fiscal years such sums as may be necessary for carrying out this Act.".

(e) The first sentence of section 408 of title IV of such Act is amended by deleting "the Secretary" and inserting in lieu thereof "the interdepartmental council".

(f) Section 410 of title IV of such Act is amended (1) by deleting paragraph (2) thereof; (2) by redesignating paragraphs (3) through (5) as paragraphs (2) through (4), respectively; and (3) by adding at the end thereof the following new paragraphs:

"(5) 'Delinquent youth' refers to any youth who has been found by a court to be delinquent, or to be in need of care or supervision.

"(6) 'Youth in danger of becoming delinquent' refers to any youth whose conduct is such as to bring him within the jurisdiction of the juvenile court.

"(7) The term 'youth services' means a variety of services or types of care which are necessary components of a comprehensive program for the prevention of juvenile delinquency or for the rehabilitation of delinquent youth including counseling of various types, employment, vocational training, medical and mental health, education, recreational, and various types of foster care, which are now being developed or provided by a variety of State and local public and voluntary agencies.

"(8) The term 'coordinated youth services' means a comprehensive service delivery system, separate from the system of juvenile justice (which encompasses authoritative action by agencies such as the juvenile courts, law enforcement agencies, and detention facilities) for providing youth services through a coalition of public and voluntary agencies, to an individual who is delinquent or in danger of becoming delinquent and to his family in a manner designed to promote accessibility to and effective use of such services with a minimum of duplication.".

FLOOR STATEMENT BY CONGRESSMAN SEYMOUR HALPERN CALLING FOR AN FDA BAN ON A POTENTIALLY BIRTH-CRIPPLING DRUG

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. HALPERN) is recognized for 5 minutes.

Mr. HALPERN. Mr. Speaker, I would ask the support of my colleagues for a bill I recently introduced which would direct the Food and Drug Administration to ban the sale of a drug known as Tofranil until conclusive research is undertaken to determine whether or not this antidepressant causes birth deformities when taken by pregnant women or by women of child-bearing age.

Dr. William McBride, the noted Australian gynecologist who, a decade ago, first called attention to the disastrous effects of thalidominde on the fetus, has recently attributed a number of birth deformities to the use of imipramine—manufactured in the United States and Sweden and sold on American and foreign markets under the trade name Tofranil.

There is clearly a great deal of confusion as to the effects of Tofranil, both among the general public and within the medical and pharmaceutical professions themselves. Dr. McBride, for example, admitted to inaccuracies in his own statement positively linking Tofranil with birth deformities, following outraged criticisms leveled by drug manufacturers and Australian medical officials. However, the doubts engendered by certain clinical evidence of a connection still remain.

We have recently heard reports, Mr. Speaker, of babies being born in Australia without arms after their mothers took Tofranil in early pregnancy, and two Swedish women claim that their use of Tofranil caused their children to be born deformed. The FDA-mandated warning itself states clearly that—

> Safe use of imipramine during pregnancy and lactation has not been established . . . There have been clinical reports of congenital malformation associated with the use of this drug, but a causal relationship has not been confirmed.

Unfortunately, patients see only the pills, while these grave warnings are buried deep in the pages of the Physician's Desk Reference, for use by doctors in prescribing drug medication.

While Tofranil has been sold in U.S. drug stores since 1959, the FDA has issued warnings about its possible side effects in pregnant women of childbearing potential since 1965.

I have done an investigation of my own, Mr. Speaker, and have found that there are a surprising number of physicians and pharmacists who refuse to prescribe or fill prescriptions for use of Tofranil by pregnant women due to a lack of knowledge about this drug. The comments I have heard from doctors and pharmacists here indicate that they have no idea of the overall effects of Tofranil but that they try to steer clear of the drug at all costs when prescribing medication for severely depressed patients who are pregnant. An obvious problem arises, however, in the case of less conscientious or less informed physicians and druggists.

How can we, in good faith, permit a drug which presents such drastic dangers to be sold in our drugstores when all we have in place of conclusive evidence of safety are vague assurances that there may be no cause-and-effect relationship between Tofranil and birth defects?

I recently tried to find out just who is conducting ongoing research into the effects of this drug and by what date the American public could finally expect conclusive results. Consumer protection

groups claim they do not have the resources to do testing on this drug, and Food and Drug Administration officials themselves claim that the agency's role ended in 1959 when their specialists approved the research done completely by the company which produces Tofranil—Geigy Pharmaceuticals.

Finally, I have spoken with Geigy-employed researchers themselves in Summit, N.J., who told me that although there has been some adverse clinical evidence, and although their own laboratory tests on animals yielded some negative as well as positive results, there has been no research conducted since the 1960's on the possible relationship between Tofranil use and fetal deformity. In other words, if there is a connection—as is suggested by certain official clinical reports and by some of the original testing done on rabbits, mice and rats—the only new evidence may come as babies are actually born without limbs. Mr. Speaker, this policy is nothing less than using women and children as guinea pigs.

It is time to take account of all the costs and benefits involved with the use of Tofranil—not just for Geigy Pharmaceuticals, but for the society as a whole. I feel quite strongly that this anti-depressant should be taken off the shelves until the manufacturers have demonstrated conclusively to FDA authorities that there is no causal tie whatsoever between the use of Tofranil and the birth of deformed children.

THE U.S. INFORMATION AGENCY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alabama (Mr. EDWARDS) is recognized for 5 minutes.

Mr. EDWARDS of Alabama. Mr. Speaker, the broadcasters of truth to the world received a vote of confidence recently when the U.S. Senate overrode the objections of its Foreign Relations Committee Chairman, Senator WILLIAM FULBRIGHT, and voted to restore $45 million to the U.S. Information Agency's 1973 fiscal budget.

The Senate acted wisely.

The committee had slashed the huge amount from the Information Agency's budget mainly on a contention that the Voice of America and Radio Liberty are products of the Cold War and increasingly block better U.S. relations with Russia.

The critics, however, did not acknowledge the fact that the Russian Government is by far the broadcaster of more propaganda and untruths than any other country in the world. The People's Republic of China runs a close second.

Right now Russia broadcasts approximately 1,904 hours per week in 84 languages. This compares to 1,304 hours per week for the People's Republic of China in 38 languages.

U.S. Information Agency stations presently broadcast only 779 hours per week in 35 languages.

If the Foreign Relations Committee had had its way, 24 of the 35 foreign language broadcasts of Voice of America would have been eliminated, weekly broadcast time would have been cut from 779 to 454 hours per week, and seven relay stations that send the Voice around the world would have been forced to close.

This would have been a serious blow both to listeners living in free countries and to those listeners who live behind the iron curtain.

Testimonials are numerous for the effective job the U.S. Information Agency is doing in broadcasting the truth to those not allowed to hear it from their own government.

So reliable was the reporting of the Voice of America and Radio Liberty during the 1970 Poland price riots that most top Communist officials appeared to use our program to keep informed, a Polish defector reported.

The wife of a well-known Soviet literary critic wrote recently of the efforts made by many of her friends to hear, despite difficulty, the words of truth filtering through jamming attempts.

She wrote:

> My invalid husband would spend hours sitting tensely before the radio, operating the volume and tuning controls with both hands. We saved our money, and even went without necessities, in order to buy the most sensitive receiver . . . The ending or altering in character of Radio Liberty broadcasts would be a major castastrophe for the Soviet opposition.

A Russian author joined eight other exiled scholars and writers to report:

> When we listened to Radio Liberty programs they were for us a substitute for a free press, non-existent in our countries . . . To speak the language of a free press and not the government propaganda makes the broadcasts so attractive to their audiences. To deprive them of that life-line would be indeed a crime against liberty.

In comparison, the United States already is conducting a modest campaign to keep the people of the world informed of the truth. If the reduction had taken place, the program would have become very ineffective. I am glad the Senate saw fit to keep the Information Agency adequately financed for its functions, in spite of Senator FULBRIGHT.

The Voice of America and Radio Liberty are two of the very few ways America has of getting its message into foreign countries and to counter the untruths and distortions made by other governments.

The stations should be allowed to continue their operation as strong as ever as a symbol of freedom and truth to the world.

MINIMUM WAGE BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANDERSON) is recognized for 60 minutes.

Mr. ANDERSON of Illinois. Mr. Speaker, at the appropriate time when the House begins consideration of the minimum wage bill, I intend to offer an amendment to "stretchout" the immediate increase to $2 called for by the committee bill and the Erlenborn substitute. My amendment would raise the minimum wage for nonagricultural workers covered prior to the 1966 amendments to the FLSA to $1.80 within 60 days of enactment and to $2 1 year after the first effective date. In the case of nonagricultural workers first covered by the 1966 amendments, the increase would be to $1.70 within 60 days of enactment, to $1.80 1 year after the first effective date, and finally to $2 1 year after the second effective date. This contrasts with the committee bill and the Erlenborn substitute which call for an immediate increase to $1.80 for this second group of employees and a further increase to $2 in 1973.

SHORT-TERM CONSIDERATIONS

Mr. Speaker, my immediate reason for offering this stretchout amendment is the fear that the precipitous 25-percent increase called for by the committee bill and the substitute in the basic minimum rate would pose a severe threat to the continued effectiveness of the current wage and price control program. I believe the danger would be especially great in a number of retail and service industries where many workers currently earn hourly wages below the proposed $2 level, and where wage rates of employees above the minimum are often closely tied to those at the bottom end of the scale. If the $2 minimum were to go into effect immediately, I fear both the Pay Board and the Price Commission would soon be inundated with requests for adjustments: Employers with large numbers of employees affected by the new rates would likely demand offsetting price increases to cover their additional wage costs; and higher paid employees—if past experience is any predictor—would likely demand increases to preserve traditional wage differentials.

Yet in light of the current squeeze that the stabilization program is being subjected to between farmers and consumers on the retail front, it would seem that now would be a very ill-advised time indeed to compound the problem. The public credibility of the stabilization machinery is tenuous enough already. It would ill-behoove us in Congress to gratuitously deliver still another blow to an effort that is our only hope if we expect to return to a noninflationary full-employment economy in the near future.

Mr. Speaker, I believe we would be ill-advised indeed to dismiss the potential threat to the stabilization and recovery programs posed by this rapid increase in the minimum wage by arguing that it would affect too few workers in relation to the total work force to make much difference. The committee, for instance, in its usual fashion has indicated that less than 10 percent of the labor force covered prior to the 1966 amendments would be affected by the increase to $2, thereby implying that any adverse consequences of the increase would be minimal. Yet, while it may be true that only a small proportion of the national labor force as a whole would be affected, the impact on certain industries and regions, as I will attempt to demonstrate in a moment, would be enormous. The simple fact is,

aggregate national wage bill or labor force statistics totally obscure the real impact of a minimum wage increase. In order to obtain a realistic assessment of the implications of the proposed $2 level, we must look at those sectors of the economy and those geographic areas which would be most directly and heavily affected.

On the basis of a detailed survey taken by the Labor Department in April of 1970, it is possible to pretty closely estimate the labor force impact of the committee bill on the two important sectors of the economy—retailing and service industries—that would bear the brunt of the increase. Moreover, the survey data was broken down by region and metropolitan and nonmetropolitan areas as well, so even a further degree of disaggregation is possible. On the basis of this data, it is clear that the $2 minimum wage would affect from 25 percent to more than 50 percent, depending upon region and urban/nonurban location, of the approximately 12 million retail and service workers now covered by the Fair Labor Standards Act. In my view, the potential disemployment and inflationary implications of that kind of broad impact provide ample evidence that a more cautious approach is needed.

First, consider the service and retail labor force covered prior to the 1966 amendments, for which the minimum wage increase would be to $2 immediately. Assuming that any legislation finally enacted by Congress this year would not take effect before September, we estimate that nearly 25 percent or more than 800,000 retail workers in this group, would receive mandatory wage increases for the country as a whole. However, in nonmetropolitan areas where the entire wage scale tends to be lower, nearly 35 percent of pre-1966 retail workers would be affected. For the South, over 31 percent of all pre-1966 retail workers would be affected and in nonmetropolitan areas of the South almost 50 percent of the retail workers in this category would receive increases. In the case of service industry workers covered prior to 1966, the impact would not be as severe on a national basis, as only about 13 percent of the work force would be affected; but for nonmetropolitan areas the figure would be 20 percent and for the South the figure is nearly 25 percent.

For retail and service workers first brought under the FLSA in 1966, the impact would be even greater. As I am sure my colleagues are aware, the committee bill calls for an immediate increase for these workers to $1.80 now, and then to $2 as of January 1, 1973. Making appropriate allowance for continuing wage rate increases and labor force growth until the date when the $2 minimum would become effective, we estimate that nearly 1.06 million retail workers, or more than 37 percent of all retail workers first covered by the 1966 amendments, would be entitled to the mandatory increase required by the second step of the committee bill. Moreover, more than 40 percent of all nonmetropolitan retail workers in this group would be affected, over 46 percent of all post 1966 retail workers in this group would receive increases, and finally 52 percent or more than one-half of all nonmetropolitan retail workers in the South would fall below the $2 level on January 1, 1973.

Among service workers first covered by the 1966 amendments, the impact of the scheduled increase to $2 next January would be almost as extensive. Nationally, 30 percent or more than 1.1 million of the service workers in this group would be affected. In nonmetropolitan areas, more than 43 percent of post 1966 service workers would be affected, and in the North Central region 55 percent of nonmetropolitan service workers would be in line for mandatory increases. Among the combined group of 6.7 million service and retail workers first covered in 1966, nearly 2.2 million or about one-third would receive mandatory increases in order to reach the $2 level called for by the committee bill in January 1973; in nonmetropolitan areas, more than 40 percent of workers in this group of retail and service workers first covered by the 1966 amendments would receive increases:

TABLE I.—SHARE OF RETAIL AND SERVICE EMPLOYEES COVERED BY THE FLSA AFFECTED BY A $2 MINIMUM WAGE

[In percent]

Area	Covered prior to 1966		Covered after 1966	
	Retail	Service	Retail	Service
United States (total)	23.1	12.9	37.0	28.9
Metropolitan	21.2	12.0	35.8	24.4
Nonmetropolitan	34.1	19.5	40.3	42.8
Northeast (total)	19.7	4.3	30.6	19.8
Metropolitan	18.0	3.2	30.3	16.5
Nonmetropolitan	28.4	13.1	31.9	35.7
South (total)	30.9	23.9	46.2	38.5
Metropolitan	27.6	26.9	43.5	38.0
Nonmetropolitan	48.7	5.3	52.0	39.6
North-central (total)	24.8	12.2	41.3	32.0
Metropolitan	20.0	11.8	40.0	23.8
Nonmetropolitan	30.6	20.7	44.1	55.6
West (total)	15.4	14.5	22.1	22.8
Metropolitan	13.0	10.2	25.2	20.0
Nonmetropolitan	29.3	34.0	13.2	38.3

Source: Data derived from tables 17, 18, 20, and 21 of "Wages and Hours of Work of Nonsupervisory Employees in all Private Nonfarm Industries, by Coverage Status, Under the Fair Labor Standards Act" (U.S. Department of Labor). For retail workers covered prior to 1966, wage-scale tables were adjusted forward by 12 percent to represent the approximate 13 percent wage increase that all retail workers will have received between April 1970 survey and September 1972, the assumed effective date of the $2 increase. The adjustment factor for pre-1966 service workers was 15 percent to account for approximate 16-percent increase that all service workers will have received during the same period. In the case of post-1966 covered workers, the adjustment factor was 14 percent and 17 percent for retail and service workers, respectively, to account for continued general upward wage movement until January 1973 when the $2 minimum would go into effect for these workers.

Mr. Speaker, I believe these figures indicate that the impact of the proposed $2 minimum wage would be substantial in the retail and service sectors, and that the precipitous increase called for by the committee bill might severely jeopardize the attainment of our twin national goals of price stability and full employment. In the past, at least during the last decade when we began to significantly extend FLSA coverage to these sectors of the economy, we have phased in the increases over a period of years in order to keep adverse price and employment effects to a minimum. I think this is more necessary than ever in the current situation, and that a stretchout amendment of the type I plan to offer would significantly lessen the jar to the economy that is implict in the committee bill.

To be specific, an increase for pre-1966 covered workers to $1.80, rather than $2 immediately, would only affect about 9 percent of service workers. Put another way, my proposed stretchout amendment would affect only about 40 percent as many retail workers and 60 percent as many service workers as would the committee bill. The following table indicates the number of pre-1966 workers that would be affected by the stretchout amendment and by the committee bill. I think it is readily apparent that in both the retail and the service sector and for most areas of the country, the stretchout amendment would significantly lessen the labor force impact, and thereby hopefully keep adverse price and employment effects to a minimum.

Area	Retail			Service		
	Stretchout (hundreds)	Committee (hundreds)	Stretchout as percent of committee	Stretchout (hundreds)	Committee (hundreds)	Stretchout as percent of committee
United States (total)	329.7	827.9	39.8	190.5	299.7	63.5
Metropolitan	236.0	649.6	36.3	148.9	244.8	60.8
Nonmetro	93.5	177.2	52.8	41.3	55.2	74.6
Northeast (total)	57.9	200.2	28.9	14.4	31.2	46.2
Metropolitan	39.2	153.4	25.6	7.8	20.5	38.0
Nonmetro	18.2	46.4	39.2	6.5	10.7	60.7
South (total)	141.7	253.0	56.0	85.9	120.9	71.0
Metropolitan	101.5	190.6	53.3	83.5	116.9	71.4
Nonmetro	40.1	62.6	64.1	2.6	3.8	68.4
North central (total)	107.9	275.8	39.1	47.4	63.6	74.5
Metropolitan	79.1	195.2	40.5	43.0	58.4	73.6
Nonmetro	28.1	41.3	68.0	4.4	5.5	80.0
West (total)	21.7	98.3	22.1	43.7	83.4	52.4
Metropolitan	14.7	70.9	20.7	16.0	48.0	33.3
Nonmetro	7.5	27.1	27.7	227.8	35.4	78.5

Source: Same as table I. Wage scale tables adjusted in same manner as indicated in previous tables. Employment data adjusted forward by 6.17 percent to represent retail employment growth that will have occurred between the April 1970 survey and September 1972 effective date for all retail workers. Employment growth adjustment factor for service workers was 7.78 percent to represent growth trend for this sector over the same period.

Mr. Speaker, in the case of service and retail workers first covered by the 1966 amendments, where the committee's proposed increase to $2 as of January 1973 would have an even more severe impact as I have indicated above, the stretchout amendment would directly affect only about 16 percent of retail workers and 15 percent of service workers. This contrasts with the 37 percent of retail workers and nearly 30 percent of service workers in the post-1966 group that would be affected by the committee bill. Again, these differences mean that the stretchout amendment would only affect about 43 percent as many retail workers and about 53 percent as many service workers as would the committee bill at the time it calls for an hourly rate of $2 for this group on January 1, 1973:

TABLE III —COMMITTEE BILL AND STRETCH-OUT AMENDMENT, COMPARATIVE LABOR FORCE IMPACT FOR RETAIL AND SERVICE WORKERS FIRST COVERED UNDER 1966 AMENDMENTS

[Number of workers affected]

Area	Retail			Service		
	Stretch-out (hundreds)	Committee (hundreds)	Stretch-out as percent of committee	Stretch-out (hundreds)	Committee (hundreds)	Stretch-out as percent of committee
United States (total)	455.9	1,060.9	43.0	592.1	1,111.2	53.3
Metropolitan	353.5	752.8	47.0	356.3	713.6	49.9
Nonmetro	102.4	308.1	33.2	234.8	396.6	59.2
North-east (total)	89.9	211.7	42.5	95.9	180.8	53.0
Metropolitan	83.1	177.5	46.8	65.8	124.7	52.8
Nonmetro	6.9	33.8	20.4	29.9	56.1	53.3
South (total)	159.4	370.2	43.1	241.6	434.7	55.6
Metropolitan	108.3	237.8	45.5	149.6	277.2	54.0
Nonmetro	50.9	132.4	38.4	92.1	158.2	58.2
North-central (total)	181.6	378.8	47.9	149.3	289.6	51.6
Metropolitan	138.0	252.1	54.7	69.3	160.1	43.3
Nonmetro	43.6	126.6	34.4	80.4	129.3	62.2
West (total)	24.4	101.1	24.2	105.9	204.7	51.7
Metropolitan	23.7	85.7	27.7	73.2	152.6	48.0
Nonmetro	.8	15.4	5.2	32.7	51.8	63.1

Source: Wage rate adjustment assumption same as indicated for post 1966 workers in table I. Employment data adjusted forward by 7.4 percent for retail workers and 9.16 percent for service workers to represent continued employment expansion until effective date of Jan. 1, 1973. At that time, post 1966 covered workers would be at $2 per hour under committee bill and $1.70 per hour under stretch-out amendment.

During the first full year of effectiveness, then the committee bill would affect a very substantial share of the labor force in the combined service and retail sectors. Concretely, it would raise nearly 1.13 million retail and service workers to $2 immediately, and another 2.17 million to $2 a few months later in January of 1973. This group of nearly 3.3 million workers represents more than 26 percent of all FLSA covered retail and service employees in the Nation. In my view, it cannot possibly be argued that a minimum wage impact on more than one-fourth of the covered labor force in these two sectors will have no adverse employment or price effects. Therefore, if the Congress feels it is necessary to raise the minimum wage at this critical juncture in our stabilization and recovery programs, then we ought to at least exercise some restraint and moderation so that the economy may be given time to absorb the shock of the increase.

Mr. Speaker, I believe that the stretchout amendment that I plan to offer will accomplish this. It would affect only about one-half as many retail and service workers as the committee bill during the first year, and would raise them to $1.80 and $1.70, depending upon whether they were covered before or after the 1966 amendments, rather that to the full $2 called for by the Dent bill. This would represent about 12.9 percent of the covered retail and service works force, and while even this is, in my view, a substantial share, it is one certainly far more compatible with out current national economic objectives than the committee bill:

NUMBER OF RETAIL AND SERVICE EMPLOYEES AFFECTED DURING THE FIRST YEAR

	Hundreds			Total affected as percent of all covered
	Covered prior to 1966	Covered after 1966	Total	
Committee	1,172.1	2,172.1	3,299.7	26.1
Stretch-out	588.2	1,048.0	1,636.2	12.9

Source: Same as previous tables. Employment and wage rate adjustment assumptions also the same.

Finally, Mr. Speaker, it should be emphasized that the data presented above only indicates the numbers of workers affected. We are now in the process of converting that information into wage bill costs and I can assure my colleagues that the differentials between the committee bill and the stretchout amendment will be even greater when these figures are presented. The reason for this is that the committee bill not only covers more workers but it also raises their wage rates to a higher level in a shorter period of time. For instance, the 1.048 million retail and service workers first covered in 1966 that would be affected by the stretchout amendment, currently—or more precisely as of the assumed September 1972 effective date—have wage rates between $1.60 and $1.70 per hour. To bring them all to $1.70 on the first effective date would certainly have some significant wage bill cost, but this would be minor in comparison with the cost of raising this entire group first to $1.80 and then to $2 in January of 1973 as required by the committee bill. So while the committee bill covers in total about twice as many service and retail workers as does the stretchout amendment, it is obvious that the wage bill costs of the committee bill may be three or four times as great. I hope to have this information before general debate begins on Wednesday, and I fully expect that it will show in quite dramatic terms the wisdom of not foregoing our traditional practice of phasing in these minimum wage increases on a gradual basis.

Mr. Speaker, I think it should not be forgotten that both profit margins and productivity growth rates in these two sectors that I have been discussing are well below those for the remainder of the economy. In addition, the wage bill component of total current operating costs tends to be significantly higher in these sectors and wage scales tend to be significantly more compressed and more closely tied to the minimum wage than in other parts of the economy. These later two facts mean that the wage bill effects—both direct and ripple effects—will be relatively greater than in say manufacturing, while the margin to absorb these increased costs through profit reduction or productivity improvements will be significantly less. As a result, the substantial wage costs that would stem from a precipitous rise in the minimum wage must be reflected in either one of two ways: Either in higher prices, in lower employment, or in some combination of both. There is simply no other place from these increased wage costs to find an outlet under current economic conditions. Yet these are precisely the effects that we should be seeking to avoid at this critical moment in the battle to set aright an economy that has been badly out of control for more than 5 years now.

THE LONGER TERM PERSPECTIVE: THE NEED FOR A REEVALUATION OF MINIMUM WAGE POLICY

The minimum wage presents a classic case of the trade-off which must necessarily occur when a public policy has an impact on two or more desirable objectives. In the present case, it cannot be disputed that substantially raising the minimum wage would further the objective of reducing poverty and raising the income of at least some poor workers and their families. At the same time, though, there is considerable evidence that raising the minimum wage may also have an adverse impact on the objectives of expanding job opportunities for low-skill workers and of reducing inflationary pressures in the economy.

The decision to establish a national minimum wage in 1938, and then raise the rates and expand coverage on four subsequent occasions suggests a feeling, on the part of the majority in Congress anyway, that the gains in terms of raising incomes and purchasing power have proved considerably greater than any possible adverse effects on employment opportunities and the price level. That is, the trade-off has been made in favor of raising incomes.

One strong factor encouraging past decisions to make this kind of trade-off, it would seem, has been the fact that income needs are readily demonstrable and

gains in higher earnings due to an increase of the minimum wage can be easily computed in concrete dollars and cents. On the other hand, the possible adverse price and employment effects are very difficult to convincingly assess due to a lack of adequate data, and to the difficulty of isolating purely minimum wage effects in the context of cyclical fluctuations, technological change, variations in the cost of capital and material inputs, and the complex interaction of a host of other economic variables.

As a result, the income-raising consideration and the question—Can you expect a guy to support his family on 65 bucks a week?—has had an irresistible appeal. Nor should this outcome be particularly surprising. When the hard facts of family need and the presence of large numbers of full-time workers in the labor force whose annual earnings do not even bring their families up to the poverty line are stacked up against the findings of complex and esoteric econometric models indicating adverse effects of the minimum wage on employment and the price level, the policy decision is a foregone conclusion. It would seem that only if some alternative means of raising incomes were available, could the negative effects of the minimum wage be given more serious consideration and a more appropriate weight in policy choices.

In the past, of course, there has not been such an alternative means of raising the incomes of the working poor realistically available. Though a few insightful academics on the peripheries of the political decisionmaking process, such as economist Milton Freedman who as early as 1946 urged a negative income tax as a preferable alternative to the miniimum wage, proposed other means of dealing with the income deficiency problem, there was simply insufficient popular support or understanding of these alternatives to significantly affect the terms of the debate.

Fortunately, I believe we are at last approaching the point where minimum wage policy can be realistically reviewed in the context of a wider range of alternatives. Specifically, I refer to a new factor in the policy equation introduced by the President's FAP proposal: income settlements for the working poor. Nonmarket income transfers of this kind clearly have two distinct advantages over the minimum wage as a means of raising family purchasing power: First, income supplements would not have the adverse price and employment effects which accompany the minimum wage; and second, they can be precisely targeted to family need, whereas the minimum wage affects all wage earners uniformly regardless of need, family status or the number of dependents. For example, the proposed increase in the minimum from $1.60 to $2 an hour would raise the annual income of a single individual working at a full-time job by $800 just as it would raise the income of a wage earner supporting a family of six by $800, despite the obvious disparities in need.

Certainly a primary criterion for public policy choices in the context of scarce resources—and this quite adequately describes our current situation all the glib rhetoric about the affluent society notwithstanding—is that it should accomplish its objective in the most efficient manner possible, all other things being equal. Since in the final analysis our economy is a closed system, the cost of an income raising measure—whether it be by means of the minimum wage which works directly through the market in the form of a higher wage bill, or by means of a governmental income transfer program requiring budgetary outlays—must be absorbed somewhere and alternative opportunities for utilizing the resources involved must be foregone in both cases. Yet on the basis of an analysis that I will describe in more detail in a moment, it would appear that the resource cost of raising all families with at least one employed member to the poverty level by means of the minimum wage would be more than five times greater than the cost of raising incomes of these families by means of an income supplement program with a benefit level geared to the poverty line.

Moreover, the secondary employment and price effects of using the minimum wage as an income raising instrument in such a manner would be enormous. Since more than 5 million or 20 percent of the poor in 1970 were members of families of seven or more, it would require a minimum wage of well over $3 per hour to bring these families up to the poverty line. In light of the clear evidence that the minimum wage has adverse price and employment effects even at the current rates, one can only imagine the severe dislocations that this much higher rate would impose on the market.

Mr. Speaker, in light of the foregoing I want to urge my colleagues to begin rethinking our basic minimum wage policy. For when we remove the income raising asset from the ledger of considerations concerning minimum wage policy, we are left mainly with its liabilities. In my remaining time, I want to elaborate in more detail on the relative superiority of governmental transfers as a means of dealing with the income deficiency problems, and then, in light of that evidence, review some of the information available on the adverse employment and price effects of the minimum wage. The conclusion that I hope will emerge from those considerations, is that we have reached a dead end regarding traditional arguments for the minimum wage and that now is the time to begin fashioning a fundamentally different set of solutions to the admittedly real problem that it addresses.

A. THE INCOME GAP AND THE MINIMUM WAGE

Mr. Speaker, in 1970 there were still more than 25 million Americans below the poverty line. In the context of a trillion dollar economy which produced a median family income of nearly $11,000, and in which almost one-fourth of American families had incomes above $15,000, that is a tragic and shameful fact. Moreover, among those poor in 1970, over 8½ million were children under the age of 14. One wonders how many of these children growing up in homes in which family income is less than even the minimum $3,900 budget prescribed by the BLS for a family of four will prove capable of overcoming these severe deprivations, and be able to compete successfully in the adult job market and lead useful, productive lives. The odds are not very great for more than a small minority of them, I am afraid.

