

Chamber of Commerce for being the first business organization in suburban Maryland to receive full accreditation from the U.S. Chamber of Commerce.

One glance at the fine record of achievement of this chamber and the reasons for their unique and honored status are easily recognized. Last year alone 19 new businesses were brought into the Bethesda area; new buildings or additions to old ones were completed providing over 1,000 new parking spaces; 1,317 newcomers were given information about Bethesda and its businessmen; and marketing surveys for local businessmen were conducted. But the chamber's efforts were not confined to these areas of service alone. The chamber actively and effectively represented the interest of its members before the Montgomery County Council, the State legislature, and their representatives in Congress.

It is a worthy tribute that the Bethesda-Chevy Chase Chamber of Commerce should be the first to receive accreditation. It is a great pleasure for me to serve the members of this outstanding organization.

SALUTE TO EDUCATION

HON. GILBERT GUDE

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 20, 1972

Mr. GUDE. Mr. Speaker, the education of our children is our best investment in the future of this country. Estimated expenditures for the past school year equal more than \$46 billion, but dollar

figures simply cannot measure the dedication of the entire educational establishment in encouraging our young people to reach their highest potential.

The education of America's youth must always be a matter of top priority. Elementary and secondary education encompasses far more than instruction in the basic skills or preparation for future careers. In challenging students to think on their own, in developing interaction skills and successful intergroup relationships, today's schools prepare our children for active roles in tomorrow's society—whether at work, at home, or in involvement in civic affairs.

With a pupil enrollment for last year of over 48 million, taught by more than 2 million teachers, our schools represent a vast commitment to the future progress of America.

ETHEL MARSDEN

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 20, 1972

Mr. ASPIN. Mr. Speaker, I have recently been notified of the death of a most remarkable constituent, Mrs. Ethel Marsden. I would like to share a few thoughts on this admirable lady.

Mrs. Marsden was, in the words of a relative, "a model of self-reliance, in the Emersonian sense." She would never have thought of asking for public support, instead, working at a variety of jobs in order to raise her family. As her relative said:

It is sad that the courage and philosophy which mark the lives of men and women like Mrs. Marsden must pass unnoticed; while those who opt for the less honorable path achieve acclaim.

I think it is fitting that we pay tribute to this gallant lady, from whom we can all learn. Her integrity, courage, strength, and indomitable will reaffirm the real ideals of America.

YOUGHIOGHENY CLEANUP CAMPAIGN 1972

HON. GOODLOE E. BYRON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 20, 1972

Mr. BYRON. Mr. Speaker, last year and again this year, it was my pleasure to be a part of the kickoff of the annual Youghiogheny River and Lake Cleanup Campaign. I want to congratulate Mr. Burl B. McVicker, reservoir manager of the Corps of Engineers, and the other officials who helped organize this year's events.

This has been an annual event on the Youghiogheny since 1967, and its success can be measured by the year-round interest in keeping the river and lake as clean as possible. I would like to commend all those citizens who have worked so hard to make the campaign a success. Once more these citizens have set an example that others should continue to try to emulate, and I wish them success during the remainder of the cleanup campaign.

HOUSE OF REPRESENTATIVES—Wednesday, June 21, 1972

The House met at 12 o'clock noon. The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

I am doing a great work, so that I cannot come down.—Nehemiah 6: 3.

O Thou who art the Author of life and the Giver of every good gift, whose presence and power underlie all our lives, unto Thee do we lift up our hearts in prayer.

We confess that we often forget the greatness of sincerity, the power of love, and the influence of goodness. Grant that we may clothe ourselves with such devotion to duty and such dedication to deity that in daily life we may set forth the greatness and the glory of moral character.

We pray for our country that leaders and people may turn to daily tasks without doubt or fear, relying upon the guidance and the support of Thy Spirit. May we in America not be dismayed for Thou art with us and wilt take care of us every day and all the way; through Jesus Christ our Lord in whose spirit we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's pro-

ceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

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

- H.R. 1974. An act for the relief of Mrs. Gloria Vazquez Herrera;
- H.R. 2052. An act for the relief of Luz Maria Cruz Aleman Phillips;
- H.R. 2076. An act for the relief of Vladimir Rodriguez LaHera;
- H.R. 4050. An act for the relief of Maria Manuela Amaral;
- H.R. 6201. An act for the relief of Lesley Earle Bryan;
- H.R. 6907. An act for the relief of Matyas Hunyadi;
- H.R. 7641. An act for the relief of Chung Chi Lee; and
- H.R. 9552. An act to amend the cruise legislation of the Merchant Marine Act, 1936.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 3230) entitled "An act to provide for the disposition of

funds appropriated to pay a judgment in favor of the Assiniboine Tribes of Indians in Indian Claims Commission docket No. 279-A, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. JACKSON, Mr. BURDICK, Mr. METCALF, Mr. FANNIN, and Mr. BELLMON to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 6957) entitled "An act to establish the Sawtooth National Recreation Area in the State of Idaho, to temporarily withdraw certain national forest land in the State of Idaho from the operation of the U.S. mining laws, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BIBLE, Mr. CHURCH, Mr. MOSS, Mr. HANSEN, and Mr. JORDAN of Idaho 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. 3617. An act to strengthen and expand the Headstart program, with priority to the economically disadvantaged, to amend the

Economic Opportunity Act of 1964, and for other purposes; and
S. 3715. An act to amend and extend the Defense Production Act of 1950.

THE WELFARE PROBLEM— LESSON NO. 1

(Mrs. GRIFFITHS asked and was given permission to address the House for 1 minute.)

Mrs. GRIFFITHS. Mr. Speaker, I want to tell you the sad story of Charlie, a 53-year-old man whose case was reported in the June 11, 1972, Washington Star.

Charlie lost his \$15,000-a-year job, but he and his wife and daughter could qualify for \$284 a month under his State's welfare program. This money is tax free and unattachable to debt. He also received food stamps.

The article reports that Charlie was offered a \$2-an-hour, 30-hour-a-week job. From this money he would have had to pay social security taxes amounting to \$3.10 per week, plus union dues, plus the cost of getting to work. The food stamp bonus would have been reduced.

So Charlie faces a genuine welfare problem. Should he take the \$71 a week his family could get, or the \$2-an-hour, 30-hour-a-week job? Obviously, the \$71 a week from welfare is a far better offer.

We purport to build into the welfare system work incentives, but truth is stranger than fiction. The welfare system is inequitable alike to the recipient and to the taxpayer. It does not have work incentives; it has work disincentives.

Mr. Speaker, the whole mess should be junked and we should start over.

SALUTE TO EDUCATION

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

Mr. HANLEY. Mr. Speaker, today the National Education Association sponsors its first annual salute to education. The purpose of this occasion is twofold: first, to recognize the role the Congress has played in the support of our Nation's schools; and second to emphasize the importance of education to a free society.

It has been a distinct honor for me to have had over the years as a close personal friend, one whose life has been dedicated to work in these two areas. I am referring to Mrs. Catharine O'Connor Barrett, a teacher in Syracuse, N.Y., and the current president-elect of the NEA. She will become its president at the end of this month.

Mrs. Barrett's accomplishments and the numerous formal awards conferred upon her indicate, I feel, the range of her involvement in the effort to improve the nation's educational system. As a teacher she taught for several years in the inner-city district of Syracuse. As a reformer she has called for extensive political action by teachers. In her own words—

We've seen how teacher power—in the form of collective negotiation—has worked at the local level. This same teacher power—in the form of political action—is needed at the national level.

As a Member of this body and as a friend, I applaud Mrs. Barrett's past and current endeavors. Also, on the occasion of this salute to education I take this time to salute the thousands of other educators, administrators, and legislators who through their dedication and hard work have built and now seek to perfect, our institutions of learning.

PERSONAL EXPLANATION

Mr. FUQUA. Mr. Speaker, on Thursday last, June 15, it was necessary for me to be in my congressional district on business and I missed the following votes:

Recorded teller vote No. 203, had I been present I would have voted "aye."

Recorded teller vote No. 204, had I been present I would have voted "aye."

Recorded teller vote No. 205, had I been present I would have voted "aye."

Recorded teller vote No. 206, had I been present I would have voted "no."

Rollcall No. 207, had I been present I would have voted "yea."

Rollcall No. 208, had I been present I would have voted "yea."

THE REVENUE-SHARING BILL

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

Mr. GROSS. Mr. Speaker, it has been interesting to watch the unfolding of the gyrations and manipulations with respect to this euphoniously labeled revenue-sharing bill.

Last week the news media informed us that Gov. Nelson Rockefeller of New York, and the gentleman from Arkansas (Mr. MILLS) who is also one of several presidential candidates, had finally decided they now have the votes to obtain congressional approval.

It can be assumed that some of the mayors feel the same way.

On behalf of at least some Members of the House, let me simply say, Mr. Speaker, that on this 21st day of June 1972, A.D., and after weeks of dilly-dallying, we thank Mr. Rockefeller, Mr. MILLS, and the assorted mayors for giving us permission to consider so-called revenue sharing.

A SALUTE TO EDUCATION

(Mr. SHRIVER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHRIVER. Mr. Speaker, many of us will join this evening in a special salute to education, sponsored by the National Education Association. In joining this occasion, we will be paying tribute to the heart of our education system: Our Nation's teachers.

All of us have fond and grateful memories of our own elementary and secondary teachers. Perhaps their lasting influence is most obvious to those of us who have chosen public service as a career, for they themselves are our finest public servants.

In my own case, the favorable impressions I obtained during those early years led me to go into the teaching profession in South Haven, Kans., after graduating from college. I have benefited from a continued close relationship with the teachers in our local schools through my service for 9 years as attorney for the Wichita, Kans., Board of Education, 12 years on the Education Committee of the Kansas House of Representatives and Kansas Senate, and these 12 years in the House of Representatives.

As a member of the Appropriations Subcommittee on Labor—Health, Education, and Welfare, I value the advice and counsel I have received from many teachers in my congressional district concerning Federal education programs and the need for increased funding. As the Federal role in the financing of education grows, and it must, it is important for all of us to listen to these voices of experience.

It is with pleasure that I join in this tribute to our Nation's teachers.

CALL OF THE HOUSE

Mr. GIBBONS. 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. 213]

Abernethy	Ford,	Pryor, Ark.
Abourezk	William D.	Rees
Alexander	Gallifanakis	Riegle
Badillo	Gallagher	Rooney, N.Y.
Bingham	Hagan	Rosenthal
Blanton	Hastings	Scheuer
Blatnik	Hogan	Schmitz
Celler	Hosmer	Springer
Chisholm	McCormack	Steiger, Ariz.
Clark	McDonald,	Stokes
Clay	Mich.	Stratton
Conyers	McEwen	Teague, Calif.
Davis, Ga.	McKinney	Thompson,
Davis, S.C.	Metcalfe	N.J.
Diggs	Miller, Calif.	Wyatt
Dowdy	Pelly	Yatron
Erlenborn	Pike	
Esch	Podell	

The SPEAKER. On this rollcall 383 Members have answered to their names, a quorum.

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

POSTMASTER OF THE HOUSE OF REPRESENTATIVES

Mr. TEAGUE of Texas. Mr. Speaker, I offer a privileged resolution (H. Res. 1023) and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 1023

Resolved, That Robert V. Rota, of the Commonwealth of Pennsylvania, be, and he is hereby, chosen Postmaster of the House of Representatives, effective on July 1, 1972.

The resolution was agreed to.

A motion to reconsider was laid on the table.

THE DRIVE AGAINST ORGANIZED CRIME—LONG AWAITED RESULTS NOW FORTHCOMING

(Mr. FASCELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FASCELL. Mr. Speaker, 5 years ago the Legal and Monetary Affairs Subcommittee of the House Government Operations Committee, which I chaired until the start of the 92d Congress, undertook a comprehensive review of the adequacy of the Federal effort against organized crime. The study culminated in a report by the House Government Operations Committee issued on June 20, 1968 and titled "Federal Effort Against Organized Crime: Report of Agency Operations" (House Report No. 1574, 90th Congress, second session).

Basically, the report characterized the Federal effort as inconstant, uncoordinated, and, at times, ineffective. The committee report concluded that only through an upgrading of the strike force concept, whereby various Federal agencies concentrate on eradicating organized crime in a particular area, could the war against organized crime be won. It is very encouraging to learn that the strike force concept has been expanded and improved through the increased efforts of a number of agencies, including the FBI, and that greater success is being achieved against the forces of organized crime. A large portion of the credit for the improved Federal response to organized crime belongs to Henry E. Petersen, the recently appointed Assistant Attorney General for the Justice Department's Criminal Division, who is one of the country's leading experts on the workings of organized crime and the great harm that it causes.

STATE AND LOCAL FISCAL ASSISTANCE ACT OF 1972

Mr. O'NEILL. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 996 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 996

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 14370) 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, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed eight hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means, and said amendments shall be in order, any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of general

debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Massachusetts (Mr. O'NEILL) is recognized for 1 hour.

Mr. O'NEILL. Mr. Speaker, I yield 30 minutes to the gentleman from California (Mr. SMITH), pending which I yield myself such time as I may consume.

Mr. Speaker, H. Res. 996 provides for a closed rule, waiving all points of order, with 8 hours of general debate for the consideration of the bill, H.R. 14370, the State and Local Fiscal Assistance Act of 1972.

This is the so-called revenue sharing bill. The purpose of H.R. 14370 is to provide payments to localities for high-priority expenditures to encourage the States to supplement their revenue sources, and to authorize Federal collection of individual income taxes.

The legislation provides for the distribution of specific dollar amounts of fiscal assistance for a limited 5-year period and the Federal Government provides guidelines as to how the funds are to be spent. The funds made available to State governments are designed to encourage them to expand their revenue efforts either by greater use of income taxes or other revenue sources.

The total amount of money that will be distributed effective as of January 1, 1972, is \$5.3 billion.

The total is: \$1.5 billion to the States and about \$3.5 billion to the local governments.

Direct appropriations to State governments; distribution to local governments used for "high priority areas" are as follows:

This is money for cities of 50,000 population or under and cities of 50,000 population or over—each one of them getting half of the \$3.5 billion may be used for public safety, environmental protection, public transportation—maintenance and operation—sewage collection and treatment, refuse disposal systems and public transportation.

Mr. Speaker, the funds distributed to the States are for their unrestricted use and approximate \$1.5 billion.

Now we know how effective this bill is so far as the cities are concerned. We have had the mayor of the city of Baltimore tell the leadership of this House that unless legislation of this type goes through, he is going to have to lay off, as I understood him, 15 percent of the police department of the city of Baltimore.

We have had the mayor of the city of Detroit and the mayor of New York City and the mayor of the city of Boston and the Governors of the 50 States pleading with us to get this bill out of the House.

So it is finally here. Two months ago it looked as though this bill was going to pass so easily. Suddenly, the liberal movement in this House thought there were other priorities. Then on the other

side, there were the conservative group who said that this was an excellent opportunity for economy.

Then there was a group of the various committees, particularly the Committee on Appropriations who thought that we were transgressing on their rights.

So I think it is a very, very close bill. The gentleman from Arkansas (Mr. MILLS) appeared before the Committee on Rules. When the hour of debate is through, I will move the previous question. If the previous question prevails, the vote will then be taken on the rule.

If the previous question does not prevail, I presume that the Chair will recognize the gentleman from California (Mr. SMITH) who will move to strike out all points of order.

What will happen then? The gentleman from Arkansas (Mr. MILLS) will not go forward, as I understand—but the bill will go back to committee.

Will it ever be reported again? I do not know. But it is on you—as to whether you want to vote for tax relief for the people of your towns.

If you want to give money to the cities that are so hard pressed and if you want to give money back to the States, it is up to you to make that decision.

The vital vote, in my opinion, is the vote on the motion to move the previous question.

If the previous question does not prevail, let me say this again to all of you who have told your Governors—"Well, I intend to vote for the rule." Then you have said to yourself—but I am going to vote against the previous question—you have kidded your mayor and you have kidded your Governor.

If you want to be true to yourself—if you have made a commitment to vote for the rule—then you have made a commitment to vote for the previous question.

I think this legislation is necessary. I think it is urgent for the cities and the towns. I hope the rule prevails.

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

Mr. O'NEILL. I am happy to yield to the Speaker of the House.

Mr. ALBERT. Mr. Speaker, apropos of what the gentleman has just been saying, the practical issue here is that the adoption of the previous question and of the rule is essential to getting a revenue sharing bill passed. The substantive issue is one which, if it is not important and if the legislation proposed is not necessary, then scores of mayors and Governors across the land are not informed about the needs of their cities and States. The problems of our cities are crying out for solution. This is a practical way of beginning a solution. We should vote up the previous question, vote up the rule, and proceed to the consideration of the bill.

Mr. O'NEILL. I thank the Speaker. I yield to the gentleman from New York.

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

Mr. DELANEY. Mr. Speaker, revenue sharing is an idea whose time has come.

The financial soundness of our State

and local governments is essential to our federal system.

The critical problems that face our Nation today are primarily matters associated with our cities and urban areas. States, and particularly our local governments, bear the brunt of our most severe and difficult domestic problems.

While growing population and urbanization place more and more demands on States, counties, and cities for public services, these non-Federal government units are finding it almost impossible to raise sufficient funds to cope with the magnitude of jobs facing them.

To provide a more effective means of coping with this massive problem, and at the same time ease the heavy load on our taxpayers, I strongly supported—and cast the key vote—to report the revenue sharing bill out of the Committee on Rules.

This measure will provide \$649.6 million to New York during the first year, and a slightly larger amount during the next 4 years.

The money provided by this legislation is to be used for high priority items—police and fire protection, environmental protection, and public transportation.

Under the bill, a certain amount of flexibility is allowed, and local governments are permitted to decide for themselves how much money should be spent on each of the priority items.

Because this is a new program, it is limited to 5 years. This assures a reasonable opportunity to see how the program works, and at the same time provides Congress a chance to make any adjustments or revisions that might be necessary.

By providing funds to alleviate some of the problems associated with these high priority items, States and local communities can use their own resources in other areas which demand attention.

Another aspect of this legislation would allow the Federal Government to collect State income taxes if at least five States, having a minimum of 5 percent of the Nation's taxpayers, agree to accept such a program.

Because of the efficiency of the Federal Government in collecting taxes, this would offer a more economical method of collection, and would simplify the annual problem of completing tax returns.

Revenue sharing offers a realistic approach to improving the quality of life in our communities—and at the same time lifts from our working men and women some of the heavy tax burden they now bear.

Mr. O'NEILL. Mr. Speaker, I yield to the gentleman from California 30 minutes.

The SPEAKER. The Chair recognizes the gentleman from California (Mr. SMITH).

Mr. SMITH of California. Mr. Speaker, I yield myself 6 minutes.

Mr. Speaker, the 30 minutes of time that each of us, the gentleman from Massachusetts (Mr. O'NEILL) and myself have available would not be sufficient to take care of all the requests we have, and so the time of everyone will be cut down a little bit. I will try to yield half

the time to the proponents and half the time to the opponents of the rule. I would appreciate it very much if I am not interrupted during my remarks, so I can figure out accurately what time I will have left. After I have finished my remarks, if Members wish me to yield, I shall be glad to yield at that time, if I have time remaining.

Mr. Speaker, in view of the fact that we have so many requests for time, I now ask unanimous consent that all Members may extend their remarks in the RECORD on the rule (H. Res. 996), which we are now considering.

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

There was no objection.

Mr. SMITH of California. Mr. Speaker, the Rules Committee, by an 8-to-7 vote, reported House Resolution 996 which provides for a closed rule, waiving points of order, with 8 hours of debate for the consideration of H.R. 14370, the revenue-sharing bill.

I am certain that city, county and State officials throughout the United States would be more than happy to receive any amount of money they can from the Federal Government. No doubt they are having trouble in raising the tax money to pay for their large expenditures. However, it seems to me that if the people demand many, many services, they should realize that they are going to have to pay for them. Be that as it may, Mr. Speaker, I am not arguing for or against the passage of the bill. My comments will be confined to my opposition toward the rule.

A waiver of points of order means that no objection can be made by any Member to any part of the bill subject to a point of order. So far as I am concerned, the only language in the bill which is subject to a point of order is the "appropriation language." This appears on pages 18 and 19 and pages 32 and 33.

A closed rule means that no amendment can be offered by any Member other than at the direction of the Ways and Means Committee. We usually do this on revenue bills so that the entire Internal Revenue Code will not be open to amendment. If we did not do so, days and possibly weeks could be spent in connection with amendments offered by various Members to change various revenue provisions.

H.R. 14370 is a 5-year authorization and appropriation bill. The Ways and Means Committee has no jurisdiction to appropriate money. This comes under the jurisdiction of the Committee on Appropriations. The rules prohibit any committee other than the Appropriations Committee to contain language in any of their bills which would appropriate money. I believe this is the first time that I can recall an effort being made by the Ways and Means Committee to appropriate money.

I am not certain that the Ways and Means Committee has authority to authorize appropriations, nor am I certain that they have the jurisdiction to do what they are attempting to do in this

bill. They do have jurisdiction over revenue measures, generally. But as I say, I am not certain that this bill comes within that jurisdiction. It certainly has nothing to do with obtaining revenue. It is simply a distribution of Federal revenue to cities, counties, and States.

In taking this action, the Ways and Means Committee is not only circumventing the Appropriation Committee but several other committees who have authorization jurisdiction over certain subject matter in the bill; namely, Public Works, Banking and Currency, Judiciary, Education and Labor, and Interstate and Foreign Commerce.

During the time that this measure was being considered by the Rules Committee, it occurred to me that there might not be sufficient votes on the Rules Committee to grant a closed rule, waiving points of order.

Accordingly I prepared, with the cooperation of the Parliamentarian and two of his assistants, a modified rule. Subsequent to the action taken by the Rules Committee I introduced my modified rule as House Resolution 1006. All Members were provided with a copy of House Resolution 1006 under date of June 8. Some are available at the desk now.

During the executive session of the Rules Committee I explained the provisions of my modified rule. It provides for 8 hours of debate, does not waive points of order and will permit amendments to be offered by any Member to sections 1 through 143 of the bill. As I previously mentioned, the appropriation language is within that part of the bill. Further, it provides that no amendment can be offered by any Member except pursuant to the direction of the Committee on Ways and Means to sections 144 and title II, the remainder of the bill.

Those are the income tax provisions that have to do with the States. I have heard no comment one way or the other about amendments or criticism on those, so they will be closed, but the first 143 sections will be open to amendment by any Member, and also points of order can be made, which I believe is only on the appropriation language.

My modified rule specifically contains language on page 2 which will make it impossible to change any tax provisions. The language is as follows, and I quote:

"No amendment shall be in order that would have the effect of changing the Internal Revenue Code of 1954, as amended; increase or decrease any tax liability, or affect the administration of, or compliance with, any Federal tax law."

I wish to particularly stress this language because I have heard comments to the effect that if the previous question is defeated on House Resolution 996, it would mean that the bill would be considered under an open rule and the tax laws would thus be subject to amendment. This is not true with my substitute.

If the previous question is voted down the Speaker can recognize any Member he desires to recognize who has opposed

House Resolution 996. I am certain that he would recognize the Member who, in his opinion, was the most logical person to be granted the 1-hour provided in the rules in order to offer an amendment to House Resolution 996. I would hope that he would recognize the gentleman from California. If he does, I intend to offer the language of House Resolution 1006 as a substitute for the language in House Resolution 996. As previously stated, this would provide for 8 hours of debate, would not waive points of order, would permit amendments to sections 1 through 143 and would prohibit amendments to the balance of the bill except pursuant to the direction of the Committee on Ways and Means. It would not permit any changes in any tax provisions presently in the law.

I have heard comments about possibly changing the formula. That is in the first 143 sections. Amendments could be offered to it. I think the Committee on Ways and Means has worked hard to set up this formula. I think they have a good formula, and they can justify it—or, if not, the bill should not be here today.

I explained this to the Rules Committee. In an effort to cooperate I moved my resolution in the Rules Committee for adoption, so the gentleman from Massachusetts (Mr. O'NEILL) could move House Resolution 966 as a substitute. In an effort to be fair, I felt that the members of the committee should have an opportunity to vote on the request made by Chairman MILLS. Had Mr. O'NEILL offered his first and then I offered mine as a substitute, and had it received eight or more votes, it would have been adopted and the committee would not then have had a chance to vote on Mr. MILLS' request. The Rules Committee adopted House Resolution 996 by a vote of 8 to 7. Thus, they did not have the opportunity to vote on my original motion which I intend to present, if recognized, and if the previous question is voted down.

I believe that if House Resolution 996 is adopted it will be the first time that we have ever taken this type of action on a bill from the Committee on Ways and Means. I think it will be a start in breaking down the legislative process. I sincerely believe that the bill can be supported under my substitute rule without being damaged. In fact, I think it will be a much better procedure to have the Appropriation Committee involved in the future and so far as I am concerned, if amendments are offered for an extra 1-year leadtime, it is perfectly satisfactory to me. I believe that the Ways and Means Committee can bring this bill up for consideration under my substitute and that they can prepare the necessary language to correct the situation—and probably they may have already done that. I am satisfied that that language has probably already been prepared.

I repeat, Mr. Speaker, that my substitute will not open any tax provisions. This would be an unthinkable thing to do. I repeat further, Mr. Speaker, that in my opinion the correct procedure would be to operate under the substitute which I intend to offer if recognized and if the previous question is voted down.

Mr. Speaker, I urge a "no" vote on the

previous question on House Resolution 996.

Mr. Speaker, I reserve the balance of my time.

Mr. O'NEILL. Mr. Speaker, in view of the fact that I have so many requests for time, I ask unanimous consent that discussion on the rule be extended 30 minutes, with 15 minutes given to the gentleman from California (Mr. SMITH) and 15 minutes to myself.

The SPEAKER. The gentleman from Massachusetts asked unanimous consent that that time for debate on the rule be extended an additional 30 minutes, the time to be equally divided between the gentleman from Massachusetts and the gentleman from California.

Is there objection to the request of the gentleman from Massachusetts?

Mr. COLMER. Mr. Speaker, reserving the right to object, my attention was elsewhere when the request was made. Do I correctly understand that the request is to extend the time on the rule?

The SPEAKER. The gentleman is correct.

Mr. COLMER. For how long?

The SPEAKER. For an additional 30 minutes for debate on the rule.

Mr. COLMER. Equally divided, Mr. Speaker, between whom?

Mr. O'NEILL. The reason why I am asking this is that the gentleman would like to have 10 minutes.

Mr. COLMER. I understand the reason why the gentleman is doing it.

Mr. Speaker, under my reservation, if I am in order, between whom is the gentleman going to divide the time?

Mr. O'NEILL. I asked unanimous consent for 30 minutes, with 15 minutes to the gentleman from California (Mr. SMITH) and 15 minutes to myself.

The reason I asked for this is that the gentleman, as chairman of the committee, asked for 10 minutes. I allotted five members opposed to the bill 3 minutes apiece. The gentleman was not satisfied with 3 minutes and is insisting upon 10. In order to satisfy him, as chairman of the Rules Committee, I have made this request.

Mr. COLMER. Mr. Speaker, on the basis of the statement of the gentleman from Massachusetts (Mr. O'NEILL) I am unwilling to set a precedent here in order that I may be heard for additional time. Therefore, I object.

The SPEAKER. Objection is heard.

Mr. O'NEILL. Mr. Speaker, under the circumstances, since there is an objection, I yield 3 minutes to the gentleman from Mississippi (Mr. COLMER).

Mr. COLMER. Mr. Speaker, my original inclination is to tell my friend from Massachusetts, a member of my committee, what he can do with that 3 minutes; namely, to assign it to others in spite of his commitment to me for 10 minutes.

Mr. O'NEILL. Mr. Speaker, how much of the gentleman's time has expired?

Mr. COLMER. Mr. Speaker, I cannot yield to the gentleman, under the circumstances.

Mr. Speaker, I have followed the policy, since I have been the chairman of the Rules Committee, of not bringing

a resolution here to the floor under my name when I am opposed to that resolution. I do not believe that is a proper policy. So I have pursued a different policy of assigning such resolutions to members of my committee who favor the rule.

I have the right, of course, as chairman of the committee—of designating who will handle these rules. I am constrained to say now—although in deference to my friend from Massachusetts I will not say it—that I will be a little more careful in the future when I assign these resolutions.

Mr. Speaker, this is bad legislation; this is bad procedure.

Mr. Speaker, I admit I am out of temper, and I have stated the reasons therefor. I should not be, but the precedents of this House, the orderly procedure of this House, is such that I would not want to see the time extended, because once you start that, you are going to have that custom followed repeatedly. I would not be willing to do that, I say, in order that I may speak.

I thank the gentleman from Massachusetts for his generosity in yielding to me.

Mr. SMITH of California. Mr. Speaker, I yield 4 minutes to the gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. Mr. Speaker, I rise in support of the resolution.

The vote that will shortly occur is not simply going to be on a procedural issue. It is going to go to the very heart of a substantive issue as to whether you want a revenue-sharing bill enacted in 1972.

I wish I had the time to point out the precedents for this kind of a rule—the 31 instances in this and two preceding Congresses where we have acted in similar fashion. I wish I had the time to go into the nine instances since June 29, 1971, when the Committee on Appropriations specifically requested the waiver of points of order on legislation it has brought to this floor.

But since I do believe the substantive issue is so important, let me take what little time I have to address myself to it.

Because the cynics among us, the skeptics, say revenue sharing is an idea whose time has come and gone, because it was conceived at a time when we anticipated a surplus and because now we are confronted with deficits, we should abandon forevermore the idea of revenue sharing. I do not happen to take that kind of dismal view of the future.

I believe if we build a strong, sound, healthy economy, Government revenues will rise, and if at the same time we can do something to curb the proliferation of categorical aid programs which have been coming forward in such profusion over the last several decades, maybe we can hold revenues and expenditures in some kind of a reasonable balance.

We had one bill alone in the Committee on Rules last week where a committee of this Congress asked to spend \$5 billion in a categorical aid program in the next 12 months. We had 3 weeks ago the water pollution control bill asking for \$18.5 billion over the next 3 years to

spend in a categorical aid type of program. We more recently, on last Thursday, had a \$28 billion bill for the Departments of Labor-HEW. Most of that money is going to literally scores of categorical-type programs.

Let me say, Mr. Speaker, we need a new approach to the problems in this country. This is exactly what this bill is designed to be.

To my conservative friends over here who are quite properly concerned about correcting these distortions and the imbalance that has taken place in our Federal system, because of some of these trends I have just very briefly described, let me suggest to you that revenue sharing represents an opportunity not only to conserve our heritage of federalism but to strengthen and reinvigorate that system.

To some of my liberal friends over here who are concerned, and rightfully so, about the plight of our cities and about our inability to deal in a really effective manner with urban problems, let me suggest to them that they ought, of all people, to be willing in a progressive spirit, which they represent, to launch this progressive experiment in intergovernmental cooperation to see if we cannot encourage greater local initiative to find solutions, to free up some of our local governments from the relatively narrow constraints of the traditional categorical aid program.

I would suggest that it is only the traditionalists in this body who stand today between us and the enactment of a revenue-sharing bill.

They say we are going to circumvent the jurisdiction of one of the great committees of this House. Let me tell you this, that the administration's original bill which would have tied revenue sharing to a formula based on personal income tax was a permanent piece of legislation which realizes, and we realize in this bill, that unless we get away from the traditional categorical approach we are simply going to go down the road that we have been traveling so long, and so unsuccessfully to date.

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

Mr. ANDERSON of Illinois. Mr. Speaker, may I ask the gentleman from California if I may have 1 additional minute?

Mr. SMITH of California. I will say to the gentleman that he may have 1 of the minutes allotted to the gentleman from Michigan (Mr. GERALD R. FORD), if that is all right with Mr. GERALD R. FORD.

Mr. Speaker, I yield 1 additional minute to the gentleman from Illinois.

Mr. ANDERSON of Illinois. Mr. Speaker, in an attempt to further assuage the fears of some Members of Congress, I say that if you will look at section 711 of chapter 11 of title 31 of the United States Code you will find some 16—16—permanent and indefinite appropriations which include amounts running as high as \$22 billion a year, such as the current payment on the national debt, and there are many other trust funds today on the books of the Federal Government that make provision for the appropriation of specific revenues for specific expendi-

ture purposes without going to the Committee on Appropriations. This is true of the Old Age Survivors Trust Fund, the Health Insurance Fund, the Disability Insurance Fund, the Unemployment Compensation Trust Fund, and I could go on and on.

So I would say to the Members of the House that the precedents are there. We are not doing anything that is going to do violence to the committee system in terms of the traditions of the House, we are simply going to enact a much-needed program, and I hope you vote for the previous question.

Mr. O'NEILL. Mr. Speaker, I yield 3 minutes to the gentleman from Florida (Mr. GIBBONS).

Mr. GIBBONS. Mr. Speaker, I thank the gentleman from Massachusetts for yielding me this time, and because the time is limited my remarks are going to have to necessarily be limited also. So I am going to address myself to the question as to whether or not this is a revenue bill, and entitled to a closed rule, or whether or not this is just an appropriation and an authorization bill.

I think if the Members will look at the bill they will recognize it as being an appropriation and an authorization bill, and a nonrevenue bill, and therefore not entitled to a closed rule.

Mr. Speaker, the charts that you will find on the last pages of the committee report, showing that if this is just an authorization bill and an appropriation bill the Committee on Ways and Means has not done the kind of job it ought to have done, so we ought not to grant a closed rule for that purpose.

There is nothing at all really complicated about this bill. It can be easily amended.

The distribution of revenue under this bill is extremely illogical. If we had more time, and after the previous question is voted down, I will go into further detail about these charts.

These charts merely show how the money is distributed. The longest bar on the graph shows the State that receives the most money, and the shortest bar on the graph shows the State that receives the least amount of money on a per capita basis.

There is no real logic why—and I hate to pick on New York, and I am not picking on New York, but there is no real logic as to why we should give the State of New York more money—on a per capita basis—than we give to its neighboring State of Pennsylvania, 39 percent more money; that is, we give New York 39 percent more than Pennsylvania gets, or 43 percent more money than we give on a per capita basis to the State of New Jersey. And why should we give New York State 48 percent more than the State of Connecticut on a per capita basis?

We would not do that in an ordinary authorization bill, and we would not do it in an ordinary appropriation bill, but we do it under this closed rule bill.

I am asking the Members of the House to vote down the previous question, and to vote for the Smith amendment to the rule so that the committee can make some changes in this distribution formu-

la if it so wishes. I think this should be done.

I have a little graph back there that shows you where all of these provisions are in the bill, and it is very simple, and it would not take a very complicated amendment to get to them and correct them.

But this is nothing more than an appropriation bill, a 5-year appropriation bill on top of a 5-year authorization bill. There is no sense in giving to the State of New York on the basis of per capita four times as much as you give to the State of Arkansas.

There is just no reason or no rhyme to that. I think you can do a better job.

Mr. CAREY of New York. Mr. Speaker, will the gentleman yield?

Mr. GIBBONS. I am sorry I do not have the time and I cannot yield to you now. Perhaps if I get some time after the previous question is voted down, I can yield to you.

Mr. Speaker, I have a chart here that I will pass out and there are other charts at the desk that you can examine as to the logical distribution of this money.

I think you should vote against the previous question and vote for the Smith amendment and then I think most of our problems will be solved.

Mr. SMITH of California. Mr. Speaker, I yield 3 minutes to the gentleman from Virginia (Mr. POFF).

Mr. POFF. Mr. Speaker, I address these sentiments to Conservatives.

Something in the conservative psyche prompts resistance to anything politically popular. Because revenue sharing is popular is no reason for Conservatives to vote against it. Prove your ideological incorruptibility by voting against some other popular bill. Conceptually, revenue sharing is a part of the conscience of the conservative, close to the core of the conservative doctrine. Here in one glorious moment is the chance to be both doctrinaire and popular.

I respect those who oppose closed rules. I have often joined them. Ordinarily, it is better policy to operate under an open rule.

Ordinarily does not mean invariably. Even an open rule is never wide open. An open rule is not open to nongermane amendments. An open rule is closed to amendments in bloc and amendments in the third degree.

An open rule may be good policy, but it is also good policy to have a Consent Calendar, a Private Calendar, and a Suspension Calendar which forbids all amendments.

A closed rule is simply another rule of the House. It provides another mechanism by which a majority can work its will. It is a legitimate mechanism of legislative self-discipline.

The vote on the previous question is procedural. But its impact is substantive. If it is voted down, the Speaker will recognize a Member to offer a modified rule. If the previous question on the modified rule is voted down, another Member will be recognized to offer perhaps an open rule. An open rule means that revenue sharing is dead.

Historians who write of this day will record this vote as a watershed decision.

I want to be recorded for revenue sharing. I want to be remembered for resisting the insidious drift towards a monolithic national government. I want to be counted in favor of a functional federal system.

I trust the States. I trust the cities. I trust the people to govern themselves at home.

Mr. O'NEILL. Mr. Speaker, I yield to the gentlewoman from Massachusetts (Mrs. Hicks).

Mrs. HICKS of Massachusetts. Mr. Speaker, I rise in support of House Resolution 996, and urge my colleagues to vote "yes" on the previous question which will bring before this House H.R. 14370, the State and Local Fiscal Assistance Act of 1972. I want to take this opportunity to commend Congressman WILBUR MILLS, chairman of the House Ways and Means Committee, for bringing this important legislation to the floor of the House.

Revenue sharing is an important form of tax reform, for it allows the States and localities, with their disproportionately large fiscal pressures and responsibilities, to share in our national growth without forcing increased reliance on the regressive local property and sales taxes.

I support H.R. 14370 because I believe in the concept of revenue sharing as a means of distributing Federal moneys to those units of government which have the most limited tax resources to meet the demands for governmental purposes. Revenue sharing is an expression of confidence by the Federal Government in democratically elected local and State officials. State and local taxes, although they have climbed steadily over the past few years, cannot raise sufficient revenues. Local property taxes are so burdensome that homeowners everywhere are on the verge of a tax revolt. The property tax is inflexible and does not grow proportionately with the gross national product. Revenue sharing will permit us to meet these needs on a fair and reasonable basis.

The 1970's can be looked upon as the decade of the fiscal plight of the cities and towns of this country. The large urban areas face critical problems with the departure of the middle class to the suburbs, and the migration of citizens of other areas to the central cities. The plight of the cities is real—poverty, violence, soaring property taxes, decay, unemployment—plight which has too often been overlooked by the Federal Government. Most of these problems can only be met by prompt, direct action at the State and local levels; but action requires money. State and local authorities are in need of direct grants to provide an efficient and dispensable source of funds to help them make flexible and innovative responses to particular local problems. This bill, H.R. 14370, has developed separate funds and distribution formulas for State, city, and other local governments.

About \$3.5 billion a year is to be distributed to local governments over a 5-year period. The amounts will be divided among the various States based on one-third population, one-third on the "urbanized population"—cities of 50,000 or more and the metropolitan areas sur-

rounding them—and one-third on relative per capita income. The latter factor is population multiplied by a fraction in which the numerator is per capita income in the United States and the denominator is per capita income in the individual State. The application of funds will be limited to high-level national uses which will permit the Federal Government to set broad priorities for the use of the funds it distributes, while retaining flexibility at the local levels in order to meet specific local needs.

Funds distributed to local governments are to be used for, first, maintenance and operating expenses for public safety—including police and fire protection, and building inspection—environmental protection—including sewage collection and treatment, sanitation, pollution abatement—and public transportation—including transit systems and streets; and second, capital expenditures for sewage disposal, refuse disposal systems, and public transportation—including transit systems and street construction.

The Treasury Department is to have operating responsibility for these programs and it will make decisions with respect to distribution. The Treasury will also have responsibility for audits. The political accountability of State and local officials to the electorate would stand as a defense against wasteful fiscal practices.

The impact of this bill on the Commonwealth of Massachusetts will be a block grant of \$75 million in the first year. The allocation of the cities, towns, and counties of the State will be \$104,390,407.

It is anticipated that this legislation's annual impact on the Ninth Congressional District will be approximately as follows:

City of Boston	\$13,748,589
Town of Canton	292,907
Dedham	460,196
Norwood	528,062
Needham	454,956
Westwood	193,329
Dover	61,036
Walpole	318,173

Mr. O'NEILL. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri.

The SPEAKER. The gentleman from Missouri is recognized for 3 minutes.

Mr. BOLLING. Mr. Speaker, somebody has mentioned the fact that there have been a number of closed rules on important matters. I suspect I have handled a good many of those closed rules—I believe most of them—and I have done so, because I thought that they gave an opportunity to the majority of the House to deal with a complicated matter on which, if it were opened up in detail, all kinds of chaos could result, and I have supported those unashamedly.

This is not that kind of a matter. The bill that this rule would make in order, if it is a closed rule, makes two fundamental changes in major policy. It changes the representative system. It divides the responsibility of representatives of the people between those who in some respect collect taxes and those who spend the moneys collected for undesignated purposes. I do not believe that the Members of this institution in the

majority wish to prevent a real debate on that subject. The only way there can be a real debate is by having some modification of a closed rule. If that were not enough, the second thing that it does is to reorganize the way in which the House of Representatives functions because this bill not only infringes on the appropriation process; it infringes on the authorization process and jurisdiction of committee after committee.

This bill could be amended so that it would be acceptable, but I do not believe that a majority of the Members of this great institution wish to bind themselves to making major policy changes without reasonable real debate.

Mr. Speaker, I will vote against the previous question and for the Smith resolution, and I will come back the next day with another closed rule that I believe is justifiable within this institution. This one is not.

Mr. SMITH of California. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois (Mr. ARENDS).

Mr. ARENDS. Mr. Speaker, with the possible exception of a comprehensive tax bill, the pending rule makes in order one of the most important measures, and one of the most complex, ever to be brought to this floor. I rise in support of the rule. It comes before us only after a most careful inquiry by the Committee on Rules into the nature of the bill painstakingly prepared by the Ways and Means Committee.

The bill in substance establishes a 5-year program of general revenue sharing by the Federal Government with all the States and virtually all general-purpose units of local government. It is not the amount of money involved that makes this legislation so important, nor the fact that our States and cities face a fiscal crisis, nor that the proposal is a major part of the administration's program.

What makes this measure of major importance is that we will be reversing the bureaucratic centralization of power in Washington and restoring to the States their proper rights and roles in our federal system of government. We will be placing new emphasis on local responsibilities and local responsiveness. We will be giving recognition to the fact ours is a diversified economy, and that our strength as a nation springs from the diversity.

The concept of general revenue sharing is not new. It has long been advocated by outstanding men on both sides of the political aisle. The initiating legislation which President Nixon transmitted to Congress in February of 1971, and introduced by some 140 Members of this body, was developed out of long and painstaking consultations with key officials of State and local governments and various groups.

The bill reported by the Ways and Means Committee is a bipartisan product of that committee's long and extensive study of the subject. The public hearings, staff consultations, and executive sessions on this legislation have extended over a period of 9 months. As the committee states in its report, the "bill differs in several fundamental re-

spects from other proposals which have been made."

It differs from what the administration recommended, but it has the administration's full support. The bill that the Ways and Means Committee has developed with such painstaking care is an exceptional and skillful blending of all of the principal proposals that have been advanced with respect to general revenue sharing.

I commend my colleagues of both parties, who serve on the Ways and Means Committee, for the conscientious and constructive work they have performed in developing this historic advance in the field of fiscal assistance to States and localities.

While the concept of general revenue sharing is quite simple and uncomplicated, the mechanics for implementing this concept and for assuring a fair and rational allocation of these funds involve many complex considerations and computations. I have no doubt that each of us may believe he or she could produce a more advantageous result for his own State and district. But each of us knows that sound and enduring legislation is not produced by any such parochial approach. And each of us knows that we cannot write on the floor of the House a sound formula for the fair and equitable sharing of Federal revenue with our States and cities. I venture to say no one of us can propose any approach that the committee has not itself explored from every possible angle.

Mr. Speaker, I submit that legislation of this complexity, which is the bipartisan work product of unusually comprehensive committee study and deliberation, presents a classic case for the use of the closed rule in the House.

I most earnestly urge that we adopt what the Rules Committee has recommended—that we vote for the pending rule and that we vote for the bill the Ways and Means Committee has presented.

We have here a historic opportunity to take a giant step on the path of bringing government closer to the people, and to make it more responsive to the essential needs of the people.

Mr. O'NEILL. Mr. Speaker, I yield 3 minutes to the gentleman from Texas, the chairman of the Appropriations Committee (Mr. MAHON).

Mr. MAHON. Mr. Speaker, within less than an hour, the Members of this House will cast the most fateful vote of this decade and of their congressional service.

Whether a Member is for or against revenue sharing, there are overwhelming reasons why he or she should oppose this rule by voting against the previous question. And let me tell the Members why.

This bill does not raise a penny of revenue and is not a revenue bill. The bill is essentially nothing more than an appropriation bill—\$30 billion for 5 years—with no required annual review by the Congress.

The bill represents an indefensible abrogation—by proud men I would say—of the power of the House for a 5-year period. Think of it—writing ourselves out of the action for a 5-year period.

In the name of commonsense, who can logically be against Congress, each year,

taking action on the vital issue of multi-billion-dollar aid in the form of handouts to the States and local communities?

Of course, if the program is approved, a 1-year advance appropriation authorization must be provided to give the States and local communities adequate planning time—and there is ample precedent for that action.

Mr. Speaker, it is utterly incredible that one committee of the House, comprised of 25 members—and with the support of only 17 members of that committee, less than 5 percent of the Members of this House—should attempt to seize the authorizing authority of the legislative committees and ruthlessly—yes, ruthlessly—grab the appropriating jurisdiction of all 435 Members of the House, and at the same time be asking for a closed rule, in effect telling the 435 Members of the House, "You are not to be trusted. You cannot offer one single amendment to the bill, even though you are an elected Member of this Congress."

This is intolerable. It would humiliate us in the eyes of thoughtful constituents who consider us their responsible representatives.

Regardless of party affiliation; regardless of our views on revenue sharing; we simply should not downgrade ourselves by voting for the previous question. Let us vote down the closed rule, and let us preserve the dignity and the authority of the membership—the men and women of the House of Representatives. Let us stand up and be counted, and not seek popularity, as someone a few moments ago has indicated some Members might be seeking. I am seeking to help save the Nation, and that is the issue before us today.

Mr. Speaker, under leave to extend my remarks, may I add here—as I have pointed out to the House on several occasions—the Federal Government is now giving massive aid to the States, cities, and local communities. Such aid has been rapidly accelerating, reaching the rate of \$37 billion per year. Next year, without revenue sharing, the aid figure will be about \$38 billion. It will be about \$7 billion more if revenue sharing is approved.

I oppose revenue sharing because the Federal Government is already doing more than it can afford to do; because it is an unsound approach to the problem; because a vote for revenue sharing is a vote for a tax increase by the next Congress.

Members of the House represent well-informed constituencies. The weight of the evidence indicates that the people realize revenue sharing is a politically impractical, pie-in-the-sky idea that should not be adopted and which is not the answer to our problems.

We realize that some of the big city mayors and some officials otherwise are frantically pressing for revenue sharing but there is no evidence that the rank and file citizen favors embarking on this big additional Federal handout. They realize the cost of revenue sharing would accelerate rapidly from year to year, shredding the fiscal fabric of the Federal Government. They realize this would sharply increase the national debt now approaching \$500 billion, which would

mandate a tax increase by the next Congress.

Mr. SMITH of California. Mr. Speaker, I yield 3 minutes to the distinguished minority leader, the gentleman from Michigan (Mr. GERALD R. FORD).

Mr. GERALD R. FORD. Mr. Speaker, I agree with many of the speakers who have spoken before: The moment of truth has arrived in the House of Representatives today, the moment of truth for the Republican Party, for the Democratic Party, and for the many, many Members of this body who by word of mouth or by letter have committed themselves to revenue sharing.

This is no time for political hocus-pocus. This is no time for playing political games. The chips are down, and the time has come to vote "yes" on the previous question and "yes" for the rule.

If the House votes down the previous question, if the House votes against the rule, we will be further undermining American voter credibility in the greatest legislative body in the history of mankind.

Let me say this to you, my colleagues, let me say this. Many, many mayors, and many of our Governors are in desperate and dire financial straits in their respective bailiwicks—in your cities and my cities, in your States and my State.

These Governors, these mayors, have relied on the word of the Democratic Party, of the Republican Party, and of a majority of the Members of this body.

If the House today fails, if the Congress fails in 1972, those who have played these games, those who have been a part of some political hocus-pocus, will have to bear the responsibility for the loss of faith in our legislative body, for the loss of jobs of firemen, policemen, public service employees, for the loss of programs and projects that have been promised in good faith.

I say to every Member on both sides of the aisle, we must vote "yes" on the previous question and "yes" on the rule.

The Democratic Party said in its platform, in 1968:

To help States and cities meet their fiscal challenges, we must seek new methods for States and local governments to share in Federal revenues.

My Republican Party said, and I quote from its 1968 platform:

Additionally, we propose the sharing of Federal revenues with State governments.

My party and your party are on the line, and the Members of this body, who have written to many mayors, to many Governors, who have said verbally to many citizens that they are for revenue sharing, have an honest responsibility to vote "yes" on the previous question and "yes" on the rule.

Mr. O'NEILL. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. SISK).

The SPEAKER. The gentleman from California is recognized for 3 minutes.