Nor would we take comfort in the fact that we steadily reduced the numbers of poor Americans during the last decade or expect that this trend will continue such that the problem will soon disappear on its own. For one thing, the number of poor Americans has actually been increasing in the last couple of years, clearly indicating a halt and actual reversal of the trend of the 1960's. For another, many of these families are still deep in poverty. Fully 54 percent of them were more than $1,000 below the poverty line in 1970 and another 25 percent were more than $2,000 below the poverty line.

Mr. Speaker, what makes these grim statistics even more unpalatable is the fact that poverty is still disproportionately concentrated among our minority population. While only 9.9 percent of white Americans were below the poverty level in 1970, almost 34 percent of black Americans were. Though black Americans account for only 12 percent of our national population, they comprised over 30 percent of the poor. While I certainly welcome the fact that large numbers of black families have made important gains in the past decade in closing the income gap with white families, I do not think we should ignore the fact that this 30 percent share of the poor is significantly greater after a decade of progress than the 25-percent share of the poor accounted for by black Americans in 1959.

Mr. Speaker, I certainly recognize that a great proportion of the poor are members of families in which the head is either absent or incapable of earning a steady income in the marketplace. In those cases, the answer is a more generous level of assistance for the truly deserving and a system such as President Nixon has proposed which would encourage families to stay together and become at least partially self-supporting, rather than break up and become totally dependent upon governmental assistance. But these considerations are secondary to our concern here today.

Our primary target of concern is the nearly 55 percent of the poor who were either members of families which had some work experience during 1970, or were single individuals who held jobs for at least some portion of the year. Fully 77 percent of families below the poverty line headed by males between age 25 to 64, fall into this working poor category, as do 46 percent of the female-headed poor families. Moreover, the head of 57 percent of such male-headed poor families worked during more than 50 weeks in 1970 and still ended up below the poverty line. In addition, nearly 30 percent of these nonretired male-headed poor families had two or more wage earners employed during that year.

Clearly among this category of the working poor—especially the nearly three-fifths of the male-headed poor families in which the head worked a full

year—the market is not producing a living income under current wage rates and opportunities for full-time employment.

On the surface this would seem to present a case for substantially increasing the minimum wage, all potential disemployment effects aside. However, a closer look at the evidence reveals two major drawbacks to such an approach: first, of the some 12 million poor who were members of families with some work experience in 1970, fully 46 percent were members of large families—families of six or more individuals. The problem in these cases is essentially more one of need than it is of relative inadequacy of earnings. The poverty level for a family of six is nearly $5,300 and for a family of seven or more it is over $6,400. Yet to raise the minimum wage high enough to bring these families to the poverty level—assuming one wage earner working full-time would require a rate of $2.65 and $3.20, respectively, a rate in the latter case nearly double the current level, and more than 50 percent higher than the proposed $2 level. In fact, the proposed $2 minimum wage would still leave 31 percent of individuals in working poor families below the poverty line—a good portion of these families by as much as $2,000. And this is assuming that every head of these working poor families had the opportunity to work year around at a full-time job. But the fact is, the heads of most working poor families do not have stable full-time, full-year employment. And this suggests the second drawback of the minimum wage as a means of raising the incomes of the working poor.

In only 37 percent of the working poor families in 1970, did the head work at a full-time job for the normal 50-week year. In the case of almost 46 percent of working poor families by contrast, the head either worked part time or held a full-time job for less than 26 weeks during the year. Thus, to the extent that the minimum wage tends to reduce the availability of full-time year-round job for lesser skilled members of the labor force—and whatever the current evidence, it surely would if the minimum were raised sufficiently to really make a dent in the poverty of the working poor—it would exacerbate the income deficiency problem among these families.

The question of the relative priority of greater opportunity for full-time employment as opposed to higher wage rates can be best illustrated by the 36 percent of the working poor who are members of families on the "small size" end of the scale. This group of more than 4½ million working poor, consisted of either unrelated—single—individuals or two or three member families, and as such not one of them would have been considered below the poverty line in 1970 had they, or the head of their family, had opportunity for full-time, full-year employment at the current minimum wage of $1.60 per hour. Full-time employment at the current minimum wage level would have yielded an annual income of $3,200 for each of these families, while the poverty line is $1,954 for unrelated individuals, $2,525 for two-member families and $3,099 for three-member families.

In the case of this one-third of the working poor who are members of small families, then, the clear source of the income deficiency is lack of full-time employment. As might be expected the figures bear out this expectation. For example, among the single working poor in 1970, only 18 percent worked a full year at a full-time job. By contrast, almost 73 percent were able to find and hold only part-time jobs or work at full-time jobs less than 26 weeks.

Mr. Speaker, the point of the foregoing should be obvious by now. The primary reason that the working poor are poor is not at bottom entirely or even mainly a matter of inadequate hourly wage rates. Far more important is first, the lack of full-time job opportunities, and secondly, in the case of more than half the working poor, the fact of relatively great income needs because of large families. Clearly, the minimum wage is too blunt an instrument to deal with the great complexity and variety of the income deficiency problem that we find among the working poor. The reason for this is simply that it is geared to wage earners rather than family units. As such, it cannot distinguish between:

First, single individuals and household heads with dependents to support;

Second, large and small families;

Third, primary breadwinners and secondary wage earners;

Fourth, families which must rely entirely upon wage and salary income earned in the market, and families eligible for various governmental assistance programs and benefits.

To the extent that substantially raising the minimum wage with a view to ameliorating these varied income deficiencies would cast windfall benefits on some and impose shortfall deprivations on many others, it is an inefficient use of the scarce resources that we have, or as a Nation are willing to make available, to deal with the problem of poverty. To the extent that such a substantial increase would further reduce the already inadequate supply of low-skill jobs, it would probably considerably diminish any net income benefits by allowing some of the working poor to be employed in better paying jobs, while depriving many others of any job at all.

As I indicated earlier, the net resource cost of raising most working poor families to the poverty level by means of the minimum wage would likely be more than five times the cost of achieving this important objective by a system of income supplements. Before concluding on this point, I want to elaborate a bit on the basis of that assertion, as it is obviously startling and will likely be more than a little controversial.

To begin, we assumed a minimum wage level of $3 per hour. To be sure, even that would not quite bring seven member families with one full-time wage earner up to the poverty level. But the deficiency would be only a few hundred dollars, and the probability is strong that in these cases there would be at least one secondary wage earner, and perhaps more, who could make a supplemental contribution to over-all family income. Of course, if the family head could not find a full-time job—and the evidence presented earlier indicated that this is the case in more than 60 percent of working poor families—then family income might still fall well short of the poverty line, even with the head working part time at the $3 level. So on balance, a $3 per hour assumption is conservative if the logic of the minimum wage as an income raising instrument is to be carried to its final conclusion, because even at this rate, substantial numbers of the working poor would still be "poor" on the basis of annual income.

We further assumed that all civilian wage and salary jobs would be covered by the minimum wage, and this too is not a realistic assumption in light of the trend over recent decades toward removal of exempt sectors of the economy, and in light of the fact that the bill about to be reported from the Senate Labor and Public Welfare Committee goes a long way to completing this trend toward blanket coverage.

On the basis of Census Bureau data which provides a breakdown by both income class—money earnings—and by full- and part-time employment status and duration of employment for each wage earner, we were able to compute the approximate net wage and salary bill increase that would result from the imposition of a $3 minimum wage. This figure is the difference between the actual money earnings of all workers who had income in 1970 that was less than they would have received at a $3 hourly rate for the number of hours they worked, and what they would have earned had they worked the same number of hours at the $3 rate. The net money earnings increase that would have resulted from the imposition of a $3 minimum wage in 1970 was $65.05 billion or 12 percent of the actual wage and salary bill that year.

The next step was to determine the net cost of a governmental income supplement program with a basic benefit level geared to the poverty line for each family size, and with an earnings offset rate of 60 percent. It should be pointed out here that the basic rationale for this income supplement system is similar to that contained in the President's family assistance plan as embodied in H.R. 1. However, the benefit levels are more generous—$3,900 for a family of four as opposed to $2,400 in H.R. 1—the earnings offset is a flat 60-percent rate rather than the combination front-end exemption of $720 and a 66-percent offset rate on the remainder contained in H.R. 1, and the benefits level per family member is uniform regardless of family size rather than weighted in favor of smaller families as in FAP.* Finally, we included the single working poor in the income supplement program although they are not covered in H.R. 1. All of these changes were made simply for the purposes of facilitating a comparative analysis of the two approaches to raising fam-

*See Appendix for data sources and methods of computation.

ily income and do not necessarily imply that these changes would be preferable to the provisions in H.R. 1.

For a number of technical reasons the benefit level, offset rate and allowance per family member provisions of H.R. 1 would have enormously complicated what was already a very difficult analysis and so the simpler formula described above was used for the purposes of this analysis.

We obtained the net governmental transfer cost of such an income supplement program, then, first by classifying all of the working poor, or families below the break-even points which would be eligible for supplements, into appropriate family size units on the basis of Census Bureau data. Next the number of family units in each of the eight family-size categories—single individuals through seven or more member families—was multiplied by the appropriate benefit level amount for each group and the totals for each of the eight categories were summed. The resulting figure, $35,576 billion, is a hypothetical gross transfer cost before the earnings offset has been netted out. The final step was to compute the aggregate income of this group of families below the break-even point and subtract 60 percent of this sum from the gross transfer cost. This final figure is $12.50 billion and represents the net transfer cost of an income supplement program that would bring every family and single individual classified as part of the working poor in 1970 up to the poverty line and many of them well above that line. Though this sum is quite large in an absolute sense, the important thing is that it is less than 20 percent of the wage bill cost of only partially accomplishing the same objective by means of the minimum wage. And though some would like to believe that a program such as the minimum wage involving no direct governmental expenditure does not cost anything, this is simply not the case. Any claim on our national resources—whether by government or through the private market—means that alternative uses of those resources must be foregone. The basic question, then, is whether we want to pursue the objective of reducing poverty among the working poor by means of a blunt, costly inequitable instrument like the minimum wage with all its secondary adverse effects on the market, or whether it might be more prudent to begin looking to a far more efficient system of income supplements as a means of dealing with this problem. There is little question in my mind that income supplements would be the superior instrument.

It should also be pointed out that a system of income supplements would do a much more thorough job of meeting the income needs of the working poor. Not only would it bring every working poor family up to the poverty line, but it would also provide some small benefits to families above the poverty line, until the break-even point was reached. For instance, in the case of a family of four, a combination of market earnings and income supplements would provide at least $3,968 and in addition would provide small benefits to families of this size up to the break-even level of $6,600 where benefits would finally phase out to zero. By contrast, even a $3 minimum wage would not bring family income up to the poverty line for this same family unless the head of that family was fortunate enough to have opportunity to work more than 1,300 hours during the year, an opportunity that was available to only about 50 percent of the heads of working poor families in 1970. In the cases of seven member working poor families, which as I indicated earlier account for almost 30 percent of all individuals in the working poor group, it would require a full-time job for a full work year to begin to bring the family even within reach of the poverty line, yet as I have also pointed out only about 37 percent of the heads of working poor families had opportunity for full-time year employment in 1970. In short, until we can find some means of increasing very substantially the supply of full-time jobs available to the working poor, the minimum wage, even at the extremely high level of $3.00 used for the purposes of this analysis, will leave a large share of the working poor without adequate income.

Of course, it must also be admitted that such a high minimum wage could provide substantial windfalls for the minority of working poor families which are fortunate enough to have one or more full-time wage earners. For example, a family of three with the husband and wife both working a full-year at the $3 minimum wage level, would have an annual income of $12,000—even greater if substantial overtime work were available—a figure almost four times the poverty line for this size family. But this is just the problem: the minimum wage casts its benefits unpredictably and arbitrarily insofar as need is an important criteria of effectiveness. If there were no cause to be concerned about possible adverse market effects, or to allocate scarce resources efficiently, this characteristic of the minimum wage might not be problematic. However, we are simply not affluent enough as a society to ignore the question of resource efficiency, and the kind of market system on which our economy is based simply cannot absorb without serious dislocations the kind of minimum wage increases that would be necessary to even begin to deal with the income deficiencies of a large share of the working poor. And it is to this latter question that I want to direct the remainder of my remarks.*

B. THE SQUEEZE ON LOW-SKILL JOBS AND MINIMUM WAGE DISEMPLOYMENT EFFECTS

Mr. Speaker, if our economy produced sufficient low-skill jobs to employ adequately all the members of our labor force suited for this type of employment, there would be less need to be concerned about the potential employment displacement effects of substantially increasing the minimum wage. However, this is not at all the case. Over the past decade we have witnessed the gradual development of what might be termed a "labor market mismatch": The supply of low-skill or entry-level jobs has increased slowly, if at all, while the supply of low-skill workers has remained steady and may have actually increased as a proportion of the total labor force. As a result, lesser skilled members of the labor force find it increasingly difficult to find stable, full-time employment opportunities. To the extent that a rapid increase in the minimum wage would reduce even further the relative rate of employment growth in the low-skill industries, our current unemployment problems would only be compounded.

This phenomena of relatively slower low-skill employment growth can be seen in all areas of the economy. In manufacturing during the decade between 1959 and 1969, for instance, total production worker employment grew by about 2.1 million or 17.2 percent. However, in those industries that might be designated lesser skilled, as evidenced by wage rates, 15 percent or more below the average manufacturing wage in 1969, employment increased over the same 10-year period by only 2.2 percent. If we eliminate these low-skill industries from the calculation, overall manufacturing production worker employment increased by more than 20 percent during that period. Thus, lesser skilled employment opportunities in manufacturing industries grew at only about one-tenth the rate of the remainder of that sector during the 1960's.

In the service industries—excluding Government—the same phenomena is apparent. Overall nonsupervisory employment increased by 23.5 percent between 1964 and 1969. However, employment in industries with wage rates more than 15 percent below the average for the service sector increased by only 2.4 percent. If these lower wage industries are excluded, the overall growth rate for service sector employment is nearly 27 percent. Again, we have a situation in which lower skill job opportunities have grown at less than 10 percent of the rate of the remainder of the industry. Tables B–I through B–III below summarize these findings for each sector:

TABLE B-I.—MANUFACTURING EMPLOYMENT GROWTH, 1959–69

	Employment (thousands)			Percent change
	1959	1969	Change	
All manufacturing	12,603	14,768	2,165	17.2
Low-wage [1]	2,164	2,211	47	2.2
All manufacturing minus low-wage	10,439	12,557	2,118	20.3

[1] Consists of the 19 3-digit SIC industries in which average hourly nonsupervisory wage rates were less than $2.71 in 1969 (i.e., 15 percent of $2.19 manufacturing average).

Source: Employment and Earnings, United States, 1909–70, BLS Bulletin 132, 1312-7.

*Source: All basic data used in this section was obtained from either, "Income in 1970 of Families and Persons in the United States" or "Characteristics of the Low-Income Population, 1970." (U.S. Bureau of the Census.)

TABLE B–II.—RETAIL EMPLOYMENT GROWTH, 1959–69

Category	Employment (thousands) [1] 1959	1969	Change	Percent change
All retail	7,186.0	8,460.0	1,274.0	17.7
Low-wage [2]	828.8	818.6	−10.2	−1.2
All retail minus low-wage	6,357.2	7,641.4	1,284.3	20.2

[1] Employment data for nonsupervisory workers adjusted by "standard work week ratio" to take account of differences in average work-week hours between the initial and terminal year, and between industries within the retail sector. "Standard work week ratio" is equal to 40 hours divided by the average work week for each 3-digit industry used in the table.

[2] Low-wage retail industries ranged from SIC 533 (variety stores) with an average hourly rate of $1.89 in 1969 to SIC 591 (drug and proprietary stores) with an average rate of $2.20. The over-all retail average hourly wage rate was $2.30 in 1969.

Source: Employment and Earnings, United States, 1909–70.

TABLE B–III.—SERVICES INDUSTRY EMPLOYMENT GROWTH, 1964–69

Category	Employment (thousands) [1] 1964	1969	Change	Percent change
All service	7,176.0	8,865.0	1,689.0	23.5
Low-wage	970.3	993.8	23.5	2.4
All service minus low-wage	6,205.6	7,871.2	1,665.6	26.8

[1] Employment data for nonsupervisory workers adjusted for standard work week as in table B–II above.

Source: Employment and Earnings, United Stafes, 1909–70.

Mr. Speaker, before proceeding further let me make two points clear about the implications of the figures contained in these tables. First, I am not attempting to imply that the minimum wage accounts solely or necessarily even significantly for the negligible employment growth rates in these low-skilled industries. There are numerous other factors operating in the market that cannot be ignored. These include the impact of foreign import penetration, which has reduced the employment growth rate in many low-skilled industries like textiles; changing consumer tastes that have reduced demand and hence employment in some low-wage industries, for instance, the hat industry where employment declined 40 percent over the last decade; technological innovation as in the case of the shift in employment from the low-wage wooden container industry to the much higher paid metal container industry;* and changing production methods, such as the rise of self-service discount stores in the retail sector during the 1960's which reduced the demand for low-skilled labor.

Second, it should be emphasized that in the long run this shift away from low-skill/low-wage industries is a very welcome and desirable trend. If our primary goal is to provide American workers with more adequate standards of living and more satisfying job experience and working conditions, then this process of manpower resource shifts to more productive sectors of the economy must necessarily continue. Make-work simply for the sake of jobs is no more desirable in the private sector than it is in the public sector.

*Employment in SIC 244 (wooden containers) declined by 18% during 1959–69; its hourly wage rate was almost one dollar below the average manufacturing wage in the latter year.

However, the problem comes in the short- and medium-term future. As I mentioned a moment ago, the employment demand structure of the economy is changing more rapidly than the labor force can adjust to it. As a result, we have labor shortages in many skilled and technical sectors of the economy as we approach the full-employment target and large labor surplusses in unskilled sectors, a factor incidentally that many economists blame in some measure for the apparent worsening of the Phillips curve trade-off that has occurred during recent years with all the complications that implies for fiscal and monetary policy.

To be sure, the obvious best answer to this dilemma is a more effective and comprehensive national manpower policy aimed at matching worker skills to real job opportunities. But we do not even begin to know what such a comprehensive manpower policy would entail, nor how much it would cost, or how it could be best implemented. Moreover, even if we did, it would be a longterm undertaking that would take decades rather than months or years, to achieve noticeable results. For one thing, the labor force simply cannot be shuffled about like chessmen on a board, however rational that might be in pure economic terms for obvious social and political reasons.

Thus, for the near and medium term, it is likely that natural forces operating in the market, such as those I described above, will act to widen the labor force mismatch and particularly to increase the gap between the supply and demand for low-skill labor. And it is for this reason that we must be very careful that our minimum wage policy does not compound the problem. Yet, if we insist that the minimum wage be used as an income-raising instrument, or even that it be kept perfectly in tandem with increases in the cost of living, this is precisely what is likely to happen as I shall attempt to demonstrate in a moment. Since we have at our disposal a far more efficient and equitable means for dealing with the income deficiency problem, it make little sense in my view, to accelerate the relative lag in low-skill job growth at a time when we have not even begun to develop the means to deal with the severe problem that we have already. To do so will only mean increased unemployment among marginal workers, expanded dependency, and all the social disorders that go with these conditions.

In order to underscore the importance of not jeapardizing the supply of low-skill jobs in the private sector in the short run, I think it will be useful to consider just briefly some characteristics of the current American labor force. In essence, I believe these figures show that during the very time that low-skill jobs in a wide variety of sectors within the economy have been growing significantly less rapidly than overall employment—only 10 percent as rapidly in the important sectors discussed above—the supply of workers who would be most likely looking for, and qualified to fill, these kinds of jobs have been increasing substantially more rapidly than the labor force as a whole.

Let me cite just a couple of indicators. During the period 1959 to 1969 the overall civilian labor force increased by about 17.5 percent. However, the number of workers in the 16- to 19-year-old age group rose by more than 55 percent, or at a rate more than three times faster than the labor force as a whole. Of course, we would certainly not want to claim that all teenage workers are qualified for nothing more than the lowest skilled jobs. Nevertheless, both commonsense and economic data suggest that a good share of these workers do actually begin in jobs at the bottom rung of the ladder, and that these figures in some significant measure provide one indicator of the supply of low-skill labor.

Another group in which the rate of civilian labor force increase during this period was significantly greater than that for the labor force as a whole was married women whose husbands were present in the household. For this group, the increase over the 1959–69 period was more than 44 percent, almost two and one-half times that for the entire labor force.

Again, we would not want to imply that all married women in the labor force are low-skill workers—certainly not in these times of Women's Liberation, anyway. But the fact is, in a large proportion of cases, married women do not seek permanent career jobs or the skills necessary to fill them, but rather more marginal jobs for the purpose of supplementing family income for shorter periods of time. For instance, in 1970 slightly less than 3 percent of employed men in husband and wife families worked only part time, while more than 25 percent of employed women from these families held part-time jobs. Thus, it is not entirely off the mark to suggest that the growing numbers of married women who seek, in more cases than not, supplementary rather than career employment, constitute a second group of lesser skilled members of the labor force whose employment opportunities may be jeopardized by minimum wage actions that would reduce the already limited supply of lesser skilled jobs.

A third important group in the labor force that may be penalized by a worsening of the supply/demand squeeze is the rapidly growing number of labor force participants between the ages of 14 and 24 who are enrolled in school, and thus are generally suited for, and in fact interested in obtaining, unskilled, part-time employment to help meet living and schooling expenses. As is well known, a significant reduction in the high school droupout rate and a substantial increase in the college enrollment rate over the past two decades have had the combined effect of substantially increasing the portion of the youth populations enrolled in school. But what is less widely recognized is that the labor force participation rate for this rapidly expanding share of school enrollees has also increased substantially. During the period that we have been examining, for example, the labor force participation rate for school enrollees in the 14- to 24-year-old age group jumped from a little over 26 percent to more than 41 percent. As a result, the labor force increase for this group of more than 5

million—as of 1969—school enrollees increased by nearly 67 percent during the 1959–69 period, an increase almost four times as great as that of the labor force as a whole. In the final analysis it may be simply impractical to attempt to insure adequate part-time and casual employment—without resort to heavy Government subsidization—for all those in this group who seek jobs. But, at the same time, I think it is important to consider what the substantial expansion of coverage and increase in rates that would be necessary for the minimum wage to be even a modestly successful income raising instrument would do to the supply of jobs that would be available to this large segment of the labor force.

Finally, Mr. Speaker, we come to the most important group of all which would be adversely affected by a further tightening of this squeeze between the supply and demand for lesser skilled labor: The low-income—both black and white—residents of our decaying central cities. Here the problem is not so much one of aggregate national supply and demand trends, as in the cases that we have previously discussed, as it is a structural labor market problem that afflicts most of our major metropolitan areas. Though the actual number of labor force participants from socially and economically deprived backgrounds and areas has probably been decreasing during the past decade in tandem, to some degree, with the slowdown in the growth of low-skill employment opportunities, these aggregate trends are of little practical significance, because as all economists know the labor force is not perfectly mobile. This is especially true for those members from socially and economically deprived circumstances, and even more especially, for those minority members who face strong residential barriers in areas where job opportunities are growing most rapidly.

To be specific, the supply of low-skill labor in the central cities of most of our great metropolitan areas has probably been increasing during recent years as a result of the white middle class exodus to the suburbs and the simultaneous rural minority inmigration to these centers, while the supply of jobs realistically available to these new residents has been rapidly decreasing due to the great manufacturing and trade employment flight to the suburban ring. In the period between 1947 and 1967, 17 of the largest central cities alone experienced a net loss of manufacturing and retailing jobs that amounted to over 1,200,000. Table B–IV below gives the figures for these major cities and in almost every case it can be seen that the supply of manufacturing and retail jobs has been steadily dwindling:

TABLE B–IV—METROPOLITAN JOB DISPERSAL NET JOB CHANGE, 1947–67

[Figures in hundreds]

SMSA	Manufacturing		Retail		Total, manufacturing and retail	
	CC	OCC	CC	OCC	CC	OCC
Cleveland	−52.3	111.4	−21.7	27.6	−74.0	169.0
Newark	−28.8	64.1	−10.2	39.1	−39.0	103.2
New York	−44.9	158.7	−31.5	120.4	−76.4	279.1
Rochester	14.2	16.4	−2.0	21.4	12.2	37.8
Louisville	8.4	35.4	−1.3	19.3	7.1	54.7
Milwaukee	−14.5	38.6	−1.9	34.7	−16.4	73.3
St. Louis	−41.1	83.0	−25.0	72.5	−66.1	155.5
Paterson	−0.8	58.3	−2.0	41.0	−2.8	99.3
Philadelphia	−64.7	106.0	−28.9	123.0	−93.6	229.0
Indianapolis	6.5	25.8	2.7	19.5	9.2	45.3
Miami	13.4	35.6	5.0	35.7	18.4	71.3
Chicago	−120.5	246.5	−31.4	153.0	−151.9	399.5
Baltimore	−14.3	47.5	−12.8	48.0	−27.1	95.5
Buffalo	−20.6	12 9	−12.6	34.3	−32.2	47.2
Dayton	12.5	9.9	−2.8	18.6	9.7	98.5
Detroit	−128.7	157.4	−38.7	105.2	−167.4	262.6

Source: U.S. Census of Business, 1948 and 1968, Retail Trade, Area Statistics (Census Bureau); U.S. Census of Manufactures, 1947 and 1967, Area Statistics (Census Bureau)

At the same time, the social and economic transformation of the central cities has been in the other direction. In 1950, at approximately the beginning of this period, only two of the 15 largest American cities were more than 25 percent black; by 1960 there were eight such cities among the top 15, and by 1970 there were 12. Moreover, by 1970, three of these cities had become more than 50 percent black, and three others were fast approaching that level. Of course, all of these black citizens are not low income, but more than 25 percent of them are classified as being below the poverty line, and a large additional proportion are not far above it. In the decade of the 1960's alone, it should be pointed out, the net nonwhite inmigration to those 15 cities was more than 1 million, many of these migrants being unskilled individuals from the rural South. So I think it would not be at all inaccurate to contend that the supply of low-skill labor in the central cities has been increasing while jobs have been rapidly disappearing.

In fact, as a result of the dispersal of mainstream blue collar manufacturing and trade jobs, the job market in these large central cities has become increasingly bifurcated between a growing number of professional, white collar and office jobs on the one hand, and a residual supply of low-skill service, manufacturing and municipal jobs on the other. In the long run, of course, we should hope that improved educational efforts and more rigorous enforcement of our equal opportunity employment laws will open up some of these jobs to the low-income and minority residents who will soon account for a majority of the population in our great central cities. But that will take time, just as will efforts to open up suburban housing opportunities in order to allow these groups to take fuller advantage of the job openings in these areas. In the meantime, I think we must be very careful not to jeopardize the supply of those jobs that do remain in the central cities in the low-skill sector of the economy. Yet, unless we are prepared to reevaluate our whole minimum wage strategy, I am afraid that is precisely what will occur. In short, we will tighten the low-skill employment supply-demand squeeze on still another group within the labor force, yet a group that is in greater need of employment opportunities than any other within our society today.

Mr. Speaker, this discussion of the squeeze on the supply of low skill employment opportunities has assumed that increase in the minimum wage may tend to significantly reduce the limited supply of these jobs that would otherwise be available. I am fully aware that this assumption will be hotly contested by those who strongly advocate both expansion of coverage and increased minimum rates. The other day, for instance, I was approached by a delegation strongly in favor of the committee bill that denied any disemployment effects, and produced a chart to show that national employment growth during minimum wage increase years did not seem to be any less than in years in which no minimum wage action was taken over the last 2½ decades. Well, as I indicated in an earlier portion by my remarks, no one in his right mind would expect minimum wage effects to show up in national aggregate data of that sort. In fact, in any economy as vast, varied, and complex as ours, there are very few economic propositions that can be verified or dismissed on the basis of national aggregate data. In the case of the minimum wage specifically, it is only as we reduce the level of focus down to the industry, subindustry and even interplant level, that we can be certain that extraneous variables are properly controlled for, and that the effects of the minimum wage may be playing some role in determining observed employment growth patterns.

But even disaggregation of this type is not adequate in many instances. It is also necessary to devise means for determining relative employment growth patterns. One cannot conclude, as do many advocates of the minimum wage, that if no employment decrease is observed in a particular industry there are no disemployment effects. On the contrary, the pertinent determination is what the rate of increase would have been in the absence of the minimum wage and how this compares to the actual pattern. Needless to say this is a very difficult assignment that has not been very successfully accomplished by even some of our best economists due to inherent limitations of both data and theory.

And for the sake of fairness I should

add that many of the cruder arguments on the antiminimum wage side of the question are subject to the same limitations: Some of the carelessly constructed studies which purport to show that youth unemployment rates rise substantially each time the minimum wage is increased or that unemployment is higher in States which have minimum wage laws than in those which do not, probably have been comparing apples and oranges—you can not compare the unemployment rate of a highly industrialized State with a minimum wage law in which employment is subject to wide cyclical fluctuations, demand changes, and so forth to a State without a minimum wage law which is largely rural and not subject to these forces, and in which agricultural employment is inherently difficult to measure—and have been attributing to the minimum wage the effects of numerous other variables that have not been controlled for. For example, if you think the minimum wage disemployment affect on youth can be readily demonstrated, I would urge a few hours of grappling with the highly sophisticated econometric model that was used in the massive Labor Department study of the question. While I think it is still legitimate to argue that the minimum wage has had a significant adverse effect on youth employment, that cannot be shown conclusively until the data has been considerably refined, extraneous variables have been adequately controlled for, and analytical assumptions have been convincingly justified.