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

Mr. SISK. I am glad to yield to my colleague from California.

Mr. HOLIFIELD. Mr. Speaker, I intend to vote against the previous question.

This is the day of a "moment of truth," and there is a lot of hocus-pocus going on, but the hocus-pocus is in putting every Member of this House in a position of levying taxes and letting somebody else spend the money.

If the Members of the House want to know what I think about this, let them look at page 21543, beginning at the bottom of the last column, of the RECORD for yesterday, June 20.

I shall vote against the closed rule because it condones the basic principle of our committee structure which provides for separate authorization committees and a separate appropriation committee.

Mr. SISK. I thank my colleague for his comments, because they agree completely with my comments.

Let me say, as a member of the Committee on Rules, I believe this probably represents the most tragic rule that has ever been granted since I have been a Member of this body.

I agree with my friend from Virginia, when he said a few moments ago that this is going to be a watershed vote. I am certain in my own mind it will be the most important vote I have ever cast, in my 18 years here, because if we vote for this proposed rule today I believe we will be voting to march down the road to destruction for any further Federal-State relationships as we have known them and that this Government is dependent upon.

Yes, it is hocus-pocus all right; there is no question about it. This is the greatest raid from the standpoint of procedure ever attempted to be perpetrated by any one committee of this House on the jurisdiction of other committees.

I am not questioning or calling in doubt any single individual, but this is not even a revenue-sharing matter. This is merely an appropriation bill, and it is a \$30 billion appropriation, lock, stock, and barrel, without any oversight, without any control.

I would plead with you, my colleagues, today, to consider this as probably one of the most important votes that we will ever have an opportunity to express our feelings on. I would hope that we would vote against the previous question and then vote for the resolution to be offered by my colleague from California, which will at least give us an opportunity to see if out of this unbelievable monstrosity something might be developed that would meet some of the needs we know exist in our Nation.

Mr. SMITH of California. Mr. Speaker, I yield 7 minutes to the gentleman from Wisconsin (Mr. BYRNES).

Mr. BYRNES of Wisconsin. Mr. Speaker, I am not at this point going to discuss the merits or the demerits of revenue sharing. I will do that during the time of general debate under whatever rule may be adopted.

There is one question I must ask, however; that is why such hysterical insistence by the proponents of revenue sharing that the bill be considered under a closed rule?

Are the provisions of the bill bad, so bad that they cannot be defended against amendments by a majority of the committee and its chairman?

Or is the chairman and the majority of the committee so ineffective that they cannot manage the bill under the normal procedures?

Why are they so afraid to let the House work its will?

If we have no confidence in ourselves, how can we expect to enjoy the confidence of the American people?

There are times and subject matters that should be considered under a closed rule. Title II and section 144 of title I are of that nature because they would open up the whole Internal Revenue Code to amendment.

But the rest of the bill—some two-thirds—are not of that nature. Title I is no different than legislation that might be reported from other committees and would be considered under fully open rules.

There is nothing about title I of this bill—the so-called revenue sharing part of this bill—that is uniquely the jurisdiction of the Ways and Means Committee. It could just as well have been reported by the Public Works Committee, or the Interstate and Foreign Commerce Committee, or Government Operations or Judiciary. Parts of title I do deal with matters within the jurisdiction of these committees.

Let this be understood—nothing in this bill raises or affects the revenue by 1 penny. It is an expenditure bill. It authorizes and appropriates money that does not exist.

But ask yourselves: If revenue sharing, title I of this bill, had been reported by any other committee would anyone have even entertained the thought that it should be considered under a closed rule? Of course not.

Why is the Ways and Means Committee so different? It is not.

I have served on that committee for over 25 years. I am proud of the committee and its work. I have the highest regard and respect for the chairman of that committee. It is the greatest committee in the Congress. But why should that committee enjoy special privilege when it reports legislation that is no different than that reported by other committees of this House? Mr. Speaker, you are just asking for trouble when you ask for a closed rule where there is no special justification—mark my word you will end up being denied closed rules in the future where such rules are needed.

We consider very controversial and complex bills from the Committee on Education and Labor. Look at aid bills for education with their complex formulas—Open rules. Look at the highway aid program, with its complex distribution formulas, from Public Works. Or the airport development program from Interstate and Foreign Commerce—Open rules. We have before us today a situation very analogous to the Highway Act of 1956 and the Airport Act of 1970.

Title I of these bills authorized various aid programs and formulas for distribution. Exactly what title I of revenue sharing does. Title I was considered under an open rule. Title II of those bills amended the tax code. Title II of revenue sharing amends the code. In the highway

and airport bills, title II was considered under a closed rule. Did the open rule for title I gut or defeat those programs? Of course not.

That is exactly the procedure proposed by the Smith substitute—Open rule for title I, closed rule for title II.

Title I of revenue sharing, just because it was reported by the Ways and Means Committee, does not entitle it to any different treatment than title I of the highway bill reported by Public Works or title I of the airport bill reported by Interstate. In addition, title I is an appropriation bill—in violation of the rules of this House and subject to a point of order. There is no reason for singling out revenue sharing for special treatment. The chairman argues that we are creating a trust fund, and that States and local governments must be able to make plans. But highway and airport aid programs have trust funds—and plans have to be made here also—yet they still go through the appropriations process.

The Ways and Means Committee is treading on dangerous ground—it is asking for a special rule to which it is not entitled. It is usurping the jurisdiction of the Appropriations Committee. And this should not be permitted by this House.

The previous question should be voted down and the Smith substitute adopted.

Let us have confidence in ourselves to act responsibly.

It is not the will of Ways and Means Committee but the will of Congress that should prevail.

It will probably be argued that to defeat the rule before us and substitute the Smith rule would jeopardize or delay the bill. Did a partially open rule jeopardize the airport bill—or the highway bill? It did not.

The chairman will no doubt say that he would have to go back to the committee for further instructions. That is a bunch of malarky.

A majority of the committee voted and I quote "to order favorably reported the bill and instruct the chairman to use all parliamentary means to secure its early passage."

True, it subsequently voted to ask the Rules Committee for a closed rule, but that was not a condition imposed on consideration. It was only an expression of desire.

The committee vote "to use all parliamentary means to secure its early passage" still stands regardless of the type of rule voted by this House. After the adoption of a rule, if the chairman does not call the bill up for consideration—that is his responsibility. And if he fails to call up the bill, he will be acting contrary to the instructions of a majority of his committee.

This historic legislation should reflect the will of this House. It cannot reflect that will if Members are to be gagged by a closed rule.

Mr. O'NEILL. Mr. Speaker, I yield 3 minutes to the gentleman from New York (Mr. CAREY).

Mr. CAREY of New York. Mr. Speaker, I would just like to make three principal points with respect to the substantive is-

sues of this bill. I do so because I am sure that none of my friends who are seeking to vote down the previous question really are against helping our cities and our States. If we are to help our cities and our States at this hour, and begin to save this Republic, then this bill is essential. I would further remind the Members that if there are important amendments that would help improve this program, then let me ask you, have they been laid upon your desks, or sent over to your offices? If they have, I have not seen a single principal amendment come through my mail, or a substantive amendment that would be addressed to this bill that has been sent to the membership on the formula or on the methods of distribution of the proceeds. Not one has been brought to the attention of the membership. So we would just be opening the rule for unknown amendments that could well do damage to this bill.

Second, a vote to vote down the previous question does not give you an open rule. You then get the minority closed rule of the seven Members who voted against the majority on the majority rule.

The minority closed rule is simply a modified open rule; the difference is between the internals and the interstices—the difference is nothing.

So it is a question of the majority of the rules committee or of the minority. In terms of what we are going to do with this bill as a procedural matter, you do not get an open bill.

Finally, I was in Philadelphia recently and visited the place where this country was born to Independence. I learned that during the conduct of the great Revolutionary War, the Committee on Ways and Means was empowered to vote for expenditures from day to day and to make appropriations from day to day to carry on the conduct of the greatest Revolution in the history of mankind.

They entrusted the Ways and Means Committee with such process so that they could win that Revolution.

I remind my colleagues, there is a need for a new revolution—the most dynamic in the history of this country. This bill will be a plus for the country and the peaceful revolution.

This bill will help us on transit. This bill will help us on sanitation. This bill will help us fight crime and violence. These are the areas which demand urgent Federal assistance.

The issue which you are voting on is whether we are going to have open cities or closed cities, cities closed down by an open rule or a society with new opportunities by an orderly rule.

To vote for the previous question is to vote up for the cities, vote up for this program, vote up for the new revolution and help the cities and the States to meet the very challenges for which we meet here.

This is a vote of confidence. A vote of confidence in the mayors and the Governors. They too have their responsibilities. Let us share their responsibilities and give them a chance to help the cities and to help all parts of the counties and the country.

This bill deserves your consideration

and it will only get consideration if you vote for the previous question. I plead for your support for this bill.

(Mr. LATTI (at the request of Mr. SMITH of California) was granted permission to extend his remarks at this point in the Record.)

Mr. LATTI. Mr. Speaker, as everyone on this floor today is aware, this bill comes before the House under a resolution calling for a closed rule which was agreed upon by the Rules Committee by a vote of 8 to 7. I was one of eight members voting for a closed rule. I did so as I was convinced by the statement of the chairman of the Ways and Means Committee, Mr. MILLS, before the Rules Committee that he was not authorized by instructions from his committee to take the bill to the floor under any other conditions. To put it another way, it was either a closed rule or no revenue-sharing bill. Being for the revenue-sharing concept and having introduced a revenue-sharing proposal, I could hardly vote against a closed rule under these circumstances.

This bill is not unlike other bills in that it has cut out provisions not to my liking and provisions which I would like to see changed. For example, I am not satisfied with the distribution formula used in the bill, but it is something which can be changed in the Senate or in a future Congress. In discussing the matter of the formula with many of the mayors and county officials in my district, I learned that they were more interested in getting urgently needed funds now and in establishing the principle of revenue sharing at the Federal level than they were in running the risk of losing the bill by attacking that formula at this time. These people are disturbed and sometimes frustrated by all of the bureaucratic "redtape" involved in the present categorical grant programs and see revenue sharing as a means of eliminating or at least reducing some of this "redtape" and securing Federal funds to be put to use in areas which they determine to need them most. Hopefully, we can pass this rule today and the bill tomorrow. Should the Senate then follow the leadership of the House and pass this legislation, we can use it in the future as a legislative vehicle to return more and more dollars, and more and more programs, to local government.

Mr. MEEDS. Mr. Speaker, recently I have heard a great deal from the mayors and other local officials in Washington State. Not only are they asking that I support H.R. 14370, the revenue sharing measure, but they are also requesting that I support a closed rule on the bill.

If the rule assigned by the Rules Committee is upheld, then there will be no chance to offer amendments to H.R. 14370.

Let us hold a mirror up to this situation and get a reverse image. I would like to know if all these anxious mayors and local officials would accept revenue sharing in reverse. In other words, a resolution would be put before the local city council requiring that 10 percent of the city's tax collections be sent to the U.S. Treasury. The city council have no control over the tax revenues, and they would not be permitted to amend the resolution.

Would they accept this? I doubt it very much. Neither do I accept a gag rule on H.R. 14370.

Before us is not one but two bills and thus two closed rules. H.R. 14370 is an appropriations bill as well as an authorization measure. Once it passes, the money starts flowing.

By far the most important implication of the closed rule is that of financing the revenue sharing bill. As reported from the House Ways and Means Committee, the bill contains no way of paying for itself. This means that financing it will have to be done by adding to the Federal deficit or by cutting existing categorical grant programs such as education, job training, and pollution control.

Representative HENRY REUSS of Wisconsin has prepared an amendment to pay for the revenue sharing measure. His amendment would close or reduce tax loopholes to furnish revenue for this \$30 billion, 5-year measure. But the amendment cannot be offered if the closed rule is upheld.

The revenue sharing bill is not a national security measure, but unlike the authorization and appropriations bills for national defense, it is being debated under a closed rule. Members of this House remember distinctly the amendments offered last year on the ABM, the B-1 bomber, and on other military spending projects. And on June 28 of last year we took a vote on the Nedzi-Whalen amendment to cut off funds for the war in Vietnam by December 31, 1971. Recently we approved a \$20 billion higher education bill. Members of the House, I am sure, would have been outraged had the legislation been debated under a closed rule.

Moreover, there are many Members of this House with suggestions for improving the legislation. But they can make no proposals as long as the closed rule remains intact.

Mr. Speaker, no one disputes the need of States and cities for additional funds. No one is blind to their plight. But serving up a \$30 billion bill and cramming it down the throat of the House is not the best way to meet these needs. I urge rejections of the closed rule.

Mr. LLOYD. Mr. Speaker, I will vote "yes" on the previous question. This is the cornerstone on which depends the action of this Congress on the emergencies which face local government in America.

Two principal objections have been emphasized in this debate on the rule: First, the action improperly goes around the Appropriations Committee; and second, an open rule will allow improvement of the final legislation. In the debate on the bill itself I will discuss my views as to the merits of the bill itself which, in the past 2 weeks, I have decided to support. These remarks are directed to the procedural objections.

First, this bill is one of overriding policy which should be decided not by a committee of Congress, but rather by Congress itself. We make the large decision as to whether Federal aid should continue to go down the road of categories or whether we should wake up now before it is too late and replace the growing suffocation of categorical aid

with the freedom and economical administration of local government responsibility.

Second, it is possible, of course, that the House can improve the bill with an open rather than a closed rule, but I seriously doubt it and am convinced, on the contrary, that in the case of a bill of this complexity and this far-reaching influence an open rule would result in time consuming chaos. As the learned gentleman from Virginia (Mr. POFF) has so well stated, a closed rule is a proper and well-established method for this House to work its will. In legislation of this kind, where a skilled committee with extensive research tools has arrived at a consensus after many months of hearings and evaluation, the chances are that under an open rule, emotion would prevail over reason, and if some semblance of the original language did survive the amending process, it would be a less serviceable, rather than more serviceable piece of legislation upon which we would finally be asked to vote.

I have had many reservations concerning the concept of revenue sharing. As a member of the Utah State Senate I was the author of a local option sales tax enacted in Utah in 1959 and out of long personal experience and direct responsibility I have believed that the appropriating body should hold the strings on the methods in which the money is spent. This is a substantive matter, however, which I will discuss in the debate on the bill itself. For the moment it is enough that I make this record of my vote on the procedural issues.

Mr. DENNIS. Mr. Speaker, the closed rule is a legislative abomination, entirely contrary, in my judgment, to the most basic principles of a representative government.

We in this body are, each of us, elected representatives of the people; we each represent about a half million of our fellow citizens; these people expect us to speak for them here; as Members of this House that is what we are entitled and, in fact, duty bound to do; and it is a complete perversion of the entire legislative and representative process for us to surrender that right, that duty, and that privilege—in respect to any piece of legislation—because a few Members of this body, however distinguished, have decided in their wisdom that a particular item on the legislative calendar is too important to be subjected to the ordinary legislative scrutiny at the hands of individual members of this House.

Mr. Speaker, I submit, that no disinterested observer can find a logical or legitimate defense for the closed rule or can justify its continued existence as a part of a representative and parliamentary system. Even where really complicated revenue bills are concerned there are usually a few important possible amendments under consideration which could readily be made individually in order under the provisions of a modified type of rule. In respect to a bill such as that we consider today, submit that a closed rule is bottomed simply on a philosophy that the work of the Committee on Ways and Means is, ipso facto, above the consideration of ordinary Members of the House.

I cannot subscribe, and I doubt that you can subscribe, to such a philosophy.

My doctrine is that I am just as entitled to be heard on an amendment to any bill here as is any other Member of the House, and that so, equally, is each one of you.

It seems to me that only long familiarity with what is essentially an abuse can lead men of good intelligence and good will to support a parliamentary device which, on any basis of fairness or logic, is essentially and obviously inconsistent with and antithetic to the functioning of a representative system.

As Alexander Pope said in "An Essay on Man" written in 1733 and 1734:

Vice is a monster of so frightful mien,
As to be hated needs but to be seen;
Yet seen too oft, familiar with her face,
We first endure, then pity, then embrace.

Mr. Speaker, it is time—in line with the current drive for congressional reform—for the dawn of a new legislative day.

Let us defeat this closed rule and let revenue sharing with the States go up or down on its own merits after the full and fair consideration of and, if need be, amendment by, the full membership of this House.

Mr. SANDMAN. Mr. Speaker, I rise to oppose the closed rule on H.R. 14370, the State and Local Assistance Act of 1972, better known as revenue sharing.

This is by far one of the most revolutionary changes in our Government. For the first time, the Federal Government will be raising the revenue and what is passed on to the States will be spent by the States.

The spending agency will have no control whatever over the revenue-raising agency. The plan is being offered in an air of hysteria, generated by the chief executives of almost every State in the Union and the mayors of almost all the large cities in the Nation—a huge push for more money with no concern whatever on where the money comes from or least of all how it will be paid back; the exact atmosphere that drives a frenzied businessman into the hands of loan sharks—a more accurate parallel, I cannot imagine.

And here we are, at the highest level of government, in what is supposed to be the truest democracy on the face of the earth, in a position where the Representatives of the people—you and me—have no authority whatever to change the proposal that is here for consideration from the Ways and Means Committee.

The Rules Committee, by a vote of 8 to 7, approved a closed rule that waives all points of order against the bill or any of its provisions, prohibits amendments to any section of the bill, and eliminates the right of any Member to offer any ideas by way of a substitute.

As a Representative of one-half million people in the Second District of New Jersey, I can vote only to sustain or disapprove the rule, and if such a rule passes, I must fight against an air of hysteria that has been generated throughout the country to overcome a proposal that almost no one can realize the potential impact that it will have upon the fiscal condition of the country.

This measure undisputedly adds \$5.3 billion to the already staggering deficit of \$26 billion which is anticipated at the end of the current fiscal year. And by unknown arithmetical progressions, it adds to the deficits of 4 years thereafter a minimum of \$25 billion more.

This measure, if it is going to be adopted by this House, should be contingent upon the passage of a revenue bill that will pay for the same over the 5-year life of the bill.

The vote upon the rule has profound significance because, if the rule prevails, in an air of hysteria where the States and cities will do anything to get more money, for all intents and purposes more than half the battle is won on the adoption of the rule, and 8 hours or 8 days or 8 months of debate that may follow is not going to change the outcome of the vote on this highly dangerous measure.

And now Mr. Speaker, we sit as 435 Members, representing more than 200 million Americans in the most democratic nation on the face of the earth. Under this rule, all of us collectively have only 60 minutes to debate the rule. If that time were divided equally, which of course it is not, then each Member would be entitled to 8½ seconds of debate upon the floor of this House which claims to be the most democratic government on the face of the earth. How hypocritical can we be?

The rule, of course, must be defeated no matter how good or bad the bill may be.

Every Member of this House who has the strong convictions that I have has the right to be heard. The alternative right that I have, on submitting my remarks to be included in the RECORD, is not adequate since the RECORD will be printed long after the debate on the rule has ended.

I have proposed revenue source sharing as an alternative. Approximately 1 year ago today, I delivered my message to the Ways and Means Committee. I circularized my idea which would repeal the alcoholic beverage tax and the tax on tobacco, and let the States have those. It would raise the same amount of money as this bill, and it would not cause the huge deficit.

Believe it or not, Mr. Speaker, while I was testifying, every member of the Ways and Means Committee who was present that day seemed to nod his head in approval that what I was saying was right.

My thoughts have been aired for over a year in the metropolitan press, and not a single newspaper has opposed revenue source sharing, and yet, under this rule, I have no right to submit my idea to the only body in this Government that has a right to make it a Federal law.

The closed rule before us today on this matter has no place in any government that claims to be a democracy. It should be defeated by an overwhelming vote.

I have two pressing reasons for opposing the rule:

First, I have an amendment to offer as a floor substitute to H.R. 14370. The closed rule, waiving points of order that was reported by the Rules Committee, would prevent me from offering an

amendment that would vastly improve the proposed act.

Second, a proposal as historic and consequential as this one for the Federal Government to start raising taxes for States and cities to spend deserves the full and open debate on the floor of Congress.

I urge my colleagues to vote down the previous question on the rule.

It is my understanding, Mr. Speaker, that a substitute rule on H.R. 14370 is to be offered by the gentleman from California (Mr. SMITH) if the committee rule is voted down today.

I will not support the Smith substitute rule either simply because it—House Resolution 1006—provides that no amendment could be offered to change the Internal Revenue Code of 1954 or increase or decrease any other tax liability.

The amendment I wish to offer would repeal subtitle E of the IRS Code of 1954 and it would therefore not be in order under the Smith substitute rule either. So I will vote against that proposal if given the opportunity.

For the record, Mr. Speaker, I can identify at least six compelling factors about H.R. 14370 that should justify our efforts to defeat the closed rule so that my amendment is in order.

The six factors are:

The Federal Government has no revenue to share.

This bill would increase dependency of States and localities on the Federal Government.

Shared revenues would bypass the appropriations process of Congress.

The bill will damage the responsiveness of State and local governments by separating the authority to spend from the liability of imposing taxes.

Enactment of H.R. 14370 would automatically add almost \$6 billion more per year to already huge deficits.

The bill would unfairly discriminate against States, including New Jersey, that do not have income taxes.

The amendment I would offer to H.R. 14370 would eliminate all six of these objections. At the same time, my substitute would provide far more money for the States and localities than H.R. 14370 would.

My substitute quite simply would abolish the Federal excise taxes on alcohol and tobacco so that State and local governments can increase their existing levies on these items.

Releasing these revenue sources would provide at least \$6.5 billion for the States and localities to collect as needed without increasing overall taxes or the retail costs of the items taxed.

Under my proposed substitute, Mr. Speaker, 44 States would realize a greater return than under H.R. 14370. The other six States could amend their alcohol laws slightly to "catch up" under my plan.

The language of the substitute I wish to offer is very simple: it merely repeals subtitle E of the IRS Code of 1954. There would be no complicated distribution formulas, deficits or dangerous inter-governmental strings attached.

Therefore, Mr. Speaker, I urge that the rule on H.R. 14370 be defeated.

Mr. BROOMFIELD. Mr. Speaker, the

tax sources and, consequently, the tax revenues of our State and local governments, have remained virtually static at a time when inflation and demands upon local tax dollars have risen to new heights. Throughout the Nation, State and local governments have been squeezed between the opposing pressures of shrinking revenue and vastly increased demands for goods and services.

Therefore, I intend to vote for the passage of this revenue-sharing legislation. In addition, I also support the closed rule for consideration of this bill. The bill which has come to the floor for our attention and scrutiny has been subject to extended and protracted study. It is the product of a tenuous compromise reached by the leaders of both sides of the aisle. To open it to the flood of amendments which would surely spring from an open rule would be to invite defeat of the entire measure. We cannot gamble with the security and interests of our local units of government. I for one will not subject this bill to such risks and for that reason oppose an open rule.

Returning to the question at hand, the merits of this revenue-sharing proposal, I urge my colleagues to consider the vast potential which this measure holds for local units of government. I am sure that all of us here agree that there is a crisis at local levels of government. However, to translate that concern into an effective remedy is a much more difficult task.

Yet that is exactly what this measure is designed to do. It will be effective. It appropriates \$3.5 billion annually for the next 5 years to local governments to help defray the mounting deficits which they have been forced to incur. Without this measure local governments will be forced to the brink of administrative paralysis. I refuse to sit back and witness the advanced symptoms of this paralysis without seeking means to forestall it.

As a sponsor of similar revenue-sharing proposals in this and previous Congresses, I have long recognized a need for action on our part to set in motion the necessary machinery to channel a percentage of Federal revenue back to the localities where it is most desperately needed.

I know that in my own district of Oakland County, Mich., that this legislation is extremely necessary and vital if county, city, and township officials are to continue to provide the most basic goods and services to their people. I have received numerous communications from mayors, councilmen, and city managers, all men of experience and expertise. They have expressed a common plea that Congress pass this revenue-sharing legislation.

Mr. Speaker, most of the challenges of this coming decade—water and air pollution, waste treatment, solid waste disposal, transportation, and others—must by their very nature be met at the State and local level. The battle for clean air and water, for fast, efficient transportation, will be won or lost not here in Washington but throughout the broad expanse of this country.

Too often we have learned that despite the expertise, wealth, and expe-

rience of Washington, that we are too far removed, too distant from the storm of these controversies to identify, much less respond adequately to the needs of a particular crisis. As such, we should welcome the fact that local governments are willing and eager to frame their own responses to fit their own peculiar challenges. Further, we should provide the means, in dollars and cents, for them to begin these most difficult tasks.

However, this bill represents more than just monetary aid to our State and local governments; it signals a new era of increased cooperation between national and local governments in seeking solutions to mutual problems. It is the beginning of a new partnership of understanding and respect.

Mr. Speaker, I for one hold a deep and abiding respect for our federal system of government. Its strength resides in the fact that national and local governments can work in concert to solve the challenges that lie ahead. We should not ignore nor sacrifice the efforts of State and local officials. It is because the essence of this revenue-sharing proposal is to retain and strengthen that Federal partnership that I urge its passage.

Mr. BENNETT. Mr. Speaker, I favor revenue sharing which will get the Federal Government out of some areas, such as education, that it is now in. Revenue sharing should not plunge the Federal Government a great deal further into debt. Revenue sharing should not force States to increase their taxation. H.R. 14370 satisfies none of these criteria and, therefore, I cannot support this legislation.

Last year I sent out a questionnaire to all the postal patrons in the Third Congressional District of Florida which I represent in the Congress. I received 26,000 responses to that questionnaire and one of the questions which I asked was: "Do you favor Federal revenue sharing that increases deficit spending?" Sixty-six percent of those people who responded to my questionnaire checked "No."

I have also met on a number of occasions with members of the Florida State Legislature. They have also assured me that they do not favor revenue sharing which plunges the Federal Government a great deal further into debt. H.R. 14370 does plunge us further into debt, \$5.3 billion worth per year, and this figure will increase greatly in the future just as other Federal programs have.

H.R. 14370 will distribute \$1.8 billion yearly to the States. Half of that money will go to States in proportion to their general tax effort. The other half will be divided on the basis of the various States' income tax collections. Florida does not have a State income tax and it is my belief that Floridians do not want a personal State income tax. Therefore, the State would be continually penalized and discriminated against under the State and Local Fiscal Assistance Act of 1972.

Florida recently enacted a corporate income tax. During Gov. Reubin O'D. Askew's campaign to get that corporate income tax enacted, he said that the State of Florida would not need a personal State income tax. In a letter which he wrote me on May 5, he said:

The provision of the House Resolution using state personal income tax collections as a basis for distributing funds to the state, I believe, is unfair and discriminatory. Florida has a constitutional state personal income tax prohibition and there is a great sentiment within the state not to adopt one. To penalize any state for historical circumstances is very unjust.

It is my belief that Floridians cannot accept a revenue-sharing plan which clearly discriminates against them.

Another area that makes H.R. 14370 unacceptable is the involvement of the Federal Government in how revenue-sharing funds are spent. Although revenue-sharing money is distributed rather freely on the State level, it is not so on the local level. The committee seems to feel that it is wrong in principle for the Federal Government to collect taxes and then hand them over to the local governments to be spent without guidelines. Who is better able to determine local priorities than local government?

For the reasons I have outlined, I urge the defeat of this legislation.

Mr. FRENZEL. Mr. Speaker, most Members support, with greater or lesser enthusiasm, the concept of revenue sharing. I personally support revenue sharing with great enthusiasm.

Some of us, however, have hedged our commitment. Some Members like revenue sharing, but with their own distribution formula. Some like it, but only with tax reform. Some like it only if we have a surplus or if we recede from other grant programs.

Mr. Speaker, no matter what any of us would like to do to improve the revenue sharing bill, there is no escape from the fact that it is the only revenue sharing bill we are going to get. Also inescapable is the fact that any change in the rule or the bill will doom revenue sharing for this session.

The question of the vote on the rule should be made clear—again, and again, and again. If the closed rule is opened by our vote, there will be no revenue sharing bill. The chairman of Ways and Means has been pretty explicit on that point. Therefore another inescapable fact is that a vote against the rule is a vote against revenue sharing.

Revenue sharing may be the last hope for viable, effective local government and for the harassed local property taxpayers. It should be another important nail in the coffin of creeping grantsmanship.

The President has promoted it, and has endorsed this bill, even though he would prefer his own version. The mayors and Governors have also endorsed it. Perhaps, more accurately, they have demanded it.

I intend to vote for the rule and for the bill and hope my colleagues will do likewise. Our passage of this bill will not guarantee that the Senate will pass it too, but we will have done our part. We will have stood up for our local governments and challenged the Senate to follow our example.

Mr. LEGGETT. Mr. Speaker, today, we have arrived at the jumping off point in our long trek toward designing a system to aid cities and States through a sharing of Federal revenues.

Our trek began back in 1964 when, anticipating what could have been substantial surpluses from a full employ-

ment budget, then chairman of CEA, Walter Heller, proposed a sharing of this surplus with cities and States.

That surplus never materialized. And today we still do not have a surplus to share with States and cities. We do have a deficit, and a fairly substantial one, in the range of \$80 billion for 2 years.

This bill could have the effect of re-directing and reordering of our national priorities. This act could stand above the legislation which usually occupies a good deal of our time, in that it is the Nation's commitment to the communities torn apart by inflation, war, and racked by the pestilences of crime and drugs. It may be the Nation's commitment for reordering of priorities. I hope so, though I am frankly mighty skeptical.

In 1970, practically three in every four persons lived in urban environment, more than two of every three lived in the expanding Nation's metropolitan areas. It is public knowledge that the cities are in desperate need of financial aid, being left largely to the very young, the very old, and the very needy. The cities have waited for 8 years while the concept perked and boiled through the halls of the academic world and Congress. Today they await a decision, a decision on where they will be 5 years from now.

This bill in fact is a city and county income tax collected at the Federal level.

For every \$5 billion we borrow on the national debt to support this bill, the interest cost will additionally equal at least \$6 billion more over a 20-year debt period.

I have said we do not have the money for this bill but that if the Congress could steal \$5 billion additional this year for the Vietnam war, we could do no less for the cities. Mr. Laird, Secretary of Defense, and the mayors have made their demands clear. I have stated that I will support this bill to bring \$10 to \$20 million extra to every congressional district in the country annually. My taxpayers have not revolted. I therefore support the closed rule and the motion for the previous question.

Mr. HATHAWAY. Mr. Speaker, I rise to speak against the idea put forth by the previous speakers that those of us who vote against the closed rule on this bill are thereby voting against the whole concept of revenue sharing. This is illogical and patently untrue. I protest the intimidation tactics of those who make such statements, and I refuse to let their assertions go unchallenged.

First, I should like to point out that I am not opposed to revenue sharing. Revenue sharing basically means the Federal Government channeling some of its revenues back to States and localities for their use in fulfilling certain of their needs. I have supported numerous revenue-sharing programs of a more specific nature; namely, grants-in-aid for education, housing, transportation, and a host of other essential public services. The bill we have before us today is just a more general form of revenue sharing, and, with the proper amendments, I am prepared to support it as I have supported other measures to aid States, cities, and towns.

What I am opposed to here is the abdication of our responsibility as legisla-

tors and as representatives of our respective constituencies, to see that this Congress produces the best possible legislation in the best interests of the American people.

This is a very important bill we have before us today. It involves the spending of \$6 billion in taxpayers' money annually for a period of 5 years. It will have an impact on all of the States and localities in this country and on all the people living in them. I believe it is our duty to debate this bill fully, to offer amendments, and to decide by majority vote what final shape this legislation will take.

One reason given for ordering a closed rule is that opening the bill for amendment would open up the entire Internal Revenue Code for modification and would cause statutory chaos. I challenge this contention.

This is not the typical bill to come out of the Ways and Means Committee, not a technical tax measure to which amendments might indeed open up the whole tax code in unforeseen ways.

Rather what we have before us today is an authorization bill and an appropriations bill—both combined in one of the most comprehensive and far-ranging measures to come before this Congress. It is no different from the Elementary and Secondary Education Act and other major bills, where Members have had the right to offer and debate any amendments they so desire, and have them voted up or down on the merits.

Furthermore, our purpose in opposing the closed rule is not to declare open season on any and all provisions of H.R. 14370. Rather our stated purpose is to obtain a new rule that will open up to amendment specific parts of the bill which require constructive modification—namely, the formula, and the revenue-sharing package. A number of us find grave problems with these sections of the bill, and I feel strongly that we should have the right to present amendments for consideration by the House. This is, after all, normal practice for a democratic legislative body. I see no reason to abrogate it for a particular piece of legislation, or a particular committee.

I am also disturbed at reports that the bill will be withdrawn from floor consideration if it is made subject to amendment. This refusal to play ball unless you can do it by your own rules strikes me as inappropriate behavior in a legislative body. If all bills were handled in this fashion, then we would not pass much legislation.

In closing, I repeat that I and other Members who join me in opposing the closed rule on H.R. 14370 do so as a matter of principle. Legislation should be framed by the House of Representatives as a whole, not by 25 people on a committee, or by one chairman. To accuse us of opposing revenue sharing because we take a principled stand against the closed rule, and beyond that against certain faults in the legislation itself, is an injustice. Given an open rule and proper changes to make it more equitable, I shall be pleased to give this measure my wholehearted support.

Mr. RANDALL. Mr. Speaker, at the very outset of my remarks I wish to

make it clear that I intend to support H.R. 14370, a measure which will provide payments to our localities for their priority expenditures, more familiarly known as the revenue-sharing bill.

I have already explained to several of our mayors why I cannot support a closed rule. My opposition to the closed rule has been of many years standing. The present situation does not justify any departure from that long-standing practice.

It has been argued that if we do not vote for the previous question, we have somehow deceived our mayors and local officials. It is contended that, should a closed rule be adopted, H.R. 14370 will not be brought to the floor. I reject that reasoning and that prediction.

Today we are asked to swallow a rule which waives all points of order. To support a closed rule means that the rest of us agree that only the members of the Ways and Means Committee have the wisdom to approve or disapprove the detailed provisions in this bill.

Oh, we all know the reason the committee says they must have a closed rule. They say it is because, if the right of amendment is afforded, it would open up the entire Revenue Code to amendment. But let us remember this is not a revenue matter. But this is an expenditure matter.

I have listened attentively to the gentleman from California, the ranking member of the Rules Committee, Mr. SMITH, and I noted that he has prepared a modified rule which would permit amendment only to those sections which could not in any way impair the continuity of the Internal Revenue Code. He has made the point that if the previous question is voted down it will not mean, in this instance, that there will be an open rule, but rather that the Speaker could then be expected to recognize anyone in opposition to the closed rule. While the Speaker may recognize anyone he prefers, it would seem reasonable to expect he would recognize the ranking member of the Rules Committee to offer his modified rule. The proposal of the gentleman from California is a reasonable one. It would permit limited amendment but not open up the entire Revenue Code to unlimited amendment.

Mr. Speaker, I must respectfully differ from those who argue this is a revenue bill. When all is said and done it is nothing more than a 5-year appropriation bill and also a 5-year authorization bill all in one package. This kind of thing does not need a closed rule.

If the right to amend is so important the question should be asked, What kind of an amendment is needed to improve H.R. 14370?

Our answer is that while many of us favor the enactment of H.R. 14370, we do so solely upon the premise that the proposal is entitled to a fair test with a strict time limitation. I do not believe we should bind ourselves for 5 years to something that we are not sure may be successful.

Recognizing the fact that the concept of revenue sharing as it is written in this bill does infringe upon the appropriation process, and also infringes upon the authorization process, then we should not bind ourselves for a period as long as 5 years.

Perhaps the best arguments advanced in opposition to the closed rule were those suggestions offered by the chairman of our Appropriations Committee who observed that it is incredible that one committee could seize the appropriation, as well as the authorization process from all 435 Members. He pointed out that if we vote for a closed rule we are shutting ourselves off from any voice in these procedures for 5 years.

Mr. Speaker, I cannot believe there is a need for such hysterical insistence that this bill be considered under a closed rule. Only the one title, title II, involves the Internal Revenue Code. The rest of the bill, or two-thirds of it are not of that nature. The insistence by the Ways and Means Committee for a closed rule seems to convey the idea that the committee harbors the idea that the rest of us are not to be trusted. In a closed rule, of course, the House cannot work its will but only vote up or down the will of the Ways and Means Committee. I suppose it all boils down to a matter of confidence. Surely the Ways and Means Committee should have more confidence in their fellow Members and all the rest of us should have confidence enough in ourselves to oppose a closed rule.

As the ranking minority member of the Ways and Means Committee put it, if we do not display enough confidence in ourselves to oppose a closed rule, how can we expect the public to have much confidence in the Members of Congress?

The previous question should be voted down, which would open the way for a modified rule to enable us to make one or two needed amendments and promptly pass H.R. 14370.

Our localities face severe financial problems. Some are close to the brink of fiscal bankruptcy. Let us vote down the closed rule and proceed to reduce the term from 5 years to 2 years, which will give this new concept a fair test to see if it is workable and will serve the local governments as well as predicted.

Mr. SMITH of California. Mr. Speaker, for the benefit of those who were not here when I made my statement, I would like to reiterate.

The resolution which I will offer is House Resolution 1006 which will permit an open rule and amendments. It does not waive points of order on sections 1 through 143.

The only point of order, in my opinion, is appropriation language. The rest of the bill is closed.

Mr. Speaker, I would urge the Members to vote down the previous question so that we may have a chance to consider the substitute, House Resolution 1006, to consider the bill.

Mr. O'NEILL. Mr. Speaker, I yield 5 minutes to the distinguished majority leader, the gentleman from Louisiana (Mr. Boggs).

Mr. BOGGS. Mr. Speaker, none of us relish finding ourselves in the position where two of the great committee chairmen are on opposite sides.

But all of us recognize the fact that this is a very complex issue and one upon which reasonable men may disagree.

Yet, as in all matters of this kind, one must look at the facts and examine the problem and see whether or not a reasonable solution can be arrived at.

What is the problem before us? I think no one contradicts this—our cities, particularly our large cities, face a crisis all over this country. The mayors of all these cities have come in from New York, Detroit, Philadelphia, Los Angeles, New Orleans, Houston, Baltimore, Newark—all of them—Boston—and without exception they have pointed out their problems.

Let me give you just an example or two.

I remember Newark—that comes to mind. A \$20,000 home in Newark today pays about \$2,000 in real property taxes each year. That means that in 10 years one pays the entire value of that house.

It was testified that in Newark each year, hundreds of houses are being abandoned as are other buildings and other structures. In truth and in fact, the local governments in this country are almost entirely dependent upon either sales taxes, which in some instances run as high as 6 and 7 percent, or real estate taxes, which in many instances have become confiscatory.

Now some will say, "Why have not the cities helped themselves? Why haven't the local governments helped themselves?"

From 1955 until 1970, local revenues increased from \$31 to \$130 billion. I say, Mr. Speaker, that that is evidence that they have helped themselves. The main problem is that there has been a great internal migration in this country.

The distinguished minority leader, Mr. Ford, and I are going to China on Friday, and the literature that I read says that 80 percent of the 800 million people who live in that country live in the rural areas there. But in our country something over 72 percent of the people now live in the cities, and in the last 20 years they have come in from the country in great numbers—most of them poor and ill-equipped to live in the cities, and the cities are ill-equipped to pay for their care. The cities' revenues are declining while their expenses and their costs are increasing, and that is why this bill is here before us today—for no other reason.

We have revenue sharing of a type now, very substantial revenue sharing. As a matter of fact, something like \$37 billion a year can be cataloged as revenue sharing, but in many instances that revenue sharing is not helpful in that it requires certain matching formulas. Many cities and many counties are unable to accept the funds, or in many cases they are spent unwisely in order to accept the funds. So this program has been devised. It is a bipartisan program.

Granted, we are confronted with certain procedural problems.

They say, well, we bypassed the Appropriations Committee. I say it is too bad that the Appropriations Committee is bypassed, but in an emergency you take emergency action, and certainly this is not any precedent. The law is replete with program after program, particularly the trust fund programs, where the authorization and the appropriation funds are all together.

This is a complex program, and if we are required to run the whole legislative gamut of authorizations and appropriation in this emergency, I say, Mr. Speaker, that we would not get any legis-

lation, and the crises in the cities would grow greater, and the problems in our country would multiply tenfold.

I hope that the previous question is adopted.

The SPEAKER. All time has expired. Mr. O'NEILL of Massachusetts. Mr. Speaker, I move the previous question on the resolution.

The SPEAKER. The question is on ordering the previous question.

Mr. SMITH of California. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered. The question was taken; and there were—yeas 223, nays 185, answered "present" 2, not voting 22, as follows:

[Roll No. 214]

YEAS—223

Abzug	Frelinghuysen	Mosher
Addabbo	Frenzel	Murphy, Ill.
Alexander	Fulton	Murphy, N.Y.
Anderson, Calif.	Gaydos	Nedzi
Anderson, Ill.	Goldwater	Nelsen
Anderson, Tenn.	Grasso	O'Konski
Annunzio	Gray	O'Neill
Arends	Green, Pa.	Pepper
Aspin	Griffiths	Pettis
Badillo	Grover	Peyser
Belcher	Gubser	Pirnie
Bell	Gude	Poff
Bergland	Halpern	Preyer, N.C.
Betts	Hamilton	Price, Ill.
Bevill	Hammer-	Pucinski
Biaggi	schmidt	Quile
Blester	Hanley	Quillen
Bingham	Hansen, Idaho	Railsback
Boggs	Harrington	Rangel
Brasco	Harsha	Reid
Bray	Harvey	Reuss
Broomfield	Hastings	Riegle
Brotzman	Hawkins	Robison, N.Y.
Brown, Mich.	Hébert	Rodino
Brown, Ohio	Heckler, Mass.	Roe
Broyhill, N.C.	Heinz	Roncallo
Buchanan	Helstoski	Rooney, Pa.
Burke, Mass.	Hicks, Mass.	Rosenthal
Burlison, Mo.	Hillis	Rostenkowski
Byron	Horton	Ruth
Caffery	Howard	Ryan
Camp	Jarman	St Germain
Carey, N.Y.	Johnson, Calif.	Sarbanes
Carlson	Johnson, Pa.	Scheuer
Chamberlain	Karth	Schwengel
Clausen,	Kastenmeier	Shipley
Don H.	Keating	Shoup
Clay	Kee	Shriver
Cleveland	Keith	Smith, N.Y.
Collier	Kemp	Springer
Collins, Ill.	King	Stanton,
Conable	Kluczynski	J. William
Conover	Koch	James V.
Conte	Kuykendall	Steele
Conyers	Kyl	Steiger, Ariz.
Cotter	Kyros	Steiger, Wis.
Coughlin	Landrum	Stephens
Culver	Latta	Stokes
Curlin	Leggett	Stratton
Daniels, N.J.	Lent	Stubblefield
Danielson	Link	Symington
Delaney	Lloyd	Teague, Calif.
Dellenback	McClory	Terry
Dent	McCloskey	Thompson, Ga.
Dickinson	McCollister	Thomson, Wis.
Diggs	McCulloch	Thone
Dingell	McDade	Tiernan
Donohue	McEwen	Ullman
Dorn	McKevitt	Wampler
Dow	McKinney	Ware
Dulski	McMillan	Widnall
Duncan	Macdonald,	Wiggins
du Pont	Mass.	Whalen
Dwyer	Madden	Whalley
Eckhardt	Mailliard	Whitehurst
Ellberg	Mann	Wilson, Bob
Eshleman	Mathias, Calif.	Wilson,
Evins, Tenn.	Matsunaga	Charles H.
Fish	Mayne	Winn
Flowers	Miller, Calif.	Wolff
Foley	Miller, Ohio	Wylder
Ford, Gerald R.	Mills, Ark.	Wyllie
Ford,	Mills, Md.	Zablocki
William D.	Minish	Zion
Forsythe	Mink	Zwach
Fraser	Mizell	
	Morgan	

NAYS—185

Abbott	Flynt	O'Hara
Abourezk	Fountain	Passman
Adams	Frey	Patman
Andrews, Ala.	Fuqua	Patten
Andrews, N. Dak.	Garmatz	Perkins
Archer	Gettys	Pickle
Ashbrook	Gialmo	Pike
Ashley	Gibbons	Poage
Aspinall	Gonzalez	Powell
Baker	Goodling	Price, Tex.
Baring	Green, Oreg.	Purcell
Barrett	Griffin	Rarick
Begich	Gross	Rees
Bennett	Haley	Rhodes
Blackburn	Hall	Roberts
Blatnik	Hanna	Robinson, Va.
Boland	Hansen, Wash.	Rogers
Bolling	Hathaway	Roush
Bow	Hays	Rousselot
Brinkley	Hechler, W. Va.	Roy
Brooks	Henderson	Roybal
Broyhill, Va.	Hicks, Wash.	Runnels
Burke, Fla.	Hollifield	Ruppe
Burleson, Tex.	Hull	Sandman
Burton	Hungate	Satterfield
Byrne, Pa.	Hutchinson	Saylor
Byrnes, Wis.	Ichord	Scherle
Cabell	Jacobs	Schneebell
Carney	Jonas	Scott
Carter	Jones, Ala.	Sebelius
Casey, Tex.	Jones, N.C.	Seiberling
Cederberg	Jones, Tenn.	Sikes
Chappell	Kazen	Slack
Chisholm	Landgrebe	Skubitz
Clancy	Lennon	Smith, Calif.
Clark	Long, La.	Smith, Iowa
Clawson, Del.	Long, Md.	Snyder
Collins, Tex.	Lujan	Spence
Colmer	McClure	Staggers
Corman	McFall	Steed
Crane	McKay	Stuckey
Daniel, Va.	Mahon	Sullivan
Davis, Ga.	Mallory	Talcott
Davis, Wis.	Martin	Taylor
de la Garza	Mathis, Ga.	Teague, Tex.
Dellums	Mazzoli	Udall
Denholm	Meeds	Van Deerlin
Dennis	Melcher	Vander Jagt
Derwinski	Michel	Vanik
Devine	Mikva	Veysey
Dowdy	Minshall	Vigorito
Downing	Mitchell	Waggonner
Drinan	Mollohan	Waldie
Edmondson	Monagan	Walide
Edwards, Ala.	Montgomery	White
Edwards, Calif.	Moorhead	Whitten
Evans, Colo.	Moss	Williams
Fascell	Myers	Wright
Findley	Natcher	Wyman
Fisher	Nichols	Yates
Flood	Nix	Young, Fla.
	Obey	Young, Tex.

ANSWERED "PRESENT"—2

Brademas Randall

NOT VOTING—22

Abernethy	Hagan	Podell
Blanton	Hogan	Pryor, Ark.
Celler	Hosmer	Rooney, N.Y.
Davis, S.C.	McCormack	Schmitz
Erlenborn	McDonald,	Thompson, N.J.
Esch	Mich.	Wyatt
Galifianakis	Metcalfe	Yatron
Gallagher	Pelly	

So the previous question was ordered. The Clerk announced the following pairs:

On this vote:

Mr. Celler for, with Mr. Randall against.
Mr. Thompson of New Jersey for, with Mr. Brademas against.
Mr. Esch for, with Mr. Abernethy against.
Mr. Hogan for, with Mr. Erlenborn against.
Mr. Podell for, with Mr. Schmitz against.
Mr. Hosmer for, with Mr. Davis of South Carolina against.

Until further notice:

Mr. McCormack with Mr. McDonald of Michigan.
Mr. Hagan with Mr. Pelly.
Mr. Pryor of Arkansas with Mr. Wyatt.
Mr. Metcalfe with Mr. Gallagher.

Mr. NIX changed his vote from "yea" to "nay."

Mr. EVINS of Tennessee and Mr. DENT changed their votes from "nay" to "yea."

Mr. BRADEMAs. Mr. Speaker, I have a live pair with the gentleman from New Jersey (Mr. THOMPSON). If he had been present he would have voted "yea." I have voted "nay." I withdraw my vote and vote "present."

Mr. RANDALL. Mr. Speaker, I have a live pair with the gentleman from New York (Mr. CELLER). If he had been present he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

POINT OF ORDER

Mr. GROSS. Mr. Speaker, I make a point of order.

The SPEAKER. The gentleman will state it.

Mr. GROSS. Mr. Speaker, rule XXXII of the House reads as follows:

The persons hereinafter named, and none other, shall be admitted to the Hall of the House or rooms leading thereto, viz: The President and Vice President of the United States and their private secretaries, judges of the Supreme Court, Members of Congress and Members-elect, contestants in election cases...

The SPEAKER. Would the gentleman withhold his point of order until the Chair has an opportunity to discuss it with him?

Mr. GROSS. Mr. Speaker, I do not believe there is very much to discuss.

The SPEAKER. The Chair thinks there is something to discuss and would appreciate it.

Mr. GROSS. Has the Chair recognized the gentleman, or has he not?

The SPEAKER. The Chair has recognized the gentleman.

Mr. GROSS. Then I will proceed.

The SPEAKER. But the Chair would request the gentleman to withhold his point of order until the Chair has had an opportunity to discuss it with him. Will the gentleman withhold his point of order temporarily?

Mr. GROSS. If the Speaker will agree to recognize me later if I am still unconvinced.

The SPEAKER. The Chair will discuss the matter with the gentleman.

Mr. GROSS. Would the Chair agree to recognize the gentleman from Iowa for the purpose of raising the point of order if the gentleman is still unconvinced?