Mr. Speaker, having made these caveats, I think there are a number of studies available that meet the requirements mentioned above, and which do indeed show employment displacement effects. I will only cite a few illustrative examples here in the hope that these will be sufficient to make the case and would refer anyone who may be interested in further discussion of this question to a fine study by Prof. John Peterson and Charles Stewart entitled, "Employment Effects of the Minimum Wage," which reviews most of the available evidence.

First. Southern sawmill study, 1949–50. In the fourth quarter of 1949, just before the new minimum of $0.75 an hour went into effect in 1950, average hourly earnings in this industry were $0.69 an hour, 70 percent of the workers received less than the new minimum rate and a 13.6-percent increase in the wage bill would have been necessary to meet the higher minimum standard. Thus, the impact of the new rate was substantial. Moreover, survey data were available on an intraplant basis so that high wage mills could be separated from low wage mills, and the analysis was limited to a narrowly defined industry segment within one region so that demand forces, previous employment growth patterns and the like could be expected to be similar. Employment surveys taken before and after the increase indicate a strong relationship between severity of minimum wage impact and employment change. Mills with hourly rates that averaged more than 25 percent below the new rate experienced an employment decline of nearly 8 percent; those with hourly wage rates 12 percent or more above the minimum—and hence not affected by the increase—experienced employment increases of more than 35 percent. In total, the 157 mills with wage rates averaging 5 percent or more below the new minimum experienced an employment decline of about 5.3 percent while all those near or above the new minimum experienced a 6.3-percent gain in employment. Absent the minimum wage effect, the increased employment growth pattern experience by the higher wage mills should have been the industrywide pattern as the economy was experiencing a strong upturn in the winter of 1950 after the minor recession of 1948–49.

Second. Seamless hosiery, 1949–50. Prof. John Peterson studied the effect of the 1950 increase to $0.75 on plants within the State of Tennessee. He found that the impact of the minimum was substantial, requiring a 5-percent wage bill increase overall but for some plants as much as 20 percent; that both high and low wage plants faced similar demand pressures; and that employment growth patterns for the high- and low-wage plants were similar during the period before the imposition of the higher minimum. As in the previous case, employment change for higher wage plants that were least affected by the increase was almost three times more favorable than that for lower wage plants that were most heavily affected. In short, the effort to raise the hourly wages of lower paid employees helped some, but put a substantial share of these workers out of a job.

Third. Men's cotton garments, 1949–50. A Labor Department survey 6 months before the $0.75 minimum went into effect indicated that 50 percent of workers in the workshirt industry earned hourly wages below the new level and that a wage bill increase of 12 percent would be necessary to meet the new minimum. In the face of rising demand due to the vigorous recovery of 1950, plants with hourly wage rates that averaged 13 percent or more above the $0.75 minimum at the time of the August survey, and hence were little affected by the increase in February of 1950, experienced employment gains of more than 10 percent during the 6-month period just before and after the new rate became effective. However, plants with average wage rates below the new minimum prior to the effective date experienced employment declines that averaged about 18 percent during the same period. In this case, the minimum wage increase put almost 20 percent of the workers it was designed to help out of work.

Fourth. Kaun study, 1947–58. A major assumption underlying the argument that large minimum wage impacts will reduce employment—either absolutely or relatively depending on the circumstances—is that employers will be encouraged to adopt labor-saving innovations or to substitute capital for labor in order to reduce unit costs. Prof. David Kaun attempted to test this proposition by studying the impact of the 1950 and 1956 minimum wage increase on 19 low-wage manufacturing industries. His basic method of approach was to determine the share of value added in each industry attributable to labor and capital inputs both before and after an increase in the minimum wage. The expectation was that the more heavily affected an industry by the minimum wage increase, the greater would be the shift from labor to capital inputs as a share of value added. The results of his analysis bear out this expectation. For the period as a whole during which two minimum wage increases occurred, and for each increase taken alone, he found a high correlation between severity of minimum wage impact and degree of shift from labor to capital inputs. The rank correlation coefficient for the entire period for these 19 industries was 0.52, which means that nearly 30 percent of the variation in capital labor shift in these industries can be attributed to the severity of the minimum wage impact.

Fifth. The Florida study, 1956. The effect of the Federal minimum wage on employment in small towns and the growth of less developed areas was measured by Prof. Marshall Colberg in detailed study of employment experience in Florida—on a county by county basis—following the imposition of the $1 an hour minimum wage on March 1, 1956. Professor Colberg assembled data on manufacturing employment in 47 counties. He found that production worker man-hours in the low wage counties in Florida declined by 15.2 percent from the January before the $1 minimum to the April after the new minimum wage. In the high wage counties employment declined by 7.9 percent. Since manufacturing employment normally declined by 6 percent from January to April in Florida, the net employment decline which may be attributed to the minimum wage in low-wage counties was 9 percent. A less than 2 percent employment decline from January to April 1956 in the high wage counties is attributable to the $1 minimum. Not only does this study show a clear association between security of minimum wage impact and employment change, but it also suggests that the work of one hand of Government in the field og area redevelopment and rural revitalization may be being undermined by the work of the other through increases in the minimum wage.

Sixth. Retail trade employment, 1961–65. Professors Shkurti and Fleisher of Ohio State Uninversity conducted an intensive study of the employment effects of the extension of FLSA to the retail sector in 1961. They found that for retailing as a whole it was difficult to trace any disemployment effects because a large part of the industry was not covered and the wage bill impact on that part which was included was fairly light in the aggregate. However, then the industry was broken down into subsectors it was clear that there was a substantial wage bill impact on some sectors, variety stores for instance, and that the severity of the impact was highly correlated with employment trends. The following table shows wage bill impact, sales growth patterns and employment changes for three important retail subsectors. It is evident from this data that all three sectors experienced a considerable increase in sales during the 1961–65 period when the new coverage became effective, and on the basis of past employment-sales relationships all should have experienced com-

mensurate increases in employment. However, in actual fact, the employment changes highly paralleled the degree of wage bill impact. In the variety store sector in which the three minimum wage increases between 1961 and 1965 required an average 4.6 percent wage bill increase, on each effective date employment actually declined despite general economic expansion and a 30 percent increase in sales. In the case of drugstores, where the wage bill effect was substantially less, employment increased with sales, as it did for department stores where the wage bill impact was only marginal:

RETAIL EMPLOYMENT, 1961–65

[In percent]

Sector	Wage bill increase [1]	Sales increase	Employment change
Variety stores	4.6	30	−6.0
Drugstores	1.2	21	12.3
Department stores	.7	44	25.5

[1] Average increase required by each of the 3 minimum wage increases during the 1961–65 period

Mr. Speaker, I believe the evidence that I have reviewed from just some of the studies available indicate that if the wage bill impact of a minimum wage increase is severe enough, there are clear disemployment effects. To be sure, if the minimum wage is kept low in relationship to general wage patterns, disemployment will be limited to a few industries, plants, or regions where a significan increase in labor costs results from imposition of mandatory wage requirements. But the point is, advocates of the minimum wage have never been content with keeping coverage limited and the wage level at a rate low enough to provide only the most basic floor necessary to prevent unfair labor practices. On the contrary, they have consistently argued for total coverage and for rates well above those that Congress has finally been persuaded to establish.

The obvious reason for this insistence on strengthening the FLSA is that at current levels, as I indicated earlier, the minimum wage cannot even begin to deal with the problem of income deficiency among working poor families. It is only as rates are substantially increased above anything we have contemplated thus far, will significant, if inefficient and inequitable, progress to be made toward dealing with that problem. But minimum wage rates of this magnitude would have a very substantial labor costs impact on numerous industries and parts of the country, rather than just a few as at present, and in that situation the disemployment effects are guaranteed to be widespread and burdensome. Economic logic and the nature of our economy will permit no other result.

C. THE PRICE EFFECTS OF THE MINIMUM WAGE AND THE SERVICE SECTOR

Mr. Speaker, it is obvious that one would be on pretty tenuous economic grounds arguing that the minimum wage has both large, adverse price and employment effects in the same situation. If an employer can succeed in passing along any additional wage costs resulting from an increase in the minimum wage by means of higher prices without cutting back on production or sales, then obviously employment will not be harmed. At the same time, if he can reduce his labor costs by altering production methods, automation, or other labor-saving actions, there will be no need to raise prices. However, this choice that faces any particular employer does not bind all employers as a group. Depending upon their competitive situation, the possibilities for factor substitution, the state of market demand and many other similar considerations, employers in varying markets significantly impacted by a minimum wage increase will respond in a way most appropriate to their own unique circumstances.

Generally speaking, I believe it could be expected that in highly competitive industries, in industries with a high elasticity of demand to price, in industries where capital-labor substitution is highly feasible, and in industries serving regional or national markets, the response to a substantial minimum wage impact would be in the direction of labor-cost saving and consequently disemployment. By contrast in industries characterized by local markets with minimal competition, little potential for significant capital substitution, and a low elasticity of demand to price, the minimum wage impact would be more likely on the price side. This latter set of characteristics obviously describes the situation in many service industry markets like hospitals, hotels and motels, restaurants, and even laundry and dry cleaning establishments where convenience, quality and similar factors are often more important to the consumer than price.

Mr. Speaker, I believe this theoretical expectation that the increased wage costs—both direct and ripple effects—of the minimum wage would most likely manifest themselves in the form of higher prices in the service sector is borne out by the facts. As I am sure my colleagues recall, prior to the 1966 amendments to the Fair Labor Standards Act, what is generally termed the service sector was virtually exempt from minimum wage coverage. However, as a result of the amendments of that year more than 3.5 million new service workers in such areas as hospitals, nursing homes, cleaning and laundry establishments, hotels and motels, restaurants, and other miscellaneous services were brought under the act. Thus, by comparing service price trends and their relationships with other key economic indicators before and after the effective dates of the 1966 amendments we can get some idea of the price effects of the minimum wage in this sector.

In examining service price trends over the 20-year period between 1950 and 1970 we made two important discoveries. First, as was indicated above, there appears to be little direct short-run relationships between changes in service demand and price. When we computed a correlation coefficient for the relationship between consumption expenditures for services and service price index—minus rent—for the years between 1954 and 1966, the coefficient was less than .02, indicating no statistically significant relationship between the two variables. Or put another way, year-to-year changes in service demand do not seem to bear any noticeable relationship to corresponding year-to-year changes in price. This, of course, confirms the notion that services have a low elasticity of demand to price.

On the other hand, cost variables do seem to have a significant relationship to service price. Specifically, for the same period we found that the combined effect of a variable for labor costs—private economy man-hour compensation—and for capital costs—the producer goods wholesale price index—was closely related to changes in the service price index. The multiple correlation coefficient for these two variable in relationship to service prices was nearly 0.80, indicating that changes in these variables explained nearly 63 percent of the year-to-year variation in service prices. In short, it would appear that variation in input costs, at least in the shortrun cyclical context, are substantially more highly correlated to service price changes than are shortrun demand changes.

On the basis of this strong relationship we found in the preminimum wage period—for services—between the two costs variables and service price, it was possible to construct a simple linear equation that would allow us to predict what the change in the service price index would have been in the post-1966 period had this relationship not been affected by the impact of the new minimum wage coverage. Without going into all the technical and statistical details here, it can merely be said that the regression equation for the relationship between service price change and the combined effect of the labor cost variable and the capital cost variable for the period 1956 through 1966—preminimum wage—was given by the following:

$$y = 2.946 + .272(x_1) + .135(x_2)$$

where:

y = annual service price index change

x_1 = annual change in producer goods index of WPI

x_2 = annual change in private economy compensation per man hour

This estimating equation proved to be a very good predictor of the actual service price changes during the preminimum wage period. The average residual or deviation of the predicted service price change was only 0.08 percent from the actual change in the BLS index for services—minus rent. Moreover, deviations were found to be equally both above and below the actual change, suggesting that the minor estimating errors were random rather than systematically biased toward either over- or under-prediction.

However, the residuals for the post minimum wage period between 1967–71—a period in which the minimum wage was increased from no coverage to $1 per hour in 1967 to $1.60 per hour in 1971 in the service sector—were substantially and consistently positive. Put another way, the actual increases in the service price index were on the average nearly 3 percentage points greater than those which would have occurred had the pre-1966 relationship between the variables been maintained. The following table indicates the actual price change, the pre-

dicted price change, and the residual for the years after the minimum wage took substantial effect in the service sector:

SERVICE PRICE INDEX CHANGE

[In percent]

	Actual	Expected	Residual
Year:			
1967	4.9	3.2	+1.7
1968	5.7	3.7	2.0
1969	7.6	3.7	3.9
1970	8.6	3.6	5.0
1971	5.8	3.8	2.0

It can be readily seen from this table that some new factor was noticeably disrupting the previous relationship between these general cost variables and service prices. Since the minimum wage increases of this period were too small to effect these general cost variables, but of sufficient magnitude in relationship to previous service labor costs to register an important impact in that sector, the suspicion is that it accounts in some important measure for the unexpected deviation of the service price index from its previous path during the post-1966 period.

Mr. Speaker, it goes without saying that significant though these findings are, they must be interpreted with extreme caution. An analysis of this type does not establish cause and effect on a one-for-one basis. It merely suggests that for some reason there was a clear and substantial break after 1966 in the relationship that had prevailed between general economywide cost factors and the service price index before that point, and the relationship that developed after minimum wage coverage was extended to this sector of the economy. Thus, there may have been numerous other new factors affecting the service price index in the post-1966 period that account for some of the spread that is shown in the above table. For instance, the onset of medicare and medicaid in this period is believed by many economists to have significantly affected the price level in the health care sector—a significant component of the service sector as a whole. This is believed to have occurred due to both extreme demand pressure in the face of limited supply capacity, and to the fact that the substantial increase in third-party payments occasioned by these programs may have reduced incentives to control costs in the health care field.

In addition, a number of the components of the service price index which increased rather rapidly during this period—auto repairs, physicians services—obviously were not affected by the minimum wage. However, this consideration can not be given too much force because if you examine price trends for only those components of the service price index such as hospitals, hotels and motels, or cleaning establishments, which were directly affected by the minimum wage, it is clear that prices in these areas rose fully as rapidly as the overall index. In other words, the fact that these non-minimum-wage-affected components are included in the overall service price index does not bias it upward, and, therefore, the results of the preceding analysis would tend to be similar in any event.

Having made these caveats, then, it would seem that it is still admissible to infer that the minimum wage increase over this 5-year period played some significant role in this substantially greater than expected increase in the service price index in the post-1966 period. An examination of the wage structure in these industries provides further confirming evidence. A special, detailed wage survey taken by the Labor Department in April of 1970—9 months before the final step increase to $1.60 for post-1966 FLSA covered workers—indicates that fully 20 percent of covered service workers were below the scheduled increase. Moreover, another 30 percent were distributed in a range between 0 and 25 percent above the $1.60 figure. In short, nearly 50 percent of workers in covered service establishments were pretty tightly bunched just above and below the final step increase, and on the basis of other Labor Department data, it would appear that this tight bunching prevailed throughout the 1967–71 period during which the 1966 amendments were phased in.

By way of contrast, less than 1 percent of manufacturing workers were found to be below the $1.60 level at the time of the April 1970 survey, and merely an additional 12 percent were in the 0 to 25-percent range. Had this been the case in the service sector, it would be difficult indeed to attribute much of the unexpected jump in service prices after 1966 to the minimum wage. But in the actual service industry situation there was both a substantial direct wage cost impact, and perhaps more important, most certainly an even more substantial ripple effect due to the tight bunching of more than one-third of service industry workers just above the scheduled minimum. It is simply inconceivable in a situation in which wage intervals are that closely spaced to think that the lowest paid workers could get up to a 15-percent increase without more experienced workers just above the minimum demanding, and in fact receiving, proportional increases. So it would appear, at least in my view, that the wage cost impacts of the minimum wage in the service sector—both direct and indirect—were substantial, and that these cost increases must surely have accounted for some of the observed gap between expected and actual service price behavior during the 1967–71 period.

CONCLUSION

Mr. Speaker, let me say in conclusion that I believe there are some very important both long- and short-run reasons for adopting a more cautious and prudent approach to the minimum wage than that represented by the committee bill. For the immediate future, it is vitally imperative that we stretch out the proposed increase to $2 because its impact in certain sectors like retailing and the service industries would be too severe to be absorbed in one blow without seriously jeopardizing the stabilization program and the progress we are currently making toward recovery and full employment. As I indicated at the opening of my remarks, more than 26 percent of the retail and service labor force now covered by the FLSA would be affected by an immediate increase to $2, and in some regions, especially the South and nonmetropolitan areas, from 30 to 50 percent of the covered labor force would be affected.

The proponents of the committee bill may quote from dawn to dusk if they please, the unfortunate and out of context statement by Mr. Landry of the Chamber of Commerce that suggests increases in the minimum wage do not cause inflation. But whatever the case in times of economic health and stability, I can assure my colleagues that in these days of economic crisis and wage and price controls, enactment of this bill would unleash a flood of requests for price increases that will make a mockery of these assurances within 1 week after the $2 minimum takes effect. The recent unusual rise in raw farm product prices and the current efforts of the price board to crackdown on alleged excessive profit margins in retailing have reduced profits to the bone in this sector of the economy.

If you increase wage costs by even 5 percent in an industry in which labor costs account for more than 60 percent of operating costs, and in which profit margins on sales have in many instances dipped to 2 percent, 1 percent and some cases even below that point, there is no other outlet except either higher prices or massive layoffs and unemployment. In short, the effect of moving to the immediate $2 minimum wage called for by the committee would be the unnecessary creation of a major new threat to the effectiveness of the stabilization program. And if our current fragile control machinery should prove incapable of weathering the storm, we are likely to soon find the whole economy back on that old course of inflation, instability and stagnation from which we have just now begun to extricate ourselves.

But the counsel for restraint on this minimum wage measure depends upon much more than merely shortrun considerations. As I have tried to indicate throughout the course of my presentation this afternoon, I believe we are at a crossroads in minimum wage policy that demands some serious rethinking of our entire approach to this question. There is only one good social argument for the minimum wage and absolutely no satisfactory economic justification for the kind of arbitrary intervention in the market economy that it entails. We are now at a point where a better means is available to deal with the social problem of poverty and inadequate income as I have attempted to demonstrate. The resource efficiency advantages of income supplements as a means of dealing with income deficiencies among the working poor are so overwhelming that the appeal to the facts of poverty and the situation of the worker who must support his family on $75 a week should be laid to rest once and for all.

If the proponents of a substantial increase in the minimum wage are truly concerned about this very real problem, then let them switch the focus of their exertions to a more fruitful endeavor, to

getting the President's family assistance plan enacted into law this year. But if the real reason for organized labor's unwavering support for the minimum wage is that it provides a useful protective device for their own inordinate wage demands and collective bargaining agreements, then let them drop the pretense, dispense with the unctuous handwringing about the poor and the $75-a-week family, and expose the real burden of their case to the public.

Mr. Speaker, the disemployment and inflation costs of the minimum wage would be totally unacceptable if we were to seriously attempt to use that instrument as a means of dealing with the very urgent income deficiency problem that afflicts more than 12 million working poor Americans. So let us dispense with that illusion and get on with the business of enacting and then improving a decent income transfer program that will allow all Americans to live in decency and dignity. So, too, let us act with moderation and restraint in the immediate situation, if, in this political year and in light of the fact that we have not yet succeeded in putting the President's family assistance plan on the book, some increase in the minimum wage is necessary by phasing in the increase called for by the committee and the other party. But, finally, let us have the good sense in the future to remove the minimum wage from our main social and economic policy arsenal and to assign it the more modest supportive role of assuring minimal labor standards in the marketplace for which it is properly suited.

NINETY DAYS, AND STILL NO WORD FROM PRESIDENT NIXON ON TAX REFORM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 20 minutes.

Mr. REUSS. Mr. Speaker, it has now been 90 days since House Ways and Means Committee Chairman WILBUR MILLS wrote President Nixon asking that the President send to Congress the tax reform proposals he promised last September. The President has still not responded to Chairman MILLS' letter.

One waits and waits for help from the President on tax reform. Therefore, when the revenue sharing bill (H.R. 1470) comes to the floor, a number of us, including Congressmen FRASER, VANIK, and OBEY, will seek to offer an amendment to the bill to close two existing tax loopholes. This amendment has a dual purpose. First, it makes a start toward dealing with a problem of intense and growing concern to people throughout the country—the inequity of our Federal tax system. Second, by raising an additional $5 to $6 billion per year, it would provide the revenue that H.R. 14370 proposes to share. It is thus, as we have called it, a Fiscal Responsibility Amendment.

The two tax reforms in the Fiscal Responsibility Amendment would repeal the ADR system of special depreciation write-offs for corporations, and tighten up the so-called "Minimum Tax" provision of the 1969 Tax Reform Act.

The minimum tax imposes a tax on certain forms of "tax preferences"—income from real estate shelters, the oil depletion allowance, capital gains, stock options, and other sources which previously escaped taxation. However, the minimum tax exempts the first $30,000 in tax preferences from the tax, and also allows a deduction for the amount of taxes paid on regular, nonpreference income. A minimum tax of 10 percent is then imposed on the amount of tax preference income that remains. Our proposed amendment to the revenue-sharing bill would reduce the $30,000 exemption to $12,000, eliminate the deduction for regular taxes paid, and raise the minimum tax rate to 20 percent.

An analysis of Treasury data on the operation of the minimum tax in 1970 makes it clear that changes are needed to insure that people with very high incomes pay their fair share in taxes. There were, for example, 394 Americans with 1970 incomes in excess of $100,000 who paid no Federal income tax at all for that year, despite the minimum tax. The minimum tax was successful in catching an additional 318 individuals with 1970 incomes of over $100,000 who would otherwise have paid no Federal income tax. But the tax rate they had to pay was only 4 percent—the same ratio paid by a near-poverty-level wage earner making $4,000 a year.

In a sense, these 318 wealthy tax avoiders caught by the minimum tax are the unlucky ones. But it is a little hard to feel sorry for people with incomes in six figures who pay taxes at the same rate as people just above the poverty line.

The total 1970 income for these 318 individuals and the percent of it paid in taxes works out as follows:

There were 279 persons in the $100,000 to $500,000 "adjusted gross income" bracket who paid no tax on their regular income but did pay a minimum tax. The average amount of tax-preference income in that bracket was $171,220, and the average minimum tax paid was $14,122. If we assume that the average person in that bracket had $300,000 in untaxed regular income, this adds up to an average total income of $471,220. The $14,122 minimum tax amounts to only 3 percent of that.

For the 31 people in the $500,000 to $1,000,000 bracket, a similar calculation shows an average untaxed regular income of $750,000 and tax-preference income of $647,420, for a total average income of $1,397,420. The average minimum tax in that bracket came to $61,742—4.42 percent of total income.

For the eight taxpayers in the $1,000,000-and-over bracket, I estimated an unrealistically low, average untaxed regular income of $1,000,000, and then added the average tax-preference income of $703,750 to come up with a total income per person of $1,703,750. The average minimum tax on this was $67,375—3.95 percent of the total income.

These Treasury figures demonstrate clearly that the minimum tax is just administering a small "love tap" to wealthy tax avoiders. They can continue to use tax loopholes if they will just pay a small admission fee for the privilege. At the very least we should increase the admission fee, and the amendment we hope to add to the revenue-sharing bill would do this. Better still, however, we should simply do away with all these tax loopholes once and for all. Income is income, and there is no reason why wealthy investors, executives, and oil men should get more favorable treatment than the "average wage earner."

THE NEEDS OF THE ELDERLY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BRADEMAS) is recognized for 5 minutes.

Mr. BRADEMAS. Mr. Speaker, the report of the Democratic Policy Council planning group on "Problems of the Elderly," has cogently and compassionately identified five issues of critical importance for older Americans: Meaningful retirement, the problems of fixed income, health care, housing, and transportation. To help solve these problems, the planning group has recommended the following measures: A guaranteed annual income, increases in social security benefits, national health insurance, low-income housing, and property tax relief for the elderly. I believe this report is worthy of the closest scrutiny by all Members of Congress.

In conjunction with this report, I am inserting in the RECORD a copy of my own statement to the planning group, as well as an article by the distinguished cochairman of the planning group, the Honorable Wilbur J. Cohen, former Secretary of Health, Education, and Welfare, on "The Challenge of the Aging," which appeared in Social Action in November 1971:

PROBLEMS OF THE ELDERLY

(By Cochairmen Wilbur J. Cohen and John J. Gilligan)

The planning group held a public hearing in Cleveland, Ohio on November 19, 1971. Testimony was directed to five major problems confronting elderly citizens:

Meaningful retirement and public attitudes.
Income.
Health.
Housing.
Transportation.

MEANINGFUL RETIREMENT

Governor Gilligan's opening statement voiced the panelists' concern about prevailing attitudes toward the aged and aging:

"The problems of our aged citizens have existed for years, for decades, and we all know it. What we have to understand is why they haven't received adequate attention in the past. Why, for instance, has housing the aged been less important than going to the moon? Why has adequate income for the elderly been less important than an oil depletion allowance for oil barons?

"I think the answer to the question lies in some basic attitudes here in America; attitudes that have caused suffering—attitudes that I believe have to be changed.

"One basic attitude is that anyone not directly contributing to the country's economy by working at a job, is on his own, left to fend for himself. And why? Because under our system people weren't really supposed to help each other. They were supposed to compete against each other and not just

for medals or awards of some kind, but for the basic necessities of life. Competition was good for everybody. Everybody competing against everybody else was supposed to produce the greatest good for all. A strange idea—that the sum total of everybody's selfish pursuit of his or her own selfish material interest would be the greatest good for all.

"The people who are starving, are starving not because there is no food but because they can't compete any longer in the marketplace and so they suffer. But it's time this country recognized that everyone has a fundamental, inalienable right to the basic necessities of life. It's time this country recognized that no one loses his right to a minimum standard of living simply because he is old, sick, disabled, or unemployed.

"I hope that from this hearing will issue a clear call to the people of this country for the establishment of a guaranteed annual income to provide each and every citizen with the minimum requirements of a decent, human life in America."

Another witness commented:

"Today's elderly grew up in a time when usefulness and meaningfulness grew out of having a job. Compulsory retirement at age 65, even when you are physically fit and alert, means you are no longer useful and have no meaning to society. The watchword is "produce—produce—produce."

Cleveland's coordinator on the aging warned: "We must not evaluate the worth of an individual in terms of the 'goods' he produces." Witnesses agreed that today the forces of industrialism and technology have altered the meaning of the word "work" and man's relationship to the world of work. Although automation and cybernation have helped lessen the economic need for work, there remains a psychological need to work throughout a person's life—a remnant, no doubt, of the puritan ethic.

Without an occupational status, the individual has few or no alternatives capable of sustaining his position as a respected member of the community. Retirement then means not only a loss of self-supporting income but a loss of identify or role. Many times this loss follows closely the shedding of traditional parental roles as children grow up and move away. These are big adjustments. Too often they become a crisis—to which the suicide rates among those 65 and older are mute testimony.

To remedy these negative attitudes and provide a major redirection in retirement years, witnesses suggested this new educational process could begin as early as elementary school with the growth and aging process being viewed as a natural and universal one. Today there is far too much emphasis on youth. The cult of youth that has successfully cornered the marketplace in literature, movies, news media and particularly advertising has resulted in the cultural rejection of the aged. A community worker said:

"Today everyone must be young and independent to 'mean' anything. Tradition? Who wants it? So what is the picture of the elderly? A physical, senile wreck who must, heaven forbid, depend on someone else to exist. Yet 90% of those 65–75 have no real disabling handicaps. Consider the value of today's older generation in teaching the younger to cope with change. We who are older now have done more adjusting than any other generation in the history of mankind."

The essential problem in providing for meaningful retirement is that of an economic system that demands the fullest *productivity* from an individual rather than the highest development of his individual potential for *creativity*.

INCOME

Sources

Employment. Only about one in every six people aged 65 or older is in the labor force at all and fewer than half of these hold full-time jobs.

Social Security. Nearly nine out of ten older people now receive Social Security benefits. Yet a study issued by the Senate Special Committee on the Aging in 1969 showed that three out of ten people 65 and over were living in poverty in 1966: Though there have been substantial improvements in Social Security benefits in the last five years, the rapid rise in living costs has kept about the same proportion below the poverty line. For most of these persons, poverty came only with old age.

Old Age Assistance. One in ten of the people over 65 receive old age assistance, more than half of them as supplementation of inadequate social security benefits.

Private Pensions. One in five elderly Americans receives a private pension—and that can be as low as ten dollars per month. Testimony revealed:

"By the end of 1968, 28.6 million wage and salary workers were covered by private pension and deferred profit-sharing plans. This represented nearly half (47.8%) of all wage and salary workers. However, the degree of protection afforded by these plans is in many respects illusory. Pension payments vary widely. Many plans require long unbroken service with a particular employer with no vesting provision. Thus, while the total number now working under the provision of some private retirement plan is impressive, there are many more who are totally without such protection

"Even for those fortunate workers who are under liberal, solidly financed plans backed by major industries and supported by powerful unions, the reduction in income at time of retirement can be quite a shock.

"Take, for example, an auto worker earning $9,000 a year. This would put him in the distinctly higher wage group. On retirement, if he and his wife were both 65, and he had been steadily employed over the years, they would together draw $306.80 a month social security benefits. His auto worker's pension would be $183. His annual combined income would therefore be $5,878. This seems liberal but it represents a 23.5% reduction in income taking into account that even on his $9,000 working income he had only $7,684 left after taxes and social security deductions."

Problems of fixed incomes

Amount. In 1970, half of all families with a head over age 65 had incomes below $5,053. Half of all single, aged individuals had incomes below $1,951.