The SPEAKER. The Chair will recognize the gentleman, but the Chair would like to discuss it with the gentleman.

STATE AND LOCAL FISCAL ASSISTANCE ACT OF 1972

Mr. MILLS of Arkansas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 14370) 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.

The SPEAKER. The question is on the motion offered by the gentleman from Arkansas.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 14370, with Mr. NATCHER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Arkansas (Mr. MILLS) will be recognized for 4 hours, and the gentleman from Wisconsin (Mr. BYRNES) will be recognized for 4 hours.

The Chair at this time recognizes the gentleman from Arkansas (Mr. MILLS).

Mr. MILLS of Arkansas. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, before beginning my statement on the bill let me express the hope that it will not be necessary for us to consume the entire 8 hours of general debate. I do not want to drag the matter out, and I know the members of the committee would not wish to do so. Perhaps we can get through in less time than that; and I should like, if we can, for us to vote by 3 or 4 o'clock tomorrow afternoon. It will not be necessary for us to go late tonight in order to do that, I feel certain.

Mr. Chairman, as many of the Members know, I opposed the administration's proposal for revenue sharing on grounds and for reasons which I outlined in a statement to the Members of the House last January a year ago. If I were voting today on that original proposal, my views would be unchanged. I would still be opposed to it.

However, I advised then, and on many occasions after that, that mine was not a negative attitude but more directed to certain specific weaknesses which I thought I saw in the original proposal.

At no time have I ever been unmindful of the financial problems of many of our cities and towns and counties. Nor have I been unmindful of the fact that State governments themselves have been unable for reasons which all of us know and which are very apparent, to keep their revenues coming at a rate equal to the increases in the demands for services. Of course, that also has been a problem for the Federal Government.

I know of no proposition that the Committee on Ways and Means considered at greater length or in more detail than it has the fiscal problems of the cities, the towns, the counties, and the States.

Bear in mind we had over 100 public and private witnesses. Their testimony covered about 1,500 pages and fills about eight volumes of hearings. There was a great amount of written material submitted in addition to the oral statements of witnesses.

We spent about 35 days, as I recall it, in intensive executive session on this problem. As a result of these extensive deliberations over a period of almost 2 years, I think the committee turned out a bill which meets the needs of the State and local governments and at the same time

contains adequate safeguards to protect the interests of the Federal Government.

In saying this I know there is bound to be some feeling on the part of some that the bill might be improved in particular respects. Let me very frankly say to the membership of the committee—

POINT OF ORDER

Mr. HALL. Mr. Chairman, I raise a point of order about an excess number of committee clerks on the floor. I insist on my point of order, Mr. Chairman.

The CHAIRMAN (Mr. NATCHER). The gentleman insists on his point of order. As the Members will recall, recently the same point of order was made, and the Speaker of the House ruled that only four professional staff and the clerk of committees could be on the floor at the same time.

The rules of the House must be carried out. If there are more than four professional staff and the clerk on the floor they must retire.

Mr. MILLS of Arkansas. May I add to that, Mr. Chairman, on my own count there are, I think, six members of the staff, two on the minority side and four on the majority side.

JOHN, you keep your two, and we will keep two on our side.

The CHAIRMAN. There must be not more than four professional staff and the clerk on the floor at any one time.

Mr. BYRNES of Wisconsin. All right. That is fine.

Mr. MILLS of Arkansas. We will keep two on our side and you keep two on your side.

I do not know what Dr. HALL has in mind, but I am perfectly willing to abide by the rules of the House. I was not aware of that ruling.

You know, a great deal of individual knowledge is in the minds of the staff of the committees.

Mr. Chairman, I was about to say that the bill does not satisfy me in all respects. I offered suggestions that the majority of the committee saw fit not to adopt in three or four different respects, but I am not one of those, as may be some of you are, who feel that the distribution formula in the bill should be varied in some particular way or other and that it might make it more equitable if we did so.

Let me tell you why. We ran through computers every conceivable suggestion that could be made by any and all members of the committee for the distribution of these funds in a formula. Sometimes we would come up with an idea that we thought was almost perfect. But by the time we ran the suggested formula through the computer it did not do what its proponents thought it would do. So it was not a simple thing by any means.

I finally suggested to the members of the committee that we probably could work on it from the time that we concluded until Christmas of this year, and limit our sole consideration to the various formulas that we might think of, and we still would not be fully satisfied with the end result on Christmas Eve. So it gives you some idea of the magnitude of the work the committee did, the extent of the committee's consideration of these matters of formulas and the difficulty

that does exist in perfecting a formula that everybody would say treated his area equally or fairly by comparison with some other area.

Mr. Chairman, let me explain if I may the details of the bill, and then I will outline for you some of the considerations that prompted us to report the bill.

The bill provides for the distribution of \$5.3 billion to States and local governments beginning January 1, 1972. This is retroactive for 6 months. In the 4 succeeding years the level of benefits increases until the \$5.3 billion has increased by the fifth year to about \$6.5 billion. I will explain the reason for the increase later.

Of these funds, \$3.5 billion are made available to counties, cities, and other local governments, such as townships in the States where they perform governmental functions. An additional \$1.8 billion for 1972 is made available to State governments.

It is this \$1.8 billion which increases gradually over the next 4 years until it reaches a level in the fifth year of about \$3 billion.

And, Mr. Chairman, I am going to insert at this point, by permission of the House, a table which is taken from page 3 of the committee report.

TABLE 1.—ESTIMATED 1ST YEAR DISTRIBUTION OF FUNDS UNDER H.R. 14370, STATE AND LOCAL FISCAL ASSISTANCE ACT OF 1972, BY STATE¹

[Amounts in millions of dollars]

	State share	Local share	Total
United States, total.....	1,800.0	3,500.0	5,300.0
Alabama.....	14.9	65.2	80.1
Alaska.....	3.5	3.1	6.6
Arizona.....	14.0	32.1	46.1
Arkansas.....	8.0	30.4	38.4
California.....	241.1	369.7	610.8
Colorado.....	20.3	39.1	59.4
Connecticut.....	21.0	51.7	72.7
Delaware.....	7.8	9.5	17.3
District of Columbia.....	10.8	15.2	26.0
Florida.....	31.9	118.1	150.0
Georgia.....	28.3	75.1	103.4
Hawaii.....	13.2	12.7	25.9
Idaho.....	5.8	9.6	15.4
Illinois.....	105.1	196.6	301.7
Indiana.....	31.0	82.8	113.8
Iowa.....	26.2	41.6	67.8
Kansas.....	13.8	34.0	47.8
Kentucky.....	19.2	52.6	71.8
Louisiana.....	18.4	64.8	83.2
Maine.....	5.6	14.2	19.8
Maryland.....	50.1	67.4	117.5
Massachusetts.....	74.6	104.4	179.0
Michigan.....	91.0	152.7	243.7
Minnesota.....	51.7	62.4	114.1
Mississippi.....	10.1	35.9	46.0
Missouri.....	27.9	79.6	107.5
Montana.....	6.9	9.9	16.8
Nebraska.....	9.7	24.8	34.5
Nevada.....	3.7	8.5	12.2
New Hampshire.....	3.3	10.2	13.5
New Jersey.....	44.7	135.0	179.7
New Mexico.....	6.5	16.0	22.5
New York.....	317.4	332.2	649.6
North Carolina.....	36.3	76.8	113.1
North Dakota.....	3.6	8.4	12.0
Ohio.....	49.5	177.8	227.3
Oklahoma.....	11.4	41.4	52.8
Oregon.....	24.8	35.2	60.0
Pennsylvania.....	98.4	202.5	300.9
Rhode Island.....	7.8	18.0	25.8
South Carolina.....	14.3	43.5	57.8
South Dakota.....	3.7	9.8	13.5
Tennessee.....	14.3	65.0	79.3
Texas.....	46.2	202.0	248.2
Utah.....	8.8	20.2	29.0
Vermont.....	5.7	5.3	11.0
Virginia.....	38.3	77.3	115.6
Washington.....	20.9	58.2	79.1
West Virginia.....	10.0	26.4	36.4
Wisconsin.....	65.9	71.1	137.0
Wyoming.....	2.2	3.9	6.1

¹ These figures are shown on an annual rate basis. The first distribution is for a half year, Jan. 1, through June 30, 1972.

You can look at that table if you have a copy of the report because it shows the distribution among the States of both the funds going to the State governments and the funds going to the localities within the States. The distribution of funds going to localities by individual counties and municipalities is shown in a separate part 2 of the committee report. It was too voluminous, we thought, to include in the regular report in the normal manner of filing reports by the committee.

Let me deal first with the funds to be distributed to the local governments. The \$3.5 billion is distributed under various formulas which measure their need by taking into account their population, the extent of the urbanized area in a given locality, and the relative extent of poverty in the locality as is shown by the income levels of its residents relative to the income levels of residents of other localities.

The funds available in the first year and a half are distributed under formulas which generally give equal weight to those three factors. But in the remaining 3½ years—beginning on July 1, 1973—over which the bill operates the State legislatures are given the opportunity and the authority to modify substantially how the distribution formulas work within their areas so that the legislatures will retain the basic responsibility for meeting the problems of their localities.

In addition to those funds going to a State government for its own use are decreased if the State does not at least maintain its 1972 level of assistance to its localities.

The funds distributed to the local governments are available only for limited categories of expenditures. They are available for maintenance and operating expenditures for public safety, environmental protection, and public transportation. In addition, they may be used for capital expenditures for sewage collection and treatment, refuse disposal systems, and public transportation. These funds may not be used by a local government in any way which discriminates because of race, color, sex, or national origin.

Moreover, to prevent the Federal aid from constituting an undue proportion of the total revenue of the local government, the amount of that aid going to any particular local government cannot exceed 50 percent of its adjusted taxes plus intergovernmental grants other than those provided by this bill.

Let me turn to the distribution among the States of the \$1.8 billion which is available for their unrestricted use. This distribution also is made over a 5-year period. But, as I said earlier, the \$1.8 billion amount is increased by as much as \$300 million a year in each of the four subsequent years. By the fifth year, this means that these funds may reach an annual level of slightly over \$3 billion.

The funds going to the State governments are distributed on an incentive basis, a different type of formula. One-half is designed to encourage tax effort generally and one-half to encourage greater use of individual income taxes.

General tax effort is measured by comparing the State and local tax collections in a State relative to its personal income level, with a similar measurement of revenue effort in such States. In other words, if you come out with one State under this formula having made a greater tax effort than another State, then that first State would receive more as a result of having made that greater effort.

Income tax encouragement is provided by distributing an amount equal to one-half of 15 percent of the State's individual income tax collections. In no event, however, even if the State has no income tax, is the basic income tax amount to be less than one-half of 1 percent of the total Federal individual income tax liabilities within a State nor may the maximum amount exceed one-half of 6 percent of those Federal income tax liabilities.

In order to prevent a State which is raising its tax effort and tax collections from taking away from a State which is already making a maximum effort, the bill provides an increase in the \$1.8 billion of \$300 million annually after the first full year. This makes it unlikely that a State that was making a maximum effort in the first year will receive less money in the second year just because other States increased their tax effort.

Let me turn to a feature of the bill about which there seems to be no question or argument. Under the bill States are given the option to request Federal collection of their State individual income taxes under a piggyback arrangement whereby the State tax is collected in conjunction with the Federal tax. That will be a great timesaver for the local citizens of a State not to have to figure out two separate income tax returns and go through all the complications of the two. This piggyback collection of the State income taxes by the Federal Government is to be available for 1974 and later years, but only after five or more States, representing 5 percent or more of individual income tax returns, request the Federal Government to collect the taxes for them. There is nothing compulsory about it. The State has to voluntarily request that the Federal Government do this.

I believe what I have just told you in a general way outlines how the bill works. Let me set out for you the reasons why I believe the legislation is needed at the present time.

First, let me turn to the problems of the local governments, and I might add that it was primarily their problems that finally led me to the conclusion that some kind of fiscal assistance must be provided. In the committee, our study led us to the conclusion that many localities really face very severe financial problems. In many instances, we became convinced on the basis of our own personal knowledge of the situation that a lot of these cities, a lot of these local units of government, were tottering on the brink of actual fiscal bankruptcy in their own operations. When it became apparent that in cities where crime is one of the major problems, that the city governments were having to cut

back on their police forces, on their fire departments, on their sanitation officers, and when it became apparent to us that the cities were not in a position to put funds into programs that were highly needed within the cities to carry out the economic and the social responsibilities of city government, I think all of us became aware that there was a need for some degree of assistance being extended to these local levels of government.

A major reason for the problems is the substantial increase in urbanization that has occurred in recent years. In 1950 slightly over 45 percent of our population lived in what are called urbanization causes the need for local government services to rise in a geometric ratio. Cost of services, particularly services such as police, fire protection, sewage, refuse disposal, and other forms of environmental protection, and public transportation, rise disproportionately as people have come into closer and closer proximity to each other. The need for these and other services has placed very great financial strains, as I said, on many of these local governmental units.

Closely related to the problems of urbanization is the problem arising from a limited jurisdiction of many local governments. Many of them are called upon to provide services for persons who do not live in their taxing jurisdiction. At the same time those within their taxing jurisdictions are often poor and unable to pay their share of the cost of services that they must receive. This problem is probably most aptly illustrated by, although it is by no means limited to, the many core cities whose financial problems are particularly acute. The flight of the middle-income people and the higher income people to the suburbs has left cities with the financial burdens of providing for those outside their boundaries as well as large numbers of relatively low income people living within the cities who are, as I say, able to pay only a small share of the costs of government services—even those extended to them.

These problems of urbanization and of limited tax jurisdictions are compounded by the twin problems of rising costs resulting from inflation and the lower than normal increases in revenues because of the stagnant conditions of the economy. The inflation we have experienced since 1966 has added about one-third to the cost of State and local government services.

Despite these difficult problems, State and local governments in the past have tried, and in large part have succeeded, in meeting their increased expenditures by increasing taxes. Between 1955 and 1970, for example, State and local government revenues rose from \$31 billion to \$131 billion, and during this period their tax revenues alone more than tripled. But as these costs continue to rise, many of the local governments are having increasing problems in raising still further revenues.

It was because of the problems that I just outlined that the bill in distributing the funds to local governments has done so on the basis of the factors I just mentioned, namely population, urbanization, and relative poverty levels as measured

by the incomes of the residents of the localities.

We also selected the lists of the high priority items on which local governments will be required to spend their grants with two objectives in mind. The first objective was to select expenditure items which are essential for the well-being of the local communities and enjoy what we think are high or top priorities. I think anyone who examines the list of these items in the bill—items which include expenditures for public safety, environmental protection, and public transportation—can have little doubt that these classes of expenditures are essential ones and of high priority need.

A second objective was to confine high priority to a relatively small number of categories in order to concentrate the grant funds on particular types of expenditures in sufficient amounts to accomplish significant results. Bear in mind that the amount of money made available here in relation to the total of expenditures of the State and local governments is really, I must admit, very small. So if it is going to be a small amount of money, we thought we would accomplish more in concentrating the expenditure of that money in these limited areas, rather than allowing it to be spent over 20 or 25 types of expenditures.

At this point, because there has been considerable misunderstanding on the subject, I want to explain why educational expenditures are not included in the list of high-priority items for which these moneys can be spent. The reason for this is not that we failed to recognize the vital importance of education. Education expenditures are thought to occupy a very high priority by Members of the House. Certainly I share that view. Rather, it is due to the recognition that other Federal programs have been designed to provide very substantial assistance to local governments for educational purposes.

There is an additional reason. If they had been included in the bill, there would be considerable danger that even a \$3½ billion annual grant to local governments would be spread so thin that it would not be effective in accomplishing its purpose. Finally, there is the fact that some general purpose local governments such as cities, administer their own educational systems while in other cases there are independent school districts which perform this function. This introduces complexities which we thought made it impractical to include educational expenses in a way which would secure equitable results across the board.

The problems as I have described them so far are primarily those of local governments.

The problems of the State governments appeared to the committee, and certainly they appeared to me, to be less severe. This is one reason why the bill initially distributes about two-thirds of the funds to the localities and one-third of the funds to the States.

The problems of the States also seemed to be, at least to me, of a different nature. In the case of States, the primary dif-

ficulty seems to be that of making adequate use of possible tax sources. In particular, this is because in the past they have depended heavily on property and sales taxes which is not as flexible a source of revenue as the Federal income tax. In part, this also is because the States' financial problems have increased as they helped their local governments meet their increasing financial needs.

In addition, some of the States have not made effective use of the revenue sources available to them. This is suggested by the substantial variations on the tax effort of various States. For example, if all States and their localities had made the same revenue effort as was made in 1969 by the average of the 10 States having the highest revenue effort, State and local governments would have raised \$18.6 billion more in revenue than they did. This suggested to your committee the desirability of encouraging revenue effort on the part of the States. In other words, we concluded the best thing we could do for the States was to help the States help themselves.

Some of the committee wanted to encourage a State income tax—a majority of the members. I had a different viewpoint, but I did not prevail. I wanted to look solely at the total of the revenues raised by the State in determining the States' revenue effort, but a majority of the members of the committee felt that heavy reliance on the income tax was the preferable system of taxation for States as well as the Federal Government. They felt that the States should be encouraged to make greater use of individual income taxes.

I have questioned whether we should put our sole reliance on encouraging the States to increase their income taxes. These differing views resulted in a compromise. This is better than the bill I introduced in this respect. In this respect in my view this bill before us is not quite as good a formula as one based entirely on tax collections generally. However, I am satisfied to go along with it. I would think it is perhaps the best we could do. The compromise we adopted gave the States half of what they receive, \$900 million, on the basis of the total tax effort, and the other half they receive, the other \$900 million, on the basis of their income tax collections.

However, we do say, if the State has no income tax, that we will give it not less under this formula than one-half of 1 percent of what the Federal Government takes from the residents of that State from the individual income tax collections so you will not be left out of even this half of the formula as a result of not having an income tax.

Then we say to the States that have income taxes, even though this half of the formula generally is based on one-half of 15 percent of income tax collections, we will never let you have more under this one-half than an amount equal to one-half of 6 percent of the Federal individual income tax take from the citizens of your State.

Some of the committee wanted to encourage State income tax effort specifically and others of us preferred encouraging general tax effort without empha-

sizing any particular source of revenue. We balanced these two different points of view by the formula in the bill which distributes half of the funds to the States on the basis of general revenue effort and one-half on the basis of income tax effort.

We in the committee, of course, recognized that the Federal Government has severe substantial financial problems too. The Federal Government's financial problems are all too clearly demonstrated by the large deficits we have recently experienced and are continuing to experience. The Treasury now expects the deficit for the fiscal year 1972 to be about \$26 billion and the deficit in 1973 to be about \$27 billion. I expect the deficit for the fiscal year 1972 to be nearer \$25 billion but I fear the deficit for 1973 will be substantially above \$30 billion.

Certainly, our committee as much as anyone in the Congress, believes that steps need to be taken to improve the Federal budget position. We do not believe, however, that the problems of these large deficits by themselves should preclude Federal fiscal assistance to State and local governments. In view of this vital need, to deny this assistance to State and local governments while the Congress continues other present expenditures implies that this assistance has a lower priority than all other forms of Federal spending. This is a position we cannot accept. We are convinced that the Federal assistance provided by this bill represents one of the Nation's most vital needs. As a result, even though the Federal budget is in a large deficit position—and as undesirable as this clearly is—we do not believe that this represents a justification for deferring State and local fiscal assistance any more than it is a reason for deferring any other vital needs.

I know that there has been some criticism of this legislation on the ground that it helps the wealthy States more than the poorer States. In the form in which this argument is generally presented, it usually rests on figures showing that the per capita grants to the poorer States—that is, the States where per capita income is relatively low—are smaller than the per capita grants to the wealthy States. I want to make clear, however, that this argument rests on a misunderstanding of the objectives of the bill.

For one thing, this argument does not take into consideration the fact that the wealthy States generally pay a relatively larger share of the Federal income tax while the poorer States pay a relatively smaller share of this tax. In evaluating the distributive effects, it is important to take into consideration not only the grants themselves but also the Federal income taxes that are collected to pay for these grants. When both the grants and Federal income taxes are taken into consideration, the net effect is to aid the poorer States.

For example, the States of Alabama, Mississippi, and Tennessee are three States with per capita incomes in the lower third of all the States. The local governments in Alabama will get 1.86

percent of the total local grants, although Alabama accounts for only 1.04 percent of Federal individual income taxes. Similarly, local governments in Mississippi will get 1.03 percent of the total grants for local governments while Mississippi accounts for 0.47 percent of all Federal individual income taxes. And local governments in Tennessee will receive 1.86 percent of the total grants to local governments while Tennessee contributes 1.41 percent of total Federal individual income taxes.

For the wealthy States, the reverse situation is true—the share of the total aid provided to their local governments is less than the share of the total Federal individual income taxes that these States provide. Local governments in New York, for example, get 9.49 percent of the total aid for local governments, but New York State accounts for 11.34 percent of the Federal individual income taxes. Similar figures could be presented for other wealthy States such as California, Connecticut, and New Jersey showing that they pay a larger share of Federal income taxes than the share of the total grants to local governments that would be provided to their local governments under the bill.

I would like to insert at this point in the RECORD a table which shows for all States the local share per \$100 distributed to the local governments under this bill and also the individual income tax the same State contributes toward the raising of each \$100 of income tax required to finance this bill. You will notice that in almost all cases, those States where the local share received is high also have made a large contribution toward the revenues required by this bill. Similarly, those who receive a smaller share in virtually all cases made a small contribution toward the revenue required by this bill. The consistency in this regard as shown in this table is quite striking.

REDISTRIBUTION UNDER \$3,500,000,000 LOCAL SHARE OF H.R. 14370: COMPARISON OF LOCAL SHARE PER \$100 OF LOCAL DISTRIBUTION AND FEDERAL INDIVIDUAL INCOME TAX PAID BY STATE'S RESIDENTS PER \$100 OF FEDERAL INDIVIDUAL INCOME TAX

	Per capita income rank	Local share per \$100	Tax ¹
Alabama.....	3	\$1.86	\$1.04
Alaska.....	1	.09	.17
Arizona.....	2	.92	.72
Arkansas.....	3	.87	.52
California.....	1	10.56	10.83
Colorado.....	1	1.12	.96
Connecticut.....	1	1.48	2.38
Delaware.....	1	.27	.34
District of Columbia.....	1	.44	.44
Florida.....	2	3.37	3.05
Georgia.....	2	2.15	1.78
Hawaii.....	1	.36	.40
Idaho.....	3	.28	.22
Illinois.....	1	5.62	7.08
Indiana.....	2	2.36	2.51
Iowa.....	2	1.19	1.14
Kansas.....	2	.97	.92
Kentucky.....	3	1.50	1.08
Louisiana.....	3	1.85	1.21
Maine.....	3	.41	.36
Maryland.....	1	1.93	2.36
Massachusetts.....	1	2.98	3.27
Michigan.....	1	4.36	5.0
Minnesota.....	2	1.78	1.6
Mississippi.....	3	1.03	.4
Missouri.....	2	2.28	2.1
Montana.....	3	.28	.2

	Per capita income rank	Local share per \$100	Tax ¹
Nebraska.....	2	\$0.71	\$0.61
Nevada.....	1	.24	.35
New Hampshire.....	2	.29	.33
New Jersey.....	1	3.85	4.50
New Mexico.....	3	.46	.32
New York.....	1	9.49	11.34
North Carolina.....	3	2.19	1.73
North Dakota.....	3	.24	.18
Ohio.....	1	5.08	5.75
Oklahoma.....	3	1.18	.93
Oregon.....	2	1.01	.95
Pennsylvania.....	1	5.79	5.98
Rhode Island.....	2	.52	.45
South Carolina.....	3	1.24	.76
South Dakota.....	3	.28	.19
Tennessee.....	3	1.86	1.41
Texas.....	2	5.77	4.79
Utah.....	3	.58	.35
Vermont.....	2	.15	.17
Virginia.....	2	2.21	2.08
Washington.....	1	1.66	1.78
West Virginia.....	3	.75	.61
Wisconsin.....	2	2.03	1.97
Wyoming.....	2	.11	.14

¹ Tax contributed per \$100 of Federal individual income taxes.

In addition, I want to emphasize that so far as the grants to the States are concerned, looking at the distributive effects in terms of per capita income misses the point. The objective of these grants, as I have indicated, is to encourage the States to help themselves by raising adequate tax revenue for their needs. This is the reason why the grants to the States are based on their tax revenues. I might add that in this respect the bill very closely resembles the proposal made by my good friend JOHN BYRNES to aid the States by allowing individuals to credit their State income taxes against their Federal income taxes. However, I believe that the provision in the bill is superior to his proposal because it funnels the aid directly to the State governments.

Moreover, I would like to emphasize that this bill will make an important contribution toward a more equitable tax system. The Federal tax system generally is acknowledged to conform more closely than State and local tax systems to the principle of ability to pay, inasmuch as the Federal tax system relies heavily on income taxes while the State and local taxes consist mainly of sales and property taxes. Accordingly, the \$3.5 billion of annual grants that will be provided to local governments for high-priority items under the bill will be financed in an equitable manner. In this respect, the grants will aid homeowners who are already subject to heavy property taxes by siphoning off some part of the pressure for increased property taxes.

Finally, I would like to emphasize that while this bill agrees with the concept of revenue sharing in that it distributes funds to State and local governments, there are a series of differences between the fiscal assistance provided by this bill and the revenue-sharing proposal initially presented to us which in my mind are absolutely fundamental.

First, the bill provides for the distribution of specific dollar amounts of fiscal assistance rather than any percentage of Federal revenues. This gives us assurance that the Federal Government in approving this bill will not be adding an

ever-increasing and uncontrollable expenditure category to the budget.

Second, this bill provides the fiscal assistance for a limited 5-year period. This gives assurance of the review of the financial problems of State and local governments after a period of time. As a result, changes can be made in this program as the need develops. To whatever extent we find that this need is not essential in the future, this means that we can cut down the program or possibly even eliminate it. This 5-year program, however, gives assurance that during the current period when, because of the economic situation and other problems, the need for this assistance may well be at a peak level, it will be available.

Third, under this bill, the Federal Government—which is the Government raising the revenues—provides controls on how the local governments will spend the funds distributed to them. They can spend these funds only for generally recognized national high-priority objectives—public safety, environmental and sanitary protections and public transportation. At the same time, there is enough flexibility in how the funds may be spent by the local governments to avoid the defects of the categorical aid programs.

Fourth, the funds made available to State governments are designed to encourage them to expand their revenue efforts—either by the use of revenue sources generally or specifically by State income taxes. In other words, the bill helps the States to help themselves.

This has not been an easy bill for the committee to work out. There were so many different considerations to be taken into account that it was difficult to reach a consensus. Moreover, probably none of us is completely satisfied with every aspect of this bill. We have tried carefully, however, over an extended period of time, to weigh the different considerations and reach as good a balance in dealing with the various problems as possible. I think that this bill achieves such a balance. It will provide urgently needed assistance to State and local governments and at the same time avoids the defects of prior proposals. It is a bill which merits your support and I urge you to adopt it.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. MILLS of Arkansas. Mr. Chairman, I yield myself 1 additional minute to answer questions.

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

Mr. MILLS of Arkansas. I will be glad to yield to the distinguished gentleman from Missouri.

Mr. HALL. Mr. Chairman, I have appreciated and listened intently to my colleague and neighbor from the South's explanation of this bill. At one point in his first explanation of the objectives I believe he referred to the investigations of the committee and said they were concerned, as I would paraphrase it, lest essential services be dispensed with in municipalities or States because of near bankruptcy.

Mr. MILLS of Arkansas. This is the

local governments and not the States now.

Mr. HALL. Local governments. In both local governments and municipalities or whatever we call the basic levels of government, the States do and, of course, so do the counties and municipalities have laws against exceeding a debt limit, and by and large they do not. Does the gentleman believe by the greatest stretch of his imagination that we are other than bankrupt in this generation, as a nation?

Mr. MILLS of Arkansas. Let me say I think the gentleman's State has a constitutional amendment that prohibits the State from going in debt. My own State requires the legislature to have to raise taxes to cover their expenditures.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MILLS of Arkansas. Mr. Chairman, I yield myself 1 additional minute.

The gentleman's question goes to a point that does concern me.

Mr. HALL. It goes to a point, if the gentleman will yield further, that concerns many of us and about which we have heard nothing in all of the general statements thus far.

Then I have one further followup question, if the gentleman will take sufficient time.

Mr. MILLS of Arkansas. I do want to answer your question. There is no question about the validity of the gentleman's concern about the level of Government spending.

Mr. BUCHANAN. Mr. Chairman, I make the point of order that a quorum is not present.

Mr. Chairman, I withhold my point of order temporarily.

Mr. MILLS of Arkansas. I am concerned about it, too, because the Federal Government is expected to spend substantially more in 1973 than we are spending in fiscal year 1972. Certainly we must reduce expenditures or at least hold down the increase in expenditures. But this should not mean that the expenditures provided by this bill are the expenditures which should be cut. It gets down to the question shall we because of need to hold down spending say that all of the other moneys that we propose to spend for 1973, just because they are in existing programs, are being spent on programs that occupy a higher need or a higher priority than this? I cannot conclude that. Frankly, I cannot say that moneys that we are spending outside of the United States to maintain the political and financial sovereignty and integrity of countries scattered throughout the world are more important than maintaining the fiscal integrity of our own cities and counties and States. I cannot say that.

Mr. HALL. I have heard many make a similar statement and I concur in it so far as foreign aid, World Bank, undeclared war, and so forth are concerned, and have so voted.

My other basic question to the gentleman will be—

Mr. BUCHANAN. Mr. Chairman, I will not withhold further.

I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

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Fifty-two Members are present, not a quorum. The Clerk will call the roll.

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

[Roll No. 215]

Abernethy	Evans, Colo.	Mosher
Abourezk	Foley	O'Hara
Addabbo	Fulton	Pelly
Alexander	Gallagher	Podell
Anderson,	Gallagher	Pryor, Ark.
Tenn.	Gettys	Pucinski
Ashley	Gray	Rees
Aspin	Hagan	Riegle
Blanton	Hanna	Rooney, N.Y.
Carey, N.Y.	Hansen,	Rosenthal
Carney	Wash.	Ryan
Celler	Hébert	St Germain
Chisholm	Hogan	Scheuer
Clark	Holifield	Schmitz
Clay	Hosmer	Sikes
Conyers	Jonas	Smith, Calif.
Culver	Keith	Stephens
Davis, S.C.	Kuykendall	Thompson,
Delaney	McCormack	N.J.
Dowdy	McDonald,	Wyatt
Dwyer	Mich.	Yatron
Erlenborn	Madden	
Esch	Metcalfe	

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. NATCHER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 14370, and finding itself without a quorum, he had directed the roll to be called, when 369 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. At the time the Committee rose, the time of the gentleman from Arkansas (Mr. MILLS) had expired. The gentleman has consumed 35 minutes.

Mr. MILLS of Arkansas. Mr. Chairman, I yield myself an additional minute in order to yield further to the gentleman from Missouri.

Mr. HALL. Mr. Chairman, I appreciate the distinguished gentleman yielding.

Having established that we have no source of revenue from which to refund this mythical largesse to the various States and localities; my basic second question is, if we are to have a new form of tax bill—why not leave the money in the communities or States in the first place rather than bringing it here where notoriously the inefficient Federal personnel inexorably use too much of it for administrative purposes before sending it back to the needy States and communities.

Mr. MILLS of Arkansas. Of course it should be understood that this bill involves very little administrative expense at the Federal level since the funds are paid out under formulas set in the bill. One way which was considered which would not bring the funds to Washington for distribution was to provide a tax credit against the Federal income tax for State income taxes. This, of course, would reduce our own taxes on individuals.

That would work in the 40 States where they have income taxes. If the State legislatures were willing they could pick up this amount which is given back to the individual taxpayers by increasing the State's income tax on them.

But in the 10 States where they do

not have an income tax, I do not see how they could get any advantage through such a credit. Also I do not think most of us would want all of the funds returned entirely on this basis.

Mr. HALL. So we bow to the will of those who themselves by popular vote decide not to, and do it for them? It is just that simple.

Mr. MILLS of Arkansas. As a matter of fact, if we are to help all the States, we are caught in the situation where we cannot do it by using a tax credit for State income taxes since not all of the 50 States have State income taxes.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman.

Mr. BYRNES of Wisconsin. Could the chairman give the Members an idea of what the intention is with respect to the proceedings on this bill, and ask permission for those Members who desire to do so to extend their own remarks in the RECORD.

Mr. MILLS of Arkansas. I thank my friend for reminding me to do that.

Let me say first that we have discussed the matter with the leadership on the gentleman's side and on this side also, and also with the gentleman, and we would like to carry on the debate tonight beyond 6:30 or 7 o'clock or somewhere in that neighborhood in the hope that we can get through with most of the debate, if not all of it, because we have to bear in mind that there are two appropriation bills that are unfinished. I do not know what the leadership plans to do about the rest of the weekend, but that will give us a pretty good day for Thursday, if we dispose of this bill and the other two appropriation bills.

Mr. ARENDS. Is it not possible that we might come in a little bit earlier tomorrow?

Mr. MILLS of Arkansas. That is not within my jurisdiction or at least it is not within the purview of the Committee on Ways and Means.

GENERAL LEAVE

Mr. MILLS of Arkansas. Mr. Chairman, I ask unanimous consent that all Members desiring to extend their own remarks on the bill presently being considered may be permitted to do so.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I think it has to be recognized that the vote on this bill, as far as the House is concerned, was pretty well decided with the adoption of the rule. I am not going to try to kid myself that anything I might say is going to change that situation. I think it ought to be made clear, though, that the principal reason for supporting this bill has been somewhat ignored. It has been somewhat ignored by the chairman of the committee in his discussion of what the bill contains.

This principal reason to which I refer is the appetite of the Governors and mayors, State legislators, city council-

men, and county board members. Their appetite has been whetted for some free money, or new money, from Washington that they can spend as they see fit. Frankly, I cannot blame them too much.

We all know that demands are constantly being made on them for additional services, yet the people are not willing to bear the taxes that those services will cost. And so they are caught in a bind. They apparently envision a "Santa Claus" in Washington saying, "We will send you \$30 billion in the next 5 years, and you will be able to take care of some of those requests for services, and you won't have to try to find any way to finance them."

That is a pretty good deal, so I am not criticizing the Governors and the mayors for taking that attitude, even though I must say that it is a pretty selfish one if balanced against the needs and interests of the country. But this is an election year, and it is nice to go home and have the Governor say, "I am with you because you sent me this check from Washington." Or you go to the mayor, and the mayor says, "I am all for you because you sent me a check." I think, frankly, that this reason for supporting the legislation is stronger than any substantive one related to the merits of the bill.

Mr. HALL. Mr. Chairman, will the gentleman yield on that point?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Missouri.

Mr. HALL. Does the gentleman feel that these selfsame mayors and Governors will be in just as strong support next year and the next Congress that we are encumbering, when we have to raise revenue in order to pay out this \$30 billion?

Mr. BYRNES of Wisconsin. They will not show up on the scene at that time, since they are asking Congress to assume the painful duty of imposing the tax burden necessary to finance their benefits. But if this becomes law they are going to be back in the very near future. They are using the tremendous political cloak they have demonstrated today to increase the amount of assistance that this bill provides. This bill is just the beginning, as testimony before the committee demonstrated. Governor Rockefeller, speaking for the National Governors' Conference said \$10 billion "is absolutely essential." Mayor Gribbs of Detroit, appearing for the U.S. Conference of Mayors, in effect agreed when he stated:

We feel it should be at the level of \$10 billion to meet our needs but that does not mean we would not be pleased to have you pass it at \$5 or \$6 billion.

Pleased, but not satisfied.

I would suggest that they are never going to be satisfied. Once we start down this road of financing the general governmental responsibilities of States and localities, the Federal allocation is going to become a line item of revenue in State and local budgets. As they total up their expenditures, and their revenues, if they find a deficit, they will put in a line to balance it out, saying "We are working in Washington to get this additional amount."

I think anybody who looks at it in a different way is just blinding himself to the true facts of the situation.

I am not going to go through all the arguments against this legislation. I would hope that those Members who are interested in a discussion of the problems involved, and the reasons why some of us think this is a most serious step in the wrong direction, would read the dissenting views that appear in the committee report on pages 88 through 109. When we get into the House, Mr. Chairman, I will ask for permission to include that discussion at the end of my remarks.

Let me emphasize some of the high points now. The President has called this a historic piece of legislation. Others have referred to it in a similar manner. I agree thoroughly. This bill would have long-range adverse effects upon our system of government, the relationship of the Federal Government to the States, the responsibilities of local government, and governmental responsibility generally. I sincerely believe we will regret the day that we start down the road built by this particular piece of legislation.

The bill, in my judgment, is wrong in principle. Once the Federal Government assumes the responsibility of raising the money local governments spend to provide basic services from garbage collection to police protection, we will have completely altered the governmental relationships underlying the success of our pluralistic system.

Mr. JACOBS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Indiana.

Mr. JACOBS. Mr. Chairman, I commend the gentleman for his statement. I support him 100 percent. I believe this legislation, if passed, will go down in history as the biggest blank check for irresponsibility that this Congress ever passed.

I commend the gentleman.

Mr. BYRNES of Wisconsin. Mr. Chairman, I thank the gentleman from Indiana.

Mr. Chairman, let me point out again to the Members of this House the chain of events we are starting here. I sympathize with the problems of our Governors and mayors, because I realize the great demand that is put upon them by their people for additional or expanded governmental services. We see those same demands here. I think there is some restraint today, however, on meeting all of those demands by reason of the fact that somewhere, some time, somehow, money generally has to be raised in order to pay the costs of those services if they are rendered.

Local governments in many cases simply tell the people, "There is the alternative; if we are going to have the services we have to have the increased taxes."

We do not enjoy that same situation here in the Congress, because we have the capacity to borrow, which has led us into a situation where we do not ask ourselves in connection with an additional service, "Are we going to raise taxes?"

For instance, under this bill, we would appropriate and expend \$30 billion despite the fact that we will be going \$100 billion further into debt over just a 3-year span. We would add new services

with the recognition that we will go out and borrow.

Although there is some restraint at the local level today, what is going to happen after the Federal Government assumes responsibility for financing the general costs of local government? A group will come into the mayor and say, "We need this new service; it would be very desirable." He will say, "I think it is desirable, too, and I will do it, if we can only get the money. So if you will get our Congressman to increase the amount of revenue sharing, so that we will get some additional money back here, then we can have that additional service." So, in the future, rest the responsibility for the denial of any service that the people might want will rest on Congress doorstep.

The Congress of the United States will be held responsible, because the Congress is going to be raising the money. Make no mistake about it.

I believe that is going to mean the downfall of the restraint which exists in keeping our fiscal house in order and having a government responsible to the people.

We talk of this as aiding decentralization of government. How blind can we be? By making our States and localities more and more dependent upon Washington, we are centralizing government.

As Jenkin Lloyd Jones said, "Centralization is that device by which the taxpayer's normal prudence is overcome by his greed." Revenue sharing is the most invidious type of centralization. It centralizes the burden of taxes and decentralizes the dispensation of benefits. It makes the benefits immediate and the burden remote.

That is the road on which we embark as we get into Federal Government financing of the general operations of State and local governments.

Let me speak briefly about some other claims that have been made for this legislation.

One is that it is going to reduce local taxes, it is going to reduce the burden on those who pay property taxes. How far-fetched can we be in the rationalizations that we make?

In the first place, let us recognize that education consumes 43 percent of local budgets and 95 percent of the local tax revenue for education is derived from property taxes.

What does this bill do in the area of education? On the surface it says to local governments, "You cannot spend any of the aid we are giving you in this bill on education. You have to limit it to certain high-priority items, and education is not one of them." So how can anybody suggest this is going to really have any effect on local property taxes?

In fact, the "free money" revenue sharing provides may actually result in a proliferation of expensive programs, ultimately requiring even greater taxes at levels of government. Let me, in this regard quote from a highly respected columnist and student of government in Wisconsin, who recently wrote:

Yet all the lessons of modern political history show that availability of free money generates new programs, new services, and

new pressures for higher budgets. To the extent that such infusions will tempt local governments to enlarge their budgets, the pressure will grow for more and more billions from the national treasury in future years.

Municipal officers are politicians and are obliged to support the idea of free money from Washington. Yet their own training in arithmetic must caution them about the futility of sharing federal revenues that are already many billions of dollars short and that the biggest federal deficit in history impends.

Mr. HALL. Mr. Chairman, will the gentleman yield to me?

Mr. BYRNES of Wisconsin. I yield to the gentleman.

Mr. HALL. I appreciate the gentleman yielding.

I think he is making one of the outstanding statements of the century pertaining to this landmark bill. We are discussing an appropriation without revenue for \$31 billion.

Therefore, Mr. Chairman, I make the point of order that a quorum is not present. I want them to hear this.

The CHAIRMAN. The gentleman from Missouri makes the point of order that a quorum is not present. The Chair will count.

Forty-eight Members are present, not a quorum. The Clerk will call the roll.

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

[Roll No. 216]

Abernethy	Ford,	Pelly
Abourezk	William D.	Pepper
Alexander	Galifianakis	Pike
Anderson,	Gallagher	Poff
Tenn.	Gray	Pryor, Ark.
Blanton	Hagan	Rooney, N.Y.
Brasco	Hays	Ryan
Broomfield	Hébert	Scheuer
Buchanan	Hogan	Schmitz
Byrne, Pa.	Horton	Scott
Celler	Hosmer	Smith, Calif.
Chisholm	Jarman	Steiger, Ariz.
Clark	Kluczynski	Stephens
Clay	McCormack	Stokes
Coughlin	McDade	Teague, Tex.
Davis, S.C.	McDonald,	Thompson,
Deaney	Mich.	N.J.
Dingell	McMillan	Tiernan
Dowdy	Madden	Waldie
Erlenborn	Metcalfe	Whitehurst
Esch	Miller, Calif.	Widnall
Evans, Colo.	Monagan	Winn
Evins, Tenn.	O'Hara	Wyatt
	Passman	Yatron

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. NATCHER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 14370, and finding itself without a quorum, he had directed the roll to be called, when 365 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from Wisconsin (Mr. BYRNES) has 2 minutes remaining.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield myself 10 additional minutes.

Mr. Chairman, before the quorum call was made, I was responding to the argument that this bill will have the effect of reducing property taxes at the local level. That is simply wishful thinking.

No assistance is provided for education, to which a large proportion of the property taxes are attributable. The bill is simply an invitation to spend money and expand services at the State and local level.

Another argument made is that the bill will improve relationships between the Federal Government and our States and localities and that we will have a new partnership. It is alleged that the bill will diminish categorical grants, and the redtape associated with these programs.

Mr. Chairman, let us first recognize that we will be providing Federal aid through categorical grants to State and local governments totaling \$38 billion in fiscal 1973. But this program is not a substitute for any of the categorical grant-in-aid programs. It does not convert any of these programs into general revenue sharing or bloc grants. This program simply piles still another tier on the existing mess. This bill will not alter the structure nor diminish the magnitude of these existing programs.

All we have to do is to look at the legislation pending in this Congress for enlarging categorical grants. Look at the appropriation we recently approved for education. The House added more than \$1 billion over the amount proposed in the budget for that purpose.

When a Congressman or Senator or the President of the United States identifies a public problem that needs solution, the Federal Government will not stand idly by expecting the States to assume full responsibility. Politicians at the national level will want credit for resolving problems.

This is particularly true when the problem is of broad concern to the Nation. In our dynamic society, change is a continuing phenomenon, and the by-products of technological progress often require cooperative governmental programs in attacking specific problems. This is true in the environmental field, as the emphasis on ecology in recent years demonstrates, and as the \$24.6 billion, 5-year water pollution bill that recently passed the House also demonstrates. Let us be honest and admit that our constituents expect us to develop solutions to these problems as they arise, and that as politicians we will want to respond. We are simply deluding ourselves and the American people by contending that this bill is in any way related to the categorical grant-in-aid programs.

The real way to attack the defects in the categorical grant-in-aid programs is through structural reform, through "special revenue sharing" or bloc grants as the President recognized in proposing his special revenue sharing programs. Let us get on with that important task instead of enacting an entirely new and potentially more expensive and harmful program.

This program is potentially more harmful, because sooner or later, "strings" or conditions will be attached to these grants. In the affairs of Government, human nature tells us that he who pays the piper calls the tune. If the money is going to come from Washing-

ton, sooner or later Washington is going to say how the money is to be spent and under what conditions.

Mr. GIBBONS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman.

Mr. GIBBONS. Mr. Chairman, I appreciate the gentleman from Wisconsin yielding to me.

The gentleman is making a very intelligent and a very important statement. I want to pay tribute to the gentleman who is the ranking minority member of the committee. When the gentleman retires, I shall certainly miss his service here and I know the Nation will miss the gentleman's service.

What the gentleman was saying a while ago about this program not discouraging categorical grants gives pause for reflection.

Is it not true that the States and localities can directly or indirectly use the \$5 to \$6 billion dollars of annual aid under this bill as matching money in applying for assistance in the categorical grant programs, getting ourselves into a cycle of having them want more and more and more?

Mr. BYRNES of Wisconsin. I appreciate the gentleman's remarks, and I think he is correct. The committee did pay lip service to preventing this result, but no effective means of implementing this desire was found.

The bill purports to tell local units of government that they must spend this money in three basic categories. You will notice there is no maintenance of effort required. Let me tell you what any community could do, by using my community of Green Bay, Wis., as an illustration. Under this bill Green Bay would get \$1.3 million annually. Green Bay's budget for its police department is \$1.7 million. Its budget for the fire department is \$1.9 million. Under the bill it could take that \$1.3 million and finance all except \$400,000 of its police department. The \$1.3 million that it would otherwise have budgeted from normal revenue for the police department then becomes available to spend in any way Green Bay wants—including using some of the money to match categorical grants in aid.

The cycle the gentleman described exists under this bill, because when the subterfuge is removed from the bill it is "no strings attached" general revenue sharing not in substance different from the administration's proposal. While some improvements have been made, this is in essential concepts and philosophy the administration proposal.

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

Mr. BYRNES of Wisconsin. I yield to the gentleman from Iowa.

Mr. GROSS. I thank the gentleman for yielding and commend him for his statement. I am sure the gentleman from Wisconsin heard the opening remarks of the gentleman from Pennsylvania, Mr. Flood, in connection with the Labor, Health, Education, and Welfare appropriation bill only last Wednesday or Thursday, during general debate, when he said that in that bill alone there was

more than \$13 billion for grants to the various States.

Mr. BYRNES of Wisconsin. That is the point I make. We are getting to the point of the ridiculous.

Mr. MOSS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Eighty Members are present, not a quorum.

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

[Roll No. 217]

Abernethy	Evins, Tenn.	Passman
Abourezk	Findley	Pelly
Abzug	Fish	Pepper
Alexander	Fraser	Poff
Anderson	Fulton	Powell
Tenn.	Galliganakis	Pryor, Ark.
Ashley	Gallagher	Rangel
Badillo	Hagan	Rees
Barrett	Hanna	Reid
Bingham	Hansen, Wash.	Rooney, N.Y.
Blanton	Harsha	Rosenthal
Boland	Hébert	Ryan
Bolling	Hogan	St Germain
Brademas	Hollifield	Satterfield
Broomfield	Hosmer	Scheuer
Burton	Jacobs	Schmitz
Byrne, Pa.	Jonas	Seiberling
Cabell	Jones, Ala.	Sikes
Carey, N.Y.	Karth	Slack
Celler	Koch	Smith, Calif.
Chisholm	Kuykendall	Springer
Clark	Leggett	Staggers
Clay	Long, Md.	Stokes
Conte	McCormack	Teague, Calif.
Conyers	McDonald,	Teague, Tex.
Davis, S.C.	Mich.	Thompson, N.J.
Delaney	Madden	Udall
Denholm	Metcalfe	Van Deerlin
Diggs	Miller, Calif.	Vigorito
Dingell	Mitchell	Waldie
Dowdy	Mollohan	Wiggins
Dwyer	Moorhead	Wilson,
Eckhardt	Mosher	Charles H.
Edwards, Calif.	Murphy, N.Y.	Wolf
Erlenborn	Nix	Wright
Esch	O'Hara	Wyatt
Evans, Colo.	O'Neill	Yatron

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. NATCHER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 14370, and finding itself without a quorum, he had directed the roll to be called, when 324 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield myself an additional 10 minutes.

Mr. Chairman, let me assure you and the Members of the House that it is not pleasant for me to oppose my President, to oppose my leadership on this particular subject. But let me say that I have long been opposed to this approach to meeting the problems some of our States and cities face. In the middle 1960's, I served on a task force which was set up by the Republican National Committee to consider the problems of State and local governments. The task force report was probably the forerunner of the position taken by the Republican Party in the 1968 convention. But I refused to sign that report because, among other ingredients which I favored very much, it proposed that the Federal Government assume the responsibility for the general costs of State and local governments.

This is also the basic principle embodied in this revenue sharing bill. I could not change from that conviction simply because my President happened to recommend it or because my leadership supported it. I assure the Members it is not pleasant, but I feel very sincerely about the matter, and I, therefore, must take the position I am taking today.

I was sorry, Mr. Chairman, that when the chairman of our committee addressed this House and made reference to the fact that he had opposed the bill a year ago but now was supporting it he did not outline for us what changes had taken place in the basic concepts of this legislation which caused the change in his position.

Let me make very clear that I have the highest respect for the chairman of my committee. I believe everybody in this House knows of that respect.

I want to refer to arguments that he made during the last year or so—not in any way to disparage those remarks or the position taken by the gentleman from Arkansas, the chairman of my committee—but because his remarks succinctly and eloquently state the very basic reasons why I oppose revenue sharing today.

It was in June of 1971, just a year ago, in speaking before the Greater New Haven Chamber of Commerce in Connecticut, that the chairman said, and I quote:

Ironically, this is one of the principal arguments used by supporters of general revenue sharing, the reversal of the concentration of government power in Washington. Contrary to their conclusion, I know of no proposal which would strengthen the hands of those who favor more centralization of power in Washington than this simple proposal to share Federal revenue with the States and through them with the local governments. I have described it many times as a Trojan horse. It is, indeed, just that.

There has been no change in the principle of this bill since that time. It is still subject to that very same criticism. I think the chairman was right then, and I continue to agree with the position he took at that time.

Additionally, the bill still separates the pleasure of spending money to dispense benefits from the painful necessity of imposing corresponding tax burdens. It is an inherent part of this revenue-sharing bill. The chairman of the committee on June 4, 1971, pointed out the harmful effects of such a division:

Last and perhaps most important of all is the principle involved in revenue sharing in its separation of the spending function of government from the responsibility for revenue raising. Throughout my entire period of public service, both as a county judge in Arkansas in the depression years and nearly three decades on the House Committee on Ways and Means, I have known firsthand the difficulties and political hazards of raising revenue. I remain convinced that this is a necessary discipline on any governmental authority. I am not yet ready and I believe that when all of the facts are in this legislature will not be ready for a new American revolution that would remove this discipline from those who spend the revenues.

I agree with what the chairman said in June of 1971 before the Oklahoma Legislature.

Mr. Chairman, this bill takes us into a dark tunnel of fiscal chaos, with no light at the end. The chairman of our committee mentioned this in his speech on the House floor on January 26, 1971. He said:

I should say I am not merely worried about the \$5 billion or so dollars which the Administration currently would schedule for revenue sharing; rather, my concern is that once this road is begun, where does it end? Obviously, from the standpoint of State and local governments, nothing could be nicer than having no-strings-attached-funds for which they bear no responsibility for raising. As a result, once the \$5 billion or so dollars is spent in this manner, what could be more natural than at some future time to demand in the strongest terms possible, further increases in funds available.

In my view we already have too little restraint on spending programs at the present time. If the revenue sharing machinery is to be cranked up, I fear we will lose much of what restraint we now have. I am not at all sure that this was not really the intent of some of the originators of the idea of revenue sharing.

The argument made then, and subscribed to by the chairman of my committee, is as true today as it was in January of 1971.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield myself 5 additional minutes.

The chairman made the argument on several occasions last year that when one looks at the Federal fiscal situation it is difficult to imagine what revenue there really is for us to share.

Let me quote from the chairman's remarks when he reviewed our Federal fiscal plight before the Oklahoma Legislature on June 4 of last year:

How anyone can suggest general revenue sharing, with a straight face, in full view of Federal deficits of that magnitude and the chronic string of deficits over the past 40 years is beyond me.

At the time the chairman spoke of a combined deficit for fiscal 1971 and 1972 of \$55.1 billion on a Federal funds basis. The current estimate is \$62.1 billion. The combined deficits—and increase in our debt—for the 3 fiscal years 1971, 1972, and 1973 is projected at \$100 billion. Next week we will again extend the debt limit, and a further increase will be needed in the fall. Events have only strengthened the chairman's arguments. They were correct when he made them a year ago; they have even more force today.

This legislation does not go to the root cause of the problems some State and local governments face. Revenue sharing simply throws money at the symptoms, leaving the underlying disease to subsist beneath the surface. The chairman recognized this also when he discussed revenue sharing before the Oklahoma Legislature in June a year ago, when he said:

Frankly, however, I have never been one who is attracted to the idea that if you throw money at a problem it will go away. I believe that this attitude is shared by most every member of this body.

The chairman was right then, and his reasoning is equally applicable today. We are not resolving any problems. In

fact, we could well be adding new problems on top of problems that already exist.

As I said when I began, it is not my belief that I am changing any votes on this matter. But I think that there are certain things that must be said before this House starts us on the perilous journey outlined by this bill.

I think it is going to be one that the Congress of the United States will regret, if this program comes to fruition. I think it is one that the executive branch of this country is going to regret. I think it is going to be regretted by the States and by the local units of government as they become more and more dependent upon the Congress of the United States and on the Federal Government for financing their basic governmental services.

But, more than by anybody else—it is going to be regretted by the American taxpayers who have to pay the bill. No matter where services are incurred, whether they be at the Federal level or the local level, it is the American taxpayer who has to fork out the money.

All we are doing here is adding another level of expenditures and we are going to be turning to these taxpayers for the additional taxes to finance it.

In the process we also will have removed what few restraints—and, frankly, the rather ineffective restraints that we have today—on public spending. By undermining public accountability we undermine the democratic process.

Who is going to suffer in that process? We all will suffer. But in the final analysis, the American taxpayer will suffer the most in order to appease the appetite of State and local officials.

Following is a reprint of Dissenting Views I filed with several of my colleagues in House Report 92-1018 on the State and Local Assistance Act of 1972:

IX. DISSIDENT VIEWS OF THE HONORABLE JOHN W. BYRNES, THE HONORABLE HERMAN T. SCHNEEBELI, THE HONORABLE JOEL T. BROYHILL, THE HONORABLE OMAR BURLESON, THE HONORABLE JAMES C. CORMAN, THE HONORABLE SAM M. GIBBONS, AND THE HONORABLE JOE D. WAGGONER, JR.

INTRODUCTION

Let no one be deceived: This is historic legislation. For the first time in our history, state and local governments would become dependent on federal assistance to meet their general governmental responsibilities. The assistance is not related to a carefully defined problem involving a federal interest. This is an entirely new road, fraught with peril, with no end in sight. The one certainty is that the program will be permanent and ever rising in its costs.

This bill provides an annual appropriation of \$5.3 billion for a five-year period retroactive to January 1, 1972. The states would receive \$1.8 billion of this amount to spend in any manner they please; the remaining \$3.5 billion would be allocated to the states to "pass through" to 39,000 units of local government, to be used for so-called "high priority" expenditures.

The "priorities" to which local expenditures are limited were not selected after careful analysis of the needs of the 39,000 units of local government involved. Education, for example, is excluded, although it consumes 43 percent of local budgets and 95 percent of the local tax revenue for education is derived from property taxes. The "priorities" were plucked out of thin air for the sole

purpose of distinguishing the Committee bill from the Administration's "no strings attached" revenue sharing proposal which had been consistently denounced by some members of the Committee.

What remains is a hybrid structure, with no strings attached at the state level (these governments apparently can be trusted) and strings attached at the local level (these governments apparently cannot be trusted). This is the ultimate paradox: legislation recommended to revitalize local governments, by the terms of the reported bill itself, expresses the least confidence in the wisdom and responsibility of the level of government closest to the people.

THE COMMITTEE BILL IS WRONG IN PRINCIPLE

It may seem anachronistic to oppose on principle a bill with something for everyone, but it is essential that we do so. Under our constitution, the power to tax is carefully linked to and limited by the power to spend for specified purposes. Additionally, responsibility for originating revenue legislation was given to the House of Representatives, since it is the most representative branch of our national legislature, has the most direct contact with the people, and is accountable to the people at the polls every two years. The "power of the purse," a critical ingredient in our system of checks and balances, was safeguarded against abuse by the one indispensable condition of democracy: full public accountability.

Public accountability is severely undermined by this bill. The responsibility for raising taxes is divorced from the dispensation of public benefits. Congress will be unable to balance the burden of increased taxation imposed at the Federal level against benefits disbursed by the 50 states and 39,000 units of local government all across this land.

Conversely, the 50 states and 39,000 localities dispensing public benefits will be relieved of the obligation to carefully weigh the benefits of increased public expenditure against the burdens imposed on their community through increased taxation.

The most serious defect, however, will be the inability of the public to measure the performance of their elected officials at various governmental levels by balancing the tax burdens imposed by these officials against the public benefits they have provided.

The historical experience of the German government during the latter half of the 1920's in making "no strings attached" grants to the states and communes indicates the dangers inherent in the Committee bill. The program, although originally described as "provisional," continued throughout the decade to complicate the problems of Germany in meeting its World War I reparation payments. S. Parker Gilbert, Agent General for Reparations, made the following comments on the German experience in his 1930 Report to the Reparations Commission:

"These recent developments illustrate what is indeed the underlying fault in the whole system of transfers to the States and communes, namely, the division of responsibility as between the authority which collects the taxes and the authority which spends the money. The Government of the Reich collects the taxes, but does not feel the full responsibility for them, since it must pass on a large share of the proceeds to the States and communes, and it now proposes, for the most part, to exclude the transfer to the States and communes from its budget—as if to emphasize its own lack of responsibility for them. The States and communes, on their side, spend the money without having had any of the responsibility or odium of collecting it, and they have fallen into the habit of expecting the Reich to provide more and more money for them to meet their recurring budgetary deficits. One of the States, in fact, has recently entered "additional transfers from the Reich" as the

balancing item in its draft budget, and with each new provisional settlement the States and communes generally unite to exert all possible pressure to get larger payments from the Reich as if the Government of the Reich were an external authority depending on some other body of taxpayers. The financial relations between the Reich and the States and communes will not be on a sound basis until the responsibility for raising the money by taxation has been reunited with the responsibility for spending it . . ." (emphasis added)

The Chairman of the Committee, in explaining the reasons why he was opposed to revenue sharing last year, stated that, "perhaps the most important [reason] of all is the principle involved in revenue sharing, in its separation of the spending function of government from the responsibility for revenue raising." The Chairman has also emphasized that, "each citizen has the right to expect that the government official who decides how government funds are to be spent should have the responsibility for justifying the needs in terms of the tax levels he is willing to support." We fully agreed when the Chairman made these remarks, and we continue to do so.

SERIOUS QUESTIONS EXIST AS TO CONSTITUTIONALITY OF COMMITTEE BILL

Although we do not intend to belabor the point, serious questions about the constitutionality of revenue sharing have been raised and not adequately answered. Members of Congress frequently complain—with some justification—that the Supreme Court does not interpret the constitution with due regard to its language. If we pass this bill, we will be doing exactly the same thing because this bill fundamentally restructures federal, state, and local fiscal relationship while paying virtually no attention to provisions of the constitution that raise serious questions about the constitutional propriety of the Committee's action.

The constitution gives Congress the power to tax "to pay the debts and provide for the general welfare of the United States." This language—and the division of powers and responsibilities within our federal system—requires Congress to make a fundamental policy decision as to what constitutes the general welfare of the United States. By providing a blank check to the states, the Committee's bill abdicates this responsibility. A blank grant to a federal agency to spend as it sees fit would clearly be an unconstitutional delegation of Congressional power. Why is a similar delegation to the states any less unconstitutional?

Additionally, the constitution contains many specific restrictions on the way Congress can spend money. Despite the specific direction to Congress itself to insure that federal expenditures comply with these constitutional restrictions, Congress abdicates its responsibilities to exercise its independent judgment on these issues when it simply turns over federal money to the states to spend as they see fit.

Our constitution is a flexible document. It was not cast in bronze at the dawn of creation, but neither is it a formless mass to be molded to whatever shape appears expedient. The failure of the Committee to thoroughly examine these issues illustrates the subordination of principle to the demands of the moment that characterized the development of this legislation.

COMMITTEE BILL WILL INCREASE DEPENDENCE OF STATE AND LOCAL GOVERNMENTS ON POWER CONCENTRATED IN WASHINGTON

Revenue sharing has been advanced as a program for decentralizing government in order to make it more responsive to the people. This is simply not true.

This bill takes the unprecedented step of underwriting, at the federal level, the general governmental expenditures of state and local

governments. The dependence of state and local governments on federal largess to meet their basic governmental responsibilities will result in the federal government eventually prescribing how state and local governments must meet their responsibilities. The Chairman pinpointed the true nature of revenue sharing with a very apt metaphor last year when he stated that revenue sharing "is more in the nature of a Trojan horse from which at the appropriate time will spring new rules and strictures on the activities of those very governmental bodies who are being wooed by this gift from Troy."

While the states' \$1.8 billion share is provided on a no strings basis as recommended by the Administration, the bill restricts use of the local share to three general areas: public transportation, public safety, and environmental protection. The general restrictions prescribed by the Committee already move in the direction of meeting the demands of those who desire to run state and local government by remote control from Washington.

The potential dangers to our federal system lurking beneath the surface appeal of revenue sharing were eloquently articulated by President Andrew Jackson, in his 1833 message vetoing a bill to appropriate the proceeds from the sale of public lands to the states according to their representation in Congress.

President Jackson stated:

"It appears to me that a more direct road to consolidation cannot be devised. Money is power, and in that government which pays the public officers of the states with all political power be substantially concentrated. The state governments, if governments they might be called, would lose all their independence and dignity. The economy which now distinguishes them would be converted into a profusion, limited only by the extent of the supply. Being the dependents of the

general government, and looking to its treasury as the source of all their emoluments, the state officers, under whatever names they might pass, and by whatever forms their duties might be prescribed, would, in effect, be the mere stipendiaries and instruments of the central power.

"I am quite sure that the intelligent people of our several states will be satisfied, on a little reflection, that it is neither wise nor safe to release the members of their local legislatures from the responsibility of levying the taxes necessary to support their state governments and vest it in Congress, over most of whose members they have no control. They will not think it expedient that Congress shall be the tax-gatherer and the paymaster of all their state governments, thus amalgamating all their officers into one mass of common interest and common feeling. It is too obvious that such a course would subvert our well-balanced system of government, and ultimately deprive us of all the blessings now derived from our happy union."

These fundamental principles of public finance are as essential to the vitality and responsiveness of our federal system as they were when outlined by President Jackson nearly a century and a half ago. The Committee's revenue sharing bill directly contravenes these principles.

STATES AND LOCALITIES DO NOT FACE A COMMON FISCAL CRISIS

The Committee bill is based on an assumption that all states and localities face a common fiscal crisis. The facts, however, indicate otherwise. For example, a 1971 Brookings Institution study by Robert D. Reischauer produced data which do "not imply a grave and growing aggregate fiscal crisis" for either states or cities. Mr. Reischauer concluded that a "natural growth in state and local revenues not only will cover the built-in rise in expenditures, but also will be able

to support a moderate improvement in the quality and scope of public services.

Some states and localities clearly confront difficult problems in meeting growing public problems, despite a high tax burden on their citizens. But it is equally clear that there is no general fiscal crisis common in origin, nature, and magnitude, to all states and localities.

The need for money varies widely among the states and localities, and so does the degree to which they have exhibited a willingness to help themselves, by raising revenues on their own.

Six states make no use whatsoever of the individual income tax, four others use it in a narrowly selective way, and in fiscal year 1971, individual income tax collections represented less than one percent of personal income in 22 states. It is ironic that revenue sharing purports to rely on the income tax to help finance many governmental units which make little or no use of it as a revenue source.

Perhaps the best measure of revenue effort is to look at general revenues raised by state and local governments from their own source as a percentage of personal income within each state. A ranking of the states by this gauge also shows substantial variation, ranging in fiscal year 1970 from lows of less than 12 percent to a high of almost 20 percent.

The average revenue effort made by all 50 states and the District of Columbia on this basis was 14.51 percent in fiscal 1970. If all states and localities had made a revenue effort equal to the average of the top 10, which was 17.31 percent, they would have raised nearly \$21 billion in additional revenue—almost four times the annual allocation under this bill.

The revenue effort of the states and the additional revenues that would be raised by this increase in revenue effort is shown in the following table:

TABLE 1.—STATE AND LOCAL GENERAL REVENUE FROM OWN SOURCES BY STATE¹

State	Personal income calendar year 1969 (millions)	General revenue from own sources fiscal year 1970 (millions)	Revenue effort (col. 2 as a percentage of col. 1) (percent)	General revenue from own sources under the average revenue effort of the 10 States with the highest revenue effort	
				Amount ² (millions)	Excess over actual (millions)
(1)	(2)	(3)	(4)	(5)	
Wyoming.....	\$1,073	\$213.0	19.85	\$185.7	—\$27.3
North Dakota.....	1,852	340.6	18.39	320.6	—20.0
New Mexico.....	2,879	528.4	18.34	498.4	—29.7
Wisconsin.....	15,376	2,700.5	17.56	2,661.6	—38.9
Hawaii.....	3,060	534.8	17.48	529.7	—5.1
Vermont.....	1,426	248.2	17.41	246.8	—1.4
New York.....	81,384	14,006.3	17.21	14,087.6	81.3
South Dakota.....	1,995	340.9	17.09	345.3	4.4
Alaska.....	1,258	*211.9	16.84	217.8	5.9
Arizona.....	5,709	957.2	16.77	988.2	31.0
Nevada.....	2,037	338.7	16.63	352.6	13.9
Mississippi.....	5,234	869.6	16.61	906.0	36.4
California.....	83,408	13,747.6	16.48	14,437.9	690.3
Utah.....	3,132	513.4	16.39	542.1	28.7
Minnesota.....	13,448	2,184.9	16.25	2,327.8	142.9
Louisiana.....	10,413	1,687.8	16.21	1,802.5	114.7
Montana.....	2,172	351.7	16.19	376.0	24.3
Colorado.....	7,569	1,194.6	15.78	1,310.2	115.6
Iowa.....	9,870	1,541.2	15.61	1,708.5	167.3
Washington.....	13,093	2,002.9	15.30	2,266.4	263.5
Oregon.....	7,261	1,108.9	15.27	1,256.9	148.0
Idaho.....	2,120	320.9	15.14	367.0	46.1
Nebraska.....	5,230	783.8	14.99	905.3	121.5
Maryland.....	15,336	2,297.3	15.98	2,654.7	357.4
Delaware.....	2,218	331.0	14.92	383.9	52.9
Maine.....	2,987	442.3	14.81	517.0	74.7
Michigan.....	35,010	5,100.3	14.57	6,080.0	979.7
Massachusetts.....	22,722	3,233.3	14.23	3,933.2	699.9
Kansas.....	\$8,096	\$1,148.4	14.18	\$1,401.4	\$253.0
Oklahoma.....	7,825	1,106.5	14.14	1,354.5	248.0
Alabama.....	9,116	1,269.9	13.93	1,578.0	308.1
West Virginia.....	4,735	658.7	13.91	819.6	160.9
Florida.....	22,396	3,109.7	13.89	3,876.7	767.0
Kentucky.....	9,202	1,261.5	13.71	1,592.9	331.4
Georgia.....	14,253	1,941.8	13.62	2,467.2	525.4
Illinois.....	47,340	6,270.4	13.25	8,194.6	1,924.2
North Carolina.....	15,030	1,983.8	13.20	2,601.7	617.9
Arkansas.....	4,963	648.8	13.07	859.1	210.3
Pennsylvania.....	43,182	5,612.6	13.00	7,474.8	1,862.2
Rhode Island.....	3,515	456.2	12.98	608.4	152.2
South Carolina.....	7,018	909.5	12.96	1,214.8	305.3
Tennessee.....	11,189	1,442.1	12.89	1,936.8	494.7
Virginia.....	15,441	1,985.2	12.86	2,672.8	687.6
Texas.....	36,458	4,679.0	12.83	6,310.9	1,631.9
Indiana.....	18,868	2,393.2	12.68	3,266.1	872.9
New Jersey.....	30,312	3,787.3	12.49	5,247.0	1,459.7
Connecticut.....	13,784	1,712.9	12.43	2,386.0	673.1
Missouri.....	16,085	1,993.0	12.39	2,784.3	791.3
New Hampshire.....	2,489	303.4	12.19	430.8	127.4
District of Columbia.....	3,768	449.4	11.93	652.2	202.8
Ohio.....	40,145	4,732.5	11.79	6,949.1	2,216.6
Total, 10 States.....	116,012	20,081.5	17.31	20,081.5	-----
Total, 41 States.....	628,470	87,906.0	13.99	108,807.7	20,901.7
Total, 51 States.....	744,479	107,987.5	14.51	128,889.2	20,901.7

¹ Under the fiscal year 1970 actual relationship between revenue and personal income and under the average relationship between revenue and personal income of the 10 States with the highest percentage relationship between revenue and personal income.

² Derived by applying to the personal income of each of the States the average revenue effort (17.31 percent) of the 10 States with the highest revenue effort.

³ Exclusive of \$900,041,605 derived from bonus mineral lease—North Slope; also exclusive of interest on investment of this item.

⁴ General revenue from own sources; does not include any Federal contribution or Federal aid. Note: Details may not add to totals because of rounding.

Source: Compiled and computed by the Staff of the Joint Committee on Internal Revenue Taxation.

It is clear that state and local units of government differ broadly with respect to their need for revenue and their efforts to raise it. The Committee bill would, for the most part, perpetuate these disparities.

THERE IS NO REVENUE TO SHARE

Not only does the Committee bill undermine basic principles of fiscal federalism, it proposes to share revenues that are simply not available. The fiscal case for revenue sharing was outlined by economist Walter Heller in 1968:

"Looking beyond current rising Vietnam costs, big deficits, and contingent tax increases, one can visualize an \$8 billion annual automatic growth in federal revenues generating new leeway for fiscal dividends—tax cuts, tax sharing, program increases—if Vietnam demands level off. If rising revenues are not to hold the economy back under such circumstances, we need to get our bets down promptly on the competing entrants in the fiscal drag race."

Dr. Heller, of course, bet heavily on his own entry, revenue sharing. Unfortunately, the race that he envisioned has never been run. Not only have surpluses failed to materialize, but the deficits have been growing even larger.

As the Chairman of the Committee put it in reviewing the large existing and projected federal deficits in a speech he delivered on June 4, 1971:

"How anyone can suggest general revenue sharing, with a straight face, in full view of Federal deficits of that magnitude and the chronic string of deficits over the past forty years is beyond me."

It is also beyond us. We agreed with the Chairman then, and subsequent events have only served to reinforce the strength of his arguments.

At that time, the Chairman spoke of a combined deficit for fiscal 1971 and 1972 of \$55.1 billion on a federal funds basis. A deficit of \$74.6 billion for the comparable period is now officially estimated. Additionally, a federal funds deficit of \$36.2 billion is officially projected for fiscal 1973. The federal funds deficits for these three years are officially estimated to total \$110.8 billion. And, no one can assure us that there is any light at the end of the tunnel.

Because of these rising deficits, the public debt has grown substantially. The Administration recently asked an increase in the debt ceiling of \$50 billion—from \$430 to \$480 billion—to accommodate its borrowing needs through February of next year. The Congress granted instead a \$20 billion advance—to \$450 billion—through June 30 of this year. A further substantial increase in the debt limit will have to be provided in less than two months.

It is clear that in making \$29.575 billion¹ available to states and localities over the next five years, the federal debt will simply be \$29.575 billion higher than it would otherwise be. The proceeds from additional federal borrowing, rather than surplus individual income tax receipts, is what the Committee bill proposes to share.

THIS BILL IS JUST THE FIRST INSTALLMENT

It should be clear the nearly \$30 billion provided by the bill is just the first installment of an indefinite mortgage on federal

¹ The appropriation of \$5.3 billion per year for five years totals \$26.5 billion. However, the states' \$1.8 billion allocation is increased by \$300 million per year after the first year to provide some protection against a decline in the aid a particular state will receive due to increases in the relative overall tax effort or income tax collections of other states. When the increased amounts are prorated by entitlement periods (which include a half year at the beginning and another half year at the end of the five-year period), the total appropriation under the bill is \$29.575 billion.

resources. Subsequent installments will be greater, and in fact, the mayors and governors already want more.

The Committee was served notice to that effect during public hearings, when state and local officials repeatedly testified that \$5 billion for the first year of a permanent program, even with a built-in growth factor for future years was simply inadequate.

Governor Nelson Rockefeller of New York, testified on behalf of the National Governors' Conference, recommended that the annual payment be doubled. Ten billion dollars "is absolutely essential," he declared.

And Mayor Roman Gribbs of Detroit, appearing for the U.S. Conference of Mayors, agreed, stating:

"We feel it should be at the level of \$10 billion to meet our needs but that does not mean that we would not be pleased to have you pass it at \$5 or \$6 billion."

Pleased but not satisfied. Yet once this first step has been taken, the same pressures responsible for this bill will insure rapid growth of the program to meet the insatiable appetites of state and local officials for "no strings attached" revenues they can use to finance benefits without the painful necessity of imposing taxes. Having cleared the initial hurdle, demands will increase, the program will grow, and Congress will have the painful necessity of imposing ever greater federal taxes to finance benefits dispensed by state and local officials.

Any responsibility for failing to meet the demands for governmental services in the states and the 39,000 units of local governments receiving assistance will be shifted to the Congress. Congressmen will be blamed by state and local officials for every deficiency in state and local government, because we are not making enough money available. Increased pressure will then be directed to Congress to raise the stakes higher or accept the blame for inadequacies in the quality and quantity of general governmental services of every kind at the local level—including poor trash collection, too few policemen on the beat, the failure of local buses to run on schedule, pot holes in village streets, an a hundred other problems.

Congressmen may have no real choice but to speed up the fiscal merry-go-round, providing longer free rides for state and local officials. A Congressman's only role will be receiving the complaints, providing the money, and presenting the final bill to the American taxpayers.

THE PROBLEM IS MORE THAN MONEY

The Committee bill provides a simplistic answer to a complicated set of problems, completely ignoring root causes. As Lyle C. Fitch, President of the Institute of Public Administration, pointed out, revenue sharing "leaves unsolved numerous problems basic to American society and its economic and social development. These include the incapacities of many existing state and local governments, quite apart from financial weaknesses . . ."

According to the Census Bureau, there are some 80,000 units of local government in the United States, including more than 3,000 counties, 17,300 townships, 18,600 municipalities, 20,000 school districts, and 21,000 additional special districts. The average number of governmental units per state is about 1,600, ranging from a low of 19 in Hawaii to a high of 6,453 in Illinois.

The Chicago area alone embraces more than 1,000 separate units; Philadelphia and environs have about 870; metropolitan New York, about 550; and the San Francisco-Oakland area, more than 300. The nationwide average is 91 units of government per metropolitan area.

The Committee for Economic Development has observed that these local units of government offer a multiplicity of duplicative services, that they overlap one another to

the extent that 10 different levels may tax the same parcel of property, and that their broadly divergent powers and functions have led to unnecessary conflicts and competition. By providing assistance to every general purpose unit of local government, the Committee bill invites every hamlet—no matter how small—to incorporate and share in the federal bounty. Additionally, the bill encourages fragmentation of existing entities of local government.

The bill also does little to help existing governments cope with such regional problems as "spillovers."

Because of our achievements in communications and transportation, intricate patterns of commerce, and sheer economic growth, which one part of our society does—or fails to do—has an impact on the other parts. Needs and problems tend increasingly to cross local boundary lines, and when they do, "spillovers" result.

A "spillover" occurs, for example, when the residents of City A, which has inadequate recreational facilities, travel to City B to enjoy the parks and playgrounds its taxpayers have provided there; or when the residents of City C are unable to use a nearby waterway because of pollutants carried downstream from City D.

Either by freezing governmental structures, or by encouraging further proliferation, the Committee bill will aggravate such problems. It will help solidify all the vagaries, inequities, and contradictions that plague state and local institutions now, and drown in a sea of federal funds any efforts to attack root causes.

The Chairman of the Committee said last June 4 he has "never been one who is attracted to the idea that if you throw money at a problem it will go away." But that is precisely what this bill attempts to do.

NO RATIONALE EXISTS FOR THE AMOUNT OF ASSISTANCE OR THE METHOD OF DISTRIBUTION IN THE COMMITTEE BILL

There is no rationale for the amount of assistance provided by the Committee bill or the method by which it is distributed. Indeed, it is impossible to develop in Washington a general formula that can begin to encompass the wide diversity prevailing among our 50 States and 39,000 local general purpose governments.

After the Committee decided that the Administration's formula—population with a modest adjustment for tax effort—produced intolerable anomalies, the staff conducted a thorough study to identify the problems in the hope that a generally acceptable formula could be developed. The result was H.R. 11950, the Intergovernmental Fiscal Coordination Act of 1971, introduced by the Chairman.

The bill incorporated a two-part formula: "a no strings attached" grant of \$1.8 billion to the States (15 percent of each State's individual income tax collections, subject to a maximum of six percent and a minimum of one percent of federal income tax liabilities in the state); and \$3.5 billion for local units of government distributed to each State pursuant to a formula giving equal weight to population adjusted for urban areas (2,500 or more) and the number of families with income under \$4,000. Further criteria were spelled out for dividing the local share between the counties and units of government within the counties.

When the Committee reviewed the computer print-out showing distributions under these formulae, intolerable defects were again discovered. The most difficult stumbling block proved to be distribution of the \$3.5 billion to the 39,000 units of local government that are characterized by such great diversity. The staff was sent back to the drawing board several times to develop a formula pursuant to the same trial and error methods that proved inadequate in the de-

velopment of both the Administration's bill and the bill introduced by the Chairman.

Intuitive judgments were made about old factors to be discarded, and new factors to be added, in the hope that still another formula would produce a generally acceptable distribution pattern. A garden variety of factors—population, urban population, urbanized population, relative per capita income, relative per capita revenues raised, number of families with income under \$4,000—were evaluated, combined in varying patterns, and assigned different weights, all with the same result: further trials produced further errors. The Committee's bill is nothing more than the final error, reached as a result of exhaustion and despair, rather than a feeling that the Committee had finally stumbled on a workable formula. The Committee's bill will simply not withstand careful analysis.

Under the bill, half of the states' \$1.8 billion will be distributed on the basis of overall tax effort (total state and local taxes as a percentage of personal income within the state), and half by giving each state 7.5 percent of its individual income tax collections (subject to a ceiling of three percent and a floor of .5 percent of federal individual income tax liability in the state). The state share will be increased by \$300 million a year after the first year to reduce the diminution in a state's share that may result from an increase in the relative overall tax effort or in the income tax collections of other states.

One-third of the \$3.5 billion local share will be allocated to each state on the basis of population, one-third on the basis of urbanized population, and one-third on the basis of relative per capita income. Unless a state takes action varying the criteria within limits provided by the bill, the same procedure will govern the distribution of each state's share to its counties. The county will then retain a portion of the amount it receives equal to its share of the aggregate revenues raised (excluding education revenues) by the county and local units of government within the county; the remainder will then be distributed to local governmental units within the county on the basis of population and relative per capita income.

If a state desires, it may adopt an alternative pass-through formula, effective for periods beginning after June 30, 1973. The basic formula (population, urbanized population, and relative per capita income) is adjusted by multiplying the population factor by the per capita tax revenues (excluding education revenues) of the counties and their local units of government. The rules of the basic formula continue to govern the amount of the distribution to a county that the county retains; however, the remainder is distributed to localities under the alternative formula one-half on the basis of population multiplied by the per capita tax revenues (excluding education revenues)

and one-half on the basis of population multiplied by relative per capita income.

The state may alter the equal weights assigned to the three factors in either formula governing distribution to the counties, as long as no factor is decreased by more than 25 percent and no factor is increased by more than 40 percent. Additionally, a state may combine the county distribution criteria of the basic formula with the criteria for distributing the local share within a county contained in the alternative formula, or vice versa.

Despite the mantle of scientific respectability suggested by the complex details of these formulae, the plain truth is that the formulae respond to a nonexistent prototype rather than the real world diversity characterizing state and local fiscal relationships.

There is not even a rationale for the fundamental decision to appropriate a total of \$5.3 billion annually for a five-year period. Normally, components of a problem are examined before arriving at a general solution. But the Committee did not examine state and local fiscal problems in detail, carefully arriving at solutions to specific problems that require total assistance of \$5.3 billion a year for five years. Instead, both the Administration and the Committee, responding to pressure from state and local officials, started with an overall figure, plucked out of thin air, and then went about finding some way to distribute the money that would please all concerned.

There is no rationale for the equally fundamental decision providing one-third of the \$5.3 billion to the states and two-thirds to local units of government. The decision was based on the theory that of total state and local direct expenditures, states currently spend about one-third and localities two-thirds. While this is correct if one accepts rough approximations, it is based on a generalization that becomes meaningless in the light of the prevailing diversity in state and local relationships. As the following chart reveals, the percentage of direct state and local general expenditures made by a state varies widely, from a low of 23 percent in New York to a high of 80 percent in Hawaii:

TABLE 2.—PERCENTAGE DIVISION OF TAX REVENUE AND EXPENDITURES BETWEEN STATE AND LOCAL GOVERNMENTS, BY STATE: 1969-70

State	State government percentage of—		
	Tax revenue	Direct general expenditure	Expenditure for personal services
United States.....	55.2	37.1	28.2
Alabama.....	73.7	49.1	35.7
Alaska.....	68.1	71.3	59.5
Arizona.....	62.9	39.9	29.3
Arkansas.....	72.6	44.6	39.3
California.....	49.2	30.7	25.3
Colorado.....	50.8	39.4	34.5
Connecticut.....	50.4	43.9	34.5

TABLE 3.—STATE AID TO LOCAL GOVERNMENTS BY MAJOR PURPOSE, 1969
[Dollar amounts in millions]

States	Total State aid						
	Amount	As a percent of local general revenue from own sources	General local government support	Education	Highways	Public welfare	All other
United States, total.....	\$24,779.3	54.0	\$2,135.4	\$14,858.3	\$2,108.7	\$4,402.5	\$1,274.57
Alabama.....	336.5	78.1	9.1	254.5	60.4		12.5
Alaska.....	36.3	60.7	4.2	30.8			1.3
Arizona.....	259.5	78.4	50.1	183.5	22.3		3.6
Arkansas.....	171.2	79.4	10.1	129.5	26.5	1	4.9
California.....	3,666.2	53.4	188.6	1,575.1	279.7	1,365.9	266.7
Colorado.....	222.0	42.1	3	107.0	24.3	81.8	8.6
Connecticut.....	195.2	26.7	12.0	155.3	9.4	7.4	11.0
Delaware.....	78.7	100.8		75.5	2.1		1.2
Florida.....	756.9	57.5	1.2	690.2	21.8	2	43.6
Georgia.....	454.8	61.9	16.7	370.3	32.4	14.7	20.6
Hawaii.....	16.8	13.8	12.4	1.0			3.3
Idaho.....	60.7	49.7	5.5	42.4	12.5		.4

State	State government percentage of—		
	Tax revenue	Direct general expenditure	Expenditure for personal services
Delaware.....	79.3	55.3	41.6
District of Columbia.....			
Florida.....	60.3	33.0	24.8
Georgia.....	65.7	42.1	31.1
Hawaii.....	77.2	79.5	75.3
Idaho.....	62.9	49.7	37.1
Illinois.....	53.0	35.5	23.7
Indiana.....	54.0	35.6	28.9
Iowa.....	50.9	38.4	30.6
Kansas.....	48.5	33.5	34.6
Kentucky.....	73.0	54.0	38.5
Louisiana.....	69.5	49.4	36.2
Maine.....	54.9	52.0	43.3
Maryland.....	57.2	33.3	27.2
Massachusetts.....	49.2	45.7	27.0
Michigan.....	58.0	35.7	26.6
Minnesota.....	60.7	30.5	27.9
Mississippi.....	74.0	46.6	34.7
Missouri.....	51.1	41.3	30.9
Montana.....	46.6	51.8	41.1
Nebraska.....	44.4	34.0	29.8
Nevada.....	59.0	40.0	28.7
New Hampshire.....	38.5	48.5	40.4
New Jersey.....	41.5	30.2	22.0
New Mexico.....	74.9	51.4	38.6
New York.....	51.4	23.1	20.2
North Carolina.....	75.3	42.2	36.6
North Dakota.....	52.4	50.0	38.8
Ohio.....	46.5	33.1	22.7
Oklahoma.....	64.1	54.1	36.8
Oregon.....	51.5	44.2	36.6
Pennsylvania.....	58.6	44.8	28.4
Rhode Island.....	59.0	53.1	40.7
South Carolina.....	76.5	48.2	36.9
South Dakota.....	42.4	47.5	37.4
Tennessee.....	62.6	42.8	31.7
Texas.....	55.7	40.7	28.7
Utah.....	63.3	53.0	39.9
Vermont.....	64.5	65.1	50.6
Virginia.....	60.4	41.5	35.3
Washington.....	68.0	44.2	35.0
West Virginia.....	73.3	60.4	43.5
Wisconsin.....	59.3	32.5	29.0
Wyoming.....	58.6	50.7	38.0

Source: Governmental Finances in 1969-70 (Bureau of Census).

Additionally, the aggregate figures on which the Committee's bill is based include nearly \$30 billion in state aid to localities in the direct general expenditures of local governments in determining that localities spend two-thirds of total state and local expenditures. And again, the amount of each state's aid to its localities varies sharply from state to state.

As a percentage of general revenues from the localities' own sources, state aid varies widely, from a low of 11.4 percent in New Hampshire to a high of 117.4 percent in North Carolina. New York and California, our two most populous states, differ substantially, California providing 53.4 percent of revenues raised locally, New York providing 77.5 percent. State aid to localities by major governmental purpose also shows great variation, both in the magnitude of the aid given and in the emphasis placed on particular governmental functions. These wide variations are shown in the following table:

States	Total State aid		General local government support	Education	Highways	Public welfare	All other
	Amount	As a percent of local general revenue from own sources					
Illinois	\$824.7	30.4		\$544.7	\$157.3	\$104.4	\$18.3
Indiana	518.2	49.1	\$52.2	300.2	86.8	63.1	15.9
Iowa	375.6	57.5	47.8	246.5	75.3	2.2	3.8
Kansas	234.4	42.6	11.1	126.3	15.7	77.2	4.2
Kentucky	254.1	64.8	1.8	235.0	3.3		14.1
Louisiana	453.6	90.3	70.8	335.7	24.8		22.3
Maine	53.8	32.9	.6	46.5	3.7	.5	2.4
Maryland	514.3	58.7	37.6	254.3	71.1	102.7	48.6
Massachusetts	444.8	30.7	99.6	221.5	14.8	52.8	56.1
Michigan	1,229.9	59.9	180.5	774.3	215.8	30.2	29.0
Minnesota	655.5	77.9	135.8	303.3	61.5	140.8	13.3
Mississippi	252.7	90.0	16.3	200.8	27.1		8.6
Missouri	307.2	32.8	5.6	274.1	19.6	.9	6.9
Montana	46.7	28.4		42.5		.2	3.9
Nebraska	111.6	27.8	1.3	38.2	23.2	45.0	4.0
Nevada	58.6	41.6	7.0	45.3	3.8		2.7
New Hampshire	17.2	11.4	3.7	11.1	.5	.06	1.7
New Jersey	577.8	29.1	10.2	312.3	21.0	191.3	43.0
New Mexico	149.3	112.6	4.7	133.9	5.8		5.0
New York	4,970.2	77.5	506.5	2,259.5	138.5	1,772.4	293.3
North Carolina	627.1	117.4	30.9	470.5	10.4	101.2	14.1
North Dakota	52.4	37.9	1.4	36.0	11.7	1.3	1.9
Ohio	811.5	35.0	84.9	465.6	191.0	52.3	17.7
Oklahoma	223.9	58.3	2.7	157.7	50.5	.4	12.7
Oregon	191.5	37.8	38.6	97.2	48.6	1.5	5.5
Pennsylvania	1,070.0	48.4	6.1	864.1	65.1	42.0	92.8
Rhode Island	67.5	41.4	8.1	50.6	.4	6.8	1.5
South Carolina	240.1	102.6	24.5	192.1	11.4		12.2
South Dakota	29.8	17.2	2.1	21.9	2.7	.1	2.0
Tennessee	329.5	59.7	26.3	234.8	57.8	.2	10.4
Texas	790.7	40.4	1	763.8	7.5		19.3
Utah	113.5	63.0	1.0	103.3	4.6		.7
Vermont	39.1	52.5	.013	29.9	7.0	.4	1.8
Virginia	450.6	65.4	14.0	339.5	18.5	50.0	28.9
Washington	475.3	68.5	35.9	336.8	62.0	9.3	31.3
West Virginia	150.8	79.3		141.6		3.1	6.1
Wisconsin	760.2	77.9	348.2	207.0	95.5	75.2	34.3
Wyoming	41.4	47.6	6.4	24.9	3.1	4.5	2.4

Source: State-local finances and suggested legislation. (Advisory Commission on Intergovernmental Relations, 1971.)

Similar disparities exist if the figures are compiled on a per capita basis. Per capita state aid to localities in 1969 ranged from a

low of \$21.10 to a high of \$271.28 on an overall basis. Additional variations on this basis exist in the distribution of state aid by

major governmental purpose. State aid on a per capita basis is shown in the following table:

TABLE 4.—PER CAPITA STATE AID TO LOCAL GOVERNMENTS BY MAJOR PURPOSE, 1969

States	Total	General local government support				All other
		Education	Highways	Public welfare		
United States total.....	\$123.20	\$10.62	\$73.88	\$10.48	\$21.89	\$6.34
Alabama.....	95.30	2.57	72.07	17.12		3.54
Alaska.....	128.73	14.78	109.38			4.58
Arizona.....	153.26	29.60	108.40	3.15		2.10
Arkansas.....	85.81	5.08	64.90	13.29	.07	2.47
California.....	189.07	9.70	81.01	14.39	70.25	13.72
Colorado.....	105.72	.14	50.94	11.55	38.97	4.11
Connecticut.....	65.07	4.02	51.78	3.12	2.48	3.67
Delaware.....	145.75		139.76	3.80		2.19
Florida.....	119.12	.18	108.62	3.43	.03	6.86
Georgia.....	97.99	3.60	79.79	6.98	3.17	4.45
Hawaii.....	21.10	15.67	1.32			4.12
Idaho.....	84.51	7.61	58.99	17.39		.53
Illinois.....	74.66		49.31	14.24	9.45	1.66
Indiana.....	101.25	10.19	58.66	16.95	12.32	3.12
Iowa.....	135.06	17.20	88.62	27.07	.81	1.36
Kansas.....	101.01	4.77	54.40	6.78	33.27	1.79
Kentucky.....	78.63	.55	72.71	1.01		4.35
Louisiana.....	121.12	8.91	89.63	6.63		5.95
Maine.....	55.04	.64	47.57	3.80	.56	2.47
Maryland.....	163.59	9.99	67.54	18.88	27.28	12.90
Massachusetts.....	81.36	18.22	40.51	2.70	9.66	10.27
Michigan.....	140.30	20.59	88.33	24.62	3.45	3.31
Minnesota.....	177.20	36.96	81.97	16.61	38.07	3.59
Mississippi.....	107.09	6.91	85.06	11.47		3.65

States	Total	General local government support				All other
		Education	Highways	Public welfare		
Missouri.....	\$66.05	\$1.21	\$58.94	\$4.22	\$2.20	\$1.49
Montana.....	67.25		61.27		.30	5.68
Nebraska.....	77.03	.91	26.36	16.02	31.05	2.69
Nevada.....	128.70	15.21	99.23	8.31		5.95
New Hampshire.....	23.93	5.18	15.49	.75	.08	2.42
New Jersey.....	80.83	1.42	43.69	2.94	26.76	6.02
New Mexico.....	150.17	4.70	134.75	5.80		4.92
New York.....	271.28	27.64	123.33	7.56	96.74	16.01
North Carolina.....	120.47	5.94	90.39	2.00	19.43	2.71
North Dakota.....	85.24	2.26	58.58	19.07	2.17	3.16
Ohio.....	75.56	7.91	43.35	17.79	4.87	1.65
Oklahoma.....	87.20	1.05	61.40	19.65	.15	4.96
Oregon.....	94.24	18.98	47.85	23.93	.76	2.72
Pennsylvania.....	90.65	.52	73.21	5.51	3.56	7.86
Rhode Island.....	74.06	8.88	55.60	.42	7.47	1.69
South Carolina.....	89.20	9.09	71.35	4.24		4.52
South Dakota.....	43.73	3.24	33.24	4.04	.18	3.05
Tennessee.....	82.69	6.60	58.92	14.51	.05	2.60
Texas.....	70.68	.01	68.28	.67		1.72
Utah.....	108.63	.96	98.81	4.36		4.51
Vermont.....	88.17	.03	68.15	15.89	1.01	4.10
Virginia.....	96.52	2.98	72.71	3.95	10.68	6.19
Washington.....	139.72	10.56	99.00	18.23	2.73	9.21
West Virginia.....	82.92		77.84		1.73	3.35
Wisconsin.....	179.59	82.25	48.89	22.57	17.77	8.11
Wyoming.....	129.28	20.14	77.79	9.67	14.67	7.60

Source: State-Local Finances and Suggested Legislation (Advisory Commission on Intergovernmental Relations 1971).

But even this does not tell the whole story. The amount of taxing authority which states accord to localities varies significantly from state to state. Some states permit localities to piggyback income, sales, gasoline, cigarette, or other taxes, at varying rates and under different circumstances. Other states do not permit piggybacking.

Additionally, the responsibility for government services assumed by state government or delegated to local governments varies all over the lot. As just one example: State assumption of the non-federal share of welfare

ranges from 100 percent in some states to 50 percent in others. There is also great disparity in the delegation by the states of responsibility for various governmental services as between counties and cities.

Finally, no rationale, other than political expediency, exists for the inclusion of two entirely different distribution formulae for the states and for the local units of government. This may be the feature of the bill producing the greatest anomalies and damage. Consider first the anomalies:

The assistance provided to the states is on

a no-strings basis; the localities must spend their money for so-called "high priorities".

A prohibition is specifically included to prohibit localities from using the money in a manner violating anyone's civil rights; no comparable provision is specifically included as it applies to the states.

The bifurcated state formulae are based partly on overall tax effort, partly on income tax collections without regard to tax effort. Although the state formulae are based in part on effort, the local share—two-thirds of the assistance—is distributed without any re-

gard to the revenue effort a recipient government is making.

A maintenance of effort formula is included to require the states to continue to provide assistance from its own sources to its local governments at the same level as prevailed in fiscal 1972; no requirement is included to require the localities to maintain their expenditures at prevailing levels, even in the so-called "high priority" areas specified in the Committee bill.

The local share includes an adjustment for urbanization in both formulae in distributing the assistance to the county area; when the money not retained by the county is distributed to municipalities within the county, urbanization is not a factor.

The anomalies would be merely ludicrous if it were not for the damage to state and local relationships done by the federal government in dealing on a separate basis with the states and the local units of government created by the states pursuant to state constitutions and laws.

The separate programs for states and their localities imply that they are independent entities, with no basis for mutual trust. Any lack of confidence in one another will be sorely aggravated by the elaborate maintenance of effort formula in the bill that restrict the states in dealing with the local units of governments they have created. But in the final analysis, the cooperation of the states and localities is essential to the resolution of our problems.

The formulae do not represent a coherent response to a carefully defined problem. They are an odd-lot collection of criteria assembled on a trial-and-error basis to bridge the gap between the nonexistent prototype the Committee focused on and the diversity of state and local relationships as they really exist. But what they lack in logic they more than compensate for in complexity.

The bill leaves completely up in the air the serious question of adequate procedures for insuring the proper expenditures of federal funds allocated by this bill. Under the bill, there are no provisions requiring the states to account for their expenditure of the \$1.8 billion they will receive each year.

While the bill pays lip service to requiring localities to insure the funds they receive are spent for appropriate purposes, the bill studiously avoids establishing any specific procedures. The Secretary of the Treasury is directed to provide for adequate audit procedures to insure local expenditures conform to the requirements of the bill, but he may rely on an audit of a local governmental unit by the state. The Secretary thus has the authority to virtually abdicate to the states the responsibility for insuring compliance by localities in spending the federal dollars made available, or he could send a federal auditor into every one of the 39,000 local governmental units receiving assistance under this bill. The Treasury apparently contemplates the former procedure, but the important point is the complete ambiguity of the bill on the issue of accountability. As in so many other areas of this bill, the Committee simply swept these problems under the rug.

Although the fundamental defects in the distribution formulae result from the completely erroneous assumption that state and local fiscal relationships can be adequately described by a prototype, serious defects of the formulae for distributing the local share also stem from the statistical quicksand on which they were erected. Much of the data underlying the formulae are, or will become, hopelessly dated, and most of the data are based on sampling techniques.

The factors common to the formulae for distribution of the local share are population, urbanized population, relative per capita income, and tax revenues by local governmental units.

Population and urbanized population are now available on a general basis only once

every ten years. In a dynamic society with a highly mobile population, this data soon will become hopelessly dated as a basis for distributing money to our 39,000 units of local government. Twenty percent of our population moves every year, seventeen percent moving within a state and ten percent moving within counties. Even on a net migration basis, significant changes result in a short time.

The 1970 Census data, already two years old, will become progressively more outdated. Since 27,000 of the 39,000 local governmental units have populations of under 2,500, aggregate population data is simply inadequate. At the present time, data are not available to update estimates for these units of government.

Per capita income by governmental unit is available only once every ten years, from a 20-percent sample, based on questions asked by interviewers in connection with the census. In addition to the problem of inaccurate reporting (six percent on a nationwide basis), a sample will produce results that will deviate from those a full survey would produce, and this deviation will be greater for some of the small communities that will receive assistance under this bill. We were told that communities with as few as 10 to 15 people could receive benefits under this legislation.