Medical Costs. Physicians' fees rose about 80 percent over the 1957–59 Consumer Price Index base. Hospital daily service charges amount to over 200 percent increase, meaning that these charges are now more than triple what they were some twenty years ago.

Housing Costs. Housing costs have risen on the national average by nearly 50% but have doubled or tripled in some instances, thus exceeding the amount of the total down payment made on the home years ago with the hope that old age could be secure. Property insurance rates are up more than 60 percent.

Transportation Costs. Transportation costs have risen over 35 percent since 1957–59 but cost of local transit fares—on which so many elderly are completely dependent—has more than doubled.

Recommendations

A federally-financed and administered *guaranteed annual income*, a floor of financial assistance to bring income above the poverty level.

An immediate 25 percent across-the-board *increase in social security benefits.*

A *national health insurance program* under which the government would assume responsibility for improving the organization and delivery of high quality economical health and health-related services as well as responsibility for the financing mechanism.

Improvements, as immediate relief, *in Medicare and Medicaid* to extend protection, to control costs, and to reverse the trend toward ever heavier co-payments and deductibles.

Financing of Medicare solely through contributions from earnings and general revenues, eliminating the premiums paid by retirees living on fixed incomes. A spokesman for a national senior citizens organization testified:

"Six years ago passage of the Medicare law improved security in old age by covering the greater part of the most unpredictable and burdensome threat to retirement budgets—the cost of a hospitalized illness and high doctor bills.

"There are still, however, large gaps in the Medicare program that constitute a heavy burden for people living on retirement incomes:

"The deductible and co-insurance features constitute a barrier to medical care, especially for the elderly poor.

"Out-of-hospital drugs, which are not covered, are frequently a costly item. Many drugs which older people use are of the most expensive kind and frequently the elderly need these drugs in treating such disabilities as heart disease, diabetes and arthritis—not just occasionally, but regularly. Their cost represents a steady drain on low incomes.

"Unless the attending physician agrees to the assignment method of payment under which the amount paid by Medicare is accepted as the total payment (minus the 20% co-insurance), the doctor is free to charge any amount he thinks he can get over and above the amount Medicare procedures establish as "reasonable" in terms of the going rates and past practice. So the elderly person is faced with an 87% increase in monthly premiums for Part B Medicare since the start of the program in addition to the burden of increasing charges by physicians over and above the insured amount."

Active promotion of *public service jobs* so badly needed by the nation and so appropriate for the employment of older persons.

Property tax relief through the development of a federal program to reimburse states that extend relief to low-income householders whether owners or renters who are overburdened by property taxes.

HEALTH

A physician, specializing in geriatrics and chronic illness, spoke:

"The prevalence of chronic illness with resultant limitation of activity rises rapidly with increasing age, especially after age 65, Under 45 years of age, only .4% of this population is unable to carry on their major activities—working, keeping house. At age 45–64, this rises to 2.8%. Over age 65, the increase is to 14.6 percent of the population. Furthermore, the number of people unable to function is much greater in the lower income sector as compared to the higher income groups.

"The aged, the poor, and the lonely, those least able to help themselves, have the greatest degree of disability due to chronic illness. Yet the medical care system of this country—by accident but more likely by design—is best fitted to serve the antithesis of these groups: the affluent, the young and the family groups.

"About 10 percent of the population in the United States—some 20 million persons—are over age 65. By 1980, there will be nine million people over 75 years of age.

"Even now, Medicare and Medicaid are inadequate in terms of providing medical services to the elderly. The objective of Medicare and Medicaid legislation was laudable. The designers of these ambitious programs embarked on uncharted seas. But they attempted to devise plans which would fit the nation's pocketbook.

"As in other problems affecting the elderly, the programs that have been devised, researched, funded and activated are impressive; but, the amount of money appropriated by the Congress is totally insufficient. This

has meant that these programs are barely more than a public relations effort. They start out as demonstration programs and they remain demonstration programs while the problems get worse and worse."

(Note: A comprehensive study of the nation's health care system was undertaken by the planning group on health. Its recommendations appear in the summary of that planning group, chaired by Leonard Woodcock.)

HOUSING

An Ohio housing authority official voiced the unspoken, yet ever present fear of elderly persons: "The thought of the nursing home spells the end of the road. When this decision is made many people lose their incentive to live."

Yet what are the alternatives? Ralph Nader's study group report on nursing homes, "Old Age: The Last Segregation", graphically summarizes the testimony of the planning group witnesses:

"The practical alternatives for an aged person in need of limited care are a paltry three: hospitalization, institutionalization in a nursing home, of life with younger, more capable relatives. Life at home is impossible.

"About *25 percent of the elderly in this country live alone or with nonrelatives.* For these five million people, life is a daily bout with an income that may once have been sufficient, with tasks that were once simple, with an unfamiliar and unfriendly loneliness.

"*The right to live outside a nursing home* is surely as precious as the right to good care inside one, yet it is astonishingly difficult for millions of elderly people to maintain a decent life on their own.

"*Low-income housing* is a special need of the elderly. . . . According to an HEW official, some two to five million of the twelve million households of older people would like specially designed housing. Every senior housing development has a waiting list, not because older people like to live apart from other age groups, but because so little low-income housing is available in society at large.

"Urban renewal programs often cover areas in which one-half or one-third of the population is made up of older people, most of whom are displaced when the bulldozers move in. *Low-rent housing for the elderly*—with such features as easy-to-open windows, and kitchens and baths that require little stooping—should no longer be built in isolated communities designed just for the aged; it should be integrated into the wider community, for the benefit of both the aged and the young." (Note: an excellent example of this integration is the high-rise senior citizens' "Fellowship House"—an apartment building located in the new town of Reston, Virginia. Within easy walking distance of shopping and medical and transportation facilities, it enables older persons to remain in close contact with younger families without the often-devastating complications involved with relatives living in the home of their children.)

"*Home repair services* should also be available for older people who own their own homes. For most of the elderly, their home is their only major asset; two out of three own their own homes, and 80 percent are free of mortgages. Half have sunk twenty-five thousand dollars or more in to their homes, yet many are "house-poor" because of limited, fixed retirement incomes. Inflation and rising property taxes make it increasingly difficult for the elderly to hang on to the one asset they are likely to have.

"For those who wish to *sell their homes and live in smaller quarters,* there are additional difficulties. This problem is severe for widows and single women, who comprise well over one-quarter of the aged population. Six out of ten of all aged women living alone have incomes below the poverty line."

TRANSPORTATION

Five critical problems relating to transportation for the elderly were cited by the chairman of a task force of transportation for Seniors of Ohio:

Service. As a major transit-dependent group, the elderly have great difficulty using the present mass transit facilities. Policies governing mass transit must provide for subsidies to specific transit dependent user groups such as elderly people. Sources for providing the subsidy could be local, county, state, or federal—private or public.

Fares. The cost of transportation is a major burden for many older people on fixed incomes. Funds appropriated from a source such as a transportation trust fund would subsidize essential supplementary transportation services for the elderly at a rate of fare consistent with their ability to pay. These necessary funds for increased service should be provided in addition to any income increases that may be forthcoming from governmental sources to improve the ability of the elderly to purchase basic needs such as food and housing.

Neighborhood transportation. Elderly people have mobility problems within their own neighborhoods. Present routes and schedules do not give them the mobility they desperately need. Demand-responsive neighborhood transportation should be used. This would supplement bus and rapid transit fixed-route operations in areas where the transit-dependent elderly are primarily located. If properly implemented and operated, not only would this satisfy the majority of the transportation needs of the elderly, but the vehicles could also be used to serve others with special transportation needs.

Coordinated transportation systems. Many elderly people have much difficulty getting to the clinic, to church, to the grocery stores, to cultural and entertainment activities, and other necessary places anyone with a car can reach with ease. A coordinating agency is needed with the authority to insure cooperation of various health and social services to those adults 55 years old or older. Coordination of bus and rapid transit schedules, routes, and walking distances should be considered for general client accessibility. A prime target of any changes in policy must include the old, the disabled, the young and the disadvantaged.

Representation. Elderly are not members of the transit boards or any other transportation policy agency in most cities. The elderly must be included on any decision-making body concerning transportation policy. People who depend on buses and rapid transit must be represented in decisions on how the transportation system will operate.

SUMMARY

In addition to highlighting the problems of the elderly witnesses spoke of the failure of the Nixon Administration to give any indication that it was concerned by these problems much less that the administration would make good earlier commitments to the elderly. No one spoke more forcefully to these disparities between promise and performance than John Brademas (D-Indiana), chairman of the House subcommittee on Special Education:

"Many of us in the last Congress championed a 15% increase in Social Security benefits. But Mr. Nixon said "no", asked for only 7%.

"That beleagured Presidential appointee, the Commissioner on Aging, John Martin, told our subcommittee that the administration was opposed to the Pepper (D-Fla.) bill—a nutritional program—but would come up with another proposal. We are still waiting.

"Time after time this year, the Nixon Administration has acted to strangle the federal agency most directly concerned with the needs of America's senior citizens, the Administration on Aging. And, of course, the President struck another serious blow at older citizens when several weeks ago, in imposing the wage-price freeze, he called for a one-year delay in welfare reform—which of course means a one-year delay in Social Security increases!'

A senior citizen's corporation project director summarized the problems of the aged by noting:

"Aging is a normal process that begins at birth and ends with death. In the latter stages it can be a catastrophy, particularly if the aged person is surounded by ignorant, indifferent or frightened persons. This need not be so. With some understanding, effort and friendliness from the rest of society, the elderly can be made to feel useful and wanted. They can enjoy the last part of their lives and they can make a valuable contribution to their community.

The Nader report put the question in even starker terms:

"In 1969, the American people spent five billion dollars on preparations to keep them looking young; in 1970, the federal government spent one and a third billion dollars on Old Age Assistance. The comparative statistics summarize neatly the problem of the old in the United States.

"Why and how the cult of youth developed in America . . . is not of particular significance here. What is important is that, in our single-minded pursuit of youth, we have systematically ignored those who are old. The American Indians stood in the path of what we conceived to be our national destiny, so we shoved them by the way; we have done the same with the old, who, like the Indians and the blacks, are an oppressed minority; we have segregated them from the rest of society."

CONCERNS OF THE ELDERLY

Cochairmen

Wilbur J. Cohen and John J. Gilligan.

Hearing participants and planning group members

Bechill, William D., Washington, D. C.; Brademas, John, U. S. Representative, Indiana; Brooks, Marie M., Cleveland, Ohio; Brown, Andrew W. L., Detroit, Michigan; Burton, Phillip, U. S. Representative, California; Carmen, John, Cleveland, Ohio; Celeste, Richard F., State Representative, Ohio; Craig, Dorothy, Cleveland, Ohio.

Holleb, Marshall, Esq., Chicago, Illinois; Lake Goldie, Cleveland, Ohio; Martindell, Ann, Vice Chairman New Jersey State Democratic Party; McClendon, Carol, Councilman, Cleveland, Ohio; McNamara, Martin J., Esq., Washington, D.C.; Stocklen, Joseph, M.D., Cleveland, Ohio; Taylor, Mrs. Murtis H., Cleveland, Ohio; and Test, Esther, Cleveland, Ohio.

STATEMENT OF CONGRESSMAN JOHN BRADEMAS, CHAIRMAN, HOUSE SELECT SUBCOMMITTEE ON EDUCATION

Mr. Chairman (Wilbur Cohen): First, let me take this opportunity to congratulate you and other members of the Planning Group of the Democratic Policy Council on Problems of the Elderly on your initiative in scheduling these hearings on one of the most pressing issues facing the people of our country—the problems of the elderly.

I would be most derelict if I failed to pay tribute to you, Mr. Chairman, for the splendid leadership you have given throughout your entire life, in positions both academic and governmental, in shaping major policies for the benefit of the older citizens of America. The name of Wilbur Cohen will be remembered by the chroniclers of our generation as one of the principal architects of a more civilized attitude toward the elderly in the 20th century.

I want also to take this occasion to pay my respects to another good friend and former colleague in the House of Representatives, now the distinguished Governor of the State of Ohio, John Gilligan. Governor Gilligan has come to be identified in the minds of all those who know his record as one dedicated to bringing state governments into the 20th century in terms of enhancing their capacity to help meet the needs of every sector of our society. That he should be here with us today as we look at the concerns of older Americans is thus no surprise to us who have worked with him in Washington or who have observed his leadership in Columbus.

And finally, I am glad to see participating in these discussions another old friend, William Bechill, now at the University of Maryland, the first person to hold the responsibility of Commissioner of Aging established under the Older Americans Act of 1965. Before he assumed that responsibility, while he held it, and since, Bill Bechill has demonstrated his knowledge of the field of the aging and his commitment to the search for a sound national policy with respect to older persons in our society.

DEMOCRATIC PARTY AND THE ELDERLY

Chairman Cohen, you are one of a group of persons who over 35 years ago helped bring into existence the Social Security program, a program of which all of us who are Democrats can justifiably claim to be proud.

Over a generation ago, then, Democrats were working hard for programs to benefit the older citizens of this land; and Democrats are still working hard in Washington to forward that objective.

And, Mr. Chairman, only a generation ago, Republicans were working against programs to benefit the older citizens of this land; and Republicans are still working hard in Washington against such programs.

SCOPE OF THE PROBLEM

Mr. Chairman, I have the honor to be the Chairman of that subcommittee of the House of Representatives with jurisdiction over the Older Americans Act of 1965 as well as over a number of other programs relating to the elderly, and it is for this reason, I assume, that you have done me the honor of inviting me to appear before you today.

I am told by the Census Bureau that there are today over 25 million Americans 65 and over, and by 1990, there will be over 27 million elderly in the nation. For while the total U.S. population has tripled, the older population has increased sevenfold.

All of us here are aware of the needs of the elderly in American life—adequate retirement income, decent health care, sound nutrition, recreational and community service opportunities, housing, transportation, education and employment—to cite only the most obvious.

NIXON ADMINISTRATION AND THE ELDERLY

Because within this very month the White House Conference on Aging, called by President Nixon, will convene in the Nation's Capital, I think it appropriate that I utilize my time with you this morning to review the record of his Administration on problems of the aging. For, I think you will all agree, in a democracy like ours, it is essential—if the government is to be responsible and responsive—to compare the promises of candidates with their performance once in office—and this requirement includes not only Congressmen and Senators but Presidents as well.

It was, I remind you, at a convention of the National Retired Teachers Association and the American Association of Retired Persons in Chicago, Illinois that, on June 25, 1971, President Nixon declared that "the generation over 65 is a very special group which faces very special problems—it deserves very special attention. That is why we have been moving to insure that our older citizens get that special attention that they deserve".

These eloquent words were an echo of the words with which nearly a year and a half ago, on April 9, 1970, President Nixon, proclaimed May as Senior Citizens Month and issued a call for a national aging policy.

Said the President: "For too long we have lacked a national policy and commitment to provide adequate services and opportunities for older people."

What I propose to do is make a judgment on the extent to which the President, on the eve of the White House Conference on Aging has—or has not—fashioned "a national policy and commitment to provide adequate services and opportunities for older people."

In other words, I intend to compare the rhetoric with the action, which is exactly what Richard Nixon, just three years ago, on October 22, 1968, urged, in a nationwide radio address when he said, "For my part, I will make this pledge. I will never promise what I cannot deliver."

So let's look at the record.

RETIREMENT INCOME

Take the issue of retirement income. You and I know that inflation is the continuing enemy of the aging citizen, hitting older persons harder than those of any other age group.

Many of us in the last Congress championed a 15% increase in Social Security benefits. But Mr. Nixon said, "No," asked for only 7%, and even went on to threaten a veto of the 15% hike recommended by the House Ways and Means Committee. Only the fact that the 15% increase was made part of the Tax Reform bill, which the President badly wanted, caused him to sign the bill containing the 15% figure.

That the Administration should now claim credit for the 15% rise in Social Security benefits is therefore little short of hypocrisy.

NUTRITION SERVICES

Or consider the area of nutrition. In October 1969 the White House Conference on Food, Nutrition, and Health recommended programs of adequate nutrition for aged citizens and called for developing "a new system of food delivery" for them.

And President Nixon's own Task Force on Aging in April 1970 urged him to direct the Administration on Aging and the Department of Agriculture to develop nutritional programs for the elderly.

Yet earlier this year, when my subcommittee, following through on these recommendations, held hearings on legislation introduced by Congressman Claude Pepper of Florida to establish a nutritional program for the elderly, what was the response of the Administration of Richard Nixon? I can tell you. The answer was "no."

That beleaguered Presidential appointee, Commissioner on Aging, John Martin, told our subcommittee that the Administration was opposed to the Pepper bill but would come up with another proposal. We are still waiting—but I am not holding my breath, and I do not think the older citizens of America who need low-priced nutritional meals should do so either.

NURSING HOMES

Let me turn to another area of concern to America's elderly. You may have read the President's recent bold pronouncement against the shortcomings of substandard nursing homes. The Federal Government should not, he said, subsidize such homes with Federal funds such as Medicaid.

Yet you and I know that the Federal Government even today continues to pay vast sums to nursing homes which fall far short of meeting the requirements of the twentieth century. So the talk sounds fine, but the action is missing.

What we need, if there is a genuine determination to do something about substandard nursing homes in this country, is less Presidential rhetoric and more Presidential action to enforce Federal regulations in all nursing homes receiving Federal funds.

Or let me remind you that in his 1968 campaign, Mr. Nixon pledged to sponsor restoration of full deductibility of medical expenses of those aged 65 and over. Well, let me tell you something: on Capitol Hill, we are still waiting for his proposal.

ADMINISTRATION ON AGING

Perhaps the most obvious symbol of how this Administration has been long on rhetoric about helping older Americans but scandalously short on action has been the vigorous way in which the Administration has fought to weaken and cripple the agency which both Democrats and Republicans in Congress joined to establish five years ago to assure high level attention in the Federal Government to the problems of the elderly.

I speak, of course, of the Administration on Aging, created in 1965 in the Department of Health, Education and Welfare, to be headed by a Presidentially appointed Commissioner, who would report directly to the Secretary of Health, Education and Welfare.

What has Mr. Nixon done to make good on his promise to give "very special attention" to the "very special group" known as "the generation over 65"—and you will, of course, observe that I am simply here quoting the words of the President.

Time after time this year, the Nixon Administration has acted to strangle the Federal agency most directly concerned with the needs of America's senior citizens, the Administration on Aging.

Earlier this year, the research function of the Administration on Aging was transferred away from it to the Social and Rehabilitation Service.

Then the Administration removed both the Foster Grandparents and the RSVP (Retired Senior Volunteer Programs) from the Administration on Aging to place them in a new agency, which is not chiefly concerned with problems of the elderly.

And then the President moved to eviscerate the important program of the Administration on Aging for Community Projects for the elderly by cutting $3.65 million from the budget for them, slicing $3 million off the budget for Foster Grandparents, and by slashing another $2.15 million from research and training of personnel concerned with aging.

Were these actions taken, one must ask, in order to make good on the President's plea for "a national policy and commitment to provide adequate services and opportunities for older people?"

I am pleased to tell you that, on learning of these proposed budget cuts, I immediately convened the Select Subcommittee on Education to demand an explanation from Administration officials of these extraordinary actions.

I am pleased to tell you that, in responding to our bipartisan criticism of this further Administration retreat from responsibility, Secretary of Health, Education and Welfare, Elliot Richardson, announced the following month that the budget of the Administration on Aging would be amended to continue both Community Projects and Foster Grandparent programs at the current fiscal year funding level. The Secretary also agreed to restore funds for research and training and to request an increase of $1.2 million above the amount originally asked for in fiscal year 1972 for area-wide model projects for the aging.

HOUSING FOR OLDER AMERICANS

Or what about housing for the elderly? It is true that over the past 10 years, the Federal Government has opened housing programs for the elderly that have produced an average of 37,000 new units annually.

But we need at least 120,000 such units a year. There is only one program that has produced a substantial number of decent

homes at rates that older persons can afford—section 202 of the Housing Act, which provides direct loans at nominal interest rates to nonprofit sponsors of housing for the elderly. And what is the Administration doing? It is phasing out the program!

EMPLOYMENT OPPORTUNITIES

You and I know that another problem that afflicts many middle-aged and older persons today is the lack of employment opportunities.

That is why many of us in Congress favor a proposal known as the Older Americans Community Service Employment Act, which would help assure a chance for useful and constructive jobs.

And what did the spokesman for the Nixon Administration have to say about this? Once again, Commissioner Martin was sent to Capitol Hill to testify against the bill, "in view of activities which are currently being carried out under present law, proposals pending before Congress and legislation being developed for early submission to Congress"! Does the theme begin to sound familiar?

OTHER PROBLEMS

And I can cite still more examples of the policy of this Administration of consistent opposition to effective action for America's elderly.

The Administration has recommended a one-third cutback in Federal Medicaid matching after a Medicaid patient had received 90 days of care in a nursing home or mental hospital or 60 days in a general hospital.

The Administration is proposing, as part of its comprehensive health package this year, to combine Medicare parts A and B and increase Medicaid copayments. In other words, the older patient pays more.

And of course, the President struck another blow at older citizens when several weeks ago, in imposing the wage-price freeze, he called for a one-year delay in welfare reform—which of course means a one-year delay in Social Security increases!

I hope that what I have been saying to you today will enable you better to understand why so many of us in Congress of both political parties are so profoundly skeptical of the pretensions and promises of the Nixon Administration in the field of the aging.

I hope that you will now understand why many of us in Congress have come to the point where we are far less interested in hearing the speeches of Administration officials about how deeply they are concerned about the problems of older Americans—and why we are far more interested in seeing the evidence of genuine commitment, both to programs and to money, to help meet these problems.

It was only a few weeks ago, I remind you, that the distinguished Chairman of the White House Conference on Aging, Dr. Arthur Flemming, the former Secretary of Health, Education and Welfare and a man for whom I have the highest respect, appeared before my subcommittee to make us still another promise. Said Dr. Flemming: "The President has talked with me about his deep concerns regarding this issue (the problems of aging), and, as a result, I have no hesistancy in saying that between now and the time for the White House Conference, the nation will witness vigorous and effective action in this area".

I must remind Dr. Flemming that his time is running out. He testified before us on September 22. Today is November 19. The White House Conference begins on November 28.

If there has been "vigorous and effective action" for older Americans on the part of an Administration which is usually not reticent about trumpeting its accomplishments, there is precious little evidence of it.

I was present at a meeting of retirees last week when Dr. Flemming reminded us of the Biblical admonition, "Thou shalt love thy neighbor as thyself"—but I must add—that under this Administration the commandment has been changed to read, "Thou shalt love thy neighbor as thyself . . . provided that the Office of Management and Budget says it is all right to do so."

TRUE FEELINGS OF THE ADMINISTRATION

And somehow, I regret to tell you, I am not surprised. For if Dr. Flemming had proved right in his prediction, it would mean a notable change from the previous record of this Administration on problems of the retirement generation. It was, indeed, in 1969 that the Administration gave vent to its true feelings on problems of the aging—in the words of the then Secretary of Health, Education and Welfare and now Counselor to the President, Robert Finch, who made his views very clear—that the Federal Government spends too much on programs for the elderly.

Said Secretary Finch: "This relative imbalance (between expenditures for the elderly and expenditures for the young) has been expanding with the increase over the last ten years for the aged . . . " Mr. Finch of course ignored the fact that the increases in funds for the aged largely represented payments under Social Security, payments contributed by workers and employers and not by the Federal Government!

And here I cannot resist quoting Secretary Finch on April 9, 1969 when he said, "I'd like to see a great chunk of resources put in at the lower end of the aged spectrum and hold it at the top end."

For I speak not only as a cosponsor of the Older Americans Act but a principal sponsor of the Comprehensive Child Development Act, now awaiting final action by Congress, a bill aimed at providing the most important advance for very young children in a decade. Is the Administration of Richard Nixon, which now employs Mr. Finch in the White House supporting this effort to increase the resources "at the lower end of the age spectrum"?

Not at all, for lobbyists of the Department of Health, Education and Welfare have been threatening a veto of this child day care program, too! In other words, the Administration is saying "No" to both the youngest and the oldest of our society.

So where does this all leave us?

I still hope that Dr. Flemming proves right and that the White House Conference on Aging will be fruitful, but I must here solemnly observe that the success of the upcoming conference must be judged not by the resolutions it produces but by the action it causes on behalf of the older people of our country.

And I believe that every older American has the right to ask if the 1971 White House Conference on Aging is to be either a genuine prelude to effective action, or if it is to be nothing more than a political coverup for this Administration's continuing opposition to congressional initiatives to improve Social Security benefits, housing, health care, nutrition, and other programs crucial to the lives of the elderly.

SUBCOMMITTEE ACTIVITIES

So I think the time has come for action—and I believe that many members of the United States House of Representatives and Senate—of both parties—share this conviction.

That is why my Select Education Subcommittee has already begun hearings here in Washington, D.C. and in Chicago, and will continue them elsewhere in the nation in coming weeks—in Miami, and Boston and New York City after that—to hear the views of representative citizens on the problems of the elderly and on effective ways of coping with those problems.

As we continue our hearings, we shall, by way of carrying out our Congressional oversight responsibility, listen to comments on how the Nixon Administration is implementing the demonstrated intent of Congress with respect to Federal programs to benefit the elderly.

Is this Administration trying to make these programs work, or is it seeking rather to sabotage them?

Members of our subcommittee will also seek to obtain ideas and suggestions for legislation to assure not to piecemeal approach to problems of the aged but instead to consider whether the time has now come to provide comprehensive services for the older citizens of our society.

NEED FOR CREDIBILITY

Some of you may think that I have been too harsh in my criticism of the present Administration with respect to its policy regarding older citizens. However, I must remind you that if government in modern America is to be credible, if the people are to have any respect at all for the solemn declaration made by those whom they have elected to serve them in the highest positions of responsibility, then those of us who share in that responsibility—as we in Congress do—must speak out when we see such yawning gaps between promise and performance as have characterized the record of the Administration of Richard Nixon in dealing with problems of the elderly during the nearly three years which it has held office.

Listen to these words:

"From its beginnings, the American nation has been dedicated to the constant pursuit of better tomorrows. Yet, for many of our 20 million older Americans the 'tomorrows' that arrive with their later years have not been better. Rather than days of reward, happiness, and opportunity, they have too often been days of disappointment, loneliness, and anxiety. It is imperative that this situation be changed."

Those moving words were uttered on April 20, 1971 by President Nixon as he proclaimed Senior Citizens Month.

I want to help the President make good on his promises.

That is why my Democratic colleagues in Congress and I will continue to work, as we have been working, to expose the Administration's policy of inaction and opposition to programs for the elderly. And that is why we will continue to work for constructive programs of action and a greater commitment of funds for programs that benefit the older people of our land.

OLDER AMERICANS AS A RESOURCE

Let me then conclude with some words of an old friend of mine whom I once had the honor to serve for nearly a year, the late Adlai E. Stevenson.

Said Mr. Stevenson:

"What a man knows at 50 that he did not know at 20 is, for the most part, incommunicable. The knowledge that he has acquired with age is not the knowledge of formulas or forms or words, but of people, places, action—a knowledge not gained by words but by touch, sight, sound, victories, failures, sleeplessness, devotion, love—the experiences and emotions of this earth and one's self and of other men and perhaps, too, a little faith and a little reverence for the things you cannot see."

The kind of knowledge, the kind of faith, the kind of reverence which characterizes the older people of our society is much too scarce and much too precious in this great and wealthy nation of ours to be either wasted or, perhaps worse, ignored.

The time has come then—the time is now—for a genuine commitment—not of words but of deeds—to lifting the quality of life of the older citizens of the United States.

Mr. Chairman and members of this Planning Group, the major advances in behalf of older Americans have been made under

the leadership of Democratic Presidents and Democratic Congresses.

As we look forward to the Presidential and Congressional campaigns of 1972, therefore, I hope—and I believe—that the Democratic Party is the only party to be entrusted with bringing deeds, not words, to a national commitment to policies to make life better for older Americans.

THE CHALLENGE OF THE AGING

(By Wilbur J. Cohen)

(Wilbur J. Cohen is Professor of Education and Dean of the School of Education in the University of Michigan at Ann Arbor. He has held key positions in the development and administration of federal health, welfare, and social security policy, culminating in his appointment as Secretary of Health, Education and Welfare (1968–1969)).

Each day we all grow a little older and hopefully a little wiser. And many of us can expect to live a little longer than our fathers and their fathers. We ask ourselves how meaningful will that longer life be?

The extension of the life span is an accomplishment of which we can be proud. It is a dramatic tribute to the miracles of modern medicine and the Nation's unprecedented standards of living. But longer lives present many problems and a tremendous challenge, replete with many opportunities to enrich these lives and the lives of all of us.

To be sure, we need far more knowledge if we are fully to understand and plan for the needs of our older citizens. The knowledge being developed should have a direct bearing on the future development of the programs that are designed to serve the aged. As more is understood about the health problems of the aged, patterns of treatment should improve and new patterns of health care will develop. As more is learned about the biological and psychological processes of the maturing adult, we should be better able to develop the resources to meet his needs.

Recent gains

During the past decade, we have begun to take steps which are necessary to solve some of the problems of aging and to take advantage of the opportunities that the older population represents.

20 million older Americans are now protected under Medicare against the high cost of illness.

The value of social security benefits has been increased.

Through the Older Americans Act, older people are benefiting from new and expanded services in their community.

The Regional Medical Program was established to aid in the attack on the diseases that strike particularly at the aged—heart disease, stroke, and cancer.

Age discrimination in employment has been outlawed.

The National Institutes of Health through their research and training programs are seeking new knowledge of aging.