Tax revenues raised by local governmental units are available on a comprehensive basis only once every five years when the census of governments is compiled. The last census of governments was conducted in 1967, and a new one is currently underway. During the intervening years, sampling techniques are used based on 16,000 of the 39,000 units of local government involved.

Money made available for the first half year of this program will be distributed on the basis of 1967 data already half a decade old. During the full year of the program, beginning in July of this year, money will be initially passed out on the same basis. In September, it is hoped that a special survey of the recipient governments being conducted for fiscal 1971 (at a cost of \$800,000) will be available. Adjustments in quarterly payments subsequent to the receipt of this special survey will be made to insure that payments during the entire year reflect fiscal 1971 data as to state and local finances. Early in 1973, the 1972 Census of Governments data may be available, but presumably will not be used until the distribution to be made in July, 1973.

The bill frankly admits the inadequacy of the data. While requiring that the most recent Census Bureau data be utilized, the Secretary of the Treasury is given carte blanche authority to use "additional data (including data based on estimates)" when he determines that the most recent Census Bureau data "are not current enough or are not comprehensive enough to provide for equitable allocations."

The Secretary of the Treasury is, in effect, given blanket authority to make up for the statistical inadequacies underlying the distribution formulae. The additional data he may select and the estimates he makes are completely within his discretion, and no locality will have any remedy under the bill if it disagrees with the data he selects or the computations that he makes. Even this is deceiving: the Secretary is told to patch up the defects with data that are unavailable or may prove inadequate or by using unspecified "estimates" when there is no assurance they can be based on statistically workable information.

The Committee bill recognizes this by requiring that every individual supply additional information on his already voluminous income tax return each year (at an initial cost to the Federal Government of \$7.5 million). But many individuals—particularly with the new low-income allowance and cor-

responding amendments related to filing requirements—file no income tax returns. These are the very people whose income would result in a community having low per capita income, an important part of the distribution formulae.

Additionally, *taxable income* excludes transfer payments (social security, unemployment insurance, welfare) and involves different definitions from the *per capita income* concept used by the Census Bureau and now in the formulae of the bill. The additional burden imposed on all taxpayers serves only to admit the inadequacy of the data rather than to provide meaningful correction.

The Committee made an unsuccessful attempt to bridge the gap by initially requiring the Secretary of the Department of Health, Education, and Welfare to collect income statistics on welfare recipients and members of their families by state and locality. This requirement was deleted from the Committee's working draft shortly before a clean bill was introduced and ordered reported when it was learned at the last minute from officials at the Department of HEW—who had not previously been consulted—that the provision was unworkable and would cost as much as \$500 million.

The aimless grasping for data characterized by this procedure indicates the slipshod method employed to "paper over" real problems. The last minute deletion of the provision is an admission by the majority that it is not feasible to collect data they felt was important to at least a partial cure of the statistical inadequacies that exist.

The problems involved in collating meaningful data to administer the complex distribution formulae on a workable basis continually plagued the Committee's efforts to develop a bill. The Committee ordered the bill reported before being provided with any distribution figures for the local share within the states unless the state was represented by a Member of Congress on the Ways and Means Committee. And the data submitted on these 18 states was incomplete, containing omissions and errors that computer re-runs failed to eliminate. In the final analysis, the Committee failed to carefully examine even the data we received on "Ways and Means Committee" states.

If this bill is enacted, no one seriously believes the program will be temporary. We will be required to collect much more data, and on a more current basis. Yet, the Committee has given no attention to the methods that may be required or the timetables that should be imposed. And, most importantly, no attention has been given to the substantially increased costs that may be incurred in collecting additional data.

COMMITTEE'S BILL WAS NOT COORDINATED WITH OTHER FEDERAL PROGRAMS OF ASSISTANCE TO STATES AND LOCALITIES

The Committee's revenue sharing bill is wrong in principle, is fiscally unsound, and distributes a sum of money arbitrarily arrived at through methods with no rational basis. Furthermore, the bill is itself bad public policy, made far worse by the complete failure to coordinate the bill with existing and proposed federal programs to assist state and local governments.

Federal aid to state and local governments is already substantial even without general revenue sharing. On this basis, federal assistance to states and localities has risen from less than \$8 billion in fiscal 1962 to an estimated \$38.5 billion in fiscal 1973. As a percentage of federal outlays, this assistance has more than doubled from 7.4 percent in 1962 to an estimated 15.6 percent in fiscal 1973. As a percentage of domestic federal outlays, exclusive of payments from the trust funds which are set aside for the payment of specific benefits, federal aid to states and localities—again without this bill—will consume more than one-third, or

35 percent, of the federal budget in fiscal 1973.

In view of the magnitude of present programs—some of them in the same so-called "high priority areas" aided under the Committee bill—sound legislative procedure should have required the Committee to make at least some minimal effort at coordination. For example, the so-called "high priorities" for which localities must spend their share of the assistance are public safety, public transportation, and environmental improvement and protection. Yet, while designating these as high priority areas, the Committee made no review of existing and proposed federal assistance programs in precisely the same area, either as to the amounts being made available, the method of distribution, the efficiency of the programs, or the priorities implicit in these existing programs.

Programs of federal assistance in these "high priority" areas are extensive. In the field of public safety, for example, the federal budget for fiscal 1973 includes \$923 million to be used in support of state and local crime reduction activities. This sum represents 40 percent of total federal outlays for those purposes.

In public transportation, the federal budget for fiscal 1973 includes outlays of \$4.77 billion in federal-aid highway grants, plus outlays of approximately \$535 million for other road-related projects. And the Urban Mass Transit Administration is budgeted to grant \$351 million for construction of mass transit facilities such as subways, commuter railroads, and busways.

The 1973 budget also includes estimated outlays of 1.25 billion in financial aid to state and local governments for pollution control and abatement facilities.

In addition to existing programs, actions currently being taken by the Congress were totally ignored. As the Committee neared the end of its consideration of this bill, the House passed H.R. 11896, the Federal Water Pollution Control Act Amendments of 1972, which calls for the spending of \$24.6 billion on environmental improvement over the next four years, most of it in direct allocations to state and local governments.

Possibly the most serious lack of coordination is the failure of the Committee in developing this bill to pay any attention to several major categories of state and local expenditures that are in the process of historic changes—education, public welfare, and medical assistance to the needy.

In the area of education, courts in at least four states (California, Texas, Minnesota, and New Jersey) have issued decisions that may, in the final analysis, require states to provide nearly all the costs of public education. Aside from these judicial developments, the President's Commission on School Finance (McElroy Commission) recently issued a report recommending "that state governments assume responsibility for financing substantially all of the non-federal outlays for public elementary and secondary education . . ."

The Commission proposed federal incentives to encourage the states to move in this direction that would cost the federal government as much as \$7.8 billion over a five-year period. Even with this incentive, full state funding of education would cost the states at least an additional \$20 billion per year. The Committee simply ignored these problems in framing its bill. None of the states' one-third share in the funds made available in this bill is specifically allocated to deal with this problem, and localities, which receive two-thirds of the money under the Committee bill, are forbidden to spend any of their share on education.

In the area of welfare, fundamental reforms have passed the House and are being considered by the Senate that would provide relief to states and localities estimated at \$1.6 billion in the first year alone. More im-

portantly, states and localities would be protected any costs attributable to future case load increases. While revenues states and localities currently devote to welfare programs will continue to grow, state and local costs for welfare will be substantially curtailed, providing budgetary latitude that may be used by states and localities to meet other pressing needs. Yet, in developing the Committee bill, no consideration was given to the fiscal relief states and localities may receive under welfare reform.

The Medicaid program is another rapidly growing area of state and local expense. Although state and local expenses may well be sharply curtailed by congressional action on national health insurance, a subject on which the Committee has already held 4½ weeks of public hearings, no effort to coordinate the potential relief in this area was made in developing this bill.

Existing federal grant-in-aid programs are not well coordinated, involving duplication and overlap. Additionally, changes underway in such major areas of local expenditures as education, welfare, and Medicaid, will substantially alter existing programs, redefining the magnitude and nature of state and local needs as well as state and local fiscal relationships. The complete failure to assess these problems in framing the bill is appalling.

By simply piling another program on top of the existing structure, the Committee makes a bad situation worse.

COMMITTEE BILL UNDERMINES LONG-ESTABLISHED PROCEDURES FOR CONSIDERATION OF LEGISLATION BY THE HOUSE

This bill provides for both an authorization and an appropriation. The Appropriations Committee, through its consideration of all appropriation bills, is the only Committee of the House that looks at federal expenditures on anything approaching a comprehensive basis. By examining the need for appropriations within the limits of authorizations provided, the Appropriations Committee can make a reasonably current determination as to the relative priority of specific needs in the light of other items in the federal budget, and with some regard to the level of overall federal expenditures. When the mechanisms that we already have are proving inadequate to meaningful expenditure control, the Ways and Means Committee—which should be keenly aware of the need for fiscal responsibility—establishes an extremely bad precedent in bypassing the Appropriations Committee.

It should be emphasized that the Ways and Means Committee, in end-running the Appropriations Committee, is not simply providing an appropriation for one or two years—but for a period of five years under the Committee bill. And no one seriously doubts that this bill is really establishing a permanent program appropriating a substantial and growing amount of the federal budget completely outside the normal appropriations process. Not only will the expenditures be uncontrollable as a practical matter, but they will be exempt from scrutiny by the Committee of the House charged with specific responsibility by the House for reviewing the overall level of federal expenditures.

Uncontrollable programs have proved a real problem for effective budgetary control. This bill launches a program that, as a practical matter, will be more uncontrollable than any we had in the past. And we do it in a manner that insulates the program from effective control.

If the precedent established by the Ways and Means Committee is followed by other Committees of the House, we will have to abandon all hope for dealing effectively with the federal budget. When we face a federal funds deficit of \$81 billion, for the current and succeeding fiscal year, this is clearly the wrong time to drastically undermine existing procedures for promoting fiscal responsibility.

SOUND ALTERNATIVES ARE AVAILABLE

The case for revenue sharing has historically been predicated on the theory that state and local governments have responsibilities disproportionately large in relation to their revenue sources, while the federal government has revenue sources disproportionately large in relation to its responsibilities. This is the "fiscal mismatch" that revenue sharing proponents have emphasized.

The dismal picture of federal finances forces us to view this theory with skepticism. However, even if we assume the theory has validity, the correct remedy is to provide greater tax sources to states and their local governments commensurate with the responsibilities they face. By providing another federal grant, restricted in large part to specific categories, the Committee bill does nothing to provide a better alignment of tax resources with expenditure responsibility. In fact, the bill requires that Federal taxes must be higher than they otherwise would be in order to finance this vast new program.

More appropriate relief could be provided through a reduction in federal taxes, or through a federal tax credit. A tax credit could encompass all of the major tax sources used by state and local governments, or some taxes could be weighed more heavily than others. Title II of the Committee's bill in effect makes federal money directly available to the states pursuant to a formula combining several factors relating to state and local tax structures. A similar or different group of factors could be included in a tax credit provision.

Another possibility would involve updating the federal estate tax credit for state death taxes paid. Historically, death taxes have been regarded as a state revenue source. Under pressure for revenue, Congress has allowed a credit provision enacted in 1926 to become hopelessly out-of-date, and the federal government now collects 80 percent of the death taxes. Legislation is pending before the Ways and Means Committee to update the credit providing over \$1 billion in increased taxing latitude to the states. The Advisory Commission on intergovernmental relations has recommended such a proposal.

These approaches would realign revenue sources with responsibilities while providing assistance to those making the greatest effort to meet locally defined needs. It would be directly responsive to any problem of "fiscal mismatch" that exists and would continue to maintain the indispensable link between the dispensation of public benefits and the imposition of taxes necessary to finance these benefits. Both local needs and the taxes necessary to meet the needs would be locally defined. Full public accountability would be maintained.

The Committee hearings on revenue sharing include many alternative proposals that were presented for the Committee's consideration, and many suggestions were called to the attention of the Committee during our executive sessions. While we may differ as to the specifics that any alternative proposal should include, we are in agreement that providing additional tax sources is a much sounder approach than simply making grants available pursuant to the cumbersome procedures included in the Committee's bill.

CONCLUSION

The Committee bill is bad medicine, prescribed without any real analysis of the patient's condition. The fiscal malaise afflicting all levels of government is dealt with by another overdose of spending. The diagnosis is based on a series of false generalizations, ignoring the real problems. The prescription is based on the assumption there is a political need to do something—anything at all.

The bill assumes all states and localities have a fiscal crisis common in nature and magnitude with which they are equally unable to cope.

It provides for sharing revenue which really isn't there. The federal government is in worse fiscal condition than many states and localities.

It papers over the real weaknesses of state and local governments with money, ignoring the root causes of the problems.

It assumes that states and localities, highly diversified as to governmental structure, can be blithely aggregated into a prototype for the purpose of providing them relief.

It assumes the states and localities have done all they can do to help themselves, when in fact, their revenue efforts vary widely, and they have sufficient fiscal latitude to raise revenues considerably in excess of that provided by this bill.

It was devised and would operate in a vacuum; remaining uncoordinated with a host of other federal programs, current and planned, to assist the states and localities.

It would increase the dependency of states and localities on Washington, increasing centralization of government, and is of dubious constitutional propriety.

It would undermine a basic precept on which our system of government has operated successfully since its inception, by separating the responsibility for collecting taxes from the authority to spend revenue. The procedures employed in enacting the bill bypass the normal process established by the House for maintaining overall budgeting control.

Most importantly, the bill is a beginning step in the wrong direction. It contains potentially the biggest giveaway program ever enacted by the Congress. Once the bad precedent has been established, the pace will quicken, the program will grow, and all of its defects will be magnified many times over. We will have opened Pandora's box, and it will seriously weaken our federal system of government as we know it.

The only appeal the Committee bill has is based on one of the hoariest of hoaxes: That it is possible to get something for nothing. To some governors, mayors, and state and local legislators, it may seem to be manna from Heaven. But the money can only come from one source—the already overburdened American taxpayer. And the cost of this program, as well as the tax burden necessary to finance it, can go in only one direction—up!

JOHN W. BYRNES.
HERMAN T. SCHNEEBELI.
JOEL T. BROYHILL.
OMAR BURLISON.
JAMES C. CORMAN.
SAM M. GIBBONS.
JOE D. WAGGONER, JR.

The CHAIRMAN. The Chair recognizes the gentleman from Oregon (Mr. ULLMAN).

Mr. ULLMAN. Mr. Chairman, we have agreed to rise at 6 o'clock. Will the chairman advise how much time is remaining?

The CHAIRMAN. The gentleman from Oregon (Mr. ULLMAN) has 3 hours and 22 minutes remaining, and the gentleman from Wisconsin (Mr. BYRNES) has 3 hours and 13 minutes remaining.

Mr. ULLMAN. Does the gentleman from Wisconsin desire to yield time?

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield to the gentleman from Ohio (Mr. BETTS), a valued member of the Ways and Means Committee, such time as he may consume.

Mr. BETTS. Mr. Chairman, I am completely aware of the forceful and eloquent argument that has been made by my distinguished minority leader, the gentleman from Wisconsin, whose sincerity and dedication I certainly admire and respect,

but I hope I might have the opportunity to make a few comments about some of the objections that have been raised against this bill and some of the features and purposes of the bill which I do not think have been very fully explained in debate, or anyplace else for that matter.

In the first place, one of the principal arguments that has been made against this bill is that there is no revenue to share. Of course, that is a very attractive phrase which could be applied to any argument without actually amounting to a specific answer. We could say there is no revenue to share for education, and no revenue to share flood control, or no revenue to share for agriculture. So it resolves itself down to the question of not whether we have any revenue to share for this program, but rather, what priority we give to the program. I submit, and it is the position I have taken with respect to this bill, that the purposes of the bill, are ample reason for giving it first priority in the consideration of spending by the Federal Government.

In the second place, one of the arguments made against this bill is it is going to make the States completely dependent upon the Federal Government. The fallacy of that argument is that it is made about 30 years too late. Ever since the Federal Establishment began to be built up about 30 years ago, the local governments and State governments have had a continuing and increasing dependence upon the Federal Government.

If you do not believe that, just stop and think a minute about the tremendous lobbies of Governors and mayors that have been and will continue to be constantly on the scene. Somebody points out that one of the objections to this bill is that it means more Federal spending. Do not delude yourself that if you defeat this bill, you are going to stop Federal spending for local programs. The lobbies will continue to exist. The Governors are going to be down here; the mayors are going to be down here; and the pressure is going to be constantly on for more spending at the local level. So regardless of whether this bill passes or not, the pressure will continue for Federal spending.

I discount the argument that this bill is going to mean more Federal spending and more dependence by the local communities on the Federal Government.

In the third place, with respect to the arguments made that the formula is not completely fair and just so far as distribution to local and State communities is concerned, my answer to that is that I have received no single objection from any local community or State government about the formula in this bill. The formulas that we developed in the committee represent days and weeks of consideration, of amending, of reconsideration, and I point out that no one is going to come out with a bill satisfactory to any particular State and satisfy any one of the 50 States, or any one of the 435 Members of Congress.

So the claim that the formula is not fair is completely answered by the consideration the committee gave it. In fact, I do not think anybody has received any objection to the formula in the bill. So

let me comment a bit about some of the features of the bill which I think have not been given adequate consideration.

I begin with this statement. I think one of the greatest dangers facing the Federal Government today is the buildup and expansion of the Federal Establishment, creeping bureaucracy. I do not have to call the attention of the Members, I think, here specifically to the delays we have experienced as far as securing projects back in our districts are concerned. My own experience, I think, can be matched by every Member here, which is that every project for any spending of Federal money in the district is an exhausting and time-consuming and irritating experience, lasting anywhere from 2 to 3 or 4 or 5 years with papers being shifted from Washington to some district office in the area where the project is to be considered, back to the community where it was originated, and then back to the Federal Government. The final decision as to where it is going to be and how much of the taxpayers' money is going to the community is made, not by any elected official, but by some bureaucrat downtown who is not responsible to anyone. He has built-in life tenure under civil service, and he has no elected position wherein he is responsible to any constituency for which the project is being considered.

What this bill does is simply bypass this bureaucracy, and it is saying to the local communities that we are sending their money back to them to be distributed by them in any way, within certain restrictions in the bill, that the community decides, under the recognized and time-honored constitutional concept of their right to make decisions at the local level.

The Constitution of the United States provides not only for the separation of powers between the executive and legislative and judicial in the Federal Government, but also for a division of powers between the Federal Government and the State and local governments. This is the thing that attracts me to this bill, because that relationship is being destroyed by the buildup of Federal bureaucracy which has taken upon itself a fourth dimension of government, usurping the legislative and judicial and executive functions of the local government and depriving our local communities of the right of self-expression.

To me, if this bill does nothing else than provide for the bypassing of this dangerous trend in our Federal Government today, I think it is worth the effort and worth the time and the expenditures provided in the bill.

Mr. CONABLE. Mr. Chairman, will the gentleman yield?

Mr. BETTS. I yield to the gentleman from New York.

Mr. CONABLE. Mr. Chairman, I associate myself with the remarks of the gentleman. He has spoken not only eloquently but also very persuasively. He has been a star of constancy in the movement toward this very important legislation. I am very pleased to have been associated with his efforts, and I associate myself with his remarks at this point.

Mr. BETTS. I thank the gentleman

from New York, because he has made a tremendous contribution to this bill, and I am happy to be associated with him in his efforts.

Mr. SCHNEEBELI. Mr. Chairman, will the gentleman yield?

Mr. BETTS. I yield to the gentleman from Pennsylvania.

Mr. SCHNEEBELI. Mr. Chairman, I thank my friend, the gentleman from Ohio, for yielding. I am opposed to this bill, and I am sorry to have to speak at this time while my friend, the gentleman from Ohio, who is in favor of the bill, is speaking.

Mr. Chairman, this bill might properly be labeled "the fiscal follies of 1972." This legislation is wrong in so many aspects of its approach. It is wrong in its basic fiscal philosophy of the tax relationship between the Federal, State, and local governments; it is wrong in its allocation and distribution formula; it is wrong in being initiated during the period of the greatest 3-year Federal funds budget deficits in peacetime. It is so wrong that it received very little enthusiastic positive support among the 25 committee members. In essence, it substitutes political expediency for responsible fiscal accountability.

In the more than 11 years I have served on the Ways and Means Committee, this is probably one of the worst pieces of legislation that has emerged from committee deliberations. Potentially it could well become about the most expensive law this House will have approved for a long line.

The grandiose new proposed Federal giveaway and sharing of nonexistent funds could not come at a more inopportune time.

Chairman MAHON tells us in his letter of March 21, that the Federal funds deficits for fiscal years 1971, 1972, and 1973 will be more than \$110 billion—which at 5-percent interest figures at about \$15 million a day interest. I'd like to repeat this figure—\$15 million a day interest on only 3 years current deficit. And to this deficit position, we have recently added two additional large-scale spending programs which will increase our deficits even further. I am referring to the recently approved pollution and higher education bills, which will total about \$8 billion annually in increased expenditures. The conclusions of the recent Brookings Institution report add further proof of our distress over our fiscal excesses and underscores further, the deterioration resulting from our decision on Federal fiscal matters. Our debt as of now stands at about \$430 billion. Will someone please turn off the spending machine?

So in this background of being mired down in increasing deficits, we decide to inaugurate the potentially biggest spending program of all. What an environment for the debt of this giveaway of money we do not have.

I will not get into the matter of the lack of economic justification or the poor implementation of the intended objective—these matters have been dealt with thoroughly in the dissenting views which are recommended to you for reading and study.

This open-ended spending spree will help States and communities, many of which are in fiscal balance or running a surplus. Secretary Connally's reply to a question noted—

None of the 50 States is in as bad a shape fiscally as the Federal Government.

As an example, my own State of Pennsylvania will probably run a surplus of between \$25 and \$100 million this year, but still this program will give them an additional \$98.4 million. The have-nots will be contributing to the haves. This is a new sophisticated tax philosophy which defies logic.

The Federal income taxes have been reduced five times in the past 10 years—in 1962, 1964, 1965, 1969, and 1971. Just the last two tax reductions alone have produced a dramatic impact in personal tax reductions. Take the typical family of a couple with two children. The tax changes have resulted in the following:

Income	1969 tax year	1972	Percent Decrease
\$5,000	\$290	\$98	66
\$10,000	1,225	905	26
\$15,000	2,268	1,820	2

What does this mean? This means that as taxes are reduced on the Federal level, it gives the States and local authorities an area for a tax increase to meet their obligations. So why should Washington start a new allocation of nonexistent funds when our recent Federal tax actions make it possible for the States to improve their own fiscal position?

Why are we doing this? Merely to accommodate a handful of big city mayors who have gotten themselves into a fiscal bind and who have high pressured their colleagues into joining them in this raid on the public treasury. Let the taxpayer beware and be aware of this ploy—and to the argument that this is only a one-shot 5-year raid, I say "Political humbug." Of the myriad Federal programs supposedly generated to resolve an emergency, how many have been terminated? Let us not resort to this type of fiscal legerdemain and political doubletalk.

We are aware of the fact that the attitude of the people of this country toward officeholders is becoming increasingly bitter and hostile. This is most evident in the recent primaries in the expressed disillusionment and disappointment of the electorate in their elected officials. When the voters realize how the House is sacrificing its responsibility in the interest of expediency and pressure groups, the hostility toward Congress will become even more bitter.

In a recent questionnaire sent to my constituents, I received more than 22,000 replies. Included in the survey was the question:

Should the Federal Government share \$5 billion of income tax revenues with state and local governments, for unrestricted use without Federal control?

The replies were 28 percent yes, 62 percent no, 20 percent undecided. The people answered more than 2 to 1 in opposition. The taxpayer is leery of this Federal

largess. They wonder where the money is going to come from.

Those of us who oppose H.R. 14370 are not unaware of the great fiscal need of some of these State and local governments; however, we believe it can be met more responsibly by specific sharing of a present Federal tax base which would settle the matter of Federal cooperation at that point and not subject the Congress to the continuing and harassing pressures and lobbies from 50 States and 39,000 local units as their insatiable demands continue. Several proposals have been offered in transferring a specific tax base such as a high percentage of Federal estate and gift taxes, the Federal telephone tax—even the payment of real estate taxes by the Federal Government for its properties in each of these localities—but these proposals for more responsible transfer of tax base fell on deaf ears.

I am greatly opposed to this new raid on the empty Federal Treasury and I ask that H.R. 14370 be defeated.

Mr. BROTZMAN. Mr. Chairman, will the gentleman yield?

Mr. BETTS. I yield to the gentleman from Colorado.

Mr. BROTZMAN. Mr. Chairman, I thank the gentleman for yielding. Although the gentleman from Ohio and the gentleman from Wisconsin, who spoke prior to the gentleman from Ohio, might disagree on this particular bill, each of the gentlemen has made a tremendous contribution to our committee, to the Committee on Ways and Means, and to this particular piece of legislation.

I would only say to the gentleman, we appreciate deeply what he has done. I would comment that each of these gentlemen will be sorely missed upon their resignations from the Congress.

Mr. Chairman, I rise in support of the State and Local Fiscal Assistance Act, H.R. 14370. This legislation is the final product of several months of arduous work in the Ways and Means Committee. Extensive hearings, involving both public and private witnesses, were held. Over 100 witnesses were heard, and their testimony fills eight volumes and more than 1,500 pages. For 35 days the committee met in executive session to consider this testimony and the underlying fiscal crisis which besets State and local governments.

It is this underlying crisis which compels the enactment of H.R. 14370. The provisions of the bill are carefully calculated to ease the financial difficulties of State and local governments in an equitable fashion. All localities in this country face severe financial problems, and for many of them the situation is approaching a critical point. These localities, as a result of increasing urbanization, find themselves politically separated from many of the people for whom they are called upon to provide services. Their taxing jurisdictions are limited, often to those who are poor and unable to pay for their share of local governmental services.

Even as the Nation's local governments are experiencing mounting financial troubles, so too are the States less able to provide for their citizens. States, of

course, do not have the limited jurisdiction problems which play so key a role in the financial difficulties of local governments, but their tax structures cause them hardships from the standpoint of their own needs and from the standpoint of their increasing levels of assistance to local governments.

H.R. 14370 seeks to treat these financial problems by recognizing that the situation of the States differs from that of the local governments. In so doing, the bill's provisions differ from many of those contained in earlier approaches to revenue sharing. These differences are worthy of note:

Specific dollar amounts are included in the bill to prevent the addition of a new category of uncontrollable Federal expenditures;

The authorization is for a 5-year period, thereby assuring future congressional review, while at the same time allowing the recipient State and local governments a measure of planning latitude;

Local governments must spend their revenue sharing funds in certain broad areas to assure some control by the level of government raising the revenue, but at the same time local governments are left discretion within the broad guidelines so that the pitfalls of categorical grants can be avoided; and

States, through the distribution formula and other features of the bill, are encouraged to improve their own revenue efforts.

To meet these important objectives the bill provides for \$5.3 billion to go to State and local governments during calendar year 1972. The total amount will rise to about \$6.5 billion in the fifth year of the program. Of the \$5.3 billion for 1972, \$3.5 billion is to be available to local governments and \$1.8 billion will go directly to the States.

Turning first to the \$3.5 billion for local governments, these funds are to be distributed on the basis of a formula which first determines how much will go to all local governments in a particular State. This formula weighs equally the three factors of population, the extent of urbanization, and need as measured by the relative income levels of the residents. Then these same factors determine how much money will be made available to each county and its component cities within the State. Finally, within each county, funds are divided among the cities and the county government in proportion to the tax revenues raised by each. After June 30, 1973, however, the States may vary the impact of the three factors, within the limits of a 25-percent minimum and a 40-percent maximum, to better suit their particular needs. Alternatively, if they believe it is desirable to give more emphasis to the varying costs of government within their jurisdictions, the States may substitute for the population factor, a factor taking into account variations in tax revenues raised.

The funds to local government, as I have noted, must be used within certain broad parameters. Specifically, the bill restricts these funds to being spent on maintenance and operating expenses for public safety, including police and fire

protection; environmental protection, including sewage and garbage disposal; public transportation; and capital improvements for sewage collection, refuse disposal, and public transportation. These items encompass a sufficiently broad range of municipal services to greatly ease the financial plight of the 38,700 general-purpose local governments in the United States.

The funds for the State governments are to be distributed on an incentive basis which consists of two factors. One-half of the funds are to be distributed to encourage State tax effort generally. This is to be measured by comparing State and local tax collections relative to the personal income level in the particular State with similar revenue efforts made by the other States.

The other half of the funds are to be distributed to encourage greater State use of the individual income tax. This encouragement is provided by distributing an amount equal to one-half of 15 percent of a State's individual income tax collections up to a limit of one-half of 6 percent of the total Federal income tax liabilities within the State. In no event is this amount to be less than one-half of 1 percent of the total Federal income tax liabilities within the State. This is to protect those States which have yet to enact a State income tax.

The States will have no controls placed over their utilization of revenue sharing funds and the amount available to all State governments can be increased by as much as \$300 million per year meaning that these funds may grow to an annual rate in excess of \$3 billion by the end of the 5-year authorization period. Without this escalator feature States already utilizing the income tax would suffer reduced benefits as other States implement income taxes to take advantage of the incentives contained in the bill.

Beginning in 1974, another form of assistance is provided to the States under the provisions of H.R. 14370. After that date, States may request the Federal Government to collect their income taxes under a piggyback arrangement whereby the State tax is collected in conjunction with the Federal tax. To trigger this device it will be first necessary for five or more States representing 5 percent or more of the personal income tax returns to request the Federal Government to collect their State income taxes.

Mr. Chairman, I believe the passage of H.R. 14370 will help stem the erosion of State and local governments; it will assist those governments in their time of admitted financial crisis; it will strengthen the existing partnership between the Federal Government and State and local governments; and it will do this in the best interest of the one factor common to all—the citizens of this country.

I urge its passage.

Mr. BETTS. I thank the gentleman.

My good friend the minority leader on our committee has made the statement that this bill simply adds one layer of spending on top of the categorical grants we have. I want to comment on that.

What is the alternative? The alternative is—and it is the only alternative if

the Members defeat this bill—to have a continuation of the present bureaucratic controlled categorical grant programs.

It seems to me the time has come when we ought to make some effort to break away from our 30-year practice of piling up program on program and bureaucracy on bureaucracy and send some Federal money directly back to local communities and permit them to determine how it will be spent.

This is what the bill does. It is the only opportunity I have had since I have been in the Congress—as a matter of fact, the only opportunity this House has had in the 30 years of buildup of the Federal establishment—to make some effort to register opposition and objection to this constant buildup of the Federal bureaucracy. It is one opportunity we have to bypass it.

We do not offer it as the final hope. We do not offer it as a 100-percent solution to the problem. But we do offer it as an opportunity to turn away from this insidious buildup of creeping Federal bureaucracy.

I conclude by saying that if anyone believes this bill is going to stop Federal spending for local communities on Federal projects, or is going to stop categorical grants, he is simply deluding himself. The pressure is on. This bill simply offers another way of sending the money back to the local communities.

I hope and trust the bill will receive favorable consideration by the House.

Mr. HARRINGTON. Mr. Chairman, the revenue-sharing legislation before us today must be passed without debilitating amendments. I am aware that there is a fight over the rule and I find myself in the anomalous position of voting for a closed rule.

In general I oppose closed rules because they prevent the Members of the House from voting on or even considering any alternative to the legislation before us. However, in this case, I am afraid that if the rule is open the revenue-sharing bill will be so changed and twisted that the original concept will be lost and the relief that our cities and towns so badly need will not be forthcoming. I therefore intend to vote for the closed rule.

No one can deny that State and local governments are in urgent need of financial help. Their present revenue-raising systems are heavily dependent on regressive property taxes which penalize the elderly, the middle-income worker, and the poor. For instance, the tax rate in the city of Lynn in my district is the highest in Massachusetts. If revenue sharing were to pass Lynn would receive \$1,805,409.00—a substantial influx of funding which will help to alleviate the immense tax burden of Lynn's residents.

The revenue sharing bill before us contains an appropriation of nearly \$30 billion in direct grants from the Federal Government to State and local governments. The bill is unusual in that it establishes a 5-year appropriation of funding. But, I believe that this 5-year funding is essential to allow States and localities the leadtime necessary to plan the most effective use of the funds.

Too often in the past—particularly in an election year—the Congress will authorize large amounts of funding for domestic programs only to fail in future years to appropriate the sum necessary to carry out the intent of the program. States and localities work hard and in good faith to plan their programs, based on a promise of adequate Federal funding, only to find that the funds have not been forthcoming. The program is then destroyed and the people lost faith in their government.

The revenue sharing bill, as presented to us today, will guarantee that the funds will be available and will allow the States and localities to make their plans accordingly. The stability of this advanced appropriation is essential.

The revenue sharing bill attaches no strings to the money distributed directly to State governments. It does, however, require that States maintain previous aggregate levels of aid to local governments. Money distributed to local government may be used only for certain high priority purposes. The purposes are:

Maintenance and operation expenses of public safety, environmental protection, and public transportation.

Capital expenditures for sewage collection and treatment, refuse disposal systems, and public transportation.

Local governments are not required to maintain past efforts to displace previous local expenditures.

The problems of our cities and towns cannot wait. Their needs are of the highest priority and the revenue sharing bill is the best means presently available of helping to solve these problems.

I will vote for the bill if the House acts this afternoon to retain the closed rule. I urge my colleagues to vote for the closed rule and for the final passage of the bill. A vote for the closed rule is the only way of assuring that the House will pass revenue sharing this year.

Mr. REUSS. Mr. Chairman, the House Committee on Ways and Means has presented us with a good revenue-sharing bill. H.R. 14370 deserves our support for at least four major reasons.

First, it provides meaningful fiscal relief to the States and localities, some \$30 billion over a 5-year period ending in 1977. The amount includes an initial annual \$1.8 billion for the States, to be increased by \$300 million per year until an annual rate of \$3.1 billion is reached in the last half of 1977. Three and a half billion dollars in yearly aid to local government is provided.

The somewhat lesser amount for the States reflects the probability that somewhere down the line, States will receive substantial additional sums under the Welfare Reform bill and under national health insurance legislation. The States will be additionally benefited to the extent that they choose under H.R. 14370 to have the Treasury Department collect State income taxes. Having the Federal Government perform this function could save the States an estimated \$1 billion in the first year and some \$200 million annually thereafter.

Given the fiscal plight of large metropolitan areas across the Nation, their share of the \$3.5 billion set aside for

local governments is palpably inadequate. To the rescue will come, I hope, the Housing and Urban Development Act of 1972, favorably reported by the Subcommittee on Housing of the House Committee on Banking and Currency on May 11, 1972, and now in markup status before the full committee.

The Housing Subcommittee bill would provide for \$2.5 million a year for fiscal 1973 and 1974, of which 80 percent would go to metropolitan areas for broad purposes of community development. The grants would be free of the redtape associated with the Federal Government's existing housing and urban renewal programs. They would thus provide a necessary supplement to the local share of H.R. 14370.

Second, H.R. 14370 preserves congressional prerogatives to review and change national spending priorities. The original administration revenue-sharing bill based revenue sharing upon an automatic share of the Federal income tax base, thus eroding congressional prerogatives by setting up permanent drawing rights on the U.S. Treasury. H.R. 14370 provides for a 5-year automatic appropriation of the specified sums. Thus, H.R. 14370 provides State and local governments with some insurance of continuity in funding over a 5-year period, while allowing the Congress to revisit the subject of revenue sharing because the program lapses after 5 years.

Third, H.R. 14370 distributes local funds on the basis of need. The local distribution formula of the administration's revenue sharing bill—based on revenues raised as a proportion of total local government revenues in the state—over rewarded rich communities and over penalized poor communities.

H.R. 14370 distributes its \$3.5 billion in yearly local aid under a three-part formula which gives equal value to population, urbanized population, and the inverse of the State's per capita income—States with higher per capita incomes receive less from this part of the formula than States with lower per capita incomes.

The community development block grants of the Housing Subcommittee's May 11, 1972, bill, incidentally, also take account of need. Both among metropolitan areas and within metropolitan areas, the distribution formula is based on population, extent of poverty, extent of housing overcrowding, and extent of program experience in the metropolitan area.

I regret, however, that H.R. 14370 is very little better than the administration's original revenue-sharing plan, in that it recognizes the entitlement to some revenue-sharing funds of almost every general purpose local government, no matter how lilliputian and inefficient. The administration bill gave the funds to every general purpose local government. H.R. 14370 denies funds only to local governments which under the formula would be entitled to \$200 or less. H.R. 14370 thus offers precious little encouragement to tiny and inefficient communities to consolidate into more viable governmental units. But it should be remembered that the formula for distribution according to need will mean that

communities that do not need very much do not get very much.

Fourth, H.R. 14370 includes important incentives to encourage the adoption of progressive State income taxes. The formula under which funds are distributed to the States allocates half the funds given each State according to the amount of its individual income tax collections, with some variations. While a total allocation under this formula would have been preferable, this should induce some of the 10 States which currently lack an individual income tax to enact such taxes. Other States which have narrowly based or flat-rate income taxes will have an incentive to make them more progressive.

States without income taxes, or which make only a token income tax, often compete unfairly with other States for industry. Worse, their reliance on property and sales taxes unfairly burdens their low- and moderate-income homeowners and poor people.

Another incentive for State enactment of State income taxes is title II of H.R. 14370, which authorizes the Treasury Department to collect income taxes for States which generally conform their State income taxes to the Federal income tax. If a large number of States exercise the option of Federal collection of their income taxes, the causes of additional State fiscal relief, and of efficient and progressive tax systems, will be served at one and the same time.

But there is one caveat. It will not profit a State to "piggyback" its income tax on the Federal income tax if the latter represents a swiss cheese more than it does a rational tax system. Until the Congress repairs some of the more flagrant loopholes and preferences of the Federal tax system, neither the Federal Government nor the States will have the fiscal systems they need.

These four solid achievements of H.R. 14370 make it landmark legislation. My one regret is that H.R. 14370 does not contain the incentives for the reform and modernization of State and local government, as a condition of revenue sharing, which were contained in the Humphrey-Reuss State and Local Government Modernization Act of 1971, H.R. 4617. H.R. 4617 would have required the States to prepare plans and timetables for modernizing and revitalizing State and local governments.

How can we move metropolitan areas across the United States toward streamlined two-tier governments—governments under which responsibilities are divided between authorities acting as wholesalers of goods and services on a regional basis and municipal retailers dealing with the people? How can we insure that all local governments of sufficient size and scope have adequate home rule and taxing and borrowing powers? How can we bring about more rational and equitably administered property tax systems? How can we assure dispersion of low-income housing throughout the metropolitan area? How can we equalize—at a high level—the quality of our schooling?

How can we decentralize power and functions back to the neighborhood to

make local government more responsive and democratic?

Under the American system, the States are primarily responsible for determining the structure and powers of local government. But the Federal Government can prod the States into action—to reform their own as well as their local governments—with financial incentives. Though H.R. 14370 fails to contain the planning provision of H.R. 4617, a somewhat similar provision is contained in the Housing Subcommittee's bill of May 11, 1972.

I congratulate the House Committee on Ways and Means in presenting us the result of years of diligent study and draftsmanship. I enthusiastically support H.R. 14370.

Mr. ROSTENKOWSKI. Mr. Chairman, as a member of the Committee on Ways and Means, and as an original sponsor of the State and Local Fiscal Assistance Act of 1972, I am proud today to rise in strong support of this measure.

It is the end result of months of public hearings and committee deliberations designed to produce legislation that would best meet the challenge of the serious fiscal crisis which currently besets so much of our Nation.

Our State and local governments now face financial problems of a most severe nature. In this decade of the 1970's, it will be the States, and even more significantly, the local governments, which will bear the brunt of our more difficult domestic problems.

Almost 4 years ago, it was estimated that the gap between local needs and their revenues for the next decade would be \$262 billion. Since that time, inflation has transformed rising costs into runaway costs. Many municipalities that have always been able to squeeze through are finding that even that is no longer possible. This crisis is most acute in our center cities, where local governments find their resources slipping away and their problems mounting. Their neighborhoods, bleeding and beleaguered, are losing their population and tax bases to the suburbs.

As a Representative of one of our Nation's largest metropolitan areas, I have long advocated programs to help rebuild and rejuvenate our Nation's cities. I have sponsored measures as diverse as legislation for emergency aid to mass transportation and legislation which would allocate more meaningful appropriations for summer programs for our Nation's youth. In my years in Congress, I have always supported any measure which I felt would benefit what is increasingly becoming, our urban Nation.

Mr. Chairman, I preface my statement here today with these thoughts because, as the hearings on the matter progressed in our committee, I became increasingly aware of the tragic wrong of urban life in our country. For the past 15 years, the Federal Government has devoted an increasing amount of its time and funds toward solving the urban problem. But, this problem has, if anything, become worse. America's cities are being squeezed by a powerful financial vice—one jaw of the vice is the rapidly increasing service needs of America's urban areas, while the other jaw is the inability

of most cities to raise the revenues required to maintain even the present low level of services.

In the past 10 years, the Government has instituted vast new programs, organized and developed several new governmental agencies and departments—all for the purpose of constructively dealing with the problems of urban America. While these agencies and organizations have at times been successful, more often than not, they attempted to find uniform national solutions to what are individual, local problems. Problems whose causes and whose cures can only be found in the environment in which they exist.

The causes of the plight of the cities lie in large part with the programs and policies of other levels of government. In many cases, the need for vastly increased Federal services has been stimulated by nearsighted Federal programs.

In this respect, much of the dilemma of the American city is not of its own making. Local government is not responsible for the condition; in fact, it was powerless to prevent the situation and remains powerless to rectify it.

Our national farm policy disinherited millions of farm families, driving masses of them into already crowded cities. At the same time, the fragmentation of the old national welfare system often allowed certain rural States to pay as little as one-sixth as much for relief as, for example, Illinois, thus driving many more of our Nation's poor northward where their hopes were crushed and they became entrapped in some of our Nation's most squalid slums.

Certain Federal housing policies have also contributed to urban sprawl by subsidizing many times as many units of housing in the suburbs as in the inner city. And some of those units which have been placed in our cities have been poorly planned and certainly not conducive to promoting a high quality of urban life. A tragic example of such an ill-conceived project was vividly depicted in a recent edition of Life magazine—an 18-year-old highrise housing project in St. Louis is being torn down. Years of misuse and decay clearly demonstrated that this was not the solution to this area's housing problems.

The national highway program further stimulated the suburban exodus, bisecting cities with concrete, subsidizing congestion and pollution and in most cases ignoring the need for mass transit.

In this way, national policies not only failed to stem the deterioration of our Nation's cities, they partially caused it. But, while certain Federal Government's policies have had adverse effects on urban life and growth, of greater importance, indeed the crux of the plight itself, has been the relation of the cities to their State governments. For since the cities are but creatures of the State, they are wholly dependent upon the States for their powers.

This dependency has created many problems for the local municipalities; among them the limitation of municipal taxation and borrowing powers. And, needless to say, the State governments have been reluctant to take on the burden of increasing taxes. Taxation is never popular. Therefore, cities have been de-

nied adequate means to raise their own revenues and the States, who have the power, have been reluctant to use it.

Cities have been denied relief from their legislatures so consistently that they began to seek help from Congress over 20 years ago. Congress has assisted them through the enactment of categorical grants-in-aid but even this financial arrangement has been far from effective in solving the real problem of urban decay.

The answer to this dilemma is not simple. Cities need operating money—money to hire police, firemen, and sanitation workers. Money to build sewage treatment plants and improve mass transit systems. Money to feed the poor and to give them medical treatment; to hire the unemployed and to return the needy addict to the real world.

Yet, what the people need in Baltimore is not necessarily what is needed in Chicago or Little Rock or New Bedford, Mass. Each community has its own list of particular priorities among these needs.

And, to meet these particular priorities, this bill was written. It is our hope that this "revenue sharing" bill, the result of almost a year of deliberation by our committee, will give the States and municipalities the flexibility they need to solve their own problems. The details of this measure have been quite sufficiently explained by our distinguished chairman and I should at this time only like to urge my colleagues to fully support this measure as the one method by which we may provide meaningful aid to our Nation's cities and towns.

Mr. ARCHER. Mr. Chairman, we are living in a time of change and stress when many established procedures and relationships are being reviewed. This is particularly true in government. The so-called urban dilemma has become one of the Nation's major concerns, while State and local governments almost without exception are searching desperately for new sources of revenue to meet escalating costs. Thus it is not unexpected that States and localities are turning increasingly for help to the Federal Government with its more flexible ability to borrow and its greater capacity to increase revenue through the income tax.

For many years the Federal Government has been responding increasingly to this need. Federal aid has risen from \$1.8 billion in 1948 to \$30 billion in 1971. In other words, the Federal Government already provides \$1 out of every \$7 spent by State and local governments. Most of this is in categorical grants for specific purposes and usually calls for matching funds. Guidelines are set for such expenditures from Washington.

The House Ways and Means Committee has now proposed, through H.R. 14370, to appropriate \$17.5 billion over a period of 5 years to help local governments defray certain general expenses.

The \$17.5 billion general revenue-sharing proposal has such a generous appeal that many people overlook the harsh reality that there is no such thing as a free Federal lunch counter. There is considerable evidence, in fact, that the general revenue-sharing plan is il-

logical, unsound, and inimical to the national interest.

It is illogical to use the guillotine efficiency of the Federal tax collecting system to raise funds to be spent by State and local governments. This fails to recognize political reality or measure up to fiscal responsibility.

It seems highly unrealistic to expect Congressmen, faced with reelection, to vote taxes to raise funds to be spent by State and local politicians who may include their opponents in their next campaign.

It would seem to be a departure from fiscal responsibility for Washington to turn funds over to State and local governments with "no strings attached." If the Congress hands over billions on this basis, it could well begin a dangerous dismantling of the control procedures designed to make sure that the Federal Government gets the best use out of its aid dollars. In other words, can Washington forsake responsibility without becoming irresponsible? What is truly at stake here is a shifting—perhaps a profound shifting—in the roles and missions of government between Washington and the States and cities. It would constitute the most basic change in public finance since the Federal income tax was imposed in 1913. We should be considering a reallocation of functions, rather than a reallocation of funds. It has not been surprising, however, to see an alliance of State, county and city officials mobilizing for this bonus march on Washington. *Nation's Cities*, a journal for public officials, said editorially in its March 1971 issue: "Only through practical political pressure will revenue sharing come to be." The taxpayer, though, should realize that if there are political forces strong enough to enact an initial \$17.5 billion program, these same forces can then go for \$30 or \$40 billion. The taxpayer bears the financial burden, whether it is developed in the National Capitol, the State capitol, the county courthouse, or the city hall.

Higher public expenditures inevitably must come from an increased burden on taxpayers. The taxpayers are the producers who must work and produce goods and services at a rate which will build the national economic strength fast enough to continue to carry the enormous burden of escalating government costs. What we have been seeing develop for many years is a race between "gross national product" and "gross national prodigality."

In the second place, it is unsound for the Federal Government to propose general revenue sharing when the only way it can finance such a program is through enlarging the national debt or increasing taxes. It has experienced a budget surplus only 7 years out of the last 40 years. The Federal Government owes almost three times as much as all State and local governments combined. Expenditures built into legislation will absorb any anticipated increases in Federal income for the foreseeable future. General revenue sharing, under these circumstances, is comparable to the father whose son was leaving for college. He said to the boy: "Go ahead and write

all the checks you want. When your account is overdrawn, the checks will be charged to my account." But the father's account was already overdrawn.

Next, general revenue sharing is inimical to the national interest. Since it is projected on the basis of "the more you spend, the more you will receive," it is an open invitation to unrestrained public spending. This proposal seems to be based on the great American myth that the more you spend, the better the solution—that solutions to Government problems are not possible unless they come from Washington. It will tend to discourage efforts for more efficiency in State and local governments. As a matter of fact, the general revenue sharing principle has much the same logic as loan-shark advertising: "If you fall behind on your payments, don't worry. Come in and we will increase your loan so you can pay what you owe—and have some cash left to spend."

Fourth, with State and local governments increasingly dependent upon Washington, revenue sharing will expand the centralization in the Federal Government. States and localities will become increasingly subservient to Washington. The source that supplies public funds always retains the right to withdraw or not to renew the funds. This is a reality that any recalcitrant State or local government could ill resist.

The assurance that revenue sharing plums will drop with "no strings attached" from the prolific money tree should not be taken at face value. Murray Weidenbaum, former Assistant Secretary of the Treasury, has commented that "no restrictions" does not mean "no controls." Thus, revenue sharing will always be subject not only to the whims of the Congress but also to the vagaries of Federal administrators.

General revenue sharing would not get to the root-causes of State and local problems. It would merely subsidize their weaknesses. It would not encourage more effective and efficient use of available funds. Non-Federal Government costs per person have increased 70 percent in 5 years. When a corporate body takes on weight that fast, it is reasonable to assume that it included considerable fat. In his health message, last year, President Nixon said:

It's not how much we spend but how well we spend that matters.

Revenue sharing would not encourage efforts to modernize some of the archaic forms and structures found in State and local governments. Samuel Jackson, Assistant Secretary of the Department of Housing and Urban Development, says:

Our major effort now should be to improve the capacity of local government to manage.

There is another, more immediate problem that is of great concern to me as a Texan: the fund distribution formula in this bill is designed in such a way that our State will receive less money than nearly every other State in the Union. In funds per capita provided to the State governments, Texas ranks 50th among the States and the District of Columbia. We would get \$4.02 per person, as compared to \$17.23 for New York

and \$8.73 for the national average. For all funds allocated under the revenue sharing program, Texas ranks 35th on a per capita basis.

Texas is 27th in tax revenue per capita paid to the Federal Government, but it is 35th in total funds it will receive. What this means is that we will be paying taxes to provide funds going to other States. This is indeed revenue sharing—sharing Texans' revenue with everyone else.

The reason for this inequity is that part of the formula for revenue sharing is based on the State income tax. In effect Texas, which has no State income tax, is being punished for collecting its revenue through other means. Penalizing the 10 States which do not have an income tax does great injustice to the spirit of federalism, which has long been a cornerstone of our republican form of government.

There is no overriding Federal interest that would justify legislation dictating the system of taxation practiced by the several States. Moreover, the fiscal condition of the Federal Government is certainly no shining example for the States to follow. Texas is run in a manner far more fiscally sound than is the Federal Government. Texas has no debt. We pay our own way.

The crunch on State and local governments has been caused largely by Federal policies, so why not remove the causes rather than subsidize the results. For example, inflation is the chief culprit in increasing costs faster than State and local revenue, and revenue sharing would be another inflationary pressure. If the Federal Government should ever reach that unlikely time when it will have surplus income, a reduction in taxes would do more to alleviate critical social problems and to resolve political disharmonies than would the further expansion of the Federal sector.

At a time when we are engaged in an agonizing reappraisal of the excesses of a welfare program for people, it would seem to be an inappropriate time to initiate a welfare program for State and local governments.

Mr. Chairman, I call for the rejection of H.R. 14370.

Mr. ABBITT. Mr. Chairman, I rise in opposition to H.R. 14370, the State and Local Fiscal Assistance Act, or better known as the "Revenue Sharing Act."

This bill is a good example of a transition from a commendable concept to an undesirable piece of legislation. Certainly all of us are aware of the tremendous need for additional revenue sources in all of the governmental jurisdictions throughout America. State and local debts are rising at an alarming rate and the demands upon all levels of government are increasing steadily.

All of us recognize these as realities but no jurisdiction of government has anywhere near the level of indebtedness under which the Federal Government is now operating.

The plain truth of the matter is that the discussion today is basically and primarily a question as to whether it makes any sense for the Federal Govern-

ment to borrow money in order to share it with the localities. The Federal Government has no money readily available to distribute and already we have scheduled for consideration for next week a bill which will extend the Government's debt limit to the highest level in history. In other words, any moneys which we vote now to share with State and local governments must inevitably come from borrowing. Furthermore, any money that is borrowed is actually owed by the people of the United States and must be paid by American taxpayers.

It is abundantly obvious that the concept of getting "something for nothing" is finally catching up with us to the point where we must realistically face the question of where the money is coming from in order to finance this bill. Proponents of this legislation have argued that only through the taxing sources of the Federal Government is there sufficient power to extract the necessary revenues—but is this a fair statement?

I feel that the Federal Government should make some attempt to share sources of revenue with our States and localities in order to assist them in meeting the tremendous obligations and demands which are now pressing upon them. However, I feel that a much more propitious way of accomplishing this would be for the Federal Government to surrender to the States and local governments some of the tax sources which are now partially or exclusively held in Washington.

Sooner or later we are going to have to face up to the fact that the Federal Treasury is not a bottomless pit. The Federal debt has increased at an alarming rate and Americans are today paying well in excess of \$20 billion annually in debt interest alone. It is the height of folly to suggest that this situation can be allowed to continue indefinitely and, in my opinion, the revenue sharing bill now before us would only open the door to far greater indebtedness.

Mr. MAHON. Mr. Chairman, under general leave granted to extend my remarks, may I say that Members of the House earlier today voted whether consideration of the pending bill—H.R. 14370, the so-called revenue sharing bill—should occur under a closed rule which waives points of order and prohibits any Member other than the chairman of the committee handling the bill from offering a single amendment. They will have another opportunity tomorrow to vote on the question of whether the Federal Government—already approaching \$500,000,000,000 in debt and going billions deeper every year and thus with no revenues to share—is to embark on this multibillion dollar road of further aid to States and local communities.

Before that final vote is taken, I would hope that all Members would ponder what seem to me to be some of the dangers to grabbing this tiger by the tail, and to take account of what the Federal Government is already doing in the way of aid to State and local communities.

I have spoken about these matters in the House on a number of occasions, particularly in recent weeks. I alluded to them in the House earlier today during the debate on the closed rule.

REVENUE SHARING: AN IDEA WHOSE TIME HAS COME—AND GONE

As was said in an editorial in one of our great newspapers a few days ago, revenue sharing is an idea whose time has come—and gone.

Revenue sharing, I believe, was conceived by Walter Heller, a well-known economist, in the early 1960's, when it appeared that the Federal tax structure was such that it would be generating vast sums of money for which we had no spending purpose insofar as the Federal Government was concerned. It was thought that a large, overwhelming surplus would be confronting us. There was worry about a fiscal drag.

Think of it. Was that not a grand and glorious moment, when we could ponder such a delightful problem? It vanished so quickly.

Yes, this was the atmosphere in which the idea of revenue sharing was conceived and brought to the forefront. But what brushed it aside? It was the programs of the Great Society, which rapidly accelerated, and the war in Vietnam. And so the vast potential surplus which some wanted to share with the States and local communities vanished. Instead of that, we have a desperately serious budget deficit situation.

THE CLIMBING FEDERAL DEBT

Yes, the average deficit in Federal funds to run the Government during the 1960's was about \$10 billion a year. But in the 4-fiscal-year period concluding with the end of fiscal year 1973, we will be running a Federal funds deficit averaging about \$28 billion per year, nearly three times as much per year as in the 1960's.

As a result of this borrowing to pay our bills, the debt will go up more than \$110 billion during this 4-year period—representing about one-fourth of the total monumental national debt which has accumulated over the entire history of our Nation.

Here are the Federal funds deficit figures for the 4 fiscal years 1970 through 1973: \$13 billion, \$30 billion, \$32 billion, \$38 billion—climbing, climbing, climbing. And people talk about tax reductions and revenue sharing.

GROWTH IN FEDERAL ASSISTANCE TO STATES AND LOCALITIES

In view of our growing deficits, we are already doing more for the States and local communities than we can afford to do because of the terrible fiscal plight of the Federal Government at this time.

Then, when you start a program of revenue sharing at what will be called a low level of only \$30 billion for 5 years, that is chickenfeed. That is a mere pittance of what it will become once it is begun.

With reference to the grants to the States and local communities in 1960, what did we spend? We spent \$7 billion.

For the fiscal year which ends this month—fiscal 1972—how much are we spending in grants to the States and local communities? Not \$7 billion—but \$37 billion.

That is how rapidly these grant-in-aid programs climb. But revenue sharing will climb a lot more precipitously than that if it starts down the pike. I have no doubt of that, because of the broad based

lobby groups it involves and helps to organize. I dare say that no one would undertake to dispute that fact.

If revenue sharing were being proposed as a substitute for the \$37 billion in categorical grants—if we had been requested to authorize \$5 billion less per year in categorical grants—then there might be some substance to the proposal. But it is proposed that we pile this \$30 billion program at the rate of more than \$5 billion a year on top of the \$37 billion which we have made available in categorical grants for the fiscal year 1972.

A TIGER BY THE TAIL

Anyone knows that if we start this program of revenue sharing on the basis of what will be called an inadequate level of only \$5 billion a year, it will grow very rapidly. When we start down that road it will indeed be at a gallop.

As I said once before in this House, if you grasp this tiger by the tail, you will find it difficult to turn him loose.

Never in this century would you ever turn that tiger loose, and everyone here knows it.

ASSISTANCE TO STATES AND LOCALITIES

Yes, we have done a great deal for the States and the local communities. They are in difficulty, but most of them are not in as much fiscal difficulty as the Federal Government. Some of them are in as much or more difficulty than the Federal Government, I agree. And it is a matter of great concern to all of us. But what have we done for them?

In Federal assistance to State and local communities, we went in the period 1960 to 1972 from \$7 billion to \$37 billion.

In 1960, of total nondefense Federal spending, 16 percent went to the States and local communities. But of total nondefense Federal spending in 1972—not 16 percent, but 26 percent is going to aid States and local communities. That is an additional 10 percent of the nondefense Federal dollar. It is about a 60-percent increase in Federal assistance to States and localities during that period.

In 1960, we provided State and local communities with 11 percent of their revenues. But in 1972, we provided them with 21 percent of their revenues for their expenditures, and yet some of the mayors—some of whom have not done such a brilliant job—come in here in the shadow of this Capitol and get the roll and check on Members of Congress and apply pressure for more, and more, and more.

But let us not be swept off our feet. Let us be strong. Let us be wise. Let us look beyond the ends of our noses at the future. It does not take a very wise man to see what is in prospect.

A VOTE FOR REVENUE SHARING IS A VOTE FOR A TAX INCREASE

I mark my words when I again say a vote for revenue sharing is a vote for a tax increase. Can there be anyone who thinks to the contrary?

If you add on to the \$37 billion we are already providing for grants to States and localities in 1972 another \$7 billion in 1973 for revenue sharing, expenditures will go up \$7 billion more in the fiscal year 1973.

Spending will go up that much more precipitously. And that will only be the beginning.

Where will the revenues come from? A vote for revenue sharing I say—and mark my words—will be a vote for a tax increase. You can tell your mayors and your folks back home that this would be a vote for a tax increase. Keep that squarely in mind.

THE RESPONSIBILITY OF REVENUE SHARING VOTE

There are a lot of distasteful problems here.

Revenue sharing is wrong in principle. This bill recommends a program that separates two inseparables—political responsibility for taxing and responsibility for spending.

Do Members want to bear the agony of raising taxes next year to support spending by States and local officeholders? Think about it.

Maybe as a temporary expediency revenue sharing might sound good. But in the long pull, I think those who become committed to this will find themselves in a box.

What will the States and the local communities do with this Christmas tree handout? Will they spend it as wisely since they do not raise these revenues as they would otherwise?

Of course, they do have their problems but revenue sharing is not the answer. If you cannot save the States and local communities with grants of \$37 billion, how can you save them with this additional grant?

A MILE WIDE AND AN INCH DEEP

The revenue-sharing money would be spread so thin. How many local communities are there in the United States? There are 38,000. You are going to try to spread these funds out to these 38,000 governmental units in this country? Where will you find yourself? You will find yourself with a stream a mile wide and an inch deep and you will not solve the problems that confront the country and confront the States and the cities. It will not dent them. But it will more or less signal the takeover by the Federal Government. Everybody knows that if we appropriate Federal money, eventually there is going to be a Federal takeover. You know that. And why shouldn't the Federal Government eventually take over if the Federal Government is providing the funds?

The illustrious late Senator Dirksen, of Illinois once remarked that the day might come in this country when only Rand McNally would be interested in State lines. And I would add county lines and city lines. If that day is coming, I guarantee it will be hastened by the approval of revenue sharing.

THE BOGUS TRUST FUND CONCEPT

Mr. Chairman, another feature of this Ways and Means Committee 5-year appropriation bill is that it seeks to characterize the funds as "trust funds." Well you could just as rationally set up trust funds for the entire Federal funds budget and provide that the Federal Government—from such trust funds—is authorized to provide for operation of the State Department, the Department of Defense, the Agriculture Department, and so forth, for this year, for next year, and for the next 5 years.

Mr. Chairman, the bill deals with general Federal funds in the general fund

of the Treasury, and it is a rank perversion of the trust fund concept, which is used for social security and other participating beneficiary programs, to label them as "trust funds" in any way, shape, or form.

THE REVENUE-SHARING LOBBY

If revenue sharing becomes the law of the land, Members of Congress could well become puppets on a string. We would be dancing to the tune played by the 38,000 governmental jurisdictions throughout the United States.

The lobby now is nothing by comparison to what it would be. It is small indeed compared to what it will be after we establish the vested interests that will grow out of these funds. Is that not clear to Members?

Some of our friends are here now lobbying. But, my, after the sweet taste of this painless \$30 billion, what could they do? And how helpless might we be then unless we are quite strong in resisting the pressures for more and more now? The passage of the revenue-sharing bill will organize and galvanize the most powerful lobby group that this country has ever known.

I was reading one of the newspapers recently. Finally, over on a further page, I read, "Revenue-sharers say they have the votes." They had checked us off on their list. The article said, they have the votes. But that check will be nothing compared to what will happen in 1973, 1974, 1975, 1976, and 1977 up to the year 2000, and so on.

There is presently no ground swell of support for this legislation. Our constituents are better informed and wiser than some may think. They realize that all our problems cannot be solved with money—Federal money. They realize, however, that if you start a new, massive handout program, it will grow rapidly and the pressures for more and more will tend to become irresistible.

The adoption of this program of revenue sharing will tend to basically alter our federal form of government.

Mr. Chairman, it seems appropriate that as we face this momentous vote we should lay out the facts and have the best possible understanding of the implications of our actions. This is what I have undertaken to do.

Mr. COTTER. Mr. Chairman, I rise in support of H.R. 14370, the State and Local Fiscal Assistance Act of 1972.

I will vote reluctantly for a closed rule. I do not like this type of parliamentary procedure, but I feel that House passage requires this approach.

As we have all known for many years, the State and local governments cannot continue to offer necessary services without increased costs. Some form of revenue sharing is needed to enable the Federal Government, with its wider scope of tax possibilities, to return funds where they are most urgently required. I have supported the concept of general revenue sharing as a useful approach in lessening the local tax burden.

Those of us who represent urban districts are intimately aware of the problems facing our towns and cities. I believe that revenue sharing can alleviate some of these problems. Our overburdened property taxpayers cannot accept an increased burden. I have made my

support of revenue sharing clear on many occasions. The people of my district need these funds desperately to sustain their institutions and necessary services.

The plan before us today marks a beginning. H.R. 14370 does not provide the ultimate solution to the problems of State and local finances, but the passage of this bill does mark a decent beginning, and clearly commits this Congress to the goal of helping States and municipalities in their overwhelming financial difficulties.

We will have the opportunity to study the result of this novel approach to assure that this concept is effective in helping the State and local governments to provide necessary services.

Just this morning I received the complete figures to the cities and towns of Connecticut. I will include them at this point:

CONNECTICUT

Total State grant to all locals, \$51,695,640. Fairfield, area, \$14,111,718; total to city governments, \$8,358,202; total to township governments, \$5,753,516.

Bridgeport City, \$3,272,569; city of Danbury, \$1,025,558; Norwalk city, \$1,509,235; Shelton city, \$550,825; Stamford city, \$1,961,351; Bethel town, \$105,850; Brookfield town, \$93,469; Darien town, \$195,401; Easton town, \$2,811,673; Fairfield town, \$543,602.

Greenwich town, \$572,478; Monroe town, \$116,493; New Canaan town, \$167,112; New Fairfield town, \$67,531; Newtown town, \$163,856; Ridgefield town, \$175,189; Stratford town, \$480,495; Trumbull town, \$302,620; Westport town, \$262,850; Wilton town, \$130,302; Redding town, \$53,758; Weston town, \$71,101.

Hartford area, \$15,065,005; Total to city governments, \$6,982,016; Total to township governments, \$8,082,929.

Bristol City, \$1,264,313; Hartford City, \$3,808,505; New Britain City, \$1,909,198; Avon Town, \$118,370; Berlin Town, \$219,540; Bloomfield Town, \$265,520; Burlington Town, \$69,738; Canton Town, \$107,321; East Granby Town, \$55,041; East Hartford Town, \$923,141; East Windsor Town, \$138,642; Enfield Town, \$818,515; Farmington Town, \$210,240.

Glastonbury Town, \$309,077; Granby Town, \$95,787; Manchester Town, \$750,543; Marlborough Town, \$48,365; Newington Town, \$401,491; Plainville Town, \$276,920; Rocky Hill Town, \$173,666; Town of Simsbury, \$258,463; Southington Town, \$520,782; South Windsor Town, \$251,448; Suffield Town, \$134,946; West Hartford Town, \$917,224; Wethersfield Town, \$388,895; Windsor Town, \$354,224; Windsor Locks Town, \$255,054.

Litchfield, area, \$1,723,447; total to city governments, \$564,315; total to township governments, \$1,159,133.

Torrington City, \$416,881; Winsted City, \$115,668; Harwinton town, \$43,785; Litchfield Town, \$70,648; New Hartford Town, \$42,184; New Milford town, \$151,058; North Canaan Town, \$33,318; Plymouth Town, \$112,179; Salisbury Town, \$30,537; Thomaston Town, \$69,180; Washington Town, \$20,115; Watertown Town, \$198,872; Winchester Town, \$117,514; Woodbury Town, \$55,291.

Middlesex, area, \$1,661,328; total to city governments, \$649,857; total to Township governments, \$1,011,471.

Middletown City, \$649,066; Chester Town, \$40,246; Clinton Town, \$137,836; Cromwell Town, \$94,238; Deep River Town, \$48,492; Durham Town, \$60,047; East Haddam Town, \$59,472; East Hampton Town, \$95,881; Essex Town, \$56,616; Haddam Town, \$64,714; Middlefield Town, \$53,736; Old Caybrook Town, \$106,332.

Portland Town, \$114,032; Westbrook Town, \$48,490.

New Haven, area, \$14,475,223; total to city governments, \$9,955,228; total to township

governments, \$4,519,995; Ansonia City, \$459,894; Derby City, \$270,417; Meriden City, \$1,190,966; Naugatuck Borough, \$482,660; New Haven City, \$3,013,124; Waterbury City, \$2,325,304; Milford City, \$1,049,575; West Haven City, \$1,118,687; Beacon Falls Town, \$62,607; Bethany Town, \$57,469; Branford Town, \$315,317.

Cheshire Town, \$298,159; East Haven Town, \$442,559; Guilford Town, \$188,274; Hamden Town, \$766,445; Madison Town, \$150,178; Middlebury Town, \$78,217; North Branford Town, \$182,454; North Haven Town, \$345,508; Orange Town, \$193,311; Oxford Town, \$76,466; Prospect Town Hall, \$114,034; Seymour Town, \$214,487; Southbury Town, \$123,306; Wallingford Town, \$599,324; Wolcott Town, \$212,442; Woodbridge Town, \$99,438.

New London area, \$2,518,663; total to city governments, \$1,081,720; total to township governments, \$1,436,943.

Colchester Borough, \$43,470; Groton Borough, \$100,660; Jewett City Borough, \$42,439; New London City, \$370,320; Norwich City, \$507,965; Colchester Town, \$62,105; East Lyme Town, \$102,244; Griswold Town, \$74,642; Groton Town, \$354,909.

Lebanon Town, \$36,044; Ledyard Town, \$130,429; Lisbon Town, \$26,854; Montville Town, \$148,178; North Stonington Town, \$33,660; Old Lyme Town, \$39,717; Preston Town, \$34,078; Sprague Town, \$28,836; Stonington Town, \$143,227; Waterford Town, \$150,923.

Tolland, area, \$1,372,045; total to city governments, \$30,415; total to township governments, \$1,341,630.

Stafford Springs Borough, \$30,415. Town of Bolton, \$43,986. Columbia Town, \$39,023. Coventry Town, \$105,056. Ellington Town, \$98,604. Hebron Town, \$47,824. Mansfield Town, \$281,385. Somers Town, \$85,673. Stafford Town, \$114,018. Tolland Town, \$99,433. Vernon Town, \$344,106. Willington Town, \$49,550.

Windham area, \$942,200. Total to city governments, \$344,896. Total to township governments, \$597,204.

Danielson Borough, \$61,668. Putnam City, \$91,268. Willimantic City, \$192,060. Brooklyn Town, \$35,465. Canterbury Town, \$16,505. Killingly Town, \$37,088. Plainfield Town, \$90,063. Pomfret Town, \$16,809. Putnam Town, \$59,896. Thompson Town, \$53,461. Windham Town, \$136,124. Woodstock Town, \$30,291.

Mr. QUIE. Mr. Chairman, I am not fully in accord with the State and Local Fiscal Assistance Act of 1972. For instance, I believe there are too many strings attached to the use of money on the part of local governments. I think they should have the freedom to expand the funds received under revenue sharing with the same latitude permitted the States. I am especially opposed to the fact local communities cannot spend any of their shared revenue for education, since in most communities a large percentage of their local revenues are spent for this purpose. There have been a number of other proposals on revenue sharing also that I would like to have considered during debate.

I would prefer an open rule. I am voting today, however, for the previous question. If we vote down the previous question it will not merely open up the rule, but the proposed new rule, which would be offered by the gentleman from California (Mr. SMITH), would drop all waivers of points of order. Under that rule, the House would not work its will as to whether the Appropriations Committee should be involved each year. One point of order could relegate the whole

measure to the Appropriations Committee.

Many times in the past, the Congress has promised high authorizations with the Appropriations Committee subsequently providing substantially less. I know the Committee on Education and Labor has many times been guilty of setting such a high authorization figure that no one in his right mind, recognizing the other needs for Federal expenditures, would expect it to be fully funded. In general revenue sharing, however, it is my understanding that the Federal Government would be letting each State and local community know the amount each would receive under the formula so each could plan its budget accordingly. Communities would live in total uncertainty if it were necessary to go through the Appropriations Committee each year. For these reasons, I find that it is not possible to do anything but vote for the previous question in order to retain the waivers of points of order.

Mr. BURKE of Florida. Mr. Chairman, I rise in opposition to H.R. 14370, the State and Local Fiscal Assistance Act, but miscalled a revenue sharing program. I do so because I feel that the use of State personal income tax collections as a basis for distributing funds to the State is unfair and discriminatory. Florida has a constitutional prohibition against State personal income tax and there is great sentiment in the State not to adopt one. To penalize any State for historical circumstances is unjust.

I wholeheartedly support the concept of revenue sharing. In the most simplistic terms the concept is that of returning the power of the purse to the people. As a former member of the Broward County Board of Commissioners for 14 years, I am fully aware of the financial problems of local governments. However, fiscal responsibility must be maintained irrespective of immediate gains. It is unfair that the population of a wealthy State whose residents pay enormous sums of personal income taxes to the Federal Government should receive under any revenue sharing plan less money to solve its problems than a poorer State whose residents pay far less in personal income taxes to the Federal Government solely because, due to good management, it has no State personal income tax.

Mr. Chairman, as you know, Florida is one of the fastest growing States in the country and its county and local governments are in desperate need of more revenue. Because of its fast growth, Florida has been unable to keep pace with its population growth and the needs of its people. Further, interstate tax competition for Federal moneys has kept the return of Federal money to the State of Florida at an unfair low level.

As we know, H.R. 14370, if enacted, would provide \$5.3 billion in Federal aid to State and local governments in the first full year of operation. Of this \$1.8 billion goes to State governments and \$3.5 billion to local government—cities, counties, towns, villages, et cetera. In addition, the bill authorizes the Federal Government to collect State individual income taxes at the request of the States—piggybacking—when the State laws closely conform to Federal law.

The \$3.5 billion a year is to be distributed to local governments for a 5-year period commencing with January 1, 1972. This amount is to be divided among the States—for distribution to local governments—under a formula based one-third on population, one-third on urbanized population—cities of 50,000 or over and the adjacent metropolitan areas—and one-third on relative per capita income. Funds distributed in this manner are to be used for: First, maintenance and operating expenses for public safety, environmental protection, and public transportation; and second, capital expenditures for sewage collection and treatment, refuse disposal systems, and public transportation. Operating responsibility for these programs will be the Treasury Department. All of these sound good. In fact, money for all these are needed by every city and county in my district. But, it is for me to vote for a good bill and not one that sounds good, but which will in the long run be a disappointment.

The \$1.8 billion is to be distributed among the States for their unrestricted use, under a formula involving two factors having equal weights, which is to be effective as of January 1, 1972, for a 5-year period. This is where part of my objection to H.R. 14370 arises. Nine hundred million dollars of the \$1.8 billion is to be distributed to the States on the basis of their State income tax collections, and since Florida, therefore, has no personal income tax, it will not be allocated any part of these funds. The other \$900 million is to be distributed on the basis of the combined general tax effort of the State and local governments. This is determined by multiplying the total State and local taxes for the State by a fraction, in which the numerator is total State and local taxes, and the denominator is personal income in the State.

Estimates of State income tax collections in 1972 are to be used in determining the State-by-State distributions in the first year. Since the estimate for Florida in this category is zero, it will not participate in this one-half of the funding. It is hoped that this exclusion will encourage States to supplement their revenue sources. However, it is my hope that this provision will not be effective in forcing Florida toward enacting a personal State income tax. There are many retired people living on fixed incomes living in the State, and they all have as heavy a financial load that they can handle, trying to make ends meet with today's inflation without having to shell out more money for a State income tax. In fact, the effect of a State income tax would probably mean less revenue to Florida. However, because Florida has no personal State income, it will also lose Federal money—to be exact, a difference of \$10 million will result from this provision.

Figures from the Ways and Means Committee indicate that Florida will receive \$31.9 million in State funds and \$118.1 million in funds for local government which amounts to \$150 million for both. This is a great deal of money and certainly sufficient to make the mouths of many local officials water, but the

truth of the matter is that the people of the State of Florida deserve more than they will realize from this bill.

Mr. Chairman, on a per capita basis, the formula would mean \$4.53 for each resident of Florida as compared with \$17.23 for each resident of New York, and compared to the national average of \$8.73 throughout the entire United States. To me that is a whopping difference. In fact, of the 50 States Florida ranks 45th in per capita income which it will receive under this so-called revenue sharing plan.

Since Florida is in the middle one-third of the States by wealth based on per capita income and terribly in need of capital improvements, any help is welcome. However, those city officials who think H.R. 14370 is fair would think differently if they examined the bill without the stars—or should I say, dollar signs—in their eyes. For instance, of the funds earmarked for local governments, Florida ranks 38th nationally on a per capita basis. Florida local governments will receive \$21.30 per capita compared to \$35.29 per capita for New York local governments and a national average of \$25.70. To be true, the local government's allocation of funds is better than that to the States, but it still does not reflect Florida's standing in the middle one-third of States by wealth based upon per capita income.

In summary, I feel that H.R. 14370 will distribute moneys unfairly to both the State of Florida and to its local governments primarily by the diminution of moneys allocated to States without a State personal income tax. I believe this bill fails to establish parity between what the residents of Florida pay in Federal income taxes, and what the State of Florida will ultimately receive back. In other words, the residents of Florida are being asked to pay for the Federal improvements of other States. I think all of us know the problems of some of the larger cities, but in view of what I stated, and as tempting as it sounds, I cannot vote for H.R. 14370 as it is now written.

Mr. BELL. Mr. Chairman, I rise in strong support of H.R. 14370, a bill to revitalize State and local governments through a program of revenue sharing.

Over the past years, numerous bills to authorize revenue sharing have been introduced, each one meeting an untimely but not uncertain death.

The time has come, however, to firmly establish a new financial partnership between the Federal Government, the States and the localities, a partnership founded on the concept of mutual respect and cooperation.

The need for a restructuring of the relationship between these diverse political entities has existed for much more than a decade.

Today, this legislative body has within its power the ability to enhance the effort to insure the continued and improved existence of State and municipal governments.

This is our responsibility and it is one that cannot be avoided.

We are all greatly aware of the eroding ability of the towns and cities of this Nation to meet the increased needs and demands of its citizens.

The inability of these governing bodies to respond to the needs of their citizens is attributable to the increased fiscal pressures that the State and local governments are facing.

For example, from 1946 to 1968, spending by State and local governments increased by 650 percent, from \$13 billion to \$99 billion.

At the same time, State and local tax receipts rose by 546 percent, from \$11 billion in 1946 to \$72 billion in 1968, while gross State and local debt expanded from \$16 billion to \$123 billion, or 674 percent.

Moreover, the figures available for 1968 to the present indicate that the spiraling trend in State and local deficits has not been curtailed.

In fiscal 1972, the city of Los Angeles, for example, was forced to lay off more than 200 employees and cut back on every available public service, and at the same time was required to increase property taxes.

The proposed budget for the city of Los Angeles for the coming fiscal year contemplates a \$16.5-million deficit with the likelihood of another property tax increase.

The passage of H.R. 14370 would mean a \$30-million flow of Federal funds into the city of Los Angeles, funds that would allow the city to balance its budget and reinstate those services that had previously been cut.

While this bill does not provide total relief to the problems of the urban communities, it does represent a substantial effort in the right direction.

If State and local governments are to continue to function as viable political beings, it is important that not only they be given the necessary funds, but that they also be given control over the manner in which much of the money is spent.

Today, it is conservatively estimated that State and local governments receive in the form of grants-in-aid approximately \$25 billion from the Federal Government.

While this figure represents a marked increase over previous years, it continues to be an insufficient amount to enable the State and local governments to meet all of their pressing needs.

Moreover, the State and local governments have less control over where these increased funds may be expended.

This lack of control is often due to the stringent standards, regulations, and guidelines that accompany Federal grants.

If the present system were to continue unchanged, the State and local governments would be relegated to little more than administrators of Federal programs.

This situation is certainly not intended, nor is it desirable.

What is desirable is a system that will relieve the fiscal crisis of the State and local governments by providing them with increased revenues and permitting them greater autonomy in determining where the funds should be spent.

Such a system is embodied in the bill before us today.

H.R. 14370 will allow the State and local governments to use Federal revenues to meet their individual needs, as

those needs arise, without having to suffer through agonizing grant applications or having to observe the immutable guidelines accompanying the grants.

For these reasons and for reasons articulated by my colleagues, I urge you to cast your vote in support of H.R. 14370.

Mr. MINSHALL. Mr. Chairman, a word of explanation is due as I prepare to vote against a closed rule on H.R. 14370, the Federal Revenue Sharing Act.

My vote against the rule is not to be construed as opposition to revenue sharing. I have long supported this very innovative proposal of President Nixon's and am cosponsor of revenue-sharing bills in both the last Congress and this. I will vote for passage of the bill.

However, there are some obvious inequities in the bill that I had hoped might be corrected under an open rule on the House floor. I would not be playing fair with my constituency were I to vote otherwise on the rule because, as the bill is now written, our State of Ohio would be shortchanged. Ohio's tax contribution per \$100 of Federal individual income taxes is \$5.75, yet we would receive only \$5.08 per hundred under the proposed formula. Although Ohio ranks among the top third of all States in per capita income, it drops to 43d in the amount of revenue that will be returned to our State government and 40th in the rate of revenue shared with State and local governments on a per capita basis.

My vote against the closed rule, therefore, is not a vote against revenue sharing, but rather, a vote for a parliamentary situation that will permit us to make this a better, more equitable bill for Ohio and other States in similar situations.

Mr. BADILLO. Mr. Chairman, as our colleagues know, I ran for election to Congress in 1970 primarily to determine whether there was any realistic possibility that our Nation's cities, struggling under incredible fiscal burdens, might receive new help from Washington. My first major speech in the House of Representatives dealt at length with our urban crisis and was designed to help stimulate among our colleagues a sense of urgency about alleviating it.

Today, some 18 months since I took office, I cannot, in all candor, report that either Congress or the administration reflects any great sense of urgency about what is happening to our cities. The war in Indochina—a prime cause of the dislocation in urban America—drags on endlessly and continues to drain precious American resources. With but a few exceptions, such as the Hathaway amendment increasing education appropriations, Congress has not really come to grips with the fiscal problems of our cities and continues to provide meager funds for vital problems. For its part, the Nixon administration has demonstrated a consistent and callous disregard for the cities. It has impounded sorely needed funds for housing and community development programs; it has refused to spend congressionally approved funds to feed the hungry; it has opposed innovative new programs such as the comprehensive child development program; and its ineptitude in bringing inflation and unemployment under control has denied to millions

their opportunity to share in our Nation's overall affluence.

What small hope remains that the Federal Government will provide the resources necessary to save our cities stems from such legislation as the revenue sharing bill before us today. This is by no means a perfect measure. The distribution formula could be improved, and while the \$30 billion to be distributed to State and local governments over the next 5 years seems like an awesome amount, in my judgment it will be barely enough to keep things on an even keel. In New York, for example, both the State budget and the New York City budget for the new fiscal year are dependent on the funds in this bill and neither budget does more than maintain existing levels of services.

Perhaps the most serious drawback to this bill is the fact that it is being considered in 1972 instead of last year. When I took the floor for my first speech, and again in testimony before the Committee on Ways and Means, I stressed the urgency of the fiscal crisis facing our cities and the need for immediate action. That urgency was the main reason behind my proposal to take the basic general revenue sharing formula and apportion its funds on a long-term, interest-free loan basis. That could have been done last year. It would have been fiscally sound, and vitally needed aid would have reached our cities and States before their fiscal crisis had a full additional year to worsen.

I think it is clear that we dare not delay any longer in enacting this program and I trust the Senate will expedite consideration of the revenue sharing bill.

The importance of this assistance to our cities and the opposition to the revenue sharing program underlie my decision to support the closed rule under which H.R. 14370 is being considered. As a matter of principle, I oppose the closed rule. It is basically undemocratic and it lowers the legislative process to the point where 435 duly elected Representatives are given no choice but to ratify or reject in toto the decisions of a committee—the decisions of perhaps as few as 15 or 20 Members.

I had tentatively decided, in fact, to vote against the previous question, defeat the rule and open this legislation to amendments dealing with tax reform. It would have been a relatively easy decision for me to justify. Certainly, the people of my district and my city—the low- and middle-income families—bear a terribly disproportionate share of the national tax burden and any effort to close loopholes and ease that burden is bound to be politically popular.

But, after long and careful consideration, I decided that studied and reasoned overhaul of our tax laws could not be achieved on the House floor, in the absence of hearings and under the limitations of the 5-minute rule, and I further determined that those bent on killing the revenue-sharing program outright would like nothing more than to defeat the rule and commence to cripple this legislation with amendments.

And so I decided to uphold the closed rule on this bill and in this instance only.

Were I not convinced that the assistance this bill offers would be lost to our cities if the rule were not upheld, I would have voted otherwise. I am opposed to closed rules and will oppose them in the future as I have in the past. I will, for example, oppose the closed rule under which the debt-limit bill is to be considered next week.

In the final analysis, this revenue-sharing assistance is vital to our cities and States. But let no one delude himself with the notion that this is by any means going to get at the roots of the urban crisis. With this bill, we are buying time, that is all—and precious little of that. Much remains to be done to reverse the tragic decline of our cities and I remain skeptical that Congress and the administration will get together in this effort. I hope my skepticism is misplaced.

Mr. BOLAND. Mr. Chairman, I rise in support of this legislation. I am wholly convinced of its merits: Revenue sharing, or something closely kindred to it, may mean survival itself for the foundering economies of many States and cities. Beseated with financial problems all but unparalleled in recent memory, the country's States and cities need assistance desperately. State taxes, even though they have slowly climbed to levels undreamed of a generation ago, still cannot generate enough revenue. And local property taxes are so burdensome and so nettlesome that homeowners everywhere are on the verge of revolt. Sources of revenue for many States and cities—indeed, for most of them—are withering away.

The principal goals of this revenue-sharing plan, like the goals of rival plans that the Ways and Means Committee has already dismissed, are twofold: First, giving States and cities a welcome new source of revenue; and, second, giving them an equally welcome opportunity to decide how to spend at least some of the Federal tax money their citizens pay. Governments must now grope their way through an almost impenetrable thicket of rules, regulations, guidelines, standards ad nauseam before receiving Federal grants—even the most routine grants, let alone the major ones. Applications are sometimes ensnarled in redtape for years. I am not suggesting, of course, that the grant application system is villainous in itself. I am merely pointing out that the bloc grants yielded by revenue sharing, unlike categorical grants, will be unencumbered by so unwieldy a process.

Any unit of government, however big or however small, would be eligible for assistance under the provisions of H.R. 14370.

Massachusetts, my home State, stands to receive roughly \$180 million the first year—\$75 million for the State itself, \$105 million for its units of local government.

Let me sketch out, just briefly, precisely what these grants would mean for the beleaguered economies of the communities within my congressional district—the Second District of Massachusetts. Springfield, the principal city in my district, would receive \$3,411,066 during fiscal 1973 alone. The grant for Chicopee, a smaller city on Springfield's

periphery, would be \$1,391,448; for Longmeadow, \$173,855; for East Longmeadow, \$164,919; for Hampden, \$68,242; Ludlow, \$252,670; Monson, \$119,580; Palmer, \$173,218; Wilbraham, \$158,245; Charlton, \$52,000; Douglas, \$31,680; Dudley, \$86,690; Holden, \$117,719; North Brookfield, \$43,301; Oxford, \$115,556; Paxton, \$36,938; Rutland, \$33,354; Southbridge, \$175,805; Spencer, \$95,315; Sterling, \$43,341; Sturbridge, \$47,948; Templeton, \$68,145; Webster, \$159,413; West Brookfield, \$28,663; Winchendon, \$72,625; Orange, \$60,983; Ashburnham, \$37,428; Athol, \$117,195; and Barre, \$41,037.

As you know, Mr. Chairman, I voted against the closed rule for this bill. What I sought in casting that vote—a modest and reasonable request, it seems to me—is a modified rule allowing an amendment to assure yearly congressional review of this revenue-sharing program. The Congress has already relinquished enough of its fiscal authority—indeed, too much. About 70 percent of yearly Federal outlays are now beyond the grasp of both the executive and legislative branches. Like many of my colleagues, I question the wisdom of surrendering our powers of yearly oversight for a program costing \$30 billion and spent in 5 years.

But, of course, the closed rule prevailed.

Even so, Mr. Chairman, I feel the obvious benefits H.R. 14370 far outweigh the single drawback I have cited.

This revenue sharing legislation answers a pressing need—in fact, a desperate need—and I urge its passage.

Mr. ANDERSON of California. Mr. Chairman, I rise in support of H.R. 14370, the State and Local Fiscal Assistance Act of 1972.

This proposal would place the taxpayer's dollar at the level of government where it is most needed, and where it can have the most immediate effect.

We all know that our cities and localities are confronted with a basic revenue problem. While urbanization has increased the need for more extensive public services—such as police and fire protection, public transportation systems, and pollution control—the amount of revenue available to the local government has remained constant.

And the primary source of revenue for our cities is property and sales taxes—taxes which fall especially hard on the middle- and moderate-income family; taxes which have already reached the limit of public tolerance.

PROPERTY TAXES

In 1970, Mr. Chairman, State and local governments derived about 74 percent of their total tax revenue from property and sales taxes. Approximately \$8.50 of every \$10 collected on the local level comes from the property tax.

The total property tax bill in the United States hit \$37.5 billion in 1970, up 35 percent since 1967 alone, a rate nearly twice the average increase in the cost of living during the period. In many cities, the property taxes on a medium-priced house and lot have crossed \$1,000 a year. In virtually every major city, a homeowner's property taxes now exceed \$500

a year. According to a survey conducted by the National League of Cities, in 1968-69, a typical tax on a house and lot with a sale value of \$25,000 was \$645 in Los Angeles, Calif., \$594 in Inglewood, \$541 in Lakewood, \$595 in Torrance, \$560 in South Gate, and \$656 in Long Beach.

Mr. Chairman, the property tax is far too high and must come down.

But, in order to cut property taxes, a locality must either reduce governmental services, or find another source of revenue.

REVENUE SHARING

Instead of cutting back on police and fire protection, education, pollution control, health services, public transportation, or any of the other vital services provided by a locality, I feel that the Federal Government—with its many sources of revenue, ranging from taxes on imports to gasoline taxes—should allocate Federal dollars, with no strings attached, to the localities.

In addition to relieving the tax burden on the property owner, revenue sharing has the additional advantage of replacing Federal dictates, bureaucratic ineptness, waste, and redtape, with local control, supervision, and participation. As a former mayor, I feel that local problems can best be solved by those most familiar with the situation.

For too long, bureaucrats in Washington have decided how to spend money in our local communities that are perfectly capable of making those same decisions themselves.

Mr. Chairman, the bill before us is designed to do just that.

It would allocate funds to the localities with the sole requirement that the money be spent on high priority items such as police and fire protection, environmental protection, and public transportation.

At this point, I am inserting in the CONGRESSIONAL RECORD the annual amount that would be allocated to some of the communities in the Los Angeles area:

City:	Allocation
Compton	\$1,093,628
Gardena	439,371
Hawthorne	572,449
Hermosa Beach	171,624
Lakewood	911,753
Lawndale	297,298
Lomita	217,860
Long Beach	3,781,603
City of Los Angeles	29,715,295
Lynwood	489,895
Manhattan Beach	337,208
Palos Verdes Estates	114,029
Paramount	668,498
Redondo Beach	613,771
Rolling Hills Estate	59,572
Signal Hill	58,671
South Gate	624,130
Torrance	1,375,975

EFFECT ON LOCALITIES

Mr. Chairman, the revenue sharing bill, H.R. 14370, would, once again, allow citizens to look to their local government to fulfill the necessary functions.

This measure would allow the localities to continue to provide essential services, without resorting to increased property taxes.

Frederick Bien, city administrator of Carson, Calif., has stated that—

The revenue from H.R. 14370 will enable us to increase our law enforcement coverage by a little over 50%.

Carson's present level of law enforcement, Mr. Chairman, is nearly 20 percent under estimated needs.

Inglewood, Calif., Mayor Merle Mergell states that—

Except for revenue sharing, we will have to drastically increase the property tax or lay off firemen and policemen . . . With federal revenue sharing, we feel that we can avoid any property tax increase almost indefinitely other than those that might be voted to support bond issues.

The city manager of Long Beach, Calif., writes that revenue sharing must be adopted "in order that the city of Long Beach and other units of local government can avoid further serious fiscal problems and service reductions which will surely occur if the subject measure or similar legislation is not speedily enacted."

Torrance, Calif., officials "see this legislation as a major answer to provide funds to meet the expanding needs of a growing community. We believe that revenue sharing is a more viable alternative than continued reliance on the property tax."

Mr. Lloyd de Llamas, city administrator of Lawndale, Calif., writes:

That a federal revenue sharing program is the only effective alternative available to help us meet the demands of all residents for increased social and public safety requirements.

The city of Los Angeles, already cutting back on essential services, has scheduled reductions in five fire stations for fiscal year 1973, simply because funds are not available.

CONCLUSION

Mr. Chairman, I support H.R. 14370, the revenue-sharing proposal.

The direct grants from the Federal Government to the State and local governments would provide a source of funds in order to allow the local officials to make flexible and innovative responses to particular local problems.

This would allow the local governments to meet the increasing costs of public services, without relying exclusively on the regressive property tax.

This is an excellent proposal, and I urge my colleagues to join me in adopting this very necessary reform legislation.

Mr. HOGAN. Mr. Chairman, I rise in support of H.R. 14370, the State and Local Fiscal Assistance Act of 1972, otherwise known as the revenue sharing bill.

This measure would authorize permanent appropriations aggregating nearly \$30 billion for the 5-year period from January 1, 1972, through December 31, 1976, to assist State and local governments. If enacted into law, this would make an estimated \$5.3 billion available to these governing units during the first year that such legislation begins operation. Of this total, local governments would receive the largest share—\$3.5 billion—and State governments would be allotted the remaining \$1.8 billion.

Because of the vast importance of

this legislation to our municipal governments particularly, I was pleased to note that part II of the committee report on this bill included preliminary Treasury Department estimates indicating the amounts available for individual States and localities. According to these estimates, the State of Maryland would receive approximately \$117.5 million during the first full year that this proposal becomes effective. Of this total, the State government would receive \$50.1 million and local governments, \$67.4 million. The Fifth Congressional District of Maryland, which I represent, would receive \$12.6 million including \$12,116,461 for Prince Georges County and \$565,247 for Charles County.

More important to the over 30 municipalities in my congressional district is the amount to be allocated per municipality. As presently estimated the breakdown is as follows:

Prince Georges County government	\$10,854,847
Bowie	215,642
College Park	177,551
Greenbelt	107,047
Hyattsville	90,844
New Carrollton	78,784
Laurel	65,799
District Heights	54,420
Seat Pleasant	53,469
Mount Rainier	53,002
Bladensburg	45,073
Cheverly	38,605
Riverdale	36,153
Takoma Park (part)	35,331
Glenarden	30,911
Berwyn Heights	24,164
Brentwood	23,739
Forest Heights	21,735
Capitol Heights	21,189
University Park	14,690
Other municipalities	73,466

Total Prince Georges

12,116,461

Charles County government

524,567

Municipalities

40,681

Total Charles County

565,247

Although the bill proposes several different formulas for determining the distribution of these funds, the primary emphasis is on need, taking into account such factors as population, urbanized population—cities with 50,000 or more inhabitants and the metropolitan areas surrounding them—the extent of poverty, and adjusted tax revenues.

Though generally billed as a "no strings attached" measure, this bill does require local governments to exercise proper fiscal, accounting, and auditing procedures; to submit annual and interim reports to the Secretary of the Treasury; and not to use the money in any way which will discriminate against individuals on the basis of race, color, national origin, or sex. Further, the funds are to be used for the following high-priority programs:

First. Maintenance and operating expenses for: Public safety—including law enforcement, fire protection, and building code enforcement; environmental protection—including sewage disposal, sanitation, and pollution abatement; and public transportation—including transit systems and streets; and

Second. Capital expenditures for: Sewage collection and treatment; refuse

disposal system and public transportation—including transit systems and street construction.

Mr. Chairman, some of our colleagues may object to this latter provision but, for my own part, I believe the committee has summarily isolated the key problem areas for which additional funding is needed in suburban metropolitan areas, such as Prince Georges which has undergone unusually rapid urbanization in the past decade.

As a cosponsor of the special revenue-sharing measure for law enforcement, I am, of course, pleased that funding for law enforcement assistance has been singled out as a high priority in this general revenue sharing bill. Similarly, after the many, and continuing, battles for environmentally sound sewage treatment facilities in Prince Georges and the Washington metropolitan area, as well as the continuing battle for a balanced transportation system, it is eminently clear that these local government funds can be used wisely and well in the high-priority programs outlined in this bill before us today.

In order to meet more specifically the financial needs of individual communities, this bill also contains a provision which will permit a State, by July 1, 1973, to enact its own alternative formula for distributing the local government share among its subordinate political units.

Very few "Federal strings" are attached to the amounts allocated directly to State governments. The States are free to use their allotments for whatever purpose they consider most urgent. The only requirement imposed is that the States maintain the same level of payments to local governments out of their own resources as they disbursed during fiscal year 1971.

Mr. Chairman, Federal revenue-sharing legislation is urgently needed in order to give some measure of relief to our financially distressed State and local governments and to give to them the responsibility and wherewithal with which to manage themselves.

Our States, counties, and cities face an even greater financial crisis each year as they attempt to provide their growing population with essential facilities and services. And their financial plight becomes more aggravated as they find their dollar shrinking rapidly due to mounting price inflation.

This bill will provide an immediate and dependable source of additional income to these governing units during the initial 5-year life of this program.

Since an expiration date of December 31, 1976, applies to title I of this measure, it cannot be argued that this represents another program which, when once enacted, will continue indefinitely, necessitating even greater Federal funding. On the contrary, by 1976 the financial condition of State and local governments may be vastly improved, and such assistance may no longer be necessary. In any case, before this program ends, Congress will have ample time thoroughly to study and review its operation and make the determination as to whether to extend its life for an additional period of time, allow it to expire, or adopt some other alterna-

tive means of assisting State and local governments.

Federal-State-local revenue sharing is needed now. I urge my colleagues to give H.R. 14370 thoughtful consideration and approval.

(Mr. GOODLING (at the request of Mr. DEVINE) was granted permission to extend his remarks at this point in the RECORD.)

Mr. GOODLING. Mr. Chairman, H.R. 14370 is popularly referred to as the revenue-sharing bill. This is indeed a misnomer. More appropriately, it should be called the strangling of John Citizen-Taxpayer bill.

This is so, because the simple truth of the matter is that the Federal Government is no worker of miracles. It cannot just wave a magic wand and bring into existence the vast sums of money that will be necessary to run this program. And, to my knowledge, there is no Houdini serving in the Congress. The fact is, the Federal Government is a distributor, not a producer, of public funds.

The bill, for instance, provides an annual appropriation of \$5.3 billion for a 5-year period retroactive to January 1, 1972. The States would receive \$1.8 billion of this amount to spend in any manner they please. The remaining \$3.5 billion would be allocated to the States to "pass through" to 39,000 units of local government, to be used for so-called high priority expenditures. Such expenditures would relate to maintenance and operating expenses for public safety, environmental protection, and public transportation, as well as capital expenditures for sewage collection and treatment, refuse disposal systems, and public transportation. Oddly enough, however, the bill does not provide for education, an item which consumes 43 percent of local budgets.

It is understood that under this bill the State of Pennsylvania would obtain \$300,877,000 with \$202,500,000 of this being the share for localities and \$98,377,000 representing the State share. These amounts, however, are far from absolute, because it should be borne in mind that this revenue-sharing program is another one of those "camel's nose under the tent" approaches. Various organizations throughout the country have already admitted they will strive for higher stakes after the program gets underway; hence, more of the camel will disappear under the tent.