A CHARTER FOR THE AGED

These are some of the steps that have been taken to enrich the later years. But the job has just begun. I believe that we must and will do much more. And as a former Secretary of Health, Education, and Welfare, I believe we should work for a comprehensive ten-point charter for the aged at the 1971 White House Conference on Aging whch will include:

1. Provision of adequate retirement income:

We must immediately raise the general level of social security by 10 percent, and the minimum to at least $200 a month for those persons who have contributed at least 20 years.

Widow's benefits under social security should be increased from 82½ percent of the primary benefit amount to the full 100 percent.

A federal payment should be made to needy aged, blind, and disabled individuals to raise them above the poverty level.

The level of old age benefits should be kept up to date and benefits made "inflation-proof" through a system of automatic adjustments which take into account improvements in the standard of living.

2. Provision of modern and comprehensive health care for all the aged:

Medicare should be extended to protect against the heavy cost of prescription drugs and to include all the disabled receiving social security benefits.

Medicare should be put on prepayment basis, with both medical and hospital insurance financed from employers, employees, and the Federal Government.

Establish a National Health Insurance program to cover all persons in the nation.

Accelerate comprehensive out-of-institution health services for the elderly.

Improve standards of nursing homes.

3. Adequate and appropriate housing at a cost the aged can afford:

Improve housing and provide a range of choices to meet the needs of all older people.

Establish and maintain standards for health and safety of rental housing for aged.

Expand rent supplement programs for low-income elderly.

Expand long-term insured and direct housing loan programs at rates within the means of the elderly.

4. Comprehensive rehabilitative services to restore active and meaningful life:

Expand homemaker services, home health services, and protective services to afford older persons who face institutional care a chance to remain in their own homes if they so desire.

Through expansion of senior centers, adult education programs, and volunteer services provide older people with greater freedom of choice.

Provide special rehabilitation services for older Americans including training, counseling, placement and follow-up services.

5. Opportunities for employment that will use skills and knowledge learned over a lifetime:

Expand work opportunities, especially in the service occupations, for older workers.

Expand adult education and training programs designed to meet the needs of older workers.

6. Continued research to improve the health and happiness of the aged:

Continued progress in the conquest of disease, ill health, and premature death requires that we invest additional research funds in chronic disease, especially diseases of later life.

Increased financial support for research in aging by the National Institute of Child Health and Human Development.

Greatly expand research in ways to extend and improve retirement counseling, volunteer and social employment, recreational and leisure time activities.

7. Meaningful participation of the aged in all institutions of society:

Develop a full range of community services accessible in the neighborhood and designed to meet individual needs of older persons.

Appropriation of the full amounts authorized under the Older Americans Act.

8. A wide range of leisure-time activities—recreation, culture, friendships, and continuing education:

Elevate the status of recreation, cultural pursuits, the joy of friendships, and the value of continuing education as worthwhile goals for all Americans.

An expanded role for the Administration on Aging.

9. Conveniently located and accessible community services for the aged:

As people become older, infirm, and less mobile, a variety of commuity services are needed: such as friendly visiting and telephone reassurance; portable meals; legal and protective services; personal care and foster family care; homemaker, home health, and nutritional services; information, referral, and counseling services.

10. Assurance that the elderly may freely and independently choose what they wish to do with their lives in a healthy, dynamic, and improving society:

Opportunity to participate fully in family and community life.

Freedom of movement from job to job without loss of retirement rights, and adequate safeguard of rights under private pension plans.

Pre-retirement counseling of high quality to assist in meeting the problems of retirement.

Effective implementation of recommendations from the White House Conference on Aging.

WHAT IS REQUIRED

We cannot relax our efforts when 20 percent of our older population—nearly 5 million people—still live in poverty. Their incomes, which are too meager to live on decently, must be raised. I believe they can and will be raised.

Improved social security

In as prosperous a country as the United States, where the Gross National Product has been increasing at an average annual rate of 5 percent, there is no reason why social security beneficiaries should not share in the expanding prosperity. I think we can and we must steadily improve the social security program to keep pace with the nation's economic growth.

Welfare reform

For most people, additional improvements in the social security program would be sufficient to help them out of poverty. But it must be recognized that there are people who may, for one reason or another at the present time, require public assistance. And today their needs are not being met adequately. We must make some radical changes in our welfare programs.

One way to accomplish this is to establish a federally-financed system of income payments with eligibility, the amount of payments, and appeals determined on a national basis. This would overcome many of the problems of inequity, state variations, and fiscal inadequacy which plague the present welfare system. Such a proposal is now included in H.R. 1 as passed by the House of Representatives and pending in the Senate Committee on Finance. I believe that the federal payment for an aged, blind, or disabled individual should be $160 a month in 1972 and $240 for a couple.

Retired people must command a purchasing power related to their needs that will permit them to participate fully in family and community life without being required to work and without the stigma of charity. But those who are able and wish to supplement their basic retirement incomes through earnings must be helped to do so. Society needs their continued services.

Health care

Another area that demands our attention is the health needs of the aged. While Medicare has reduced the financial barriers to medical care that previously existed for many older persons, serious health problems still confront the aged. Longer lives mean little if they are not free from illness, disability, and suffering. The extension of health insurance protection to cover preventive services such as periodic health examinations and disease detection services might be one means of reducing the incidence of serious disabling diseases in old age.

Housing

The aged also must have adequate housing at prices they can afford and a wide variety of alternative living arrangements.

Too many of them today live in one-room walkups, shabby hotels, old lodging houses, or isolated farmhouses. Much of this housing is unsafe, unhealthy, and rat infested. Rents take about one-third of the income of the aged. Much more must be done to improve the housing situation of the aged.

But the aged, no matter what their income, need more housing options. Their needs and desires are as varied as those of any other age group, and no single type of housing can be expected to satisfy all the aged. Some may wish to stay in their own homes; others may wish to move into high-rise apartments. Some may want to enter a church home, others to live in a retirement village. All these options must be available.

Expanding freedom of choice

Alternative and new combinations must also be available with respect to work and retirement. Some people want to retire at 60, others never. Some want to work full time, others part time. For those who retire, meaningful retirement activities must be available.

The development of appropriate social services would greatly increase the freedom of choice in living arrangements. Homemaker services, home health services, and protective services for the aged in sufficient supply would give many older persons who must now live in institutions a chance to remain in their homes if they so desire.

The expansion of senior centers, the development of adult education programs, and increasing opportunities for volunteer services would also give older people greater freedom of choice.

THE COMMON OBJECTIVE

Bold new imaginative approaches are needed if we are to meet our obligation to the generations who have contributed so much to this Nation's progress. And just as important is that they continue their contributions to the fabric of the economy they helped so much to shape.

Our common objective is to improve the quality of each and every American's life, to open up new avenues, and to extend each person's ability to choose and his freedom to choose the direction of his life. The health, education, and general well-being of each individual is interwoven from the time of birth to death.

All of us have a stake in this great venture in improving the quality of life for all people. All of us have a vital role to play. The needs of the American people cannot be met by the national government alone, or by the states or communities alone, or by professional organizations alone, or by the voluntary agencies or individuals. All of us must work together to meet the high goals we have set for ourselves—to make the dream of a healthier, better America a reality for persons of all ages, of both sexes, of all colors and religions.

WILL ALASKAN OIL GO TO THE VIRGIN ISLANDS?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. ASPIN) is recognized for 10 minutes.

Mr. ASPIN. Mr. Speaker, today I would like to include in the RECORD a document—an application to the Costa Rican Government from the Amerada Hess Oil Co. to build a pipeline across Costa Rica, which, I believe, helps explain why the Alaskan consortium of seven oil companies wants a trans-Alaska pipeline built, which presumably would bring oil primarily to the west coast, rather than a trans-Canadian alternative, which would serve Midwest and east coast markets.

This document reveals a wierd, tricky scheme which would involve transporting the Alaskan oil by tanker to Costa Rica, where the oil would be sold at world prices, transported across Costa Rica by pipeline, and then tankered to the Virgin Islands. The oil would then be refined in Amerada Hess's refinery in the Virgin Islands, which has recently expanded its capacity from 50,000 barrels per day to 450,000 barrels per day. Then the oil would be sent—still on foreign tankers—to east coast ports, where it would be sold at the higher U.S. prices.

The financial implications of this arrangement are extremely profitable for Amerada Hess. Specifically, by selling the oil first in Costa Rica at the lower world price, the Amerada Hess Company reduces the revenues going to the State of Alaska, which are based on the price the oil is originally sold for. By transporting the oil through Costa Rica by pipeline and refining it in the Virgin Islands, Amerada Hess avoids the Jones Act, which requires the use of more expensive U.S. tankers except when the cargo enters or leaves from a foreign country. Avoiding the Jones Act, thus being able to use cheaper foreign tankers, significantly reduces the transportation costs for the oil company. By finally selling the oil on the east coast at prices which are much higher than on the west coast, Amerada Hess gets the maximum profit from the sale of the oil.

The Costa Rica pipeline application states that the purpose of the proposed Costa Rican pipeline is to "carry crude oil from Alaska to the refinery in St. Croix in the Virgin Islands." It confirms suspicions voiced by myself and other critics of the Alaska pipeline that west coast markets—where oil from the Alaska pipeline is presumably intended for—would not consume much of the expected 2.5 million barrels per day production of the North Slope fields, and that attempts would be made to ship some of the excess oil on tankers to the east coast and to Japan.

It is possible that as much as 400,000 barrels per day of Alaskan oil could be headed for Hess' Virgin Island refinery. Such a scheme would cut the State of Alaska's royalty on that oil in half and would cost Alaska more than $35 million annually. Alaska's royalties of about 20 percent are based on the price the oil is originally sold for at market, minus transportation costs. But since Hess would eventually wind up selling the oil for the higher U.S. prices on the east coast, its profits would be increased since it would be able to use cheap foreign tankers to transport the oil from Alaska to the east coast, while paying royalties to Alaska based on the lower world oil rates.

Amerada Hess has an exclusive right to refine oil in the Virgin Islands. The recent expansion of the refinery capacity to 450,000 barrels per day means that apparently Hess is planning on refining at least 400,000 barrels per day of Alaskan oil in the Virgin Islands, since refining other domestic oil there would be completely impractical.

Japan has also frequently been mentioned by Alaska pipeline critics as a possible destination for some Alaskan oil, if a trans-Alaskan oil pipeline is built. Oil Industry and Interior Department officials have admitted that 100,000 barrels per day of the Alaskan oil would be exported to Japan for a limited period of time. They have not admitted that some of the oil could be headed for the east coast via the Virgin Islands and, in fact, there is no mention of such a possibility in the nine volume final environmental impact statement, as far as I can tell.

In short, Mr. Speaker, this application for a Costa Rican oil pipeline is stunning evidence that the west coast will not be able to consume much of the Alaskan oil and that the oil companies and the Interior Department have withheld vital information as to where much of the Alaskan oil will really wind up.

ENDORSING CANDIDATES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from West Virginia (Mr. STAGGERS) is recognized for 5 minutes.

Mr. STAGGERS. Mr. Speaker, an editorial appearing in the Martinsburg Journal for April 29 has real significance, I am confident, to practically every Member of this body. The Journal is a daily published in Martinsburg, W. Va., within the bounds of the district I have the honor of representing. It is a newspaper of outstanding excellence, and enjoys wide prestige, not only in West Virginia, but in neighboring Virginia and Maryland.

The editor of the Journal is Mr. Paul B. Martin. His editorial, carrying the heading given above, is important to us because it deals with a controversial issue of the day, that of the proper function of the news media in this modern age.

News media are often accused of trying to dominate public opinion. A recent critic raises the question of whether the media may not be trying to control the electorate by controlling the information it receives.

At one extreme of the issue are those who assert that the news media, as private enterprises, have not only the right, but perhaps even the duty, of trying to impose their views on the public. At the other extreme is the argument that the true and proper function of the media is to inform the public, but not to guide it.

Historically speaking, newspapers in the United States were organs of controversy and advocacy. Prior to the Revolution, they were generally subjected to censorship. The first amendment to the Constitution freed them from prior censorship. It did not, however, contrary to present general understanding, free them from legal accountability for what they printed. The Alien and Sedition Acts, passed in the administration of John Adams, resulted in the prosecution of numerous editors for criticism of the Government. Public opinion did not support such prosecution, and in the administration of Thomas Jefferson, the practice of prosecution was quietly dropped, although the acts were not repealed.

In recent years, good theories of the function of journalism seem to tend toward the information side of the argument. News media, like other important private enterprises, are invested with public responsibility. They should inform, but not control.

Yet, as Mr. Martin observes, it is very difficult to draw a fine line between what is news and what is advocacy. A newspaper ought to have convictions in certain areas, and it has the duty of setting them before the public. A policy which maintains a careful balance between fair and accurate presentation of the news while holding to the integrity of the paper is a policy to be sought.

This is the policy to which Mr. Martin gives his approval. In my experience, he adheres to that policy consistently. It is one reason, I think, for the strong influence the Journal exercises within its territory. I believe my colleagues will read the editorial with appreciation and applause.

[From the Martinsburg, W. Va. Journal, Apr. 29, 1972]

ENDORSING CANDIDATES

From time to time, especially during election years, we are asked why The Journal does not endorse more candidates for public office during campaigns.

Well, on occasions, we have, such as our endorsement of Democratic U.S. Senator Robert C. Byrd for reelection two years ago but we have generally refrained on the grounds that the people are smart enough to know for whom they want to vote without a newspaper telling them.

Without exception we have refrained from endorsing any candidates on the city, county or even sectional area. Our theory is that the entire citizenry knows all of the candidates as individuals or at least they have the opportunity to know them and thus can form their own opinions of who would be best for the jobs being sought.

We have never used these editorial columns to support or run down any of the local candidates for office during a campaign although we always remain free to comment, either pro or con, on the performance of elective officials during their tenure of service.

We also reserve the right to comment on candidates for office on the national and state levels because these people are playing for high stakes and because local people do not have as much of an opportunity to get to know them personally as those who run for local offices.

The most difficult job, probably, for this newspaper is to attempt to be fair and equitable in the allotting of news space to candidates and parties locally during a campaign. A diligent effort is always made to give both parties and all candidates an equal share of space in the news columns although this is not as easy as it sounds because of the pressures brought to bear from time to time.

We mention all of the foregoing to attempt to explain how we arrive at positions.

THE CONTRIBUTIONS OF THE FARMERS HOME ADMINISTRATION TO RURAL PROGRESS IN NORTHWEST FLORIDA

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SIKES. Mr. Speaker, the State of Florida is envied for its abundance of sunshine, ocean beaches, orange groves, tropical climate, and its multi-billion-dollar base for launching American adventures into space. These endowments are generally given credit for Florida's great surge in wealth and population.

But no such easy explanation accounts for the progress being made in northwest Florida, my district of the State.

Our section also has beaches and outstanding centers such as Pensacola, Panama City, and Fort Walton Beach. However, much of our territory in the First Congressional District is more typical of the rest of rural America. It is a district of great forests and smaller towns and farms devoted to livestock and to nontropical crops such as corn, wheat, peanuts, and soybeans.

During the 1960's it would have been easy for northwest Florida to succumb to the malady that gripped many other rural areas, with people drifting away from farms and towns to the cities in search of more rewarding jobs and better living conditions.

Instead, population in most of the rural sections of the district held steady, and there are signs of renewed vitality. The reason is found in the determination and enterprise of our rural people. They were determined not to let their farms and communities wither away. They were determined to pick up the pace of modern advancement.

In meeting this challenge, we have been fortunate to have in our midst representatives of Federal Government who are capable of giving real assistance to the rural community and who have a real interest in doing so. A great source of help has been the Farmers Home Administration, which today is an excellent agency with several lines of rural community and family credit service.

This organization, a part of the U.S. Department of Agriculture, is one that lives with, knows and serves rural areas through a system of local county offices. It is under the able administration of a man who himself has represented a rural district in this House, the Honorable James V. Smith of Oklahoma.

Mr. Speaker, the fatal affliction of many old-time rural communities that have passed from the scene was their inability to modernize their public facilities. No town dependent on the utilities and housing standards of a 100 years ago can survive in the 20th century.

Now, progress of major significance is being made in water, waste disposal and housing programs for rural areas by the Farmers Home Administration.

A dramatic improvement has taken place in the matter of water supply.

Not many years ago, the convenience of central-system water was seldom found outside the principal towns. Water systems were simply beyond the reach of the district.

Today, we are approaching total coverage of our counties by modern water systems. The Rural Community Facilities program of the Farmers Home Administration has made it possible to organize and build 36 rural systems that service combination areas of towns, farms and beach communities in seven of our counties.

The water mains of these systems now run to about 12,000 homes, farms, businesses, and beach developments. They have reached the point of serving 60 percent or more of the rural population in counties such as Escambia, Santa Rosa and Okaloosa.

Here is the roster of projects now completed in counties of my district:

Santa Rosa—The Point Baker, Moore Creek-Mount Carmel, Avalon Beach, East Milton, Chumuckla, Berrydale, Holley-Navarre, Bagdad-Garcon, Midway, and Pace water systems, and both water and sewer systems for the town of Jay.

Escambia—The Buelah, Perdido Keys, Bratt-Davisville, Cottage Hill, Central, Gonzalez, Molino, Perdido Bay, and Walnut Hill systems.

Okaloosa—The Auburn, Milligan, Seashore Village, Destin, Holt, and Baker water systems.

Walton—The Argyle, Freeport, Paxton, and Inlet Beach water systems.

Washington—The Wausau and Caryville water systems, and water, and sewer systems for the town of Vernon.

Holmes—The Esto and Noma water systems.

Jackson—The Alford water system and Greenwood sewer system.

And in the Gulf and Bay County areas, planning now under way with Farmers Home assistance is the forerunner of more project development.

Under the type of financing evolved in this rural program, the towns and rural water-system associations have borrowed, and are paying back, $11 million out of $12½ million secured through the Farmers Home Administration. What I am saying is that grants are held to a minimum, and rural areas pay for what they want. Rarely do we see so much accomplished for so modest an investment of public resources.

Many of the existing water systems are in their second or third round of expansion—a fact that indicates their profound effect on new business development, agriculture, new homebuilding and the modernization of existing homes.

Here again, Farmers Home Administration credit is a mainstay for progress in rural areas. It has enabled more than 2,700 families of modest income to move from substandard to decent homes in our district, through a total of $24 million outstanding in home loans. FHA farm credit totaling $7.7 million has bolstered family ownership and operation of 1,150 farms in the nine counties of northwestern Florida.

By now a substantial part of the water supply problem has been solved in my district; but here and throughout the rural United States, the need to sustain this program is great. A big job still remains to be done in converting to central waste disposal systems.

In whatever actions we take with respect to rural development, we must uphold the fine services now so well performed by the Farmers Home Administration, and extended through capable and dedicated State FHA organizations of which the Florida organization is an excellent example.

We are proud to say that rural development is advancing well into the action stage in our part of Florida. Our towns

and countryside are more and more inviting to those who prefer the good things of life in a less pressurized rural environment.

The formula is one that can be commended to any rural area that needs a strong push forward: resolute and persistent action by the local community, and meaningful support from an agency such as the Farmers Home Administration that has a genuine interest in lifting up the standards of life in rural America. The spirit of cooperation of the Farmers Home Administration with other agencies and with the private sector to achieve our objective is most commendable.

THE BAKER CASE—STILL A DISGRACE

(Mr. GROSS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. GROSS. Mr. Speaker, Robert G. "Bobby" Baker, the poor boy who came out of the hinterlands of South Carolina to become a page in the U.S. Senate, and, under the tutelage of the then Senator Lyndon Baines Johnson learned the fine art of political-financial manipulation, will be paroled from a Federal prison June 1.

He will have served less than a year and a half of a maximum 3-year sentence.

Lyndon Johnson, as a Senator, was the Democratic majority leader in that body. Bobby was his secretary. In a speech on the Senate floor, Lyndon described Bobby as "my strong right arm . . . the last man I see at night, the first man I see in the morning."

In addition to applying political pressure, Bobby became adept at raising huge amounts of money, ostensibly for campaign purposes. He was also active in other ventures while on the Senate payroll, including Caribbean gambling concessions, Haitian meat, vending machines, and insurance ventures—all with political overtones and undertones.

This led U.S. Senator John J. Williams, of Delaware, to demand the answer as to how a $19,600 a year Senate functionary could legitimately increase his net worth from $274,476 in 1960 to $2,166,846 in only 26 months.

In 1963, with Senator Williams in hot pursuit, Baker resigned his position in the U.S. Senate but it is not of record that Lyndon Johnson, his boss and tutor, ever publicly denounced Bobby for his high-flying activities. Lyndon may well have had in mind what Bobby threatened later—to make a public statement and "tell all."

In January 1967, Baker was convicted in Federal court in Washington on seven counts of attempted tax evasion, grand larceny, transportation of stolen money, fraud, and conspiracy, but he remained free for 4 years while exhausting his appeals in the courts. Meanwhile, this one-time poor boy from the boondocks of South Carolina, who had amassed a fortune while on Senate Lyndon Johnson's majority leadership staff sufficient to build the Carousel Motel at Ocean City, Md., busied himself with that and other activities. He recently sold the motel for $2½ million.

Finally, on January 14, 1971, Bobby Baker started serving his sentence in a Federal prison. Less than a year later, in December 1971, the Federal Parole Board denied his application for parole, but only 3 months later it reviewed the application and voted to free him on June 1.

The Justice Department said it had made no recommendation to the parole board. This is significant and reflects no credit on the action of the parole board for William O. Bittman, the able and tenacious attorney who, despite heavy pressure, prosecuted the case for the Justice Department had said at Baker's trial that he had chosen "to trade on his position of trust for his own pecuniary profit."

Bittman said:

He used his official office as a place of business and abused his position as secretary of the (Senate) majority to assure that his personal businesses would always be successful.

Continued the prosecutor:

In him there had been placed complete confidence and trust. By him there was a total betrayal.

So it is that Bobby Baker, former highly placed Federal employee and complete betrayer of confidence and trust, who will have served less than a year and a half in prison for his criminal acts, will be released from prison on June 1 to return to his $129,000 brick colonial home in one of Washington's most fashionable residential sections.

Mr. Clark Mollenhoff, syndicated columnist, Pulitzer Prize winner and one of the greatest investigative reporters in the history of Washington, has recently published an excellent book entitled "Strike Force." He devotes a chapter of this new book to the machinations of Robert G. "Bobby" Baker and his free-wheeling, high-flying associates.

I submit for printing in the RECORD at this point his account in "Strike Force" of one of the most sordid chapters in the operation of legislative process:

BUGGING BOBBY BAKER, BLACK, AND THE BOYS FROM LAS VEGAS

"The most sophisticated use of these electronic surveillance techniques for the purpose of gathering criminal intelligence has been made under Department of Justice authorization by the Federal Bureau of Investigation. The body of knowledge built up by the Bureau concerning the structure, membership, activities, and purposes of La Cosa Nostra was termed 'significant' by the President's Commission on Law Enforcement and Administration of Justice. Indeed, the Commission recognized that only the Bureau has been able 'to document fully the national scope of' the groups engaged in organized crime. Because this information was not gathered for the purpose of prosecution, however, it has not generally been made public." *American Bar Association Project on Minimum Standards for Criminal Justice, Standards Relating to Electronic Surveillance*, page 53.

Until the Bobby Baker case broke into the open in the early fall of 1963, only a few people knew the power of Fred B. Black, Jr. The secret to Black's success was his contacts.

Top officials of North American Aviation Corporation (NAA) recognized the value of those contacts at the National Aeronautics and Space Administration (NASA). Despite the fact that Fred Black was under indictment on charges of federal income tax evasion, North American was paying the University of Missouri dropout more than $200,000 a year for his services in Washington.

Similarly, the fact that he was under indictment by a federal grand jury in Kansas City, Missouri, had not hurt his connections at the Defense Department, NASA, or in Congress. His friends included Robert G. (Bobby) Baker, then Secretary to the Democratic Majority in the Senate. When Lyndon Johnson had been Majority Leader, Baker was his "strong right arm." Later, as Vice-President, Johnson was chairman of the National Aeronautics and Space Council. James E. Webb was administrator of NASA. Senator Robert S. Kerr, wealthy Oklahoma Democrat, was chairman of the Senate Committee on Aeronautical and Space Sciences. Bobby Baker was close to all three.

Independently or through Baker, Fred Black had access to essentially any information he wanted about space contracting and space spending. Webb could rest assured that Kerr would not conduct unreasonable investigations of decisions which benefited the Senator and his associates. Black was one of Kerr's gin-rummy-playing friends.

He lived on a cul-de-sac around the corner from Vice-President Johnson who had purchased Les Ormes from Perl Mesta. A gate in a common back fence connected their gardens in those days before assassination had frightened the nation into tighter security.

Baker and Black had worked diligently to obtain the Democratic nomination for Lyndon Johnson in 1960, but the Kennedy victory at the convention did little to damage their influence. The Kennedys had never understood the jockeying for control of contracts; consequently the trio of Johnson, Kerr, and Webb continued to be influential in the space field.

Their major worry initially was Attorney General Robert F. Kennedy's income tax prosecution of Black.

Attorney General Kennedy's suspicion of Fred Black and Bobby Baker increased as he learned of their association with Las Vegas gambling figures including Edward Levinson, Benjamin Siegelbaum, Edward Torres, and Cliff Jones, former Democratic Lieutenant Governor of Nevada who doubled as a hotel and casino operator. The Internal Revenue Service and FBI were cooperating in a major investigation of the "skimming" of millions of dollars off the top of the take in such Las Vegas hotels and casinos as the Flamingo, the Fremont, and the Stardust. The Justice Department authorized eavesdropping and wiretapping to uncover information in these cases.

This surveillance convinced Kennedy that Fred Black and, perhaps, Bobby Baker deserved special attention from the organized crime unit. Consequently in February 1963, a bug was installed in Black's plush suite at the Carlton Hotel in Washington.

The bug remained operative until late April. Manned on a 24-hour-a-day basis, it furnished an intriguing insight into what organized crime could accomplish with a few highly placed political contacts. Both Baker and Black operated out of the Carlton, and their monitored conversations disclosed an arrangement between the late Senator Kerr and North American officials in the awarding of the Apollo contract.

The first phase of the multibillion-dollar contract was let to North American in the late fall of 1961 instead of to Martin Marietta which was at first judged the best qualified. At the same time, North American Aviation switched its vending-machine dealer. Baker's Serv-U Vending Corporation was substituted for a firm which had handled NAA's vending machine business for years. This change was made despite the fact that Serv-U had no employees, vending machines, or experience when the multimillion-dollar contract was awarded. The partners were Bobby Baker,

Fred Black, Jr., Edward Levinson, and Benjamin Siegelbaum.

The financing of Serv-U Vending was arranged through the Kerr-controlled Fidelity National Bank in Oklahoma City, one of whose major stockholders was James E. Webb. This same bank was used by Baker, Black, and the two gamblers in buying into the District of Columbia National Bank during the same period.

The wiretap on Black raised questions about Senator Kerr's influence in the awarding of the Apollo contract to North American. Following his death, an inventory of Kerr's estate showed that he had owned an interest in lands which had benefited from North America's decisions to construct new plants in Oklahoma. Kerr held the land in the name of an Oklahoma City lawyer.

Kerr had died on January 1, 1963, a few weeks before installation of the bug. Black, in a conversation on February 11, 1963, with Dean McGee, the surviving half of Kerr-McGee Industries, deplored the fact that James Webb was less dependable now that the Senator was dead. He was apologetic about the adverse economic effects this might have on Oklahoma.

"First of all, since the old man died, this fellow Webb has gotten weaker and weaker where the state of Oklahoma is concerned," Black said. "We sent them [NASA] several things before the Senator died—OK—when we got them back an OK on a third of what we wanted to put there. He's just not going to do anything for us. I'm getting concerned about a few things in Oklahoma City itself. NASA is not helping us. When the Senator was alive, he'd be helping."

Then Black assured McGee, "I want you to know, North American and Fred Black aren't backing up one inch."

Some of the tapes included comments about Lyndon Johnson, but for the most part these were vague. When it became apparent in 1965 that the tapes might be made public, Johnson was naturally anxious. He requested copies of transcripts from the FBI so he could personally review them. From the day he took office, Johnson was worried that Attorney General Kennedy had obtained recordings of conversations which might prove embarrassing to him.

He revealed his distrust of Kennedy to a number of Senators and Congressmen, who in turn repeated it to Sidney Zagri, Washington lawyer-lobbyist for the International Brotherhood of Teamsters. The Teamsters Union under James R. Hoffa had supported Johnson for the Democratic Presidential nomination in 1960, and Zagri shared with the Vice President an intense dislike of Robert Kennedy.

At the 1964 Republican convention in San Francisco, Zagri sought support for Hoffa on the grounds that Kennedy had used illegal wiretap evidence to convict the Teamsters president. Although some Republicans bought this because of their dislike of Kennedy, the party wanted no obvious alignment with Hoffa.

Hoffa and Zagri were successful, however, in selling the idea that there was too much eavesdropping and wiretapping by federal agencies to the Senate Judiciary Subcommittee on Administrative Procedures. Democratic Senator Ed Long of Missouri conducted the investigation. Long admitted collecting a $48,000 "referral fee" paid to his law firm by the Teamsters, but he denied it was in any way connected with his Subcommittee work.

At the same time, wiretapping was under attack from three other points: the Supreme Court, the Justice Department and, perhaps most significantly, the Executive Branch.

In response to a Presidential Crime Commission recommendation to legalize eavesdropping and wiretapping as essential tools in fighting organized crime, President Johnson launched an unusual tirade. (It was reported that, coincidentally or not, a lawyer from Texas on the Commission had threatened to write a dissenting report.) Nevertheless, the House and Senate passed legislation permitting eavesdropping and wiretapping by federal and state authorities on proper showing of due cause to the federal court and on application by the Attorney General or one of his assistants.

In signing that general crime bill into law on June 19, 1968, President Johnson declared:

"Congress, in my judgment, has taken an unwise and potentially dangerous step by sanctioning eavesdropping and wiretapping by federal, state, and local law officials in an almost unlimited variety of situations.

"If we are not very careful and cautious in our planning, these legislative provisions could result in producing a nation of snoopers bending through the keyholes of homes and offices in America, spying on our neighbors. No conversation in the sanctity of the bedroom or relayed over a copper telephone wire would be free of eavesdropping by those who say they want to ferret out crime."

President Johnson said he signed the law only because other provisions outweighed the evil; but he asked Congress to repeal the wiretapping provision. The President had developed a fixation on the subject not apparent when he was Majority Leader or Vice-President.

He announced that a 1967 Justice Department memorandum barring federal eavesdropping and wiretapping, except in national security cases, would remain in effect.

This policy became the subject of a bitter exchange between Senator McClellan and Ramsey Clark, during Justice Department appropriations hearings on June 27, 1968. The Attorney General argued that electronic eavesdropping was a "wasteful and unproductive" means of obtaining evidence. He said that out of a total of 38 federal electronic surveillance investigations under way, all dealt with national security cases; none with organized crime. Chairman McClellan, however, charged that Clark was flouting the law by refusing to use tools provided by Congress.

"This Administration has never and will never flout the law," Clark said, insisting that the law "authorized" but did not direct federal officials to use electronic surveillance.

"Then why did you fight the bill so hard?" McClellan asked with regard to those sections.

"It is undesirable and leads to invasion of privacy," was Clark's response.

Against the opinion of such seasoned experts as FBI Director J. Edgar Hoover, New York District Attorney Frank Hogan, and former Attorney General Robert F. Kennedy, Clark characterized wiretapping as having marginal value as a law enforcement tool.

Associate Supreme Court Justice and former Attorney General Tom C. Clark, who previously had rarely commented on the dangers of eavesdropping, now lined up with his son and President Johnson. In his majority opinion on Berger v. New York, Tom Clark stated: "Few threats to liberty exist which are greater than that posed by the use of eavesdropping devices."

In the Berger case, the Supreme Court reversed by a six-to-three vote the conviction of a Chicago public relations man for bribing the New York State Liquor Authority and various political figures for illegally issuing a liquor license to the Playboy Key Club.

Chairman McClellan and members of the President's own Crime Commission did not discount the possible misuse of eavesdropping, but noted that the legislation provided concrete safeguards against this. Requirements called for a court order, limited periods of tapping backed by affidavits, and a periodic report on how many telephones had been tapped. Experienced law-enforcement officials recognized the danger of uncontrolled tapping, but they pointed out that under present conditions the FBI and other law-enforcement agencies were really the only ones barred from eavesdropping. Lawless elements employed electronic listening devices for blackmail and other illicit practices and did not worry about evidence being admissible in court.

In general, experienced law-enforcement officials felt that Ramsey Clark was demonstrating his own inexperience when he characterized electronic eavesdropping as "wasteful and unproductive." The record was full of instances in which it had proved invaluable in gaining leads and evidence involving manipulative schemes, narcotic rings, gambling, and other crimes.

The stand of President Johnson and Ramsey Clark on wiretapping, however, had definite consequences for the prosecution of Fred Black.

In the early spring of 1966, Black told me he would not go to jail quietly but would "take some others along." He asked me to arrange a conference with Senator John J. Williams of Delaware. Senator Williams, at the time, was urging a vigorous investigation of Bobby Baker by a reluctant Senate Rules Committee. Black said he wished to "tell all" to Williams, and that what he had to say would involve some of the highest officials in the Johnson Administration. I informed the Justice Department prosecutors, who were handling the case, of Black's desires.

Then suddenly Fred Black changed his mind. Within a few weeks of our conversation, actions taken by the Johnson Administration and the Justice Department resulted in an unprecedented decision that saved Black from going to federal prison.

The chronology of the case is this:

Fred Black was indicted early in 1963 on federal income tax charges alleging he had failed to report income from a number of firms he represented in Washington, D.C. The indictment was returned in Kansas City before he had gained notoriety in the Baker case, and he quietly moved for a change of venue to Washington, where it might be lost in the maze of United States District Court cases in which only big names received much attention.

In May 1964, Black was found guilty and Judge John Sirica sentenced him to prison for 15 months to four years. Black was still confident, because the Circuit Court of Appeals for the District of Columbia was notorious for exploiting every technicality to upset convictions for well-known defendants. Black's friend, Lyndon Johnson, was President and appeared likely to be reelected despite the Baker scandal.

Even so, in 1965 Black lost his appeal. The Senate Rules Committee had issued a report on the "gross improprieties" of Bobby Baker. This report was also critical of the "conflicts of interests" inherent in the awarding of the North American Aviation contract to the Serv-U Vending Corporation.

In the meantime, two former Baker lawyers were nominated by President Johnson for key positions in the prosecution and appeals process. One was Abe Fortas, Johnson's personal lawyer and long-time crony. He was proposed as Associate Justice of the United States Supreme Court. At Johnson's request, Fortas had represented Baker from September 1963, until the week after President Kennedy's assassination. David Bress, who had represented Baker's vending-machine company, was nominated as United States District Attorney for Washington, D.C.

Senator Williams questioned the propriety of these nominations. Nicholas deB. Katzenbach, then serving as Attorney General, assured the Senate Judiciary Committee that Bress would not be in charge of the Baker investigation. Instead, Assistant Attorney General Herbert J. (Jack) Miller had obtained a court order under which the case would be handled by a team of special prosecutors that included William O. Bittman,

Austin Mittler, Donald Moore, and Charles Shaffer.

In January 1966, Black was a grim man as he appealed his conviction. He complained he was broke, was getting only lip-service from friends in high places, and he threatened to talk if forced to go to prison. That same month Bobby Baker was indicted. This raised more doubts in Black's mind about the power of those who were urging him to be "patient" while they tried to arrange special treatment for him. Baker and Black knew the Bittman team meant business and would not soft pedal the case regardless of political pressure.

In February, President Johnson named Mitchell Rogovin as Assistant Attorney General in charge of the tax division. A protégé of Carolyn Agger, tax specialist and wife of Justice Fortas, Rogovin had been serving as Chief Counsel in the Internal Revenue Service.

Rogovin took seriously President Johnson's concern about wire-tapping. Digging into Justice Department files, he learned of the FBI bug on the Black suite. At the Internal Revenue Service, Rogovin had been a major block whenever the Senate Committee on Administrative Procedures had sought evidence of bugging taxpayers. At the Justice Department, however, his attitude on electronic surveillance changed.

Now he insisted that the Justice Department had an obligation to go to the United States Supreme Court and reveal the bug on Black. Spokesmen for the criminal division and the FBI maintained it was an unprecedented step at this stage of a case. They informed Rogovin that the eavesdropping had taken place long after the obtaining of evidence which had resulted in the indictment of Black. Furthermore, even if those investigating Black's income tax picture had been aware of the eavesdropping, they would not have sought that kind of evidence, for theirs was a so-called "net-worth" case.

"The Department of Justice's investigation of this incident indicates that none of the evidence presented to the grand jury or used at petitioner's [Black's] trial was obtained, whether directly or indirectly, from any improper source," Rogovin was told. "Nor was anything learned by the government's trial counsel from the monitoring of petitioner's discussion with his attorney which had any effect upon the presentation of the government's case or the fairness of petitioner's trial."

It was stressed that the "prosecution's evidence . . . was founded solely upon material contained in reports of investigating agents of the Internal Revenue Service."

A routine audit examination in 1960 had initiated the Black case and, by October 1960, the case was classed as a "tax-fraud investigation." The investigation was completed in October 1962, months before the bug was placed in Black's suite.

"During the preparation and trial of petitioner's case, no attorney involved in its presentation [or, so far as appears, any other attorney for the Department of Justice] knew that a listening device had been installed in petitioner's suite," it was explained to Rogovin.

Nevertheless, the young lawyer insisted he felt so strongly about the abridgement of Black's rights that he would take the matter into his own hands. Accompanied by Solicitor General Thurgood Marshall, who argued the government's cases before the Supreme Court, he disclosed the eavesdropping to the Court. This ploy was successful. The Supreme Court upset the conviction and called for a hearing on whether the evidence in the tax-fraud conviction was "tainted" by illegal eavesdropping.

Judge Sirica conducted an extensive hearing and found no indication that any wiretap or bugging evidence had been used to obtain the indictment. But even though it was established that Black had received a fair trial, the conviction could not be reinstated and it was necessary to try him again.

Prosecutor Bittman suggested that instead of trying Black again on the same charge, a simpler approach be employed. A net-worth case is always difficult to prove; it can be quite complicated and requires a jury that will pay attention to details. Bittman reasoned that it would be more practical to indict Black for willfully failing to pay the taxes he owed the government. Proof could be established in a few hours through the introduction of his tax returns for several recent years in which he had reported in excess of $150,000 and $200,000, but had paid no taxes.

Rogovin rejected this suggestion for some "technical reasons" which were never made clear to Bittman and other veteran prosecutors. He proceeded to assign another lawyer to the case, moved into the second trial with a good chance that Black would be acquitted. Meanwhile, Senator Williams couldn't help wondering why the Internal Revenue Service, usually so eager to grab the assets of every taxpayer, was permitting Black and his wife to continue living in luxury in their $150,000 home, despite the fact it had piled up claims against them of nearly $500,000.

Before the second trial was completed, Justice Tom Clark resigned from the Supreme Court at President Johnson's request, so that Ramsey Clark could be named as Attorney General without incurring charges of impropriety by having a father on the high court while his son served as the nation's chief federal prosecutor. The vacancy on the Court was promptly filled by naming Solicitor General Thurgood Marshall.

Black was acquitted in his second trial, and resumed his work as a public relations man. At the same time, it was difficult to believe the Bobby Baker case would ever come to trial. Rogovin's stand in connection with Fred Black's conviction required the team of prosecutors headed by William Bittman to turn over all its wiretapping logs to Edward Bennett Williams, famed Washington mouthpiece who served such clients as Jimmy Hoffa, Frank Costello, and others identified with organized crime. As Baker's lawyer, Williams would make the most of the logs.

Bittman found it hard to keep his team working enthusiastically in the face of press reports that President Johnson was cool to the prosecution of his "strong right arm." Coincidentally, certain pressures contrived to split up the smoothly functioning unit.

Charles Shaffer was fed up working in a Justice Department where it was impossible to send reports "upstairs" without fearing how they would be handled. He resigned and set up a law practice in Rockville. Don Page Moore, also discouraged, joined a Chicago law firm. That left only Austin Mittler, a bright young law graduate employed at roughly $12,000 a year on what had once seemed an exciting project but now appeared to be a lost cause. He accepted a much higher salary to become law secretary to New York Supreme Court Judge James Crisona. Bittman argued he needed someone he could trust and who was familiar with the Baker case, but he could not in good conscience tell Mittler that the case was certain to go forward.

Over the Christmas holiday Bittman had to fight off a move in the Justice Department to eliminate two of the nine counts against Baker that he considered crucial. But the trial date was finally set. Persuaded to quit his new job, Mittler returned to Washington at a lower salary. He arrived the day before the trial started.

Throughout all, Bittman was the man who held the Baker prosecution together, even though he had been hard-pressed to move his large family to Washington and still manage on his salary. In the midst of his preparations for the trial he was offered promotions at a substantial increase in pay, either as Special Assistant to Attorney General Ramsey Clark or as United States Attorney in Chicago. There was only one condition: he would have to leave the Baker case.

He rejected the offers and continued with the case until January 29, 1967, when Baker was found guilty of income-tax evasion, theft, and conspiracy to defraud the United States government. The three-week trial revealed that Baker had received $100,000 in cash from West Coast savings and loan executives for "political contributions" to the Democratic Party.

Baker tried to convince the jury that he had delivered this money to Senator Robert Kerr, and had been "loaned" at least $50,000 of it—for Bittman had traced at least that much of the "contribution" to Baker's floundering Carousel Motel. Fred Black testified that the late Senator Kerr had "loved" Baker and regarded him "like a son." He said Kerr had told him of loaning the $50,000 to Baker.

However, Bittman contended this was not characteristic of Kerr. The late Senator's son, Robert, Jr., testified that his father kept notes on loans to his family "even as much as fifteen or eighteen dollars." There was no record of the $50,000 "loan," nor any to substantiate Baker's contention that in late December 1962, a few days before Kerr died, the Senator had changed the "loan" to a Christmas "gift."

Although Black made an impressive witness as he was led through his testimony by Edward Bennett Williams, he was not so impressive under cross-examination by Bittman. Black admitted not mentioning the alleged loan at the time he was questioned by Internal Revenue Service agents about Baker's initial claim that it was a $40,000 loan. He insisted he had given the agents a false story. Finally, under grilling, he lost his composure and declared he wouldn't tell IRS or the FBI anything.

Bobby Baker's conviction did not end Senator Williams' concern that the Johnson Administration might still get Baker off the hook. There were a thousand ways to throw a case into the Circuit Court of Appeals, where the Administration had made a lot of appointments. Williams learned that a young lawyer from the Univesity of Texas had been assigned to work with Bittman and Mittler in connection with the appeal. On December 3, 1968, he wrote to Attorney General Clark:

"A situation has been called to my attention which may be all right, nevertheless it can cause possible embarrassment to the Justice Department.

"I am advised that Mr. Albert Alschuler has been appointed by the Department to assist in representing the government in its opposition to the appeal of Mr. Robert G. Baker while at the same time his wife, who is also a lawyer, is serving as a law clerk for Justice Fortas. Since this is a highly sensitive case I am sure you can recognize the delicacy of such an arrangement."

Fred M. Vinson, Jr., Assistant Attorney General in charge of the Criminal Division, replied on December 13, 1968:

"Mr. Alschuler is a respected and competent attorney. I have the utmost confidence in his trustworthiness and loyalty to the Department.

"Quite apart from that, you should know that Mr. Alschuler's participation in this matter in connection with a hearing to be held in the District Court has been both minimal and ministerial. His work in this regard has been at the direction and under the supervision of two of the original government prosecutors who handled the trial and who have been specially retained for the forthcoming hearing in this case."

The letter from Senator Williams caused a tremor through the Criminal Division. It was just a gentle way of letting the Justice Department know that someone was watching.

Baker entered the Lewisburg federal penitentiary in 1970 to serve a one-to-three-year term, a light enough sentence in view of his conviction on seven out of nine counts involving nearly $100,000 in political payoff money. On entering prison, he piously said that he would "serve with honor."

As for the Las Vegas gamblers, some of whom were associates of Fred Black and Bobby Baker, they too were involved in cases which were undermined by Justice Department decisions.

In May 1967, a United States grand jury in Las Vegas returned indictments for federal income-tax evasion against Ed Levinson, former president of the Fremont Hotel; Edward Torres, former vice-president; P. Weyerman and Cornelius Hurley, former stockholders and employees. The Riviera Hotel also yielded defendants: Ross Miller, chairman of the board; Frank Atol, stockholder and employee; and Joseph Rosenberg, stockholder and casino manager.

The key to these cases consisted of FBI taps which had been made on Las Vegas casinos for the purpose of gathering information on the "skimming" of profits from the gaming places. Unfortunately, Nevada law, designed to provide a favorable atmosphere for the kind of people who run gambling casinos, made it illegal to wiretap for such information.

Nevada Democratic Governor Grant Sawyer condemned the electronic surveillance and challenged the FBI to "give us your evidence or call off your dogs." Nevada Democratic Senator Howard Cannon went to the White House to complain to President Johnson about the taps. Subsequently United States District Judge Roger Foley, a Cannon appointee, sealed the records of the eavesdropping. It was a decision that would later stand in sharp contrast to a more vigorous effort by the government to fight organized crime.

In June 1967, all four former officials of the Fremont entered pleas of innocent. Judge Foley indicated that the trial would not take place for several months. There followed a frantic behind-the-scenes attempt to stop the trial and block publication of the FBI tapes; but the heart of the gamblers' "defense" seemed to be a $4.5 million suit which Edward Bennett Williams' law firm filed for Levinson against the four FBI agents who were responsible for the electronic surveillance of the Fremont Hotel, charging invasion of privacy.

In March 1968, Levinson and Rosenberg pleaded nolo contendere (no contest) to the "skimming" charges, admitting that they had "willfully aided and assisted in the preparation of false corporate tax returns for the fiscal year ending in 1963."

Surprisingly, Judge Foley accepted the pleas over the government's pro forma objections, and fined Levinson $5,000 and Rosenberg $3,000. In light of the millions of dollars involved in the case, it was a slap on the wrist and considered as such by the FBI and by the Organized Crime and Racketeering Division of the Justice Department which had been bypassed on the arrangement by Assistant Attorney General Mitchell Rogovin.

This acceptance of the pleas was followed by a government motion to dismiss other charges against Levinson and Rosenberg, as well as the five others named in the two indictments. Thus, under Attorney General Ramsey Clark, the government swiftly brought to a close two cases which had required more than two years' preparation and the testimony of more than one hundred witnesses in the six months' investigation before a federal grand jury.

The Los Angeles *Times* reported that the organized crime fighters in Justice were "shocked and demoralized by the sudden end of a major tax-evasion case against Las Vegas casino operators." Henry E. Peterson, then Chief of the Department's Organized Crime and Racketeering Division, had not even been informed of the "arrangement" until it was all over. Two days after the government dropped its charges, Levinson's lawyers dropped his suit against the FBI agents. A related suit against the Central Telephone Company, which had assisted in setting up the electronic surveillance, was settled for an undisclosed amount.

Edwin L. Weisl, Jr., Assistant Attorney General in charge of the Civil Division, handled the dismissal of the suit against the agents and defended this disposition of the case as proper. Weisl was the son of Edwin L. Weisl, Sr., then the Democratic Committeeman from New York and a close friend of President Johnson.

Weisl contended the case "served notice that skimming will have to stop." But not all Justice Department officials were satisfied by this declaration. The case had cost more than $100,000 to develop and had required major cooperation by the FBI and Internal Revenue Service. The settlement also "served notice" that it was still possible to make a deal with the Justice Department if serious charges were filed against the FBI.

It also put Assistant Attorney General Rogovin in a difficult position on eavesdropping and wiretapping. Rogovin, so eager to disclose wiretaps when it was helpful to Fred Black, now opposed disclosure.

The cases of Fred Black, Bobby Baker, and the Las Vegas gamblers clearly showed how political corruption and organized crime both benefited from the same questionable policy under the Johnson Administration. The last chapter in the story was Johnson's unsuccessful attempt to appoint Abe Fortas, his old friend who had represented Baker during the first months of the scandal, as Chief Justice of the United States Supreme Court.

On October 2, 1968, the President withdrew the nomination after the Senate refused to invoke cloture to end a filibuster against the appointment. Then, in May 1969, a *Life* magazine article by William Lambert exposed an arrangement Fortas had made with the Louis Wolfson Foundation while on the Supreme Court to receive $20,000 a year as a consultant. Wolfson, in trouble with the Securities and Exchange Commission, had agreed to pay Fortas this sum for advice on the dispersal of funds from the family foundation. *Life* disclosed that Fortas had accepted and, 11 months later, returned a $20,000 payment. Serious ethical questions were raised by Senator Williams, Senator Robert Griffin (Rep., Mich.), and others, and Fortas was forced to resign on May 14. His was the first resignation under pressure of public criticism in the 178-year history of the Court—a man who had been proposed as Chief Justice only a few months earlier.

The new Administration now had two vacancies to fill on the Court and President Nixon named Warren Burger, a 61-year-old judge on the U.S. Court of Appeals for the District of Columbia, as Chief Justice. Judge Burger had a reputation for being tough on issues dealing with law enforcement and for having what Nixon considered a more realistic view on the importance of eavesdropping and wiretapping in the battle with organized criminals.

Bitter discussion will continue for years about the decision that resulted in springing Fred Black. Equally bitter controversy will rage about the settlement of the Levinson suit against the FBI.

However, there was little disagreement among law-enforcement men over the job Robert Blakey, former Notre Dame University professor of criminal law, did on the Ramsey Clark theory that electronic surveillance is of doubtful value as a law-enforcement tool. Blakey, as a "consultant" for the President's Crime Commission and later as counsel for Senator John McClellan's Senate Judiciary Subcommittee on Criminal Law Procedures, used the disclosures of the Patriarca logs from the tax-evasion trial of Louis (The Fox) Taglianetti to destroy Clark's contention that electronic eavesdropping is a "wasteful and unproductive" means of obtaining evidence.

H.R. 14826, A BILL TO AMEND THE SECURITIES EXCHANGE ACT OF 1934 TO PROVIDE FOR THE REGULATION OF SECURITIES DEPOSITORIES, CLEARING CORPORATIONS AND TRANSFER AGENTS

(Mr. MOSS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MOSS. Mr. Speaker, during the years 1967 through 1970 this Nation's securities industry faced a crisis which was not fully resolved until the Congress enacted legislation providing for a Federal insurance program for brokerage house customers. Pursuant to that enactment the Securities and Exchange Commission has proposed additional legislation providing for Federal regulation of securities depositories, clearing corporations and transfer agents, in order to prevent a recurrence of the back-office problems which contributed so greatly to the problems experienced in those difficult years.

The Commission's bill is designated H.R. 14567. By the provisions of that bill, the Commission would regulate depositories, clearing corporations and nonbank transfer agents. Regulation of bank transfer agents would be divided among the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation and also, apparently, the State bank regulatory organizations.

Question has been raised whether such a regulatory pattern can provide the investing public with the protection it needs and also be fair and evenhanded to those being regulated. While I have reached no conclusion on this question, I believe the question should be explored. In the legislation Mr. BROYHILL and I are introducing today, therefore, regulation of all transfer agents, bank and nonbank, would be vested in the Securities and Exchange Commission. It is our hope that discussion of this bill, the SEC bill, and other "back office" legislation currently pending will enable the Congress to enact effective, fair legislation in this area.

Mr. Speaker, I include a copy of the bill at this point in the RECORD:

H.R. 14826

A bill to amend the Securities Exchange Act of 1934 to provide for the regulatiton of securities depositories, clearing corporations and transfer agents

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

SECTION 1. Section 2 of the Securities Exchange Act of 1934 (15 U.S.C. 78b) is amended by striking the word "and" immediately before the phrase "to impose requirements necessary to make such regulation and control reasonably complete and effective," and by adding the following immediately after that phrase: "and to provide for the development of an integrated system for the prompt and accurate processing and settlement of securities transactions,"

SEC. 2. Section 15(c)(3) of the Securities Exchange Act of 1934 (15 U.S.C. 78(c)(3)) is amended to read as follows:

"(3) No broker or dealer shall make use of the mails or of any means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security (other than an exempted security or commercial paper, bankers' acceptance, or commercial bills) in contravention of such rules and regulations as the Commission shall prescribe as necessary or appropriate in the public interest or for the protection of investors—

"(A) to regulate the time and method of making settlements, payments, and deliveries and of closing accounts; and

"(B) to provide safeguards with respect to the financial responsibility and related practices of brokers and dealers including, but not limited to, the acceptance of custody and use of customers' securities, and the carrying and use of customers' deposits or credit balances, and shall require the maintenance of reserves with respect to customers' deposits or credit balances, as determined by such rules and regulations."

Section 3. Section 15A(k)(2) of the Securities Exchange Act of 1934 (15 U.S.C. 78o-3(k)(2)) is amended by inserting after clause (D) the following:

"(E) the time and method of making settlements, payments, and deliveries and of closing accounts."

SEC. 4. Section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)) is amended by adding at the end thereof the following new paragraphs:

"(22) the term 'clearing agency' means any person who acts as intermediary among participants in making payments or deliveries (or both) in connection with transactions in securities or who engages in providing facilities for participants (A) for netting of purchases and sales of specific securities to reduce the number of settlements of individual transactions, or (B) for allocation of cash and securities settlement responsibilities among itself and participants. Such term also means and includes a person who acts as the custodian of securities in accordance with a system whereby securities so held may (i) be transferred between participants without physical delivery, or (ii) be made the subject of a pledge or other security interest by participants without physical delivery; or such custody otherwise plays an integral role in the settlement of securities transactions or in the hypothecation of securities. The term 'clearing agency' shall not include (1) Federal Reserve Banks, Federal Home Loan Banks, Federal Land Banks, or any person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States, and (2) banks, brokers, building and loan, savings and loan, and homestead associations and cooperative banks by reason of lending, fiduciary, correspondent, or safekeeping functions commonly performed by them.

"(23) The term 'participant', when used with respect to a clearing agency, means any person who maintains one or more accounts with a clearing agency for the purpose of settling or comparing transactions in securities or making or receiving payments for our delivery or hypothecation of securities.

"(24) The term 'transfer agent' means any person who engages, on behalf of an issuer, or on behalf of itself as an issuer, of securities registered under section 12 of this title or of securities which would be required to be so registered except for the exemption from registration provided by sections 12(g)(2)(B) or 12(g)(2)(G) of this title, in: (A) countersigning such securities upon issuance; (B) monitoring the issuance of such securities with a view to preventing unauthorized issuance, a function commonly performed by a person called a registrar; (C) registering the transfer of such securities; or (D) exchanging or converting such securities."

SEC. 5. The Securities Exchange Act of 1934 is amended by inserting after section 17 the following new section:

"Section 17A. (a) It shall be unlawful for any person, directly or indirectly, to make use of the mails or any means or instrumentality of interstate commerce for the purpose of using a clearing agency in connection with any transaction in a security or to transfer, hold or hypothecate any security unless such clearing agency is registered as a national securities clearing agency under this section.

"(b) Any clearing agency may be registered with the Commission as a national securities clearing agency under the terms and conditions hereinafter provided in this section by filing with the Commission a registration statement in such form as the Commission may prescribe setting forth the following information and accompanied by the following documents:

"(1) Such data as to its organization, participation, rules of procedure, financial condition and results of operation, methods of safekeeping, transferring, hypothecating and accounting for funds and securities.

"(2) Copies of its constitution, charter, or articles of incorporation or association, with all amendments thereto, and of its existing by-laws, operational rules, forms, and procedures and of any rules or instruments corresponding to the foregoing, whatever the name, hereinafter collectively referred to in this section as the 'rules of the clearing agency'.

"(3) Such other information as the Commission may, by rule, require.

"(c) An applicant shall not be registered as a national securities clearing agency unless it appears to the Commission that—

"(1) by reason of the number of its participants, the scope of their transactions, and the geographical distribution of its participants, such clearing agency will be able to comply with the provisions of this title and the rules and regulations thereunder and to carry out the purposes of this section:

"(2) such clearing agency is so organized and is of such a character as to facilitate the prompt and orderly settlement of securities transactions, to safeguard funds and securities held for the accounts of participants, and to comply with the provisions of this title and the rules and regulations thereunder, and to carry out the purposes of this section;

"(3) the rules of the clearing agency provide that (i) any broker or dealer who makes use of the mails or any means or instrumentality of interstate commerce to effect any transaction in any security, (ii) other clearing agencies, and (iii) such other classes of persons as the Commission may from time to time designate by rule as necessary to facilitate the prompt and orderly settlement of securities transactions, may become a participant in such clearing agency, except such as are excluded pursuant to a rule of the clearing association permitted under this paragraph. The rules of the clearing agency may restrict or condition participation in such agency on such specified geographical basis, or on such specified basis relating to the type of business done by its participants, or upon deposit with the clearing agency of an amount which bears a reasonable relationship to the value of positions maintained and transactions processed by the participant as appears to the Commission to be necessary or appropriate in the public interest or for the protection of investors and to carry out the purpose of this section and may deny participation to persons who have been expelled or suspended by a registered national securities clearing agency during the period of such expulsion or suspension;

"(4) the rules of the clearing agency assure a fair representation of its shareholders or members and participants in the adoption of rules of the clearing agency or amendment thereto, the selection of its officers and directors, and in all other phases of the administration of its affairs;

"(5) the rules of the clearing agency provide for the equitable allocation of dues, fees, and other charges among its participants to defray reasonable expenses of operation and administration;

"(6) the rules of the clearing agency are designed to promote the prompt and orderly settlement of securities transactions, to provide safeguards for securities and funds which are in its custody, to foster cooperation and coordination with national securities exchanges, national securities associations and with other national securities clearing agencies, and to protect investors and the public interest; and do not have the effect of unfairly discriminating in the admission of participants or among participants in the use of such clearing agency;

"(7) the rules of the clearing agency provide that its participants and their officers, directors, employees, and agents shall be appropriately disciplined by expulsion, suspension, fine, or censure, or being suspended or barred from being associated with all participants for any violation of its rules; and

"(8) the rules of the clearing agency provide a fair and orderly procedure with respect to the disciplining of participants and their officers, directors, employees, and agents and the denial of participation to any person seeking participation therein. For any proceeding to determine whether a participant or other person should be disciplined, such rules shall require that specific charges be brought; that such participant or person shall be notified of and be given an opportunity to defend against such charges; that a record shall be kept; and that the determination shall include—

"(A) a statement setting forth any act or practice in which such participant or other person may be found to have engaged, or which such participant or other person may found to have omitted;

"(B) a statement setting forth the specific rule or rules of the agency which any such act or practice, or omission to act, is deemed to violate; and

"(C) a statement setting forth the penalty imposed."