This revenue-sharing concept might sound pretty good for people from some of the States, but I feel confident it does not to those folks in my State of Pennsylvania where, as a result of additional taxes, the State is expected to carry a surplus of millions of dollars in fiscal 1973. I might add, however, that as an ironic aside, there are many businesses and citizens leaving my State, because of this oppressive tax system.

It must be remembered, too, that under our system of government, the major source of revenue is the citizen-taxpayer; hence, he is the one scheduled to be operated on for the costs involved in H.R. 14370. The simple truth of the matter is that there just is no Santa Claus in Washington.

Of course, like all patients being pre-

pared for an operation, the citizen-taxpayer is being properly anesthetized with the assurance that all of this is for his own good.

He is, for instance, being cocained with the idea that there need be no limit on his wishes and that he can have most of his wants satisfied, be it more education, a new bridge, a big park or dam, or a host of other things. In a paraphrase of a popular TV commercial, he is being told that he can have the whole thing. The Federal Government, through extensions of money to the individual States and localities will, the citizen-taxpayer is assured, pick up the tab.

But John Citizen-Taxpayer is not being told that before the Federal Government can give, it must first get. And the getting is going to be from him—right from his paycheck.

He is also lulled into a state of complacency by being assured that this revenue sharing is a sure thing. It cannot fail to work, he is promised, because the full weight of the Federal Government is behind the effort. Again, to paraphrase another popular TV commercial, he is being told that he should try it and that he will like it.

He is not being told, of course, that a lot of the Federal Government's weight takes the form of a national debt figure that currently is in the vicinity of \$430 billion.

Nor is he being reminded that the Federal Government already extends very substantial aid to State and local governments. This aid has grown rapidly in recent years, as the record shows. In fiscal 1959, for instance, Federal income aid to State and local governments amounted to \$6.7 billion. For fiscal 1973, it is expected to approximate \$38 billion, outside of any of the aid that would be provided by this bill before us. In brief, over the last not-too-many years, Federal grants-in-aid have increased from 7 percent to about 16 percent of total Federal outlays.

John Citizen-Taxpayer also is being given the sedative that the States and localities are confronted with extra costs of urbanization, because of the great population expansion.

It should not be forgotten, however, that an increase in people means an increase in taxpayers; hence, if there is a need for additional citizen services, there also are more citizens on hand to pay the bill, through taxes, for these services.

John Citizen-Taxpayer is also being given liberal doses of the old dope that the inflation of recent years is adding greatly to the costs of State and local operations.

Undoubtedly this is true, but instead of this being an incentive for a revenue-sharing program, it serves to put us on guard against more of the same kind of inflation that can result from excessive Government spending. It is generally agreed that our inflation is largely the result of the Government spending money that it does not have.

As stated, our national debt is already in the vicinity of \$430 billion. We are in a season of deficits. We will soon be asked again to raise the permanent debt ceiling. It will be most interesting to observe many Members of this body voting for

this giveaway bill and then, for reasons of political expediency, voting against raising the debt ceiling. I expect to be consistent and to vote against both.

With respect to excessive Government spending, it is disturbing to note that the budget message sent to the Congress in January of this year estimated that the budget deficit for fiscal 1972 will be \$39 billion. For fiscal 1973 it is expected that the budget deficit will be \$25.5 billion, and this is a conservative estimate.

It is clear that in making \$29.575 billion available through this program to States and localities over the next 5 years, the Federal debt will surely be \$29.575 billion higher than it would be otherwise. What John Citizen-Taxpayer would truly be sharing, then, would not be revenue but debt.

While John Citizen-Taxpayer is being anesthetized for his revenue-sharing operation, he is not being informed about the postoperative pains.

The bill before us, through its Federal handouts, lays the groundwork for taking away the power of the States and giving it to the Federal Government. Power customarily follows the purse; hence, it will be only a matter of time before the Federal Government insists on establishing standards of performance on projects. The States will either comply with these requirements or lose the Federal assistance.

The case of revenue sharing is being justified on the grounds that State and local governments have responsibilities greater than their sources of revenue.

Why not, then, broaden the revenue bases for the States and localities, having the Federal Government pull back from certain tax areas and permitting the States and local units to move forward into them?

The legislation before us supposedly is designed, through incentives, to encourage the States to raise taxes. The American taxpayer, however, already is hard pressed, and State taxes will not hurt him any less than Federal taxes. The people of the State of Pennsylvania can attest to this. The practical solution, it would seem, is to have State taxes replace, not add to, some of the Federal taxes now in effect.

Federal tax credits could also serve as an incentive for more money to flow into State treasuries. Such credits, combined with Federal tax reductions, could provide an effective stimulant for State revenues.

The establishment of a priority system on State and local projects could also serve to limit some not-so-vital programs and, in turn, cut down on the cost responsibilities of the States and localities.

It is obvious that under a revenue-sharing program the superior tax power of Federal Government would be perpetuated. The tax authority of the States would, correspondingly, ultimately be reduced. The end result would be that the States would be unable to meet their responsibilities on their own.

Because the revenue-sharing bill would have an adverse effect on John Citizen-Taxpayer's State, his home stomping ground, it would not be in his best interest.

In still some other ways it would not be in his best interest. If, for instance, the revenue-sharing plan is to be financed on a "pay-as-you-go" basis, he is going to have to pay on the nose through increased taxes, sooner or later. If, as expected, the plan is to be paid for through borrowed money, the resultant deficit could invite more inflation, which would impose the tax of higher prices on him.

I think John Citizen-Taxpayer should be spared the scalpel of the revenue-sharing bill, and I urge your opposition to H.R. 14370.

Mr. MILLS of Arkansas. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. NATCHER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 14370) 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, had come to no resolution thereon.

GENERAL LEAVE

Mr. MILLS of Arkansas. Mr. Speaker, I ask unanimous consent that I and all other Members may be permitted to include in their remarks on the bill under consideration today extraneous matter such as charts and tables and things of that sort.

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

There was no objection.

Mr. MILLS of Arkansas. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to extend their remarks in the Record on the bill under consideration today.

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

There was no objection.

RE-REFERENCE OF HOUSE DOCUMENT 92-296 AND EXECUTIVE COMMUNICATION 2006 TO COMMITTEE ON EDUCATION AND LABOR

Mr. MILLS of Arkansas. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means be discharged from the further consideration of House Document 92-296—the President's message proposing the Allied Services Act of 1972—and from the further consideration of Executive Communication 2006—a letter from the Secretary of Health, Education, and Welfare together with the accompanying proposed legislation to carry out the President's proposal—and that the message and the Communications be re-referred to the Committee on Education and Labor.

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

There was no objection.

REQUEST FOR PERMISSION TO CONVENE AT 11 O'CLOCK TOMORROW

Mr. MILLS of Arkansas. Mr. Speaker, on behalf of the majority leader, I ask unanimous consent that when the House adjourns today it convene tomorrow at 11 o'clock.

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

Mr. GROSS. Mr. Speaker, to that I object.

The SPEAKER. Objection is heard.

SPECIAL REQUEST

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask unanimous consent that at the conclusion of the remarks which I made in the Committee of the Whole on the State and Local Fiscal Assistance Act of 1972 I may be permitted to include the dissenting views of myself and other members of the committee as set forth in the committee report on that bill and found at pages 88 through 109.

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

There was no objection.

NATIONAL SALUTE TO EDUCATION

Mr. SISK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SISK. Mr. Speaker, it gives me a great deal of pleasure today to join in the national salute to education.

This is a time when we should reflect upon the individual satisfactions we have received through the national educational system and also realize what education has meant to us in our national development.

It is with particularly poignant thoughts that I look back upon my own interrupted college career. Hard necessity made it impossible for me to finish. But it has always been a source of satisfaction to me that I was able to complete 2 years, and a source of regret that I was not able to continue.

My curtailed educational experience resulted in a vow I made to myself. If I ever had the opportunity, I would see that to the extent I was able, equal opportunity of education was afforded to all, regardless of social status, monetary wealth, race, color or religion.

My votes here in Congress have reflected this promise.

Mr. Speaker, today we are faced with grave financial problems in public school education in the United States.

Inflation and demands for a better education for all are driving the costs of education higher. State courts and taxpayers have at the same time challenged the sources of funds for education.

In the past few years, more than half the proposed school bond and tax increases have been rejected, twice the rate of only 5 years ago.

In about half the States, legal action has been undertaken to invalidate school financing systems which discriminate in expenditures on the basis of the wealth of the school district.

I think everyone in this Chamber knows what the problem is. A wealthy school district can finance schools with a low tax rate on a high assessed valuation. A poor district even with high tax rates cannot raise enough revenue to provide an equal-quality education.

The quality of a child's education should not be a function of the wealth of his parents and neighbors. This is a problem of national scope and one which, I feel most deeply, must be resolved.

We as Americans have long believed that the Nation is obligated to provide every American child with the opportunity for an equal education. This obligation is going to place new demands on us who are legislators.

Therefore, I believe we should begin now considering the long-range solution of the problems of schools the National Educational Association has proposed. I do not say here and now that it should be endorsed in toto.

But by the time the 1976 goal for full operation and funding of our public school system set by the NEA rolls around, we should have an idea of where we are going.

The NEA has proposed the Federal Government supply one-third of the total cost of public elementary and secondary schools.

It is obvious that with old methods of school financing being successfully challenged in court, we, here in the Congress, will have to provide some answers to distribution of funds to support education.

We have the opportunity to provide the leadership in a new direction in public education and I do not want to miss the chance to fully participate.

Thank you, Mr. Speaker.

THE YOUNG EXECUTIVES PLAN TO LIQUIDATE FARMERS: PRODUCT OF AN OFFICIAL COMMITTEE CHAIRED BY THE UNDER SECRETARY

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

Mr. MELCHER. Mr. Speaker, there is a great deal of interest in the plan developed by the Department of Agriculture Young Executive's Committee recommending that we forget about the importance and needs of agriculture by programs.

Since inserting the summary of the report in the RECORD of June 15, my office has been besieged with calls for extra copies of the text, which I do not have, and I understand that the Department of Agriculture is issuing only a limited number, since they do not wish to be held responsible for the document at this time, before elections.

The Department copies are issued with a disclaimer attached to the front which reads:

Report of the Young Executives Committee has no official status in the U.S. Department of Agriculture. It was developed independently by the 15 members of the Committee of young employees of the Department. The opinions are those of the members of the Committee. The views expressed are not representative of the policy of the Department.

This disclaimer is signed by Assistant Secretary Richard Lyng, in the absence of the Secretary but it must be noted that the chairman of the committee is the Under Secretary of Agriculture.

In all fairness to the 15 young executives who thus have been given full responsibility for getting up their amazing recommendations independently, I think that the RECORD should show that their committee was set up by memorandum of the Secretary on April 26, 1971, and that they were handpicked, with the Under Secretary of Agriculture—the second highest official in both the Hardin and Butz regimes—serving as chairman, dated April 26, 1971, setting up the Committee was as follows:

APRIL 26, 1971.

SECRETARY'S MEMORANDUM NO. 1727

YOUNG EXECUTIVES COMMITTEE

1. *Objectives.* Throughout the Department of Agriculture we have many talented young executives who are in positions of high responsibility within their agencies. In an effort to increase their involvement in broad interagency matters, I am hereby establishing a Young Executives Committee.

This Committee will bring together individuals from all of the agencies and offices of U.S.D.A. to work on issues of department-wide concern which are generated by the Office of the Secretary, the agencies, and by the Committee itself. In this manner, it will serve to bring additional insights and perspectives to departmental problems and opportunities.

2. *Membership.* Committee members will be nominated by the agencies and the Secretary's staff. Each agency administrator and office director may nominate from one to three individuals. Selection will be made on a nationwide basis. Nominees must be 40 years of age or under, and GS-12 or above. Members will normally be appointed for one fiscal year, with the exception of the first group whose appointments will run through the end of fiscal year 1972.

The Committee will be chaired by the Under Secretary. The Chairman shall appoint an Executive Secretary and any other officers from among the membership, with the concurrence of the members.

CLIFFORD M. HARDIN,
Secretary of Agriculture.

Unfortunately, Mr. Lyng's disclaimer of the document does not specify which portions of the young executives' committee plan is not in accord with administration policy.

The low farm price policy certainly is. Secretary of Agriculture Butz has boasted that he killed my bill to raise loan rates on grains 25 percent by getting in touch with the "financial angels" of some of the members of the Senate Agriculture Committee, which is a rather dubious boast that the influence of campaign fund money was deliberately used to make Government policy.

The young executives' proposal to put busted farmers on welfare is not new. The House Agriculture Committee was told that the President's family assistance plan, the new welfare bill, should be enacted to take care of them during discussions of a new farm program more than a year ago by the Secretary.

Actually, much of the young executives' document is a rethread of policies that have been coming up to us piecemeal for some time.

I understand that one of our Republican colleagues has called for the dis-

missal of the 15 young executives in the Iowa press.

In my opinion, before such a demand is made we should determine just who lectured them at their seminars, and just what their instructions were when they prepared this document and how much influence the Under Secretary exerted on behalf of Secretary Hardin and Secretary Butz.

There may be extenuating circumstances which would entitle them at least to probation; it is pretty tough on a young man with a family and a career at stake to defy the boss.

Mr. Speaker, every Member of this body should read the document in full. And in view of the demand for copies of it, I am including the full text in the RECORD so the public can also know the scheme being touted by a portion of the USDA. It is a bad scheme that I believe the American people want rejected.

The material follows:

NEW DIRECTIONS FOR U.S. AGRICULTURAL POLICY

COMMITTEE MEMBERS

Gene S. Bergoffen, Executive Secretary, Forest Service.

Allan S. Johnson, Project Leader, Economic Research Service.

Carol G. Alexander, National Agricultural Library.

Karen L. Berke, Agricultural Marketing Service.

John S. Bottum, Extension Service.

John E. Carson, Animal and Plant Health Inspection Service.

Betty L. Dotson, Food and Nutrition Service.

Avram E. Guroff, Economic Research Service.

Clarence R. Hanna, Office of Information Systems.

James E. Haskell, Farmer Cooperative Service.

Homer R. Hilner, Soil Conservation Service.

Jerome A. Miles, Director, Office of Budget and Finance.

Gerald C. Puppe, Federal Crop Insurance Corporation.

William L. Ruble, Agricultural Stabilization and Conservation Service.

Robert P. Shiner, Commodity Exchange Authority.

STUDY BACKGROUND

The Young Executive Committee was established by Secretary's Memorandum No. 1727, April 26, 1971. Each of its 15 members represent an agency of the Department of Agriculture.

Shortly after the Committee was established and organized, then Secretary of Agriculture Clifford M. Hardin asked it to undertake a review of the "farm income question" and to present its views to him and his staff.

As part of its information-gathering activities, the Committee arranged seminars with a number of Department officials and others outside the Department. In November 1971, the Committee divided into sub-teams of three each and visited four areas of the country to talk with farmers, food producers, and others involved in agriculture. Teams visited South Central Texas, Mississippi, Washington, and California.

Viewpoints were developed on the basis of position papers developed by individual members and discussed by the Committee. When points of view were adopted by the Committee, individual members were assigned to draft report sections incorporating the Committee positions.

The entire report has been reviewed in detail by members of the Young Executives Committee and is submitted as a Committee document.

PREFACE

Farm income is a source, if not the sole source, of personal income for millions of rural residence. Increases or decreases in the level of farm income greatly affect the well-being of these people. But income is also a return to resources employed in agriculture—land, labor, and capital. The level of resources attracted to the farming industry depends upon the rate of return the resources can earn in agriculture compared to other alternatives.

The causes of national concern over the level of farm income are twofold. First, if returns to employed resources are low and remain low over an extended period of time, the Nation's ability to efficiently produce adequate supplies of food and fiber is jeopardized. Second, if returns to resources are low or, more importantly, the resources are underemployed, the owners of these resources will earn incomes below what they or the Nation deems desirable. In other words, the income of farm people would be insufficient for them to obtain a decent level of living. This problem becomes particularly acute if alternative employment opportunities for these resources do not exist.

Within this framework, we asked the question, "Is there a farm income problem and, if so, what is the nature of the problem?" Increases in productivity in agriculture have equaled or exceeded that of most other industries, ample supplies of food and fiber are being produced to meet national needs, and, as a percent of total income, consumer expenditures for food have continuously decreased. These are not characteristics of an industry suffering from insufficient resources. While the adequacy of returns to resources may be debated, the symptoms of inadequate returns upon which national concern should be based, do not exist.

However, not all individuals engaged in farming earn an income sufficient for a decent level of living. The income of many farm families is at or below the poverty line. But, since returns to resources are adequate, or nearly so, it follows that the farm income problem is primarily one of underemployed resources.

Having so isolated the farm income problem we then asked, "What is the public sector doing to improve the income of low-income farm families?" We found that nearly all resources devoted to the farm income problem are oriented toward increasing returns to resources—that relatively little was being done to increase utilization of the underemployed resources, and hence, the welfare of low-income farm families. This finding pointed to the need for adjustments in the present farm and other rural programs.

We recognize the sweeping political, as well as economic, ramifications implicit in some of our recommendations. However, we strongly hope that this report will serve as a framework for a thorough evaluation of the Nation's approach to agriculture and rural America.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

Farm income—A new perspective

The Committee concluded that the basic farm income statistics developed and published by the Department tend to present a distorted picture of the true economic conditions in the farming sector. The statistics include establishments that cannot reasonably be called farms and are inconsistent with the Department's farm income mission. The Department's mission is stated in terms of equitable returns to resources whereas the statistical measures are concerned with income of farmers, a welfare concept. To overcome these deficiencies the Committee recommends: 1) farms be defined as establishments with annual sales of \$5,000 or more, 2) elimination of the parity price ratio, and 3) development of a set of statistics which would compare the return to all resources, in-

cluding family labor, used in the production of each agricultural commodity with what these resources could earn outside of agriculture.

A policy framework for agriculture

Failure to obtain public agreement on the basic goals for agriculture has resulted in the formulation of individual programs with conflicting objectives. While proposing a broad framework for agricultural policy, the Committee recognizes that its views may not necessarily represent the majority views of the Nation. But, the Committee hopes that, in making its proposals, it will have stimulated in-depth analyses and discussions of the basic issues which must be resolved. The need to obtain agreement with respect to the desired characteristics of agriculture is essential to the rational development and administration of agricultural policy.

The policy framework recommended by the Committee has the following characteristics:

1. Agriculture should be viewed as an industry which consumes resources, provides employment, and produces goods of value to society.

2. National policy for agriculture should be directed at creating an environment which would enable the industry to provide adequate supplies of food and fiber at reasonable prices to meet domestic needs and to compete in world markets.

3. National policy should not be directed at assuring any particular level of income from farming for the Nation's farmers. Income from farming should be of concern only to the extent that it affects the industry's ability to produce efficiently adequate supplies of food and fiber.

4. National policy should be directed toward maintaining agriculture as a viable industry and not as a way of life.

5. The agricultural industry should operate with a minimum of direct involvement by the public sector. The public sector's role should be limited to the establishment and enforcement of rules which will allow the industry to maximize its contribution to the total welfare of the Nation.

Effectiveness of the basic farm programs and recommended changes

The present basis farm programs—the farm price support program and related direct payments to farmers—are not consistent with the Committee's basic policy framework for U.S. agriculture. The programs are costly, they limit supplies of food and fiber, and they are a deterrent to the efficient production of agricultural commodities. Because the program benefits have been capitalized into land values, their income benefits to second generation owners is negligible.

The Committee recommends that the basic farm programs be phased out over a period of 5 years. This should be accomplished by reducing the payment per bushel of projected yield rather than by restrictions on total payments. Over the same 5-year period, non-resource loan rates would be reduced to a "disaster price" level for feed grain crops and wheat and to zero for all other crops.

*Comments and recommendations concerning other programs affecting farmers and farm income**Farm Credit*

In concert with the objective to assure adequate supplies of food and fiber, the Nation must see that the credit needs of the farm sector are met. Private lenders, along with the Farm Credit System, should be capable of providing these credit needs. The Farm Credit System should continue to compete for funds in the money markets; their bonds should remain uninsured by the Federal Government; and their loans should be free of any interest subsidy to the borrowers. The Emergency Loan Program administered by the Department's Farmers Home Administration (FHA) needs to be continued. The Committee recommends elimination of the Farm Ownership Loan and Farm

Operating Loan programs and questions the need for subsidized soil and water loans and loans to grazing associations.

Domestic Market Promotion

Expenditure of public funds for domestic promotion of agricultural products should be limited to those activities that can be justified on the grounds of improving human nutrition.

Foreign Market Promotion

The United States and other countries should strive to minimize artificial trade barriers. But increased reliance on free trade will require stepped up efforts on the part of the United States to compete for world markets. This need to take the form of improved intelligence of trade potentials by commodity and by country. Promotional activities will also be needed.

Crop Insurance

To the extent that crop insurance is not available through the private sector it should be provided by the Federal Government. If provided by the Federal Government, the premiums charged and to reflect the actual risk assumed.

Production and Market Research

The abundance of low-cost food and fiber in the U.S. can be attributed in large part, to publicly supported production and market research and dissemination. Such research and associated dissemination activities must be continued if we are to meet the needs of a growing population and compete in world markets.

Market Information and Monitoring Activities

Transferring the functions of supply management from the public to the private sector will increase the information needs of the latter. Only the public sector, with its legislative authority to acquire data from private sources, is equipped to meet these needs. It will be necessary for the Department to monitor the agricultural economy to assure success relative to the Nation's objectives to provide adequate supplies of food and fiber at reasonable prices.

Farmer Bargaining

The Committee supports all assistance government can reasonably give producer cooperatives and market agreements and orders should be authorized wherever appropriate. But the Committee would discourage enactment of any legislation that would exempt farmer associations from antitrust laws. The policy objective in this area should be to bring about a balance in the relative bargaining strength of producers and buyers without compromising existing antitrust laws or seriously disrupting the marketing and distribution system.

Improving the level of living in rural America

Agriculture cannot be looked upon to provide employment opportunities sufficient to maintain the present population base of rural areas. Neither can agriculturally oriented programs solve rural welfare problems. If rural towns and communities are to survive, and hopefully grow, off-farm employment must be found. Toward this end, the Committee makes the following recommendations:

1. Immediate enactment of the Family Assistance Plan.
2. Improved educational and vocational training for rural residents.
3. Tax incentives for industries locating plants in rural areas. Such tax incentives should be granted through the Federal tax system.
4. A credit system should be established to make credit available for construction of community services and facilities and housing. The credit should take the form of insured loans.
5. Technical advisors, trained in community planning, should be made available to rural communities. These technical advisors need

to be supported by an expanded research effort on the complex problems of rural development.

6. A national framework for land use planning should be developed to guide future growth and development.

7. A visible, specified, cabinet-level body or official must be designated to coordinate rural development efforts. The Committee firmly believes that stronger national direction is imperative and, therefore does not believe that Rural Community Development Revenue Sharing proposal should be the principal thrust toward improvement of the rural sector.

FARM INCOME—A NEW PERSPECTIVE

Society's perception of the farming sector is dependent in large part upon the statistical information published by the Department of Agriculture. This perception greatly influences public policy affecting agriculture. To the extent that the Department's statistics fail to adequately describe the real conditions which exist in the farming sector, perceptions of the farm sector are likely to be inaccurate and, hence, public policy less than optimum.

The Committee concluded that the basic farm income statistics developed and published by the Department tend to present a distorted picture of the true economic conditions in the farming sector. Those intimately familiar with the statistics are aware of this problem and can exercise necessary caution in their application to policy issues. But, it is the general public, who, through their Congressmen, established public programs affecting the farming sector. The general public cannot be expected to fully understand the limitations of a particular statistic published by the Department. Even if the limitations were fully understood, it would be unreasonable to expect caution to be exercised by those whose position is strengthened by these statistics.

The Department's stated objective with respect to farm income is to "assure that farm income is consistent with farmer investment in capital and management ability and with returns on investment elsewhere in the economy." This objective is stated in terms of equitable returns to factors of production and not in terms of the welfare of participants in the farming sector. Despite this stated objective, the key farm income statistics of the Department are welfare measures, i.e., income per farm operator, income per capita of the farm population, farm as a percentage of nonfarm per capita disposable income, etc. The Department's mission could be thought of as being concerned with income from farming, a return to resources concept, whereas the statistical measures are concerned with income of farmers, a welfare concept. With such fundamental differences between stated policy objectives and measures of accomplishments toward these objectives, it is understandable why there are differences of opinion as to the relative success of the Department's agricultural programs and the health of the farm sector.

Definition of a farm

The impact of such a fundamental difference would be less acute if it were not for the definition of a farm which is currently employed. A farm is presently defined as a place of 10 acres or more selling at least \$50 worth of agricultural products. Places having less than the \$50 or \$250 minimum agricultural sales are counted as farms if they can normally be expected to produce agricultural products in sufficient quantity to meet the requirements of the definition. Using this definition, there were 2,924,000 farms in 1970.¹ Of this total number of farms,

789,000 had sales less than \$1,000; 1,184,000 had sales less than \$2,500; and 1,444,000 had sales less than \$5,000. Only 1,480,000 farms had sales of \$5,000 or more. But this latter category of farms accounted for 95 percent of the cash receipts from farming. In calculating average income from farming per farm, all farms are used in the denominator. This yields an average farm income per farm (\$5,833 in 1970) considerably below the income of those farms producing nearly all of the Nation's agricultural products.

In 1970, the net income from farming per farm of those farms with agricultural sales less than \$5,000 was \$1,238. Average off-farm income totaled \$7,506; therefore, total income for the average of this group of farms totaled \$8,744, with income from farming accounting for only 16.5 percent.

For farms with agricultural sales greater than \$5,000, average income from farming per farm was \$10,617; average nonfarm income was \$4,202; and total income per farm was \$14,819. Nonfarm income accounted for only 28.4 percent of total income.

The above analysis points up some basic problems with respect to our present definition of a farm in light of the Department's stated mission. Average income from farming for nearly half of our presently defined farms accounts for only 16.5 percent of their total income. In total, these farms account for only 5 percent of the value of agricultural products produced. Clearly, these are farms in name only. Any reasonable increase in agricultural prices would provide them with little income assistance. A 1967 study by the Department's Economic Research Service (ERS) showed those farms with agricultural sales of less than \$5,000 had returns of only 35 percent of parity (stockholders standard, excluding capital gains).² If that finding can be applied to conditions existing in 1970, then equitable returns to this group of farms would be \$3,537; some \$2,300 greater than was realized. That same study also showed that all farms on the average earned 96 percent of parity. If that finding can be applied to 1970 conditions, then the price increases required to get the returns to farms with sales of less than \$5,000 up to 100 percent of parity would clearly result in returns to agriculture in excess of parity returns. The assumption here, of course, is that any price increase would apply to all producers of any particular commodity, a realistic assumption.

Including these small farms in the statistics tends to exaggerate the low-income position of commercial farmers relative to the rest of the economy and, hence, adds pressure to raise prices of farm commodities. But, increases in prices sufficient to have any significant impact on those farms with sales of less than \$5,000 would push income above parity returns to those farms producing 95 percent of the agricultural output.

For the above reasons, the Committee recommends adoption by the Department of a definition that would identify farms as establishments with agricultural sales of \$5,000 or more. The Committee is fully aware of the fact that allocation formulas for several grant programs to the states are tied, in part, to the number of farms within a state. We do not feel this should be a deterrent to changing the definition of a farm. Changes in the allocation formulas could be made so as to prevent any state from experiencing sizable increases or decreases in Federal funds.

A question that might be asked is, "Why \$5,000 and not \$10,000 or even some higher figure?" Any definition is somewhat arbitrary and our recommended definition is no exception. The definition used depends in large part upon the need to establish the definition in the first place. With respect to farms, it would seem the reason for establishing a definition would be to gather aggregate

data on the farming sector of the economy—agricultural products produced, prices paid and received, value of sales, quantity and value of inputs used, etc.

The total number of farms is divided into these aggregates to get some idea what the average or typical farm looks like. Therefore, the definition used should be one that gets the maximum of aggregate data while minimizing distortions in the average. The definition adopted by the Committee would seem to satisfy this requirement. Farms with agricultural sales of less than \$5,000 number 1,444,000—nearly one-half of all presently defined farms, but producing less than 5 percent of the Nation's agricultural products. Farms with sales of \$5,000 but less than \$10,000 total only 370,000 but produce nearly 6 percent of the Nation's agricultural products.

Parity price ratio

The parity price ratio, which compares the index of prices received to the index of prices paid by farmers using a 1910-1914 base, is neither a good barometer of return to resources employed in agriculture nor of the welfare of the farmer. It should be discarded.

The parity ratio has much philosophical appeal. Its creators and those adhering to it argue that it is only fair that prices received by farmers increase at the same rate as prices paid by farmers. On the surface this seems like a quite logical argument. But it completely fails to recognize increases in agricultural productivity. It could be argued that farmers should reap the benefits of increased productivity. But this argument fails to consider that most of the increase in U.S. agricultural productivity has been brought about by publicly supported research and research dissemination. This being the case, the public at large (through lower food prices), not just the farmer, should also benefit from increases in agricultural productivity.

In the 1967 ERS study, it was noted that 1966 farm prices would need to have been about 33 percent higher to have achieved 100 percent of parity prices. But a much smaller increase in farm prices, 11 percent, would have provided 100 percent of parity returns for all farms on the average. It is highly unlikely that conditions have changed sufficiently since 1966 to make the findings of this study invalid today. Since the Department's objective is equitable returns to resources, the parity price ratio is a very poor measure indeed.

Other needed improvements

Changing the definition of a farm to those establishments with sales of agricultural products of \$5,000 or more and eliminating the parity price ratio would be major improvements. Simple as they might seem, such changes will not be made easily. But the Committee feels the Department should make every effort to present to the public as accurate a picture of the health of the farming sector as is possible. Other deficiencies in our statistical measures exist and, over time, these too should be eliminated.

It is assumed that every establishment defined as a farm has an operator and that the operator receives the income earned from the agricultural products sold from the farm. Such an assumption might have been valid in the past, but is not so today because of the structural changes which have taken place in agriculture. Take, for example, a farm operator in the broiler industry. The farm operator might own the land and buildings, but grow the broilers under contract. He never takes ownership of the broilers nor does he purchase the feed or other production inputs. He receives a fixed price per bird delivered to the contractor. Income from the farm, using present procedures, would involve estimating the value of production expenses less some imputed farm value for the broilers. This would be the net income of the farm, but clearly, not the net income of the farm operator. The income

¹ Data on number of farms, cash sales, and farm income obtained from "Farm Income Situation." Economic Research Service U.S. Department of Agriculture FIS-218, July 1971.

² "Parity Returns Position of Farmers," Senate Document No. 44, 90th Congress, First Session, August 10, 1967.

would go to the contractor who, in turn, might be publicly owned. To the extent that operators such as these become a significant factor in the agricultural industry, average farm income or average income of the farm population becomes quite meaningless.

In all industries except agriculture, the dominate measure is rate of return on investment with no concern given to who received the income. Measures of average net income per firm or establishment are not used to determine welfare of participants in the steel or food retailing industry or any other industry group. Only in agriculture do we attempt to come up with some sort of welfare measure from income per farm or establishment data.

Because a great deal of farm labor is provided by the operator and his family, a measure of rate of return on investment would not be appropriate for agriculture. But, given the present objective of the Department's farm income mission and its programs to achieve this objective, a set of statistics comparing the return to all resources used in the production of each agricultural commodity, including family labor, with what these resources could earn outside of agriculture—a measure similar to that developed in the 1967 ERS study for all farmers—would be more useful than present measures. The need for adjustments in the price for a particular commodity could then be supported on the grounds that existing prices are yielding returns greater or lesser than what the resources employed could earn elsewhere in the economy. In this way the operation of the Department's commodity program would conform to its stated farm income objective. The Committee has not fully explored the feasibility of developing such statistics but recommends that such a study be undertaken. Even with the changes in Department objectives and programs proposed in subsequent sections of this report, such statistics would be useful in measuring the health of the farming industry.

Concluding comments

Inclusion in Department statistics of a large number of units that are clearly not farms yields an unrealistically low estimate of average farm income. This estimate is used to justify higher farm prices, prices which may actually result in returns in excess of equitable returns for most of the agricultural products produced. There is a more subtle but equally negative aspect of the present definition. By identifying these people as "farmers" and having public programs to support farm income, we have given the public the mistaken belief that the welfare of these people was being adequately cared for. It is likely this has tended to discourage the development of programs outside the scope of agriculture (but not necessarily outside the scope of the Department) that were and are needed to assist low-income rural people.

The Committee wants it fully understood that in recommending a change in the definition of a farm, it does not intend to define away any income or welfare problem existing among these people. To the extent these problems exist, they continue to exist regardless of the definition used. But they need to be treated in the broader context of rural development. The problem of low-income rural people and rural development is discussed in more detail in the last section of this report.

A POLICY FRAMEWORK FOR AGRICULTURE

Many of the Committee's views of agriculture are implicit in the preceding discussion of farm income statistics. The purpose here is to make these views explicit—to identify in greater detail the basic principals upon which the Committee feels agriculture policy should be based.

The need to establish a basic framework for policy determination

Public debate has tended to center on agricultural prices and program administration rather than the desired characteristics of American agriculture. As a result, price policy and its administration has tended to dictate the future of American agriculture rather than contributing to some desired end.

The "ideal" public policy, given an objective to increase the number of farms, or at least maintain the present number, would be considerably different from the "ideal" policy if the Nation were indifferent to the number of producing units. Critics of present farm policy point to the declining number of farms as evidence of poor policy and poor administration of that policy. But, the Committee found no evidence of an agreed upon goal with respect to farm numbers.

Present policy is affecting the number of farming operations. But, without a publicly agreed upon goal or objective, we cannot say whether the impact is good or bad and, hence, we cannot say whether the policy is good or bad. As a result, the Department has no defense against its critics. Obtaining agreement with respect to the desired characteristics of agriculture in the years ahead is essential to the rational development and administration of agricultural policy.

While proposing a broad framework for agricultural policy, the Committee recognizes that its views may not necessarily represent the majority views of the Nation. But, the Committee hopes that these proposals will stimulate in-depth analysis and discussion of the basic issues which must be resolved. Serious conflicts exist between objectives of individual agricultural programs because basic policy goals have not been agreed upon. These conflicts are costly and must be eliminated.

A policy framework—the committee's position

Agriculture should be viewed as an industry which consumes resources, provides employment, and produces goods of value to society. The Committee believes that national agricultural policy should aim at creating an environment which would enable the industry to provide adequate supplies of food and fiber at reasonable prices to meet domestic needs and to compete in world markets.

Farm Income

The level of farm income earned from the production of agricultural commodities, either per farm or in the aggregate, should not be an end in itself. That is, the Department's objective should not be to assure any particular level of income from farming for the Nation's farmers. Income from farming should be of concern only to the extent that it affects the level of resources attracted to the industry, and, hence, the industry's ability to produce efficiently adequate supplies of food and fiber. The industry should not be evaluated on its ability to provide an adequate level of living for all participants regardless of the size of their operation or managerial ability. If adequate supplies of food and fiber are being made available at reasonable prices, we should conclude that the Nation has a healthy, viable agricultural industry. If, at the same time, some individual producers are earning a level of income below what they or the Nation deem desirable, our assessment of the industry should be amended to state that it has certain human resource adjustments to make. The Nation should then make every effort to facilitate these adjustments at the least possible total cost (economic and social) to society. The Nation can ill-afford transfer payments to allow productive individuals to remain indefinitely in the industry of their choice.

Farming as a way of life

Agricultural policy should be directed towards maintaining agriculture as a viable

industry and not as a way of life. The numbers of farms or farm population size is irrelevant except as these influence performance of the agricultural industry. There is no objective evidence to support the argument that there would be a net social benefit if the farm population were to increase or if its present size were maintained.

Clearly there is need to avoid further concentration of people in large urban areas. Maintaining or increasing the present farm population would reduce the rate of migration to urban areas, but more feasible and practical alternatives are available. Because the rate of substitution of capital for labor during the past 20 or 30 years has been greater than the rate of adjustment in the supply of agricultural labor and because the Nation has the ability to produce food and fiber beyond domestic and foreign requirements, there is need to reduce labor inputs in agriculture. This, of course, assumes a national objective to productively employ the labor force, i.e., the value of labor output should exceed its costs, including transfer payments. Although put in terms of an assumption, the Committee feels this should be an objective of our economic system. Given these conditions, agriculture cannot and should not be expected to provide employment opportunities sufficient to preserve the Nation's rural towns and communities. If these towns and communities are to grow, additional off-farm employment opportunities must be found.

Food prices

Although calling for the production of adequate supplies of food and fiber at reasonable prices, the Committee recognizes there are no objective measures to establish the level at which retail food and fiber prices are "reasonable." This fact must also be recognized by those monitoring the agricultural industry. We can measure the rate of return to industry participants given existing prices. But, having done so, the conclusion that they are too high or too low cannot be objectively supported. We can also measure the percent of disposable income spent for food and fiber. But, here again, any conclusions that it is too high or too low is highly subjective. Reasonableness must be determined by what most people consider reasonable. If they think retail prices of food and fiber are reasonable, then they are reasonable. It should, however, be the role of the public sector to keep the public informed of both the level of prices and the consequences of forced adjustments so that society can determine within its sets of values whether it is willing to incur the costs of these adjustments.

Role of the public sector

The agricultural industry should operate with a minimum of direct involvement by the public sector. Ideally, the public sector's role should be limited to the establishment and enforcement of rules which will allow the industry to maximize its contribution to the national welfare. Such rules might include restrictions on the use of certain production practices or inputs, or restrictions on the use of land for purposes other than agriculture, or for purposes excluding agriculture. Once established, the industry through free market forces, would have to make the necessary adjustments. The public sector might provide assistance to alleviate the burden of such adjustments, but such assistance should be of limited duration.

In general, the rules established for the agricultural industry or any other industry should be limited to those which result in more efficient use of natural and human resources. The private sector will utilize resources efficiently only to the extent that the price structure reflects the true costs of these resources. We should not expect the private sector to cease dumping wastes into the Nation's rivers and lakes if it is not prohibited from doing so and does not have to bear the

cost of removing these wastes. The public sector must establish rules that cause the private sector to view these costs as internal rather than external.

There are those who argue that society's preoccupation with economic efficiency has been detrimental to the national welfare. This criticism needs to be directed at the price structure for production inputs, including the effect of public laws and regulations such as taxes on this price structure. If the true cost of resources used in agriculture, or any industry for that matter, is reflected in the price of those resources, the detrimental effects of efforts to improve efficiency could be avoided.

EFFECTIVENESS OF PRESENT FARM PROGRAMS FOR COMMERCIAL AGRICULTURE AND RECOMMENDED ALTERNATIVES

Effectiveness of the basic farm programs

The present basic farm programs—the farm price support program and related direct payments to farmers—are not consistent with the Committee's basic policy framework for U.S. agriculture. Not only do present programs result in a high degree of government intervention in the production and marketing system, they are also quite costly and there is sufficient evidence to question their effectiveness in meeting stated objectives.

Studies reviewed by the Committee point to increased supplies of food and fiber, at lower prices, if farm programs were removed. Although we are one of the best fed and clothed nations in the world, more lower priced food would be quite beneficial to low-income families. In addition, and of more importance to the agricultural industry, lower prices would allow the United States to become more competitive in world markets. But, associated with this change would be a reduction in aggregate farm income. In 1970, direct payments to farmers totaled \$3.7 billion or about 21 percent of net farm income.³ Without farm programs, these payments would be removed and aggregate farm income would fall accordingly. Given the low price elasticity of demand for farm products, increases in marketings would not offset reductions in price, causing a further reduction in farm income. Estimates of this reduction are in the range of \$3 billion in the short-run and about \$1-2 billion in the long-run as resource adjustments take place.⁴ This loss, together with elimination of direct payments, would result in an estimated reduction in annual farm income of about \$6.0 billion in the short-run and \$4-5 billion in the long-run. The income effect of direct payments and price supports of some \$6.0 billion can also be thought of as the price that society pays in terms of taxes and higher food and fiber prices to "assist" American farmers.

It is interesting to note that in the analyses reviewed by the Committee, additional food and fiber would be produced without present farm programs. The reduction in farm income projected in these analyses would not impair the Nation's ability to provide adequate supplies of food and fiber. In fact, it is the additional food and fiber produced that leads, in part, to the reduction in farm income.

There are two aspects of present programs that tend to support the contention that adequate supplies of food and fiber would be produced without these programs even though farm income is reduced. The first of these concerns the capitalization of program benefits into land values. Since the programs are tied so closely to land, their income benefits have been eroded through higher land prices. Capitalization of program benefits into land prices has resulted in windfall profits for first generation owners,

but has left little for second generation owners. In fact, capitalization of program benefits in land prices presents one of the principal obstacles to elimination of the programs. A recent ERS analysis of proposed legislation to eliminate price supports for tobacco indicated that land values in the tobacco growing areas would decline about \$2-3 billion if enacted. Those tobacco growers who purchased land at current market value, which includes the capitalized value of the tobacco allotment, would incur significant capital losses. But, at reduced land values, less net farm income would be required to yield adequate returns to resources. If, in fact, all program benefits have been capitalized into land values, their elimination would have no impact on the level of returns to resources employed in agriculture. The value of farm assets would be reduced, and, from a welfare point of view, farmers would be worse off. But, as pointed out earlier in this report, programs for commercial agriculture must be divorced from welfare considerations. A reduced income earned per acre would result in the need for larger farm units to provide adequate income for the farm family. This would tend to accelerate the reduction in number of farms, a fact which does not disturb the Committee, assuming adequate nonfarm jobs can be found in the rural communities and sufficient number of producing units remain to insure that the industry remains competitive.

The second factor deals with the distribution of farm program benefits. Income benefits of current programs are not evenly distributed among all farmers nor are they distributed on basis of need. Income transfer payments are usually thought of as being a means by which income of the less needy is transferred to the needy. Such is not the case with farm programs. The larger the farming unit, the greater the benefits received by the owner. The level of income earned by the owner of the farming unit, either farm or off-farm, is not considered in determining the magnitude of payments he will receive. As a result, only a very small portion of the program benefits reach those farmers with an income or welfare problem. The 1967 ERS study ("Parity Return Position of Farmers"), showed that, on the average, farms with value of sales of \$20,000 or more (stockholders standard, excluding capital gains) earned 167 percent of parity returns in 1966. This group of farms received \$2.1 of \$3.7 billion of direct payments in 1970 and, since these farms accounted for 74 of the sales, it follows they received 74 percent of the income benefits of price support policy that so distorts the market system that a segment of society can earn, indefinitely. The Committee cannot support a nitely, returns to their resources considerably greater than those same resources could earn elsewhere in the economy.

The Committee also feels that the present farm programs are a deterrent to efficient production of U.S. agricultural commodities. The attachment of program benefits to land has impaired movement of agricultural production to areas of least cost. The present geographical distribution of production, particularly for cotton and wheat, would likely be different in a free market environment and the cost of producing our present bundle of food and fiber would be less.

Despite these deficiencies, the basic farm programs have helped, to some extent, control the exodus of people from the farming sector and have contributed to a more stable U.S. agriculture. Perhaps these benefits have been sufficient to justify the existence of the programs over the past few decades.⁵ But, the

Committee feels that conditions in agriculture today are such that government intervention in the form of present farm programs and their associated costs can no longer be justified on these grounds. Although conditions do not warrant the present set of programs, their immediate elimination would create severe adjustment problems. It is, therefore, necessary to develop an optimal farm program for the future and also to map out a series of programs to reach the optimal so as to minimize the negative aspects of this adjustment process.

Proposed changes in basic farm programs

Economic and technological forces have caused marked changes in U.S. agriculture. Although we feel that these forces must be guided somewhat, they should not be counteracted. Rather, many of the agricultural programs which impede adjustments should be progressively reduced and finally eliminated. This is not to deny the many welfare problems which arise fairly directly from these adjustments. But welfare problems in agriculture cannot be ameliorated by the "higher agricultural price" approach since people with the greatest chronic income problems produce only a small volume of agricultural products for sale. Approaches to welfare problems are given in the final section of this report. Here we will deal with programs for commercial agriculture.

Government loan programs have reduced price instability at least on the downside for many commodities. Producers are guaranteed at least a minimum loan price for certain crops if they plant within the government price support program for these crops. In addition, for some of these crops, they receive a direct payment as well. If the price support loan programs are discontinued completely, then some substitute method should be developed so that individual producers have at least a minimum price guarantee prior to yearly planning decisions.

Providing a mechanism for guaranteeing minimum prices to individual producers prior to fertilizing and planting does not necessarily mean that the government must set a price and guarantee it. For most crops not under government price supports, a system of forward contracting has built up over a period of years. For example, canning plants have long contracted with farmers for the production of particular vegetables. Although contracts may not be renewed, for a particular year the farmer has a contract before planting these specialty crops.

Forward contracting would surely have developed more rapidly for many of our basic crops in the absence of government programs. In some cases, the lowering and removal of the government price support loan program will result in the rapid development of a forward contracting system. Tobacco and cotton are both crops which may be expected to fall in this category for, although there are many producers, there are relatively few buyers (Few tobacco companies in the case of tobacco and relatively few mills in the case of cotton).

For the feed and food grain crops such as corn, grain sorghum, and wheat, on the other hand, there are not only many producers, but many buyers as well. In the future, cattle feeding and hog feeding are expected to become highly concentrated in very large feedlots. As this takes place, a forward contracting system for feed grains may be expected to develop much more rapidly than would be the case at the present time.

Thus, although our long-term goal would be to eliminate all direct payment and price support loan programs, the Committee believes that this should be accomplished through a series of steps:

1. All direct payments would be reduced to zero over a period of 5 years. This should be accomplished by reducing the payment

employment opportunities in rural areas and job training programs for displaced farm people.

³ "Farm Income Situation," Economic Research Service, U.S. Department of Agriculture, FIS-218, July 1971.

⁴ Schultze, Charles L., "The Distribution of Farm Subsidies—Who Gets the Benefits," Brookings Institute, 1971.

⁵ One does have to wonder, though, if more efficient ways could have been found to alleviate the adjustment problems. What would the rural population be today if half of the dollars spent for farm programs had been developed to generating off-farm em-

"per bushel of projected yield" rather than by restrictions on total payments. Restrictions of total payments encourage inefficient farm organization.

2. Over the same 5-year period, non-recourse loan rates would be reduced to a "disaster price" level for feed grain crops and wheat and to zero for all other crops. The disaster price level would be one that is sufficiently low that it rarely sets the price although it may have a seasonal effect on price in many years. Rather than taking over a large volume of stocks in the event of a year encountered in which the market price would have remained below the loan level for crops, a resale program extending if necessary over a few years should be instituted so that stocks remain in producers' hands rather than in CCC inventory. If resale stocks start to rise, the disaster price should be lowered, since this would indicate that the loan price has apparently become higher than the equilibrium price.

3. Purchase programs such as the one for dairy products should be phased out over a few years. Price stability appears to be the principal justification of the program and milk marketing orders appear to be potent enough to give this stability.

4. All commodities presently supported due to a critical "national defense" requirement should be reviewed to see if they are really critical. Tung oil and gum naval stores surely are not critical to national defense. Due to the development of artificial sweeteners, domestic production of sugar seems no longer critical to national defense. Neither is domestic production of wool, due to the development of synthetics.

It is often argued that a progressive lowering of direct payments and loan rates is no better than letting the blow fall in a single year. If producers could foretell the adjustment which will be made, this might be the case. Land values would drop exactly to the levels reflected by their value in an "adjusted agriculture." We cannot, of course, anticipate many of the adjustments even from a national vantagepoint. Certainly we cannot expect individual producers to predict accurately the many institutional changes which will affect them.

Drastic shifts in agricultural enterprises may be expected from the above recommendations, but adjustments to alternative agricultural enterprises take time. It is for this reason that the Committee proposes a gradual phase-out of present programs over a 5-year period. For example, should the raising of beef cow-calf herds become more profitable than cotton then it will take time to make this adjustment. Beef cow herds can only be economically built up over time. A crash buildup could lead to disaster for an individual producer lacking managerial skills in beef cattle production. Too rapid a buildup would also mean chaos for present beef producers as it would cause precipitous changes in livestock prices.

Too rapid a switch between crops also causes managerial difficulties for producers as can be witnessed by talking to producers who are growing soybeans or grain sorghum or many of the specialty crops for the first time.

Even if price support adjustments are phased over a 5-year period, land prices will probably drop more than is warranted due to uncertainty as to the effect of the changing levels of support. But at least progressive decreases in support levels will give more time for the future to be known and should result in land prices not dropping to as low a level as they otherwise would.

The question of how to handle the reduction in land values resulting from elimination of present farm programs was debated at length by the Committee. Fairness would dictate a policy of reimbursing those who purchased land at prices including the capitalized value of farm program benefits, but such a policy would be impossible to ad-

minister. The question then becomes one of whether the inequities of eliminating the capital value of program benefits for those who paid for them is greater or lesser than the inequities of reimbursing all landowners, including those who neither earned nor paid for the benefits. The Committee felt that the inequities of the latter were greater and, therefore, concluded that land owners should not be reimbursed for their losses.

The Committee would not, however, want to see this issue stand in the way of elimination of present farm programs. Should political realities dictate that payment in total or in part be required, such payment should be made. The long-term benefit to the Nation would justify such a compromise.