In any proceeding to determine whether a person shall be denied participation, such rules shall provide that the prospective participant shall be notified of, and be given an opportunity to be heard upon, the specific grounds for denial which are under consideration; that a record shall be kept and that the determination shall set forth the specific grounds on which the denial is based. Notwithstanding any other provision of this section, the rules of the clearing agency may provide for the temporary suspension of a participant and the closing of its accounts pending determination on the merits of any disciplinary proceeding if, in the opinion of the clearing agency, such suspension and closing of accounts are necessary for the protection of investors, of the clearing agency or to facilitate the orderly and continuous performance of its services. Such rules shall afford the participant an expedited hearing on the merits in the case of any temporary suspension.

"(d) Upon the filing of an application for registration pursuant to subsection (b) the Commission shall by order grant such registration if the requirements of this section are satisfied. If, after appropriate notice and opportunity for hearing it appears to the Commission that any requirement of this section is not satisfied, the Commission shall by order deny such registration.

"(e) A registered national clearing agency may, upon such terms and conditions as the Commission may deem necessary in the pub-

lic interest or for the protection of investors, withdraw from registration by filing a written notice of withdrawal with the Commission. If the Commission finds that any such registrant or such other person for whom an application of registration is pending is no longer in existence or has ceased to do business in the capacity specified in the registration statement, the Commission shall by order cancel the registration.

"(f) If any registered national clearing agency takes any disciplinary action against any participant therein, or any officer, director, employee, or agent of such a participant, or denies admission to any person seeking participation therein, such action shall be subject to review by the Commission, on its own motion, or upon application by any person aggrieved thereby filed within thirty days after such action has been taken or within such longer period as the Commission may determine. Application to the Commission for review, or the institution of review by the Commission on its own motion, shall not operate as a stay of such action until an order is issued upon such review pursuant to subsection (g), unless the Commission otherwise orders, after notice and opportunity for hearing on the question of a stay (which hearing may consist solely of affidavits and oral arguments).

"(g)(1) If, in a proceeding to review disciplinary action taken by a registered clearing agency against a participant or its officer, director, employee, or agent, the Commission, after notice and opportunity for hearing and upon consideration of the record before the clearing agency and such other evidence as it may deem relevant—

"(A) finds that such person has engaged in such acts or practices, or has omitted such acts, as the clearing agency has found him to have engaged in or to have omitted, and

"(B) determines that such acts or practices, or omission to act, are in violation of such rules of the clearing agency as have been designated in the determination of the clearing agency.

"It shall by order dismiss the proceedings, unless it appears to the Commission that such action should be modified in accordance with paragraph (2) of this subsection. If it appears to the Commission that the evidence does not warrant the finding required in clause (A), or if the Commission determines that such acts or practices as are found to have been engaged in are not prohibited by the designated rule or rules of the clearing agency or that such act is found to have been omitted is not required by such designated rule or rules, the Commission shall by order set aside the action of the clearing agency.

"(2) With respect to any penalty imposed upon a participant or its officer, director, employee, or agent the Commission may, having due regard to the public interest, affirm, increase or decrease such penalty.

"(3) If, in any proceeding to review the denial of participation in a registered clearing agency, the Commission, after appropriate notice and hearing and upon consideration of the record before the clearing agency and such other evidence as it may deem relevant, determines that the specific grounds on which such denial or bar is based exist in fact and are valid under this section, it shall by order dismiss the proceeding; otherwise, the Commission shall by order set aside the action of the clearing agency and require it to admit the applicant to participation therein.

"(h) Each registered clearing agency shall file with the Commission, in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors, copies of any changes in, additions to, or deletions from the rules of the clearing agency, and such other information and documents as the Commission, may require to keep current or to supplement the registration statement and documents filed pursuant to subsection (c). Any change in, addition to, or deletion from the rules of a registered clearing agency shall take effect upon (1) the thirtieth day (or such later date as the clearing agency may designate) after the filing of the copy thereof with the Commission, or (2) such earlier date as the Commission may determine, unless the Commission shall, by notice to the clearing agency stating the reasons therefor, disapprove the same in whole or in part as being contrary to the public interest or contrary to the purposes of this section.

"(i) The Commission may, by such rules or regulations as it determines to be necessary or appropriate in the public interest or to effectuate this section, require the adoption, amendment, alteration of or supplement to, or rescission of any rule of any clearing agency.

"(j) The Commission is authorized, if such action appears to it to be necessary or appropriate in the public interest or for the protection of investors or to carry out the purposes of this section—

"(1) after appropriate notice and opportunity for hearing, by order suspend for a period not exceeding twelve months or revoke the registration of a registered national securities clearing agency or place limitations upon such clearing agency, if the Commission finds that such clearing agency has violated any provision of this title, or any rule or regulation thereunder, or has failed to enforce compliance with its own rules, or has engaged in any other activity tending to defeat the purposes of this section;

"(2) after appropriate notice and opportunity for hearing, by order suspend for a period not exceeding twelve months or expel from a registered securities clearing agency any participant therein, or suspend for a period not exceeding twelve months or bar any officer, director, employee or agent thereof, if the Commission finds that such person has violated any provision of this section or any rule or regulation thereunder or any rule of the clearing agency; and

"(3) after appropriate notice and opportunity for hearing, by order remove from office any officer or director of a registered national securities clearing agency who, the Commission finds, has willfully failed to enforce the rules of the clearing agency, or has willfully abused his authority.

"(k) If a proceeding under subsection (j)(1) of this section results in the suspension or revocation of the registration of a clearing agency, the Commission shall, upon notice to such clearing agency, apply to any court of competent jurisdiction specified in section 21 or 27 of this title for the appointment of a trustee. In such event, the court may, to the extent it deems necessary or appropriate, take exclusive jurisdiction of the clearing agency involved, and the books, records and assets thereof, wherever located; and the court shall appoint the Commission or its designated agent as the trustee who, with the approval of the court, shall have the power to take possession and to continue to operate or to terminate the facilities of such clearing agency in an orderly manner, for the protection of participants and public investors, subject to such terms and conditions as the court may prescribe.

"(l) This section applies to transactions in securities effected directly or indirectly through use of the mails or any means or instrumentality of interstate commerce regardless of whether the securities which are the subject of the transaction are exempt securities.

"(m) Each registered securities clearing agency shall make, keep, and preserve for such periods such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, as the Commission by its rules and regulations may prescribe as necessary or appropriate in the public interest, or to facilitate cooperation among clearing agencies and the prompt and orderly settlement of securities transactions, to safeguard funds and securities held for the accounts of participants, or for the protection of investors. Such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time to such reasonable periodic, special, or other examinations by examiners or other representatives of the Commission as the Commission may deem necessary or appropriate in the public interest or for the protection of investors."

SEC. 6. The Securities Exchange Act of 1934 is further amended by inserting after section 17A the following new section:

"SECTION 17B. (a) No person shall make use of the mails or of any means or instrumentality of interstate commerce, directly or indirectly, in order to perform the function of a transfer agent, unless such person is registered in accordance with this section.

"(b) Any transfer agent may be registered for the purposes of this section by filing with the Commission a registration statement which shall state the address of its principal office or offices for transfer agent activities, the length of time it has been acting as a transfer agent, and the identity of the issuers and issues of securities for which it is then acting as transfer agent, and shall contain such other information in such detail as the Commission may require as necessary or appropriate in the public interest or for the protection of investors.

"(c) Upon the filing of an application for registration pursuant to subsection (b) the Commission shall, by order, grant such registration, unless it finds that the transfer agent making such application does not have procedures or the means to be able to comply with the provisions of this title expressly applicable to transfer agents, and the rules and regulations promulgated under those provisions, in which case the Commission shall, after appropriate notice and opportunity for hearing, by order, deny such registration.

"(d) A registered transfer agent may, upon such terms and conditions as the Commission may deem necessary in the public interest or for the protection of investors, withdraw from registration by filing a written notice of withdrawal with the Commission. If the Commission finds that any such registrant or such other person for whom a registration statement is pending, is no longer in existence or has ceased to do business as a transfer agent, it shall by order cancel or deny the registration.

"(e) No transfer agent shall make use of the mails or of any means or instrumentality of interstate commerce, directly or indirectly, to engaged in any activity as transfer agent with respect to any security in contravention of such rules and regulations as the Commission shall prescribe as necessary or appropriate in the public interest or for the protection of investors.

"(f) Every transfer agent required to be registered pursuant to this title shall file with the Commission, in accordance with such rules or regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors, such information and documents as the Commission shall require to keep reasonably current the information and documents required to be included in or filed with the registration statement filed pursuant to subsection (b).

"(g) Every transfer agent required to register pursuant to this title shall make, keep and preserve such accounts, correspondence, memoranda, papers, books, records and other data for such periods and shall make such reports and file such information and documents with the Commis-

sion, as the Commission by rules or regulations may prescribe as necessary or appropriate in the public interest or for the protection of investors. Such accounts, correspondence, memoranda, papers, books, records and other data shall be subject at any time or from time to time to such reasonable, periodic, special or other examinations by the Commission as the Commission may deem necessary or appropriate in the public interest or for the protection of investors.

"(h) The Commission may, after appropriate notice and opportunity for hearing, by order, censure, bar, suspend or place limitations upon any transfer agent, or any officer, director or employee of any such transfer agent, or revoke the registration of any transfer agent, if the Commission finds that such censure, barring, suspension, placing of limitations or revocation is in the public interest or necessary for the protection of investors and that such transfer agent or any officer, director or employee thereof has willfully violated or is unable to comply with any provision of this title or any rule or regulation promulgated thereunder expressly pertaining to such transfer agent or any officer, director or employee thereof.

"(i) The provisions of this section 17B or of any rule or regulation thereunder shall not apply to any person acting as transfer agent with respect to securities transactions which occur without the jurisdiction of the United States, unless he acts in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate to prevent the evasion of this title."

SEC. 7. Section 24 of the Securities Exchange Act of 1934 (15 U.S.C. 78x) is amended to read as follows:

"Information filed with the Commission:

"(a) Any person filing information contained in a registration statement, document, report, contract, correspondence or other paper filed with the Commission pursuant to this title may make written objection to the public disclosure of such information stating the grounds for such objection. The Commission is authorized to hear objections in any such case where it deems it advisable. The Commission shall grant confidential treatment to such information for which application has been made if it finds (1) that disclosure is not in the public interest, and (2) that disclosure would (A) jeopardize the safety of funds or securities, (B) require the revealing of trade secrets or processes, or (C) impair the value of a contract.

"(b) The Commission is authorized to treat such information as confidential pending the findings required by subsection (a), but if the Commission does not make such a finding within ten days from the date the information is received by the Commission, then the information shall cease to be afforded confidential treatment.

"(c) Nothing in this section shall prohibit the Commission from disclosing any information in any administrative or judicial proceeding.

"(d) Nothing in this section shall authorize the Commission to withhold information from the duly authorized committees of the Congress.

"(e) It shall be unlawful for any member, officer, or employee of the Commission to disclose to any person other than a member, officer, or employee of the Commission, or to use for personal benefit, any information contained in any registration statement, document, report, contract, correspondence or other paper filed with the Commission which is not made available to the public pursuant to subsection (a) of this section: *Provided*, That the Commission may make available to the Board of Governors of the Federal Reserve System any information requested by the Board for the purpose of enabling it to perform its duties under this title."

SEC. 8. Section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 781) is amended by inserting after subsection (i) the following new subsection:

"(j) It shall be unlawful for an issuer, any class of whose securities is registered under this section or which would be required to be so registered except for the exemption from registration provided by paragraph (2)(B) or (2)(G) of subsection (g), by the use of any means or instrumentality of interstate commerce, or of the mails, to issue, either originally or upon transfer, such securities whose form or format contravenes such rules and regulations as the Commission may prescribe as necessary for the prompt and accurate processing of transactions in securities."

SEC. 9. Section 19 of the Securities Exchange Act of 1934 (15 U.S.C. 78s) is amended by inserting after subsection (e) the following new subsections:

"(f) The Commission shall, on or before December 31, 1976, take such steps as are within its power to bring about elimination of the negotiable stock certificate as a means of settlement among brokers or dealers in transactions consummated on national securities exchanges or by means of the mails or other means of instrumentalities of interstate commerce. On or before December 31 of each year, commencing in 1972 and ending in 1976, the Commission shall report to the Congress (1) the steps it has taken and progress it has made toward elimination of the negotiable stock certificate as a means of settlement, and (2) its recommendations, if any, for further legislation to eliminate the negotiable stock certificate.

"(g) The Commission is authorized and directed to make a study and investigation of the practice of registration of securities other than in the name of the beneficial owner and to determine (1) whether such registration is consistent with the policies and purposes of this title, with particular reference to section 14, and (2) if consistent, whether steps can be taken to facilitate communications between corporations and their shareholders while at the same time retaining the benefits of such registration. The Commission shall report to the Congress on or before June 30, 1973, the results of its investigation, together with its recommendations."

SEC. 10. Section 28 of the Securities Exchange Act of 1934 (15 U.S.C. 78bb) is amended by inserting after subsection (b) the following new subsection:

"(c) No State or political subdivision thereof shall impose any tax on any change in beneficial or record ownership of securities effected through the facilities of a registered national securities clearing agency or any nominee thereof or custodian therefor or upon the delivery or transfer of securities to or through or receipt from such agency or any nominee thereof or custodian therefor, unless such transfer or delivery or receipt would otherwise be taxable by such State or political subdivision if the facilities of such registered national securities clearing agency or any nominee thereof or custodian therefor were not physically located in the taxing State or political subdivision. No State or political subdivision thereof shall impose any tax on securities which are deposited in or retained by a registered national securities clearing agency or any nominee thereof or custodian therefor, unless such securities would otherwise be taxable by such State or political subdivision if the facilities of such registered national securities clearing agency or any nominee thereof or custodian therefor were not physically located in the taxing State or political subdivision."

SEC. 11. This bill shall take effect on the date of its enactment, except that sections 17A(a) and 17B(a) of the Securities Exchange Act of 1934 (as amended by this bill) shall take effect upon the expiration of six months after the date of enactment.

PENSION PLANS

(Mr. RAILSBACK asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. RAILSBACK. Mr. Speaker, every American—regardless of education, income, profession, race—faces the same perplexing problem: How will I support myself in old age? One answer is to be covered by a pension plan—a plan established by an employer, union, or both, which provides cash benefits for life to the qualified worker upon retirement. Usually benefits are financed by regular contributions by the employer, and, in some cases, by the employee.

The rationale behind providing pension plans is that the security they provide will encourage persons to be better employees. Also, the production level will be raised and morale improved because older employees will be able to retire.

The first industrial pension plan in the United States was established in 1875. At that time, the American Express Co. developed a pension plan which provided retirement benefits to employees who had reached the age of 60 and who had dedicated 20 years of service to the company.

Railroads followed the American Express Co.'s lead and adopted pensions as a convenient way of mustering out enginemen and trainmen who were too old for their jobs. By the turn of the century, unions began financing their own plans. In the 1920's, some local and State governments acted similiarly on behalf of their workers. Passage of the Revenue Act of 1927, allowing tax exemptions for employer payments to trust funds, encouraged other employers to set up their own plans.

However, as late as 1925, only 400 pension plans actually existed in the United States. Further, about one-third of the 4 million persons covered by pension plans were employed by the four largest corporations: American Telephone & Telegraph Co., the New York Central Railroad, the Pennsylvania Railroad, and United States Steel.

Not until the 1940's did pension plans really emerge as a major economic and social force in our economy. When wage and salary controls were imposed during World War II, many companies began giving pensions instead of raises to their employees, and used their wartime profits to finance the plans. The number of persons covered by pension plans increased from 4 million in 1940 to 10 million in 1950.

In 1949, there was a tremendous surge in the number of pension plans. That year, the Supreme Court upheld the National Labor Relations Board's decision that pensions were a proper issue for collective bargaining. Also, the steel industry's factfinding committee concluded that the industry had a social obligation to provide workers with pensions.

Presently, private pension plans cover about 30 million workers, nearly one-half

of all persons who work in commerce and industry, and have assets of at least $130 billion. However, such facts tell us very little about the ultimate benefits the employees actually receive. While pension plans have been expected to perform a major service to millions of Americans, they serve far fewer than is commonly assumed and will continue to fall short of expectations unless greatly improved.

The U.S. Senate Special Committee on Aging predicted that only one-third to two-fifths of all aged persons in 1980 will receive incomes from private group pensions, and virtually none of their plans take into account cost-of-living increases.

The House Pension Study Task Force reported that employees with long service, high earnings, and union membership, who work in manufacturing, transportation, finance, and public utilities, are most likely to participate in a pension plan. The persons who have a relatively short service, who are unskilled and semiskilled, nonunionized, and who earn low wages, are those least likely to participate in a pension plan. In other words, those in greatest need in old age will probably not benefit by pension plans.

Just as discouraging are the findings of the Senate Labor and Public Welfare Committee. Of 51 pension plans covering 6.9 million workers, only 4 percent have received any kind of normal, early, or deferred benefits since 1950. Of 36 better structured plans covering 2.9 million workers, only 8 percent of the employees received normal, anticipated benefits.

The Senate committee estimates that 92 to 96 percent of "covered" American workers are not getting their retirement benefits. Further, the committee released the following information which clearly points out the fact that far too many pension plans are as evanescent as the pot of gold at the end of the rainbow:

A joint union-employer pension plan in the transportation industry "has some $800,000 in loans outstanding for which there is no collateral"; a large data-processing manufacturing company has invested pension funds "in unsecured loans to the extent of $41,171,580." A major mining company has been operating since 1952 a pension plan that has $33.3 million in assets, but $107 million in pension liabilities; a major Southern utility company, after 26 years of pension-plan operation, has accumulated $66 million in fund assets, but is liable for $133.5 million in benefits. A couple of transit companies have hit upon a scheme under which each has used some $2 million in pension-fund moneys to underwrite its own mortgages or real-estate investments. A Midwest cable corporation has in the last 5 years charged off to "administrative costs" more than 33 percent of the amount it has paid out in benefits. A Midwest utility company has reduced its pension-plan contributions by some $20,000 annually since 1962 as the result of "actuarial gains" made because workers who left the company and the plan retained no "vested interest" in their pension contributions.

The argument for pension regulation was excellently illustrated by a Labor Department official—

In all too many cases, the pension promise shrinks to this:

"If you remain in good health and stay with the same company until you are 65 years old, and if the company is still in business, and if your department has not been abolished, and if you haven't been laid off for too long a period, and if there is enough money in the fund, and if that money had been prudently managed, you will get a pension."

It is imperative that we in the Congress come to grips with the serious problems far too many Americans face regarding pension plans. As a first step, I am today introducing legislation on pension reform.

If enacted, my proposal will establish a reasonable and fair basis for making pension credits nonforfeitable. Under it, pension credits will vest at 10 percent a year starting with the sixth year of service. Thus, after an individual has worked 15 years, he will be entitled to a 100 percent vested right in the benefits he accumulated over that period of time. If he decides to leave the company, or if his employment is terminated, the employee will be entitled to some form of pension benefit when he reaches the retirement age specified in the particular plan under which he was covered. For example, if a worker remained with an employer for only 9 years, he will still have a 40 percent vested right in the pension credits earned over those 9 years.

My bill also directs that a portability study be undertaken. Portability is the system whereby a worker can accumulate pension credits from job to job and eventually combine them into qualification for one single pension.

The proponents of portability stress its need in a mobile society. As one advocate explained:

The possibility of small, perhaps miniscule benefits, the incompatibility of benefit provisions, disproportionately high administrative costs, attrition of fixed benefits by inflation, withdrawal of contributions, their lack of utility for the disabled, and the nonparticipation of vested deferred benefits in plan improvements, all argue for the desirability of collecting the bits and pieces of employees' vested pension credits into one more adequate benefit, a benefit based upon contributions which have earnings and growth up to the date of retirement.

The opponents of portability base their arguments primarily upon the complexities of establishing such a system. For example, how will the credits from plan to plan be transferred? How will their ultimate value be determined?

The extensive hearings conducted by the Senate Labor and Public Welfare Committee concluded that it is the right of an employee to carry his pension credits with him; but this is too complex an area, requiring exhaustive consideration, to attempt any solutions at this point. Because I agree with the committee's recommendation, my bill directs that a portability study be undertaken.

I also recognize the problem of funding. Through the input of contributions, funding must catch up with accrued pension liabilities within a specified period of time. My bill will require funding of liabilities over 40 years for plans in existence, and 30 years for those plans created after enactment.

A classic example of the need for adequate funding requirements was that of the Studebaker Corp. plan which began in 1950 and which came to an abrupt halt in 1964, when the company stopped manufacturing automobiles in the United States. It was a liberal plan—vesting at age 40, after 10 years of service. Of the 11,000 persons covered, 3,600 were already receiving pensions or were eligible to do so. An additional 4,500—with average service of 23 years—had vested rights. When the plan terminated and the available money was distributed, there were not enough funds to meet the company's liabilities. Only the 3,600 individuals eligible or already receiving pensions received their full share. The 4,500 vested employees, including some nearly 60 years of age, received an average of $600 apiece—approximately 15 percent of the value of their rights. And the remaining 2,900 employees received absolutely nothing.

Finally, although pension plans do not need to be insured if assets are available to meet all liabilities, it is generally agreed that it would be unrealistic to expect employers to provide immediate funding when an unfunded liability comes into existence. Therefore, I have included in my bill a provision which will establish a U.S. Pension and Employee Benefit Plan Commission to collect and insure plans.

Mr. Speaker, we must be committed to correcting the inequities which now exist in the private pension system. I urge immediate consideration of my bill which is designed to solve many of the problems and provide benefits to millions of workers who believe in their pension plans.

FRIVOLOUS AND NUISANCE LAWSUITS FILED AGAINST POLICE, SHERIFFS, AND PROSECUTORS

(Mr. ICHORD asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ICHORD. Mr. Speaker, an increasingly serious impediment to efficient, vigorous law enforcement work and disposition of justice is the constantly growing number of frivolous lawsuits, so-called nuisance suits, filed against police, sheriffs, prosecutors, and others in the field.

No one objects, of course, to filing suits for false or improper arrest, or violation of civil liberties, when there is justification for such action.

But I submit that altogether too many such suits are being filed these days as a ploy to delay prosecution, to create publicity, or to try and win sympathy for a patently guilty defendant. The result has been, I believe, that officers are increasingly hesitative to perform their duties diligently because of the fear of such suits.

Such a result is readily understandable when it is realized that many lawmen must rely on their own financial resources in defending against such litigation. Law officers, particularly policemen in our smaller communities, Mr. Speaker, usually are not paid well enough to finance, on their own, expensive defense

litigation. Such suits can reduce them to poverty, even force them deeply into debt.

In examining this problem, I think it appropriate to discuss title 42, United States Code, which encompasses laws relating to public health and welfare. Specifically, I would like to address my remarks to section 1983 of title 42 which states:

> Every person who, under color of any statute, ordinance, regulation, custom or usage, of any State or Territory, subjects or causes to be subjected, any citizen of the United States or other person within the jurisdiction thereof to the deprivation of any rights, privileges, or immunities secured by the Constitution and laws, shall be liable to the party injured in an action at law, suit in equity, or other proper proceeding for redress.

The interpretation of section 1983 by Federal courts has generally been of a broad nature in accordance with its broad language as well as its purposes as perceived by Congress.

A review of court decisions from cases filed under the title and section indicates that courts recognize this statute was designed to underwrite certain kinds of State laws and to provide a Federal remedy where State statutes, although adequate in theory, proved inadequate in practice.

However, the courts have also consistently held that section 1983 was not intended as a source of damage actions brought by disappointed litigants against officers that commit errors while acting within the scope of their authority. Nor was the purpose of section 1983 to discipline law enforcement officers nor to turn every defeat of claimed State right into a Federal right with Federal remedy.

It was recently brought to my attention that competent law enforcement officers in my congressional district found themselves defendants in what appeared and what was ultimately determined to be—a "nuisance suit" filed under section 1983.

I was very much distressed to learn that these officers were forced to depend on personal income for costs of investigation and legal defense fees.

This prompted me to ask the International Association of Chiefs of Police if this was a representative example of what is happening elsewhere in the Republic.

Somewhat to my surprise, I learned that many law enforcement officers, even prosecuting attorneys, have neither insurance plans to cover actions filed against them nor do many of the States, counties, and cities provide for costs involved in investigation and defense of such suits.

Now we all realize that the legislative branch traditionally takes reform a step at a time, addressing itself to that phase of the problem that seems most acute at the moment.

Thus I have been doing some research into the matter and have developed some interesting facts and figures dealing with what has become a worrisome problem.

The filing of lawsuits against law enforcement officers alleging misconduct was formerly an infrequent practice but today that is no longer true.

The number of such lawsuits has swollen from just a few hundred a year in the Nation a few years ago to several thousand last year. An increasing amount are brought under section 1983.

Records of the administrative offices of the U.S. courts show that 8,267 cases involving section 1983 were filed in 1971. That is an increase of sevenfold in the 5-year period ending last year. I submit that this is an unduly large increase, indicating that many of the suits are of the nuisance variety.

Figures are available from several cities on the number of suits filed against their police in the 5-year period ending last year. Los Angeles, for example, numbered 768 and the 5-year figures from that city by year from 1967 are: 95; 137; 149; 201; and 186, making an increase of 196 percent from 1967 to 1971. Of the 768 cases, 16 percent were filed in Federal court.

There is one specific case in Los Angeles that I would like to detail.

In 1968, the Western Center on Law and Poverty filed a suit against the Los Angeles Chief of Police, and others, claiming there was an organized conspiracy to violate the civil rights of all Negroes in the south-central portion of the city.

This suit was later expanded to include all Negroes in the county of Los Angeles.

After the suit was served, an investigation was launched and it soon became evident that the center could not sustain its complaint with the persons named as plaintiffs because of the activities of such persons with various militant organizations. Then, through a series of legal maneuvers, the militants were substituted out of the lawsuit and replaced by persons not connected or at least not known to be connected with militant groups.

The city of Los Angeles proceeded to conduct extensive discovery proceedings and the center was eventually ordered to write a pretrial order. It was unable to do this for several reasons, partly because of an inability to find their plaintiffs. Faced with either dismissal or bringing the case to trial, the center, on its own motion, asked that the case be dismissed.

That is the legal background of the Los Angeles incident, Mr. Speaker. Now let us examine what all this futile, expensive and frivolous maneuvering cost the taxpayers in the city and county of Los Angeles, Calif.

The city police department paid more than $61,000 in salaries for investigators whose work was confined to this case alone.

It is estimated that yet another $40,000 was spent in additional investigators' time and the time other police officers spent in court proceedings, investigations, gathering testimony, obtaining depositions, and so on.

Clerical time involved in the effort is estimated to have cost more than $16,000.

Thus what amounted to no more than a nuisance suit cost the taxpayers more than $117,000 in man-hours alone.

Let us examine just a few other locations where nuisance suits have proved costly both in money and time.

The metropolitan Dade County, Fla., Sheriff's Department, which includes the city of Miami, reports that 15 Federal civil rights cases have been filed under section 1983 there in the last 2 years. One cost more than $50,000 to investigate—and the plaintiffs took a voluntary dismissal prior to trial.

The police general counsel's office in the District of Columbia tells us that last year 50 cases were filed against the department or its officers. Besides that, the District of Columbia correctional institutions were frequently the objects of lawsuits.

However, in the 5-year period ending on December 31, 1971, not a single case was reported in the Federal supplement.

The relatively small police department in Charlotte, N.C., reported that during the past 12 months, 39 suits against it were filed under section 1983 and recently the department had to spend 1 week in court trying six cases that totaled more than $7 million in claims. All but one were awarded a "no verdict" by the jury. In only one case the jury returned an award of $2.50 against two officers on two counts, totaling an awarded damage of $10.

The police departments of Mecklenburg and Charlotte, N.C., note that their insurance premiums—despite having never lost a suit except for the $10 award—have increased from $12,000 to more than $48,000 in 2 years.

I do not wish to take up any more time with examples, Mr. Speaker. There are enough to require that this House do little more for the rest of the year but hear them. Later I will report some reactions by law enforcement personnel and agencies to a suggestion that nuisance suits are becoming a serious problem and to a proposal I have to reduce their numbers.

The measure I am introducing today would provide a minimal measure of protection to the law enforcement officer's pocketbook by establishing certain equitable procedures for those individuals who seek damages for deprivation of rights whether real or imagined.

Essentially, Mr. Speaker, my measure would require plaintiffs to file a bond with the court conditioned upon the payment of reasonable investigative and legal costs should the defendant prevail. I do not think this would deter those who seriously believe or have reason to believe that they have been the victims of improper actions by police or those who believe their civil rights have been violated.

But I do think it would make those who are interested only in harassing our police and courts hesitant to prosecute such cases.

Mr. Speaker, the International Association of Chiefs of Police—on its own initiative—submitted my proposed measure to the Association of Police Legal Advisers and the board of directors of the National Association of District Attorneys and asked for comment on the bill. The IACP advised that the response was one of the greatest ever to such a request for comment and that the reaction was overwhelmingly favorable.

I would like to offer a few of the com-

ments made by law enforcement personnel to the IACP on the bill:

Bernard L. Silbert, legal adviser, Baltimore, Md., Police Department:

I have examined Congressman Ichord's bill . . . I wish to go on record as favoring and supporting such legislation. As an attorney who has tried several of these civil rights cases, it is my considered opinion that the requirement of the posting of bond will greatly deter individuals from filing frivolous civil rights actions.

In my experience many of these cases are brought so as to interfere or intervene with pending State court prosecutions. When it becomes apparent to the litigant that he stands to lose a sum equal to the cost of legal fees for the defense of such a case, the desire to take such an extraordinary step will have to be weighed carefully before choosing the federal forum.

George A. Phair, regional police legal adviser, Beaumont, Tex.:

I have examined the bill forwarded to me which seeks to eliminate frivolous lawsuits. I feel this type of legislation is long overdue and heartily endorse its merits.

Some, Mr. Speaker, would even go beyond the provisions of my bill. I quote from a letter from Royal P. Terry, Jr., legal adviser to the Brevard County, Fla., Police Department:

I have long felt that many of these suits are not only frivolous but the results of actual conspiracies to defame law enforcement officers and their departments.

The only ideas that occur to me along these lines are: that such conspiracies ought to be punished as crimes; there might be a civil provision for third party joinder of any organization aiding or abetting an individual in bringing a frivolous or malicious suit; punitive damages should be allowable against any organization or individual participating in a frivolous or malicious suit.

Edwin D. Heath, Jr., director of Police Legal Liaison Division, Dallas, Tex., Police Department, said:

With regard to Congressman Ichord's bill concerning frivolous lawsuits, we are in favor and support such legislation.

Sam D. Pendino, police legal adviser, Miami, Fla., Police Department:

In reference to your letter dated Jan. 12, 1972, concerning the proposed bill which seeks to eliminate frivolous lawsuits . . . I feel that law enforcement agencies throughout the nation are in desperate need of such legislation.

Jerome Dwyer, legal analyst, Newark, N.J., Police Department:

I endorse the proposed Ichord bill.

John W. Hayden, Jr., assistant attorney general, State of Washington:

In response to your request, I have examined the proposed bill of Representative Ichord to amend the Judiciary and Judicial Procedure Act of 1948 to require the posting of a bond by the plaintiff to cover legal expenses. The bill is good and I believe needed.

Royce A. Fincher, Jr., police legal adviser, San Jose, Calif.:

I am pleased to learn of the consideration being given by Congressman Ichord to legislation that would provide for a bond to insure the costs of legal fees in a 42 USC Sec. 1983 suit, inuring to the benefit of the prevailing party.

David L. Miller, police legal adviser, Vincennes, Ind.:

With regards your letter and the enclosed draft, I wish to state that such a bill is long overdue . . .

Edward T. Dodd, Jr., police legal adviser, Waterbury, Conn.:

It appears to be a much needed and long overdue remedy to the numerous frivolous and vexatious lawsuits brought under Title 42, Section 1983 . . . Moreover it will significantly improve the morale of police officers throughout the nation.

G. Patrick Hunter, Jr., police attorney, Charlotte, N.C.:

I cannot emphasize to you enough how much detriment has been afflicted on law enforcement by frivolous suits filed in Federal Court under Sec. 1983.

John T. Casky, Jr., legal adviser, Baton Rouge, La.:

This department is completely in accord with this proposed legislation, as members of this department have been faced with several such suits.

Charles Finston, aid and legal coordinator to the superintendent, Chicago, Ill.:

The proposed Ichord Bill to halt so-called frivolous lawsuits against policemen under Title 42, Paragraph 1983 sounds good.

William J. Chisholm, police legal coordinator, Denver, Colo.:

I am very much in favor of this bill. . . .

Howard Levine, police legal adviser, Fort Lauderdale, Fla.:

There can be no question that legislation of this nature is urgently needed to provide police agencies with protection from what has become an avalanche of meritless litigation against police departments.

John R. Wilson, legal counsel, Jefferson County, Ky.:

I feel the requirement of a party bringing the action to provide a bond commensurate with the costs of legal fees is desirable. . . .

John H. Comstock, legal adviser, Lincoln, Nebr.:

Such legislation I'm sure would help in making law enforcement officers feel a little more secure in doing their work as it should be done. That is also the opinion of a number of men in our department who read and discussed the matter. . . .

George J. Franscell, assistant city attorney, Los Angeles, Calif.:

Please be advised that we are in accord with the position that some form of written undertaking should be filed by a plaintiff in a civil rights action for monetary damages.

James F. Downey, acting sheriff, Los Angeles County, Calif.:

There exists a real, demoralizing effect on law enforcement officers with the realization they may be subject to frivolous lawsuits and must defend with their own assets. The enactment of Section 1930 would obviously be a step in the right direction to prevent harassment of law enforcement by individuals and groups with unfounded claims.

John A. LaSota, Jr., assistant city attorney, Phoenix, Ariz.:

I have read and heartily approve of the bill introduced by Congressman Ichord, seeking to curb the numerous frivolous suits against police officers . . .

Eugene Gordan, police legal adviser, San Diego, Calif.:

The number of groundless suits being brought in federal court is rising each year, and something needs to be done to discourage overzealous attorneys and clients from initiating these suits . . .

There you have, Mr. Speaker, responses from north and south, east and west. There were many more similar replies.

Attorneys engaged in the law enforcement field believe there is a great need for such legislation. I believe that most members of the general public will agree.

Therefore I am introducing today a proposal to amend the Judiciary and Judicial Procedure Act of 1948 which reads as follows:

SEC. 1930. In all courts of the United States, in any civil action brought against a law enforcement officer of the United States, or of any State, county, municipality, or other political subdivision, claiming damages resulting from the performance by an officer of his duties, the party bringing the action shall provide and file with the court in which the action is instituted a surety bond conditioned on the payment to defendants of reasonable costs of investigation and legal fees for defending such action should the defendants prevail in the action.

For the purposes of this Act the term "law enforcement officer" shall include but not be limited to attorneys general, prosecuting attorneys, chiefs of police, sheriffs, constables, and their subordinates.

THE CHALLENGE FACED BY WOMEN OFFICERS IN THE SERVICES

(Mr. STRATTON asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. STRATTON. Mr. Speaker, on February 25 of this year a class was graduated at the Women Officers School of the U.S. Navy, Newport, R.I. At that time, Officer Candidate Susan J. Young spoke for her class. Her speech was so unusual that it has recently been brought to my attention.

I felt it had a message that ought to be shared with my colleagues, especially at a time when we have been paying far greater attention to the role of women in the Nation's armed services. Under leave to extend my remarks I include the text of Miss Young's fine, brief address:

Admiral Wheeler, Admiral Crutchfield, Captain Scott, Commander Sheldon, distinguished guests, staff members, family, friends, and graduating students—

In a few moments we will be taking the oath of office which will mark our official entrance into the Navy family. With that oath, we pledge to support and defend our Government and our way of life; in so doing, we indicate our acceptance of all responsibilities which may be placed upon us for the purpose of upholding that pledge. In addition to those obvious responsibilities we have toward our seniors, our subordinates and our work, we face others—less apparent, but no less important.

Here at women officers school we have had the occasion to make decisions very much like those we will soon encounter. We have made mistakes, but that is part of the learning. And a large part of it was learning that what may be a wise decision—a correct action—in civilian life may not be at all appropriate—even be potentially dangerous—in the Navy. Part of this lies in the fact that in the Navy our responsibility does not end with ourselves. We as individuals are no longer the only ones to feel the results of our decision.

Out of the 41 of us you will probably find just as many reasons for being here—a sense of adventure, job security, travel, new faces. But we are all bound by a common tie—we

want to be here. Nobody forced us; we have no threat of a draft hanging over us. We willingly committed ourselves to three years of the unknown. This willingness means then that we are totally dedicated to our new way of life, whether we choose to live it for three years or for thirty. For we are not about to commit ourselves to three years of half-hearted effort. We mean business.

We face a unique challenge as women in a traditionally male environment. We seek acceptance not as women officers, but as naval officers working together with all members of the Navy team—male and female—toward the fulfillment of the Navy's objectives. I don't think that any of us is trying to prove that women can be an integral part of the Navy—doing the same work, facing the same challenges, demanding the same respect as male officers. The fact that we are here proves we can—or at least it proves the Navy has *confidence* in us, and it is a confidence we will not betray. For it is a greater tragedy to reject something dearly won than never to have won it at all.

We are a spirited group—always seeking answers and explanations, always speaking our minds, then questioning the validity of the answers we receive. Why? Because we care. We care about our futures, the Navy's future and our country's future. We want to know the whole story about the Navy because we care what others think about us. A generation ago there was hardly a greater thing one could do than to join in the defense of one's country. Today, unfortunately, the reverse is all too common. The military is no longer viewed as that defender of freedom it was 30 years ago; it has become to many people some monster encroaching upon the rights of an innocent populace. It is our responsibility to change this attitude. For the attitude people hold of the Navy is the attitude they hold of us. And we have too much pride in ourselves and in our uniform to tolerate inaccuracies concerning us. It is within our power to educate others as the Navy's true purpose, which is to guard our freedom. And no one can say that freedom is not worth working toward.

Finally, we have a responsibility to ourselves. We have taken it upon ourselves to face the challenges and responsibilities the Navy can provide. Armed with our dedication, conviction and pride, we owe it to ourselves to do our very best, for we must live with ourselves and the life we make.

We alone can earn the personal satisfaction that comes from successfully meeting a challenge.

We were born into an age of new-found peace, matured during a period of prosperity, and have emerged as adults into a troubled, turbulent, confusing world. The way of life we have chosen is not easy. There will be many inconveniences, many sacrifices; a naval officer, like a parent, has a 24-hour-a-day job. We cannot afford to give *anything* less than our greatest effort. For the world we greet tomorrow rests upon what we accomplish today.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. ESHLEMAN (at the request of GERALD R. FORD), for today and the balance of the week, on account of continued recuperation.

Mr. BRASCO (at the request of Mr. O'NEILL), for today, on account of death in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. STEELE) and to include extraneous matter:)

Mr. KEMP, for 10 minutes, today.
Mr. BELL, for 5 minutes, today.
Mr. HALPERN, for 5 minutes, today.
Mr. EDWARDS of Alabama, for 5 minutes, today.
Mr. VEYSEY, for 5 minutes, today.
Mr. ANDERSON of Illinois, for 60 minutes, today.

(The following Members (at the request of Mr. MAZZOLI) to revise and extend their remarks and include extraneous material:)

Mr. REUSS, for 20 minutes, today.
Mr. BRADEMAS, for 5 minutes, today.
Mr. ASPIN, for 10 minutes, today.
Mr. GONZALEZ, for 10 minutes, today.
Mr. STAGGERS, for 5 minutes, today.
Mr. DENHOLM, for 30 minutes, May 9.
Mr. DANIELSON, for 30 minutes, May 9.
Mr. FRASER, for 10 minutes, May 9.

EXTENSION OF REMARKS

By unanimous consent, to revise and extend remarks was granted to:

Mr. RANDALL to revise and extend his remarks and that all Members have 5 legislative days in which to extend their remarks on the birthday of Harry S. Truman.

Mr. ROUSH.

(The following Members (at the request of Mr. STEELE) and to include extraneous matter:)

Mr. WYATT.
Mr. KEMP in two instances.
Mr. QUIE.
Mr. MINSHALL.
Mr. MCCLORY in two instances.
Mr. MARTIN.
Mr. BROWN of Ohio in two instances.
Mr. SPRINGER in two instances.
Mr. HALPERN in four instances.
Mr. DUNCAN.
Mr. VEYSEY.
Mr. HORTON.
Mr. COLLINS of Texas in three instances.
Mr. SCHERLE in 10 instances.
Mr. HARVEY.
Mr. SAYLOR.
Mr. SCHWENGEL in two instances.
Mr. VANDER JAGT.
Mr. PRICE of Texas.
Mr. SPENCE.
Mr. HOSMER in two instances.
Mr. FISH.

(The following Members (at the request of Mr. MAZZOLI) and to include extraneous matter:)

Mr. HAMILTON in 10 instances.
Mr. FISHER in three instances.
Mr. DRINAN in two instances.
Mr. GONZALEZ in three instances.
Mr. RARICK in three instances.
Mr. HUNGATE in two instances.
Mr. ROGERS in five instances.
Mr. RODINO in three instances.
Mr. DINGELL in two instances.
Mrs. ABZUG in five instances.
Mr. HARRINGTON in three instances.
Mr. BRASCO.
Mr. BURKE of Massachusetts.
Mr. SYMINGTON in two instances.
Mr. JAMES V. STANTON in two instances.
Mr. WALDIE in six instances.
Mr. EDWARDS of California in five instances.
Mr. MOORHEAD in three instances.
Mr. JACOBS.
Mr. PIKE.
Mr. PEPPER.
Mr. BEGICH in three instances.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 538. An act to declare that certain federally owned lands are held by the United States in trust for the Indians of the Pueblo Cochiti; to the Committee on Interior and Insular Affairs.

S. 3572. An act to extend and amend sections 5(n) and 8(d) of the Federal Water Pollution Control Act, as amended; to the Committee on Public Works.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mr. HAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill and joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 13591. An act to amend the Public Health Service Act to designate the National Institute of Arthritis and Metabolic Diseases as the National Institute of Arthritis, Metabolism, and Digestive Diseases, and for other purposes; and

H.J. Res. 1174. Joint resolution making an appropriation for special payments to international financial institutions for the fiscal year 1972, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. HAYS, from the Committee on House Administration, reported that that committee did on the following dates present to the President, for his approval, bills of the House of the following titles:

On May 4, 1972:

H.R. 11589. An act to authorize the foreign sale of certain passenger vessels.

On May 5, 1972:

H.R. 9019. An act to provide for the disposition of funds appropriated to pay a judgment in favor of the Jicarilla Apache Tribe in Indian Claims Commission docket numbered 22–A, and for other purposes; and

H.R. 13753. An act to provide equitable wage adjustments for certain prevailing rate employees of the Government.

ADJOURNMENT

Mr. MAZZOLI. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 47 minutes p.m.), the House adjourned until tomorrow, Tuesday, May 9, 1972, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1942. A communication from the President of the United States, transmitting an amendment to the request for appropriations transmitted in the budget for fiscal year 1973 for the Department of Agriculture (H. Doc. No. 92–291); to the Committee on Appropriations and ordered to be printed.

1943. A communication from the President of the United States, transmitting an amend-

ment to the request for appropriations transmitted in the budget for fiscal year 1973 for the National Oceanic and Atmospheric Administration, Department of Commerce (H. Doc. No. 92–292); to the Committee on Appropriations and ordered to be printed.

1944. A letter from the Acting Director, Office of Management and Budget, Executive Office of the President, transmitting plans for works of improvement, none of which involves a structure which provides more than 4,000 acre-feet of total capacity, pursuant to section 5 of the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1005); to the Committee on Agriculture.

1945. A letter from the Secretary of the Army, transmitting a draft of proposed legislation to amend title 10, United States Code, to authorize educational institutions where units of the Senior Reserve Officers' Training Corps are maintained to be reimbursed in recognition of reasonable costs incurred by them in support of ROTC programs; to the Committee on Armed Services.

1946. A letter from the Secretary of Health, Education, and Welfare, transmitting a report of Federal activities in vocational rehabilitation and related fields covering fiscal year 1971, pursuant to 29 U.S.C. 34 and 39; to the Committee on Education and Labor.

1947. A letter from the Chairman, National Labor Relations Board, transmitting lists containing (1) the names, salaries, and duties of all employees and officers of the NLRB, (1) cases heard and/or decided by the Board, and (3) the fiscal statement showing total obligations and expenditures for fiscal year 1971, pursuant to section 3(c) of the Labor Management Relations Act of 1947; to the Committee on Education and Labor.

1948. A letter from the Chairman, National Advisory Council on Education Professions Development, transmitting a report on educational renewal, pursuant to Public Law 90–35; to the Committee on Education and Labor.

1949. A letter from the Acting Administrator, Agency for International Development, Department of State, transmitting a determination of the Secretary of State that an increase in AID's supporting assistance fiscal year 1972 allocation for Jordan is in the security interests of the United States, pursuant to section 653 of the Foreign Assistance Act; to the Committee on Foreign Affairs.

1950. A letter from the Deputy Assistant Secretary of the Interior, transmitting a copy of a proposed contract with Texas Instruments, Inc., Dallas, Tex., for a research project entitled "Mine Air Monitor," pursuant to Public Law 89–672; to the Committee on Interior and Insular Affairs.

1951. A letter from the Deputy Assistant Secretary of the Interior, transmitting a copy of a proposed contract with United Aircraft Research Laboratories, East Hartford, Conn., for a research project entitled "Development of a Boring Machine Cutter Instrumentation Program," pursuant to Public Law 89–672; to the Committee on Interior and Insular Affairs.

1952. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting copies of orders entered in cases in which the authority contained in section 212(d)(3) of the Immigration and Nationality Act was exercised in behalf of certain aliens, together with a list of the persons involved, pursuant to section 212(d)(6) of the act; to the Committee on the Judiciary.

RECEIVED FROM THE COMPTROLLER GENERAL

1953. A letter from the Comptroller General of the United States, transmitting a report on the need for improvement in readiness of Strategic Army Forces, Department of the Army; to the Committee on Government Operations.

1954. A letter from the Comptroller General of the United States, transmitting a list of the reports issued or released by the General Accounting Office in April 1972, pursuant to Public Law 91–510; to the Committee on Government Operations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. GARMATZ: Committee on Merchant Marine and Fisheries. H.R. 14146. A bill to establish a national policy and develop a national program for the management, beneficial use, protection, and development of the land and water resources of the Nation's coastal zone, and for other purposes; with an amendment (Rept. No. 92–1049). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

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

By Mrs. ABZUG:

H.R. 14814. A bill to provide Federal citizen anticrime patrol assistance grant to residents' organizations; to the Committee on the Judiciary.

By Mr. ANDREWS of North Dakota:

H.R. 14815. A bill to amend chapter 15 of title 38, United States Code, to provide for the payment of pensions to World War I veterans and their widows, subject to $3,000 and $4,200 annual income limitations; to provide for such veterans a certain priority in entitlement to hospitalization and medical care; and for other purposes; to the Committee on Veterans' Affairs.

By Mr. BELL:

H.R. 14816. A bill to amend and extend the Juvenile Delinquency Prevention and Control Act of 1968; to the Committee on Education and Labor.

By Mr. BELL (for himself and Mr. PUCINSKI):

H.R. 14817. A bill to encourage and assist States and localities to coordinate their various programs and resources available for the prevention, treatment, and control of juvenile delinquency, and for other purposes; to the Committee on Education and Labor.

By Mr. DINGELL:

H.R. 14818. A bill to require the approval of the Secretary of Labor of all closings of plants in areas of high unemployment; to the Committee on Education and Labor.

By Mr. DOWNING:

H.R. 14819. A bill to have the President appoint the Director of the Federal Bureau of Investigation to a single term of 15 years; to the Committee on the Judiciary.

By Mr. HALPERN (for himself and Mr. LINK):

H.R. 14820. 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; to the Committee on the Judiciary.

By Mr. HATHAWAY:

H.R. 14821. A bill to provide housing for persons in rural areas of the United States on an emergency basis; to the Committee on Banking and Currency.

By Mr. ICHORD:

H.R. 14822. A bill to amend the Judiciary and Judicial Procedure Act of 1948; to the Committee on the Judiciary.

By Mr. JOHNSON of Pennsylvania:

H.R. 14823. A bill to amend the Occupational Safety and Health Act of 1970 to require the Secretary of Labor to recognize the difference in hazards to employees between the heavy construction industry and the light residential construction industry; to the Committee on Education and Labor.

By Mr. LENT (for himself and Mr. BRASCO):

H.R. 14824. A bill to amend the Internal Revenue Code of 1954 to allow a credit against the individual income tax for tuition paid for the elementary or secondary education dependents; to the Committee on Ways and Means.

By Mr. MINSHALL:

H.R. 14825. A bill relating to the tariff treatment of certain equipment for ice skating facilities; to the Committee on Ways and Means.

By Mr. MOSS (for himself and Mr. BROYHILL of North Carolina):

H.R. 14826. A bill to amend the Securities Exchange Act of 1934 to provide for the regulation of securities depositories, clearing corporations, and transfer agents; to the Committee on Interstate and Foreign Commerce.

By Mr. O'NEILL:

H.R. 14827. A bill to provide payments to localities for high-priority expenditures, to encourage the States to supplement their revenue sources, and to authorize Federal collection of State individual income taxes; to the Committee on Ways and Means.

By Mr. QUIE:

H.R. 14828. A bill authorizing continuation of programs of Action, creating a National Advisory Council for that agency, and for other purposes; to the Committee on Education and Labor.

By Mr. RAILSBACK:

H.R. 14829. A bill to provide additional protection for the rights of participants in employee pension and profit-sharing-retirement plans, to establish minimum standards for pension and profit-sharing-retirement plan vesting and funding, to establish a pension plan reinsurance program, to provide for portability of pension credits, to provide for regulation of the administration of pension and other employee benefit plans, to establish a U.S. Pension and Employee Benefit Plan Commission, to amend the Welfare and Pension Plans Disclosure Act, and for other purposes; to the Committee on Ways and Means.

By Mr. REUSS (for himself, Mr. OBEY, Mr. FRASER, and Mr. VANIK):

H.R. 14830. A bill to amend the Internal Revenue Code of 1954 to raise needed additional revenues by repealing certain provisions relating to the allowance for depreciation and increasing the amount of minimum tax imposed on tax preferences; to the Committee on Ways and Means.

By Mr. RODINO (for himself, Mr. CELLER, Mr. EILBERG, Mr. FLOWERS, Mr. DENNIS, Mr. MAYNE, Mr. HOGAN, and Mr. MCKEVITT):

H.R. 14831. A bill to amend the Immigration and Nationality Act, and for other purposes; to the Committee on the Judiciary.

By Mr. RODINO:

H.R. 14832. A bill to amend the tariff and trade laws of the United States to promote full employment and restore a diversified production base; to amend the Internal Revenue Code of 1954 to stem the outflow of U. S. capital, jobs, technology, and production, and for other purposes; to the Committee on Ways and Means.

By Mr. ROE:

H.R. 14833. A bill to amend the Public Health Service Act to provide for the prevention of Cooley's anemia; to the Committee on Interstate and Foreign Commerce.

By Mr. ROONEY of Pennsylvania:

H.R. 14834. A bill to amend the Internal Revenue Code of 1954 with respect to lobbying by certain types of exempt organizations; to the Committee on Ways and Means.

By Mr. ROSTENKOWSKI:

H.R. 14835. A bill to amend the Internal Revenue Code of 1954 to allow a credit against the individual income tax for tuition paid for the elementary or secondary education of dependents; to the Committee on Ways and Means.

By Mr. SCHEUER (for himself, Mrs. ABZUG, Mr. BADILLO, Mr. CONYERS, Mr. HARRINGTON, Mr. HECHLER of West Virginia, Mr. HELSTOSKI, Mr. KOCH, Mr. MITCHELL, Mr. MOORHEAD, and Mr. REES):

H.R. 14836. A bill to limit the term of office of the Director of the Federal Bureau of Investigation and to provide for Presidential appointment and Senate confirmation of the Director; to the Committee on the Judiciary.

By Mr. SEIBERLING:

H.R. 14837. A bill to amend the Foreign Assistance Act of 1961 to expand American exports by utilizing U.S.-owned foreign currencies to pay import duties on such goods, and for other purposes; to the Committee on Foreign Affairs.

By Mr. J. WILLIAM STANTON:

H.R. 14838. A bill to deauthorize the Lake Erie-Ohio River Canal; to the Committee on Public Works.

By Mr. STRATTON (for himself, Mr. BEVILL, Mr. BIAGGI, Mr. BRADEMAS, Mr. CLEVELAND, Mr. DERWINSKI, Mr. DULSKI, Mr. FORSYTHE, Mrs. GREEN of Oregon, Mr. HARRINGTON, Mr. HELSTOSKI, Mr. HOGAN, Mr. KYROS, Mr. MACDONALD of Massachusetts, Mr. MCFALL, Mr. MOORHEAD, Mr. RODINO, Mr. ROY, Mr. STAGGERS, Mrs. SULLIVAN, and Mr. YATRON):

H.R. 14839. A bill to amend the Social Security Act to increase benefits and improve eligibility and computation methods under the OASDI program, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis on improvements in their operating effectiveness, and for other purposes; to the Committee on Ways and Means.

By Mr. ULLMAN (for himself, Mr. WYATT, Mrs. GREEN of Oregon, and Mr. DELLENBACK):

H.R. 14840. A bill providing for Federal purchase of the remaining Klamath Indian Forest; to the Committee on Interior and Insular Affairs.

By Mr. VEYSEY (for himself, Mr. DENHOLM, and Mr. BOB WILSON):

H.R. 14841. A bill to promote the use of low-pollution motor fuels by equalizing the tax treatment of liquefied and compressed natural gas; to the Committee on Ways and Means.

By Mr. WINN:

H.R. 14842. A bill to amend the Communications Act of 1934 to establish orderly procedures for the consideration of applications for renewal of broadcast licenses; to the Committee on Interstate and Foreign Commerce.

By Mr. YATRON:

H.R. 14843. A bill to amend the Internal Revenue Code of 1954 to allow a deduction for expenses incurred by a taxpayer in making repairs and improvements to his residence; to the Committee on Ways and Means.

By Mr. ZWACH:

H.R. 14844. A bill to amend the Wild and Scenic Rivers Act by designating a segment of the St. Croix River, Minn. and Wis., as a component of the national wild and scenic rivers system; to the Committee on Interior and Insular Affairs.

By Mrs. ANDREWS of Alabama:

H.J. Res. 1190. Joint resolution proposing an amendment to the Constitution of the United States relative to neighborhood schools; to the Committee on the Judiciary.

By Mr. EILBERG:

H.J. Res. 1191. Joint resolution to suspend temporarily the authority of the Interstate Commerce Commission to permit the abandonment of a line of railroad or the operation thereof; to the Committee on Interstate and Foreign Commerce.

By Mr. FRASER:

H.J. Res. 1192. Joint resolution to terminate U.S. military involvement in Indochina; to the Committee on Foreign Affairs.

By Mr. LONG of Maryland (for himself, Mr. GARMATZ, and Mr. SARBANES):

H. Con. Res. 603. Concurrent resolution expressing the sense of Congress with respect to peace in the Middle East; to the Committee on Foreign Affairs.

By Mr. HORTON:

H. Res. 967. Resolution urging supplemental appropriations to implement the President's message of March 17, 1972, calling for equal educational opportunities; to the Committee on Education and Labor.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

385. By the SPEAKER: Memorial of the Legislature of the State of Tennessee, relative to American military preparedness; to the Committee on Armed Services.

386. Also, memorial of the Legislature of the State of Hawaii, relative to the planning and construction of water resource facilities at Kokee, Kauai; to the Committee on Interior and Insular Affairs.

387. Also, memorial of the Legislature of the State of Tennessee, requesting the Congress to call a convention to propose an amendment to the Constitution of the United States to guarantee the rights of students to attend the school nearest their home; to the Committee on the Judiciary.

388. Also, memorial of the Legislature of the State of West Virginia, ratifying the proposed amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

389. Also, memorial of the House of Representatives of the State of Hawaii, relative to foreign oil import quota program; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BROYHILL of Virginia:

H.R. 14845. A bill to grant a Federal charter to the National Association of Auto Racing Fan Clubs; to the Committee on the District of Columbia.

By Mr. ECKHARDT:

H.R. 14846. A bill for the relief of Lai Huen Chow (also known as Hannah Chow); to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

225. By the SPEAKER: Petition of the Board of County Commissioners, Dade County, Fla., relative to enactment of a Federal antirecession and full employment law; to the Committee on Banking and Currency.

226. Also, petition of Henry Stoner, York, Pa., relative to the Federal Election Campaign Act of 1971; to the Committee on House Administration.

227. Also, petition of the mayor and council, Tucson, Ariz., relative to making Federal highway trust funds available for mass transportation purposes; to the Committee on Ways and Means.

EXTENSIONS OF REMARKS

ARKANSAS, LAND OF OPPORTUNITY

HON. BILL ALEXANDER

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, May 8, 1972

Mr. ALEXANDER. Mr. Speaker, less than 25 years ago 57 percent of Arkansas' gross cash receipts came from the production of one crop—cotton. It was grown in the State's hillier areas as well as in the more suitable rich fertile flatlands of the Mississippi Delta. Now, although Arkansas still ranks third among the States in cotton production, three other crops—soybeans, poultry, and cattle—have taken firm root in the Arkansas farmlands and moved cotton down to fourth place in the State's agricultural production statistics. And, the State produced enough of its fifth-place crop to rank second only to Texas in rice earnings.

Today I am including in the RECORD an article which illustrates how Arkansas farmers have effectively put to use the "Land of Opportunity."

[From Crop Production, Mar. 16, 1972]

ARKANSAS, LAND OF OPPORTUNITY

"We have two miracle crops here in Arkansas. One's a bean. The other's a bird," remarked Roy D. Bass, statistician in charge for SRS in Little Rock, in an interview recently.

"Soybeans and broilers do deserve special mention because they are the fastest expanding farm products in the Land of Opportunity.

"Take 1970 (the last year for which complete livestock data are available) as an example. That year soybeans and broilers each earned about a fifth of Arkansas farmers' gross income. Back in 1950, broilers earned somewhat over 8 percent and soybeans less than 5 percent," noted Bass.

"Soybeans got going about 25 years ago," added Bass. "In 1949 about 300,000 acres were harvested. Then we picked up steam, harvesting about 1.2 million acres by 1955 and 2.4 million by 1960. Last year farmers harvested an estimated 4.3 million acres."

The 1971 soybean crop is estimated at 91.7 million bushels, making Arkansas the No. 5 soybean producer in the Nation. The value of last year's crop totaled $275 million—about 45 percent more than the State's next most valuable crop, cotton.

"Cotton is no longer what it once was down here," said Bass. "In 1949, when cotton was still grown in many of the State's hilly areas, it earned 57 percent of gross cash receipts. By 1970 cotton brought in 12 percent, excluding government payments. Production is now pretty much confined to flatlands along the Mississippi, where mechanization is practical."

Arkansas now ranks as the Nation's No. 3