OTHER PROGRAMS AFFECTING FARMERS AND FARM INCOME

The Department administers many programs other than price support and direct payments which have an impact on the farm sector and individual participants in this sector. These include credit, crop insurance, market information, domestic and foreign market promotion, and market research and dissemination. The nature and scope of this report prohibits a full and detailed analysis of these programs. What follows are the Committee's views on the general direction that should be taken by these programs and an identification of issues that should be explored in greater depth.

Farm Credit

The credit needs of agriculture are great and will likely increase in the future. Consistent with the objective to assure adequate supplies of food and fiber, the Nation must see that the credit needs of the farm sector are met. But the farm sector, to operate effectively within a free market environment, must not be given a competitive advantage in the capital markets. Discrimination in favor of agricultural borrowers would raise the possibility of over-investment in the farm sector.

There is some evidence to support the argument that our supply management problems are, in part, due to excess availability of capital in the farm sector brought about by discrimination in favor of agriculture in the national allocation of money.⁶ Clearly, to avoid excessive availability of capital in agriculture over the long-run, the farm sector should compete for funds in the capital markets along with other industrial sectors. If farmers, in the aggregate, are receiving equitable returns to resources, sufficient capital, barring any imperfections in the capital markets, should be available.

Private lenders, along with the Farm Credit System, should be capable of providing the credit needs of agriculture. The Farm Credit System should continue to compete for funds in the money market; their bonds should remain uninsured by the Federal government and their loans free of any interest subsidy to the borrowers. It will, of course, be necessary for the Department to monitor the credit system to see that imperfections in the money markets do not impair the production of adequate supplies of food and fiber.

The large amount of capital required to develop an economically viable farming operation does serve as a formidable barrier to entry. For this reason, there are those who argue that subsidized credit should be made available to those wanting to enter the farming industry. If farming is to be treated as an industry rather than as a way of life, this position cannot be easily supported. A basic justification for subsidized loans to new entrants, regardless of the industry, is to maintain competition and allow for technical innovation. But in agriculture there are

presently too many firms to provide adequate income for all participants, and technical innovation in agriculture has not been, nor will it be in the foreseeable future, dependent on new entrants who require subsidized credit. For these reasons, the Committee recommends elimination of the FHA Farm Ownership Loan and Farm Operating Loan programs.

The FHA Emergency Loan Program needs to be continued. Private sources of capital are not likely to be adequate to cover the credit needs of farmers affected by natural disaster nor are farmers generally prepared to meet the full cost of financing such loans. The Committee would, however, prefer to see increased use of insurance by farmers to cover such losses. In this way, the full cost of risk would be borne by the market system. The Committee feels that the subsidized soil and water loans to individuals and associations and loans to grazing associations need to be fully reviewed. There may exist a need for such loans, but it is unlikely they can be supported on grounds of aiding commercial agriculture or, as they are aligned in the Department's program structure, supporting farm income.

Domestic and Foreign Market Promotion

Domestic Market Promotion: The Committee feels that expenditure of public funds for domestic promotion of agricultural products, or for the administration of funds collected from producer groups for this purpose, is highly undesirable. At any given income, consumers will not likely increase their expenditures for food as a result of market promotion. Trade-offs between commodities might occur, but this is merely benefiting one group of farmers at the expense of another with little or no net social benefit. Expenditures for such purposes and with such known benefits can be justified by commodity groups whereas such expenditures by the public sector cannot. The same holds true for non-food items of agricultural origin. Here the trade-off is primarily with products of nonagricultural origin, but the argument against expenditure of public funds for promotion remains valid as no, or little, net social benefit is gained.

The exception to this line of reasoning would be promotional and educational activities aimed at improving human nutrition. The objective of such a program would have nothing to do with improving farm income, but, rather, would be directed at improving the diet of the target group. The Extension Service's Food and Nutrition Education Program is an example of this type of program. The expenditure of public funds for this purpose can be fully justified; in fact, increased effort needs to be aimed towards improving human nutrition and our knowledge of human nutrition needs.

The emphasis, domestically, is to produce adequate supplies of food and fiber and not to provide adequate demand for the output of agriculture. This being the case, public funds should not be expended on programs whose sole aim is to increase consumption of a particular commodity.

Foreign Market Promotion: National economic strength is dependent, in part, on avoidance of trade deficits over extended periods of time. One clear way to minimize trade deficits is to establish import restrictions. But, the Committee feels that the United States and other countries should strive to relax artificial trade barriers. It would be unrealistic to assume or to propose complete free trade in the near future—the impact on the world economy would be severe. But, steps in this direction need to be taken. Some degree of control will likely be needed with respect to agriculture to avoid dumping, by the United States or other countries, of large amounts of surplus commodities in any given year. Severe changes in the amount of agricultural commodities moving into world trade would exacerbate

⁶ "Agricultural Finance Review," Economic Research Service, U.S. Department of Agriculture, August 1971.

the adjustment process in the farm sector throughout the world.

The system of import quotas on agricultural commodities should be reviewed. To the extent that any restrictions are needed, quotas should be converted to tariffs so that the direct effects of restrictions on imports are more apparent to consumers.

Increased reliance on free trade will require stepped up efforts on the part of the United States to compete for world markets. This needs to take the form of improved intelligence of trade potentials by commodity and by country and also promotional activities. Although the private sector expenditures for these activities can be expected, their efforts need to be supplemented and coordinated with public funds. The importance of foreign trade to the U.S. economy and, more specifically, the U.S. farm sector is too great to rely entirely on the private sector.

Crop Insurance

Farmers will continue to need protection from such natural hazards as insect and wildlife damage, plant diseases, fire, drought, flood and wind. If unprotected by insurance, natural disasters could bankrupt farmers. A disaster covering a large geographic area could, in the short-run, impair the Nation's ability to provide adequate supplies of food and fiber.

To the extent that crop insurance is not available through the private sector, it should be provided by the public sector. If provided by the public sector, the premiums charged need to reflect the risk assumed. In this way, the risk of agricultural production can be properly reflected through the marketing system to the consumer.

Production and Market Research

Production Research: The abundance of low-cost food and fiber in the United States can be attributed, in large part, to publicly supported production research and dissemination. These activities must continue if we are to meet the needs of a growing population and compete in world markets. Although the index of output per unit of input increased significantly from 1970 to 1971 (8 percent, due largely to a 5 percent increase in planted acres), the increase in the index from 1961 to 1971 (10 percent) was considerably less than the increase from 1951 to 1961 (21 percent).⁷ There certainly is little doubt about the Nation's ability to provide sufficient food and fiber in the immediate future, but these data suggest that, without new breakthroughs in production technology, additional food and fiber will be forthcoming only through use of additional resources.

Public support of such research is needed since it is doubtful that sufficient private resources will be devoted to the basic research from which most major technological breakthroughs originate.

Since agriculture is a polluter of the environment (pesticides, run-off from cattle feed lots, etc.), such research also needs to be aimed at developing technology which will result in food and fiber production with minimum environmental damage.

With the exception of early adopters, agricultural production research has probably had no positive impact on the income of individual farmers. But production efficiency research should not be justified on the basis of increasing farm income. The impact of technological breakthroughs, however, needs to be anticipated and properly considered by the public sector to minimize the social cost of adjustments that technology brings to bear on the farm sector. The development of a mechanized tobacco harvester is a case in point. Adoption of this equipment will great-

ly reduce employment in the tobacco industry. Development and adoption of the equipment should not be discouraged, but public assistance will be needed to aid displaced workers.

Market Research: In 1971, consumers spent \$105 billion for domestic farm foods with farmers receiving \$34 billion of these expenditures. The remaining \$71 billion was added to the farm value of foods either in the form of manufacturing or distribution services. The magnitude of these costs seem to justify market research. In fact, it might suggest a reallocation of present research funds. In 1970, \$111 million of USDA funds were expended for production research while only \$46 million were expended for market research. Including state funds, the comparable figures are \$242 and \$59 million.

Allocation of research funds entirely on the basis of the relative magnitude of the production and marketing subsectors would not be advisable. The proper split, if it could be accurately measured, would be to allocate funds such that the marginal social value or benefit of the last dollar spent for market research equals that for production research. But present distribution of research funds, given the size of the production and marketing subsectors, warrant study. The figures cited for research expenditures exclude private funds; these would have to be taken into consideration in any such analysis.

Public expenditures for market research must be restricted to those areas which result in efficiencies in the food and fiber marketing system or lead to improved nutritional value of food (increased quality in the case of fiber). Research devoted merely to increasing consumption of a particular commodity through changes in form or selling techniques without contributing to increased efficiency or nutritional value must be avoided. Research aimed at developing synthetic food products should not be prohibited. The economic performance of food firms in serving farmers and consumers should receive major emphasis.

Market Information and Monitoring Activities

Transferring the function of supply management from the public to the private sector will increase the information needs of the latter. Only the public sector, with its legislative authority to acquire data from private sources, is equipped to meet these needs. Reliance on the private sector for market information would likely give buyers of farm commodities an unfavorable advantage over producers.

It is important that information be made available for both supply and demand conditions. Present data collection and dissemination activities of the Department are weighted heavily on the supply side. Although not intended, this has given undue advantage to buyers of farm commodities. Both producers and buyers of farm products have access to information on the supply of agricultural commodities, but producers have only limited access to data on the demand side. For example, USDA obtains data on intentions to plant from farmers, but obtains no similar data of purchase intentions of buyers of agricultural products.

The sensitivity of price to available supplies of agricultural products will require accurate projections of domestic consumption and exports. The latter will be extremely important to the effective operation of a free market. Wide and erratic fluctuations in actual exports or large errors in estimated exports would create severe problems for American farmers and, therefore, must be avoided or kept to a minimum. The Department's difficulties with supply management programs have been exacerbated by wide fluctuations in exports of certain commodities. The difficulty has been particularly acute for those crops such as rice, where a large amount

of the production typically moves into world markets. These changes in exports have been caused, in part, by Federal policy. To the extent that American farmers fall victim to changes in U.S. foreign policy, the Federal Government must be prepared to provide them with adequate compensation.

There clearly exists a need for the Department to monitor the agricultural economy to assure success relative to the Nation's objective to provide adequate supplies of food and fiber at reasonable prices. This monitoring function will be extremely important during the transition from present programs to a free market environment. We must have available the best possible information with respect to the impact of program changes on farmers and their response to these changes so as to minimize adjustment problems. We must also have information on the changes in the relative bargaining strength of the participants in the industry, factors causing these changes, and their short-run and long-run impact on the industry and the Nation. Such information will be necessary to identify that point at which government intervention into the system is necessary to assure a viable agriculture consistent with national objectives.

Farmer Bargaining

The structure of the agricultural industry (large numbers of geographically dispersed producers and relatively far fewer buyers) has placed the farmer at a disadvantage in dealing with buyers of farm products. To strengthen the position of farmers, cooperative and bargaining associations and marketing agreements and orders have been authorized. The Committee supports assistance to producer cooperatives. Market agreements and orders should be authorized wherever appropriate (as defined by existing legislation). But, the Committee would discourage enactment of any legislation exempting farmer associations from antitrust laws. The long-term effects of such exemption could prove extremely detrimental to the total welfare of the Nation. The policy objective in this area should be to bring about a balance in the relative bargaining strength of producers and buyers without compromising existing antitrust laws or seriously disrupting the marketing and distribution system.

IMPLICATIONS FOR AMERICAN AGRICULTURE AND THE NATION

As stated in the previous section of this report, present programs cannot be eliminated instantaneously. Time must be allowed for the industry to adjust. The most significant adjustment problems will occur in those geographical areas where production is highly dependent on the existence of present program benefits. Development of off-farm employment opportunities or assistance in adjusting to more profitable agricultural enterprises will need to be focused in these areas.

Other than geographical adjustments in production, the effects of the proposed changes will likely be nothing more than a slight acceleration of present trends in the agricultural industry. In the long-run the number of farms as defined at the outset of this report will likely not differ from the number of farms given present programs and policies.

Studies of economies of size in crop farming point out that most production efficiencies can be achieved by modern and fully mechanized one- or two-man farms—the family farm. The family farm will continue to dominate the farming economy, but it will become a larger and more sophisticated unit. The family farm of tomorrow, just as many are today, will be a highly specialized and mechanized business operation, involved not only in production but in processing and marketing decisions as well. Even if farm numbers should drop to 600,000, we should not conclude that the family farm is a dead

⁷ "Changes in Farm Production and Efficiency," Economic Research Service, U.S. Department of Agriculture S.B. 235, June 1971, together with unpublished data obtained from ERS.

institution. If there had been only 600,000 farms in 1970, sales of the average farm would have been about \$90,000. This is well within the range of a one- or two-man operation for most agricultural enterprises.

But we do not feel it necessary to prescribe the number and size distribution of farms needed for an efficient agricultural system in the future. Individual farm size will be largely determined by how well each unit carries out its production and marketing activities in relation to all other units. Under an efficiency criteria, a production-distribution system can encompass farms of various sizes and numbers. Our major concern is not whether agriculture is composed of many small farms or few large farms, or some combination of number and size of farms. Rather, it is focused on how commercial agriculture in the aggregate can best serve the desires and needs of the Nation while adequately rewarding its own participants.

Removal of the government from supply management activities will likely accelerate integration in the agricultural industry. But integration should not be confused with corporate takeover of farming operations. While most indications are that farming will be part of a highly integrated production-marketing system, we do not feel that large nonfarm corporations pose a major threat, or will play a dominant role, in tomorrow's integrated agriculture.

There is a pressing need for production at the farm level to be geared more closely to final market demands. It is to the advantage of both the farmer and processor to minimize uncertainty. And, for reasons of efficiency and lower food prices, it is also to the advantage of the consumer. Producers must intensify their search for ways of becoming a vital part of the total process by which consumer demands for food and fiber are met.

Eric Thor identifies four types of industry organization that seem to be developing to meet these needs:⁸

1. Farmers organized into bargaining associations to negotiate price and terms of contract with processor and packer.

2. Large investor-owned, food-converting corporations integrated from the ultimate consumer back into farming.

3. Fully integrated multiple-product farmer cooperatives.

4. Joint ventures between farmer cooperatives and investor-owned corporations.

The direction in which agriculture is headed, and its implication to the Nation's farmers, should be obvious. In order to play a viable role in the future, today's producer must align his production, through the distribution system, more closely with the requirements and demands of the final consumer. The possible structural arrangements mentioned by Thor are potential vehicles through which this meshing process might occur. No doubt others could be identified. The Committee endorses public policies designed to assist agriculture become more market-oriented. The alternative is a higher cost industry—one which retains inefficient production patterns and inefficient producers dependent on income transfers from the rest of society. There is, of course, need to monitor these developments to assure maintenance of a highly competitive industry.

These trends—reduction in farm numbers and increasing coordination among industry sectors—are consistent with the basic policy framework of the Committee. It is important to note that these trends are taking place today. Existing policy and programs, with their annual cost of \$4-5 billion to American taxpayers, are leading us in the same direction as the much less costly policy

and programs proposed by the Committee. Agrarian fundamentalists shudder at the thought of fewer farms or the loss of independence of our American farmers as a result of integration such as has occurred in the broiler industry. To a large extent it has been the agrarian fundamentalists who have created and perpetuated our present policy and programs. But that which they want to protect or preserve is not being protected or preserved with present programs.

While evidence can be brought to bear in support of either position—an efficient agriculture with resulting bigness, integration, etc., vs. preservation of traditional agrarian values with small independent farms and farmers—the Committee's set of values leads it to place greater emphasis on an efficient agricultural industry. We feel the agricultural industry can provide adequate supplies of food and fiber at reasonable prices and equitable returns to resources, including family labor, with a minimum of government intervention. Programs costing the U.S. taxpayers \$4-5 billion annually are not needed for these purposes.

It is a political reality that society which is 95 percent urban will be directed by urban priorities and these priorities will call for an agriculture which provides adequate supplies of food and fiber at reasonable prices. It would seem unlikely that they would be willing to pay the cost, either in the form of taxes or higher food prices, that would result from efforts to maintain large numbers of totally independent farmers. An efficient agriculture may, however, conflict with urban desires to improve the quality of the environment. Action taken in recent years indicates that society is willing to make some sacrifice in efficiency to gain environmental benefits. The Committee recognizes the need to improve the quality of the environment. But the consequences of actions to accomplish this end, both benefits and costs, must be fully explored and made an integral part of the decision-making process.

IMPROVING THE LEVEL OF LIVING IN RURAL AMERICA

The Committee's recommendations remove from agricultural policy the welfare considerations of small farmers and other rural residents. Present farm programs have attempted to combine the objective of maintaining a healthy agricultural industry and the objective of improving the welfare of small farmers. Our attempt to accomplish both objectives by a single approach has been inefficient in meeting the former and ineffective in meeting the latter. Removing from agricultural policy consideration of the small farmer and other rural residents does not imply removal of their problems from consideration by the public sector. But as pointed out earlier in the report, agriculture cannot be looked upon to provide employment opportunities sufficient to maintain the present rural population. If rural towns and communities are to survive, and hopefully grow, more off-farm employment must be found.

The purpose of this section of the report is to present the Committee's views on what must be done to revitalize our rural communities, to tackle present rural problems, and to adjust to present trends that may be accelerated if our other recommendations are adopted.

Rural America today—and beyond

The plight of our rural people has been well documented. In recent years, many task forces and commissions have been established to study and develop remedies to alleviate the problems of rural America. While descriptions of the problem and recommended remedies are in ample supply, direct action taken to implement the recommendations has been limited. A recent report of the Senate Committee on Agriculture and Forestry noted that while much has been done for rural peo-

ple there are also many gaps which must be closed.⁹ The report stated that "often the Federal response to the recommendations of the rural poverty report was a series of pilot programs, which, when they proved their merit, were discontinued. These projects were often begun with great fanfare, indicating to rural people that the government was going to get something done, and then the fanfare withered away into crushing disappointment."

The basic problem in rural areas is reflected in the history of relative rural population decline. In the past 5 decades, while total U.S. population has increased from 106 million to 203 million, the rural population has remained steady at just about 50 million.¹⁰ The farm sector of the rural population, however, has declined from 32 million in 1920 (three-fourths of the total rural population) to fewer than 10 million (one-fifth of total rural population). Although the rate of movement of people away from farms has remained high, the number of people involved has dwindled, as the size of the farm population has declined.

While the farm population continues to decline, there is evidence of a net increase of people moving into rural areas. From 1960-70, the rural counties of the country grew in population by 6.7 percent, while the urban counties were gaining by 16.6 percent. However, if the farm population, with its pronounced downward trend, is subtracted from the total rural population, one finds that the nonfarm rural population (which comprised the great majority of all rural people) rose by 19 percent in the 1960's. Thus, the heavy decline of farm population has tended to mask the rapid growth of the nonfarm segment of the rural and small city population. In the 1960's, about 200 nonmetropolitan towns of 10,000 to 50,000 population grew by 15 percent or more; that is, at a rate above the national average of 13 percent, thus implying net immigration.

Although per capita income in rural areas has been rising at a faster rate than in urban areas for the past 40 years, the percentage gain has not been fast enough to narrow the gap between rural and urban incomes. In fact, the dollar gap has widened over the years. Rural personal income, which increased at an average of 7.4 percent per year compared with 5.9 percent in urban areas, would have had to grow at the rate of 8.5 percent per year for this 40-year period to have closed the gap.

In spite of improvement in rural income in the 1960's, there remains a disproportionate extent of poverty among families outside urban areas. The rural areas, accounting for about a quarter of the population, have 49 percent of the Nation's poverty and 59 percent of the substandard housing.

The present rural welfare situation is worrisome just on the basis that an important segment of our society is locked into a life devoid of the opportunities generally available to our nation as a whole. But it deserves concern for other reasons. This Nation needs to look increasingly to the rural sector to house and employ our still-growing population if we are to avoid further concentration of people in urban areas. In this regard, the Committee is impressed with and endorses the related recommendations of the President's Task Force on Rural Development and the National Goals Research Staff.

⁹ "Effectiveness of Implementation of the Recommendations of the Presidential Commission on Rural Poverty," 92nd Congress, First Session, November 30, 1971.

¹⁰ Data presented in this section of the report were obtained from publications issued by the Economic Research Service titled "The Economic and Social Conditions in Rural America in the 1970's," May 1971 and "Rural Development Chartbook," March 1971.

⁸ "Increasing Understanding of Public Problems and Policies" Farm Foundation, 1971.

The thrust of their recommendations is that a national population distribution policy will be required for a more deliberate and planned dispersion of our total population. If this is to occur, the rural sector will have to offer realistic alternatives to the opportunities for jobs and basic amenities of life which exist in the urban sector.

Programs for action in rural America

The Committee has reviewed various program proposals for upgrading rural America and recommends Federal action in the following areas.

Income Assistance

Change often takes place at a greater rate than to which the economy, through normal forces, can adjust. During such periods, people are often without a source of income. Also, many poor, both urban and rural, are unable to earn a living because of age, illness, or other disabilities. The Nation has long recognized this problem and, over the years, has developed a series of programs aimed at providing income supplements to needy people. Although initiated with good intentions, the existing welfare programs have evolved into a bureaucratic nightmare. They have done more to perpetuate than eliminate poverty. For this reason, the Committee strongly supports the proposed Family Assistance Plan. Welfare reform is long overdue and must be given highest priority by both Congress and the Administration. Although applying equally to both urban and rural people, welfare reform would serve as a basic element in the development of programs to improve rural America.

The Committee feels that the Family Assistance Plan must incorporate the following features. First, payments to rural and urban people should be equal except for adjustments in cost of living. Second, eligibility standards should be established at the Federal level. Third, all payments should be in cash; payments in kind, e.g., food stamps should be eliminated. Fourth, the Plan should be financed through the Federal tax system. Payment in excess of the Federal minimum or to people not meeting Federal eligibility standards should be financed entirely by State and local governments.

Job Training

Greatly improved educational and vocational training are needed so that rural communities can adequately supply skilled labor and encourage new industry and business to their communities. Effective programs must meet needs of both workers and employers. Rural areas are now getting only about a third of their fair share (based on population) of present manpower development and training programs. Rural residents should have better access to these programs. Such efforts as the Concerted Services in Training and Education (CSTE) and Operation Hitchhike, as well as the Education and Employment Service program, should be expanded to assure that those transferring out of agriculture and other rural residents have the opportunity to upgrade their skills and have access to the full array of manpower services.

Rural Industrial Tax Credits

An attractive tax credit on plant and equipment should be offered new industries which locate in rural areas. Such an incentive would attract more industries to rural America and provide job opportunities locally so residents would not be forced to migrate to other areas. The tax credit could be a flat rate for all rural areas, or it might be graduated upward as one moves away from the large metropolitan centers. An objective should be employment of a substantial portion of local labor in relation to the skilled labor which might be imported from outside the community.

Such tax incentive should be granted through the Federal tax system. Local com-

munities have often given tax privileges to new industries only to find they have insufficient revenue to meet the increased demand for services—schools, sewers, streets, hospitals, etc. Since both urban as well as rural people will benefit from a more even distribution of industrial production in the United States, it seems only proper that both should share in the cost.

Rural Development Credit Bank

A credit system should be established to make credit available for construction of community services and facilities and housing. The credit should take the form of insured loans.

Research and Technical Assistance

Research on the complex problems of rural development should be encouraged in both private and public institutions. This research must be applicable to the problems of local communities. The rather limited amount of research directed toward rural development has been largely descriptive or fundamental long-term research generalized so that it applies to the numerous and various situation found throughout the country. While such research serves a useful function in the formulation of national programs, it is of limited value to individual rural communities.

Most rural communities cannot employ officials on a full-time basis who are capable of formulating and implementing long-term development plans. Lack of such technical support has placed rural communities at a distinct disadvantage relative to urban towns and cities. To help fill this gap, the Committee recommends that technical advisors trained in community planning be made available to rural communities. The organization and funding arrangements for this could be patterned after the system developed to provide technical assistance to farmers. The land-grant universities and other state colleges and universities should be made an integral part of the system.

National Growth Policy

To assure a sound pattern of development in rural America and proper use of natural resources, the Committee recommends development of a national framework for land use planning. The Committee believes it is the responsibility of the Federal government to analyze the various consequences of alternative growth strategies, choose among them, and delineate a national growth policy. All Federal programs, including tax policies, transportation, housing and urban development, resource conservation, and welfare, must be oriented toward attainment of the goals of that policy. To accomplish this will require a major, Federally coordinated analysis of natural and other resources we have available to meet existing and known future national needs. The approach suggested in the proposed land use policy legislation cannot do this kind of job. It does encourage a stronger state role in assuring land use planning on a local level—an essential first step. But it does not acknowledge the need for overall Federal guidance of growth and development.

Getting the Job Done

In this section, the Committee has reiterated an oft-repeated agenda for meeting the problems of Rural America. The critical issue is how to mark these agenda items "accomplished."

The Committee does not plan to suggest what specific agencies in government should do the jobs needed to upgrade the rural sector. However, a visible, specified, cabinet-level body or official must be designated to coordinate rural development efforts. Rural America must have a real voice with the power to assure that the voice is heard and heeded. Improvement of the rural sector must be a national goal affirmed by action programs designed to meet specific objectives. The Com-

mittee firmly believes that stronger national direction is imperative and, therefore, does not believe the Rural Community Development Revenue Sharing proposal should be the principal thrust toward improvement of the rural sector.

The rural emphasis we suggested here does not necessarily imply that existing Federal housing and planning programs be split into rural and urban components. But the leadership emphasis recommended, along with the rural directed programs suggested above, are essential to assure balanced consideration of rural concerns within the present Federal structure. Existing general programs are biased toward the urban sector. The Department of Agriculture, although it may speak for rural America, does not have the force of program options at its disposal.

A MOMENT IN AMERICAN HISTORY

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

Mr. STAGGERS. Mr. Speaker, the distinguished Senator from West Virginia, the Honorable ROBERT C. BYRD, majority whip of the Senate, used this striking phrase at an impressive ceremony far back in the hills of our wonderful State last Saturday, June 17.

The occasion was the dedication of a permanent memorial to Nancy Hanks. The place was the birthplace of this remarkable woman. The sponsoring agency was the Historical Society of Mineral County.

Forty years ago a stone marker was set up on the site. But due to neglect it was difficult to find in open country. Recently a camp for young people has been established there, and arrangements have been made to assure the mother of Lincoln the respect that is due her.

Considering the difficulty of access, a large crowd assembled for the ceremonies. The Governors assistant presented a State flag, and it was my privilege to present a flag previously flown over the Capitol. Both will be on display at the site daily.

Senator BYRD's dedication address pointed clearly and forcefully to the significance of a moment in history. His address demonstrates that he has equal claims on our admiration and respect as an orator. Both his subject and his treatment of it should be of interest. I include it in the RECORD:

SPEECH BY ROBERT C. BYRD, A U.S. SENATOR FROM WEST VIRGINIA

Mr. Chairman, Congressman Staggers, ladies and gentlemen:

It is indeed a pleasure for me to be with you on this occasion, when we are gathered to mark a moment in American history. I have always thought it unfair that, throughout the ages, so many great women have been born to blush unseen, because of the brilliance and success of the men they mothered or married.

The whole world knows of the greatness of Abraham Lincoln. The world is very apt to forget that the qualities that made him great were born and bred into him. I am not a student of genetics, but Nancy Hanks, whose birthplace this is, undoubtedly had a major influence on President Lincoln's life.

Every American schoolchild knows that Abe Lincoln was born in a log cabin in Kentucky, but I wonder how many of them know that his mother was also born in a log

cabin in what is now West Virginia? Most schoolchildren, if asked the question "What do you know about West Virginia?", would answer "Well, I know it produces a lot of coal." Most of them probably would know that this great State of ours is also one of tremendous natural beauty.

I wish it were possible for all of them—indeed, for every American—to be with us today in this beautiful setting. There comes to mind, William Shakespeare's lines in "A Midsummer Night's Dream":

"I know a bank whereon the wild thyme blows,
Where oxlips and the nodding violet grows
Quite over-canopied with luscious woodbine
With sweet musk-roses, and with elegantine . . ."

We are a far cry from Elizabethan England, but beauty knows no time.

In the quiet and peace of a spot like this, it is easy to ruminate on what has been, what is, and, hopefully, what will be. One hundred years is but a moment in the history of the world, but to us in this young Republic, it is half of our whole existence. When, at Appomattox, the clash of the armies was stilled, and an exhausted, but undaunted President was vindicated, the United States of America was set on a path of reconstruction and suffering at first, but later of progress and glory, the like of which the world had never seen. Though Abraham Lincoln did not live to enjoy even the beginnings of the glory years, the examples he set of courage, wisdom, and forbearance have inspired this nation for over a century. Here, where Nancy Hanks Lincoln is being honored today might be a most suitable place to pause, and ask ourselves if we have kept the trust which Lincoln and his mother left to us.

The story of pioneer America in the early nineteenth century is one of backbreaking toil, grinding poverty, and little, if any, immediate reward. To Nancy Hanks—as to almost all of her contemporaries—life was a constant struggle against nature, marauders, and the elements. Despite the dawn-to-dusk labors of men, women, and children, it was about all a family could do to feed and clothe themselves, and keep alive through the rigorous winters.

Yet, through all the deprivations and despair, those early Americans kept the flame of hope burning in their hearts; and through their strength of character, their dogged determination, and their love of God, they built for us who came after them, a magnificent legacy.

Nancy Hanks had no learning, other than the hard, practical lessons that every frontier woman and mother had to know to survive and to protect her children. Her husband, Thomas Lincoln, had little, if any, more. But Tom was a skilled carpenter and his reputation for competent, conscientious workmanship was known and appreciated.

Modern America—unlike the America in Tom Lincoln's time—has almost no place today for the dignity of work—we have built false values on the foundation of affluent prosperity. We look too often with disdain on the men and women who work with their hands, and who earn their bread in the sweat of their brow. We have forgotten what William Shakespeare knew, that "honest labor bears a lovely face . . ."

When Tom and Nancy Hanks Lincoln left Kentucky to journey to their new home in Indiana, they had nought but their two young children, some household possessions, and Tom's carpentry tools. But they had an abundance of faith, fortitude and love, and when, only a short time after the family had settled in their new home, Nancy Hanks Lincoln died, her legacy to her daughter Sarah and to her 9-year-old son, Abraham, was not of material things. Her parting

words to her children were "Be good to one another, love your kindred, and worship God." These words, spoken in pioneer days in Indiana, one hundred and fifty-four years ago, might well serve as a motto for all of us today.

In his essay "American Crisis", Thomas Paine wrote "Character is much easier kept than recovered." The most insidious influence that erodes character is an over-abundance of life's material comforts and the sybaritic trappings of great wealth.

By the sweat of their brows, the skill of their hands, and the blessings of a bountiful Nature, Americans have enjoyed a standard of living unequalled in the history of mankind. We are a generous people, and we have shared our abundance with many peoples less fortunate than ourselves, but with all our generosity to others, our bounty has been so great that we have come to look upon the horn of plenty as having no narrow end and no bottom. Unfortunately, that horn has a bottom, and unless the riches that are taken from it, are replaced, it can become sadly depleted.

And I am not talking only about the riches of the flesh; the horn of American plenty has always contained great riches of the spirit—riches that were put there by our Founding Fathers and by generations of our forebears.

We must revive some of the staid old values of which most Americans have been rightly proud and for which the world once admired us. We must cast away the false values that have crept into our society and we must put in their place a renewed appreciation of the spiritual qualities that sustained Nancy Hanks Lincoln, her son Abraham Lincoln, and so many of their contemporaries.

In 1777, when the crisis had been met and overcome, Paine wrote "Those who expect to reap the blessings of freedom must, like men, undergo the fatigue of supporting it."

Americans have supported that freedom through many crises—by the strength of arms and treasury. But most of all it has been supported by the character and the courage of the American people.

Our nation today is going through another crisis—a crisis of the spirit. It behooves us, always, to look to our military security. But it behooves us, equally, to look to the security of the spirit and of the heart.

We accepted an incomparable legacy from the generations of Americans who produced Nancy Hanks and Abraham Lincoln, and who built this country from a rich, but wild wilderness, into the colossus it is today. If we are to keep their trust, we must experience a recrudescence of the spirit; for only then will we have the flesh.

Nancy Hanks Lincoln will be remembered in history—not only because she bore and nurtured the 16th President of the United States, but also because she personified so many of the sound human qualities that are bred in simplicity. She did not wave flags; she did not espouse causes or spearhead movements; she did not curse the darkness; but, in her own dedicated way, she lit whatever candles she could for her children and for her husband. She showed, as have so many others like her, that small, seemingly unimportant tasks, well done, are their own lasting monuments.

When, if ever, the history of the world, as we have known it, is written, there will be few words for the militants, the extremists, the demonstrators, or the flamboyant would-be revolutionaries. But history will save its finest chapters for the lowly woman who washed the feet of the Son of a carpenter from the tiny village of Nazareth, or the humble woman who mothered the son of a carpenter in the village of Elizabethtown, Kentucky, and others like them who, by their words and their actions, taught the world to "be good to one another, love your kindred, and worship God."

THE REVENUE SHARING BILL

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

Mr. DON H. CLAUSEN. Mr. Speaker, I rise to comment briefly on the concept of revenue sharing and to express my intention to vote for H.R. 14370, the Federal revenue-sharing bill we are considering today.

The concept of revenue sharing is well known and the basis for its support is the desire to strengthen the role of local government in recognition of the maxim that it is the government closest to the people which can serve them best, providing it is efficient and has the revenues to meet responsibilities.

The revenue-sharing concept will effectively strengthen local governments by providing them with the necessary financial resources they need to do their job. All the good intentions of local government will be worthless unless backed up by money. Revenue sharing will provide the money.

Having served many years in local government, I am fully aware of its potential. However, I am equally aware of the fact that these governmental units have practically exhausted their sources of revenue. Property taxes, which have been the backbone of local governments revenue, have reached the point beyond which they cannot go. Passing this legislation will serve to broaden their tax base and can, with increased administrative efficiency, permit lowering of property taxes.

The time has come for a new redirection of the revenue allocation formula from the national Government to State and local governments. This new redirection will be coupled with a redirection of effort and responsibility to each community from faraway Washington.

People in a democracy demand effective and responsive government. They can most easily obtain it from the local level where they have the closest control.

The revenue bill before us today is not the one I have introduced nor is it the bill I would prefer to see enacted. It is not perfect. But, it is rare indeed when anyone can say a bill before the Congress is precisely and in each detail a perfect bill.

However, this bill will definitely initiate the revenue-sharing program. It will definitely provide much needed revenues to local governments. It will definitely increase the ability of local government to meet local needs with local solutions. And, it definitely should have the support of each one of us who believes in strengthening local government.

I have received many letters from mayors, city officials and county officials asking that I support this measure. I have received some letters opposing the legislation as it was approved and presented to the House by the Ways and Means Committee.

I am frank to admit I have some reservations about this bill and would have preferred the administration proposal as originally presented which Chairman MILLS has said he also preferred—in

describing certain provisions of the proposal.

However, over the years I have consistently advocated the advancement and adoption of a new "Domestic Doctrine of the 3 R's—Rights, Responsibilities, and Revenues" in order to make the Federal system more efficient, responsive, and functional.

Further, with the mobility of our population and people "on the move," as a result of changing job opportunities, and the rapid improvements in our transportation and communications systems, we must recognize the need to supplement and broaden the tax base of State and local governments.

At the same time, the Congress must give more attention and serious consideration, in the very near future, to changing our philosophy away from categorical aid grants to consolidated revenue-sharing "block grants." This will minimize "redtape," eliminate the need for local "matching funds," leave the decisionmaking authority with local governments, save money, increase efficiency, and provide more return to the taxpayer for his tax dollar.

The time is long overdue for a tax structure and revenue allocation revision at all levels of government. It should be simplified, duplication in programs must be eliminated and wasteful, outdated programs should be abolished. We must do this if we, as a Nation—a federation of State and local political subdivisions—are to be competitive with other merging economic and political unions throughout the world. We cannot afford the inefficiencies of "bungling bureaucracies" if democracy in our Republic is to survive. This is the challenge that all elected officials face. This is what the people are demanding. Based upon my 17 years of elective experience, I know it can and must be done.

Shortly after my arrival in Congress some 10 years ago, I prepared, circulated and had adopted by the local officials and units of government a "home rule and tax reform resolution."

Inasmuch as this is historic and "landmark legislation," I want to read the contents and language of that resolution which was adopted, at that time, by all the counties of my First Congressional District in California.

It reads as follows:

RESOLUTION

Whereas, all local governments in the United States of America are firmly committed to the advancement of the principles of home rule and local self-determination; and,

Whereas, these precious principles of American local government are meaningless unless the counties, cities, school districts, and other special service districts concerned have available tax sources for financing local government functions; and,

Whereas, with home rule there invariably comes the necessity of home responsibility and the challenge of home achievement since the fulfillment of home rule does not involve the denial of governmental services to the people nor does it involve their being furnished at substandard levels; and,

Whereas, the common property tax is now the universally overloaded mainstay of local government finances with the inevitable result that self-sufficiency of local governments is seriously hampered; and,

Whereas, local governments need addition-

al independent sources of revenue in order to enable proper home rule performance of governmental services; and,

Whereas, strong local government is the foundation of our Republic;

Now, Therefore, Be It Resolved by Cities and Counties of California's First Dist. that support is hereby expressed for the allocation of specific tax sources to local government; and,

Be It Further Resolved that support is hereby expressed for an immediate revision of the tax structure at the state and federal level with the single goal of returning tax sources to local units of government, thereby enabling said local governments to be more self-sufficient in their own right.

A SALUTE TO EDUCATION

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

Mr. BRADEMAS. Mr. Speaker, I rise today to join in a salute to education which is being led this week by the National Education Association.

It is, I believe, particularly fitting that those of us who are Members of the 92d Congress should this week be joining in recognition of the role that education plays in American life.

For, Mr. Speaker, earlier this month the House of Representatives approved and sent to the White House a bill which contains a variety of programs of immense benefits to American education.

This legislation, the Education Amendments of 1972, includes what I believe to be the most significant advance in Federal support for higher education since President Lincoln signed the Land-Grant College Act over a century ago.

The bill authorizes a new program of basic educational opportunity grants which entitles each student to \$1,400 annually, less what his or her family can reasonably be expected to contribute.

The bill also creates a new National Student Loan Marketing Association to stimulate new capital for the guaranteed loan program.

Of particular significance, Mr. Speaker, is a new program of direct institutional aid to colleges and universities, both public and private.

The amount of assistance estimated to be provided under this new program is \$1 billion annually.

In addition, the measure authorizes \$40 million annually in emergency grants to institutions in severe financial distress.

Another provision of the bill provides institutions enrolling veterans \$300 for each veteran enrolled and an additional \$150 if the veteran is in a special or remedial program.

I should like, Mr. Speaker, to draw particular attention to another title of the Education Amendments of 1972, a title which authorizes a new National Institute of Education within the Department of Health, Education, and Welfare to support research and development at every level of American education.

As sponsor of this measure, which was originally proposed by President Nixon, I believe the National Institute of Education gives promise of significantly improving the quality of teaching and learning in our country.

The bill Congress passed also provides funds for community colleges, occupational education, Indian education, and a new program of grants to help schools facilitate desegregation.

In addition, the measure provides grants to colleges and universities to encourage reform and innovation in higher education and grants to encourage expansion of State scholarship programs.

I should also, Mr. Speaker, observe that the Education Amendments of 1972 provide for extending all existing higher education programs.

THE HATHAWAY AMENDMENT

So, Mr. Speaker, this 92d Congress has not simply saluted American education in words but in deeds.

Not only has this Congress shaped this extraordinary omnibus education legislation, but also has voted additional money for existing education programs.

Only last week, the House voted approval of the quality education appropriations amendment proposed by our able and distinguished Congressman from Maine, Congressman WILLIAM HATHAWAY.

The Hathaway amendment, which won strong bipartisan support, provides for appropriations beyond those requested either by the administration or the Appropriations Committee for a number of essential programs.

Benefitting from the Hathaway amendment will be elementary and secondary school libraries, public libraries, vocational education, children in school districts eligible for the title I Elementary and Secondary Education Act program to benefit disadvantaged children, and children who benefit from both the guidance and counseling, and supplementary programs.

In short, Mr. Speaker, Members of the 92d Congress can take great pride in the achievements and contributions of American education while at the same time making a significant effort to raise the quality of education and widen access to education for all the people of our country. The record shows that this Congress has not taken lightly its responsibility to education.

BANK TRUST DEPARTMENTS AND ECONOMIC CONCENTRATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PATMAN), is recognized for 30 minutes.

Mr. PATMAN. Mr. Speaker, the growing domination of institutional investors—particularly bank trust departments—of the stock markets is posing serious problems for our entire economic structure.

Nothing is more important—in my opinion—than the question of economic concentration. The concentration of wealth and economic power in the hands of a few has been intensifying in recent years and it threatens to change our entire way of life.

In the coming political campaign, I sincerely hope that these issues will be discussed and that the new Congress and the new administration will be solidly

behind efforts to regulate and control this power so that the public interest can be promoted and protected. I am hopeful that the Democratic Party will deal with these questions when it adopts its platform in Miami next month and when it nominates the next President of the United States.

Yesterday, I had the opportunity to discuss these issues at a meeting of the Trust Management Conference in New York City. Mr. Speaker, I place in the RECORD a copy of my remarks to this conference:

REMARKS OF THE HONORABLE
WRIGHT PATMAN

This is an election year, and we are hearing lots of rhetoric about welfare reform, tax reform, the War in Vietnam, job programs, human rights and a multitude of other problems. All of these are important areas, well deserving of exposure in a national political campaign.

But, during this campaign, I hope that the American people will demand some fundamental answers to basic questions that have been raised by a rapidly changing economic structure. I refer to the question of economic concentration which threatens to transfer the real decision-making of this nation from the people to a handful of economic giants in the business and banking world.

If we continue on our present trend, we may develop a system of political democracy within—and totally dominated by—an overpowering economic dictatorship. The decisions which the people reach at the ballot boxes—and the decisions of the leaders they select—are becoming pale beside the more fundamental and vastly more far-reaching decisions being made by a handful of men in the board rooms of our largest banking institutions, and giant corporations, and conglomerates. They are consolidating power while the Congress, the Administration, and the American people sit passively by mouth-thing patriotic slogans about political democracy while losing this basic economic right.

These are admittedly strong words. They are intended to be. The problem is real and the trend must either be reversed now or the people of this nation must become reconciled to concentrated bases of power where competition will be lessened, choices limited, and the development of this nation stifled.

Unfortunately, the alarms about the growing concentration of economic power are being sounded primarily in obscure publications, by inadequately-distributed books, authored by a few courageous individuals. Scarcely is the issue of economic concentration clearly spelled out in the popular press. The editors of our great newspapers have—in many cases—assigned technical journalists to the financial pages and much of the news appears as little more than sophisticated versions of corporate annual reports. But, whether the daily press, the television networks, and the mass circulation magazines report it or not, the trend is clearly evident.

At the end of 1971, the 500 largest industrial corporations in the United States accounted for 66% of all industrial sales, 75% of all industrial profits, and 75% of all industrial employment. Today, the top 366 corporations control more than 50% of industrial production in this Nation.

The Economics Division of the Federal Trade Commission a few years ago warned:

"If the present accelerated trend of merging nonrelated companies continues, all major economic decisions in the United States may be made by less than 200 persons within a decade."

And the way the trend has been snowballing, it appears very likely that this FTC projection will be well on the conservative side. Moving steadily with the concentration

of the industrial resources has been the consolidation of power within the big banking institutions.

In 1966, the 50 largest commercial banks had slightly more than 44% of the deposits of all banks in the United States. By the end of last year, this figure had increased to more than 49% and the trend indicates that the 50 largest will soon control well over half of all the bank deposits in the entire United States.

These bank figures might not be so important if banks were actually banks. But nearly all of these large banking institutions are today the center of far-flung operations reaching into every segment of the American economy and in foreign countries. Through their trust departments, bank holding company operations, and their interlocking directorships—not to mention their vast loan-making powers—these banking institutions have a pervasive influence on every aspect of economic activity.

A few years ago, I had the staff of the Banking and Currency Committee survey 49 banks in ten major cities and there we found more than 8,000 interlocking directorships with more than 6,500 companies. More than 750 of these interlocks were with 286 of the 500 largest industrial companies in the United States. And substantially the same degree of interlocking relationships were discovered between these 49 banks and each of the 50 largest merchandising, transportation, utility and life insurance companies.

In a democracy, this is a startling concentration of power and decision-making in the hands of an elite few. These figures should be cause for deep concern by anyone who cherishes this great country and the concept of freedom and opportunity for all which it represents.

This growing concentration of banking resources and the increasing interlocks—and related ties—between banks and commercial enterprises, are serious threats to our concept of economic freedom. But the power represented by these developments may become insignificant when placed alongside the growing concentration of stockholdings controlled through the trust departments of major commercial banks.

Today, as this audience knows, there are more than \$330 billion in bank trust assets in the United States. And 50% of this sum is held by only 20 bank trust departments. To carry this one step further, the figures reveal that the 50 largest bank trust departments hold more than two-thirds of the \$330 billion. One trust department alone—the Morgan Guaranty of New York—holds more than \$22.7 billion in trust assets—or 6% of the total bank trust assets of the 50 states.

About 40% of the \$330 billion in the bank trust departments represents pension funds. Pension funds are growing rapidly and it may well be that this sector will top \$300 billion in assets by 1980. The banks have grabbed a tight lock on pension fund management and, today, they control at least 70% of these assets. So for the future, the pension funds are going to be a source of great power for commercial bank trust departments.

Already the tremendous scope and concentration of the stockholdings in major trust departments is hard to describe or to exaggerate.

The public got the first real look at the magnitude of trust department stockholdings when the Banking and Currency Committee published its study in 1968. Recently, a few bank trust departments—obviously worried about the possibility of disclosure legislation—have finally released some data of their own.

I have had the staff of the Banking and Currency Committee analyze some of these figures so that we could calculate the per-

centage of stockholdings controlled by these trust departments. As examples, let's look at the trust departments of Morgan Guaranty and First National City Bank. The staff analysis—using the basic data supplied by the banks own trust departments—reveals that Morgan Guaranty controls: 16.3% of the common stock of Burlington Industries; 15.9% of Disney Productions; 10.1% of Masonite; 8.7% of Polaroid; 8.2% of Squibb; 8.1% of Avon Products; 5.7% of U.S. Plywood; 5.4% of Xerox and 5.1% of Westinghouse.

The staff calculated that First National City Bank's trust department controlled 7.4% of Phillips Petroleum; 7.6% of Texas Instruments; 9.5% of the Bendix Corporation; 5.9% of TRW, Inc.; and 5.9% of Xerox.

Remember, these are just two examples. And they are examples based on the banks' own data. This is only the tip of the iceberg.

Some may regard this as theoretical . . . removed from everyday practices in the banking world. But let's take the example of Penn Central. This is a real case—not theory.

JUST before Penn Central went bankrupt, 16 of that corporation's 23 directors were directors of 19 different banking institutions. 17 of the 30 largest stockholders of the Penn Central were bank trust departments. The bank trust departments had more than 22% of the Penn Central common stock. In addition, these same banks had hundreds of millions of dollars of credit outstanding to Penn Central and its subsidiaries.

I am convinced that many of the bad decisions made by Penn Central can be traced back to the close ties to the banking community.

Without question, the banks are deeply into the securities business and, without question, their investments have a tremendous impact on the stock market and the American economy. But the banks are grabbing for still more. They are hoping that they will be able to repeal—or sharply modify—the Glass Steagall Act passed in 1933 to provide a clear separation of commercial banking from investment banking and securities brokers. The banks are hoping that a lenient Federal Reserve Board will eventually come up with loose interpretations of the Bank Holding Company Act which allow them to slide into the securities business . . . the Glass-Steagall Act notwithstanding.

As you well know, the First National City Bank of New York made a direct assault on the Glass-Steagall Act when it set up a mutual fund business in the mid-1960's with the benevolent approval of the Comptroller of the Currency. Happily, the Supreme Court turned back this effort and ruled that the Glass-Steagall Act did indeed prohibit a bank from entering this aspect of the securities business. But the banks are not through and I think we will see continuing legislative efforts to over-turn this Supreme Court ruling.

The Federal Reserve has already permitted banks to become investment advisors to mutual funds on a limited basis. The banks have also used every political device imaginable to promote legislation which would permit them to underwrite municipal revenue bonds. More recently, the President's Commission on Financial Structure and Regulation—the so-called Hunt Commission—appointed by President Nixon in 1970—has recommended that commercial banks be permitted to make equity investments for their own accounts.

The pressure to expand the role of the commercial banks in the securities business is coming from several directions and it is backed by one of the nation's most powerful and best-financed lobbies.

The mere concentration of economic resources of this magnitude would be serious enough all by itself. But, the problem takes on even more sinister—and certainly more serious—aspects when the concentration is coupled with the monopoly and utility func-

tions involved in the credit mechanism of commercial banks.

The entire nation—every part of the economy—depends on credit and the system works best when there is a free flow of credit unencumbered by the extra-curricular commercial and investment interests of the banking institutions.

When the banks are tied to commercial enterprises through investments and holding company mechanisms, their loan-making judgments become distorted and these distortions can be highly detrimental to the banks themselves—not to mention to the commercial enterprises which are forced to compete with them.

All of the public relations handouts notwithstanding, it is absurd to think that the banks are going to ignore the investments of their trust departments when they face major loan decisions. It is equally absurd to think that a bank will ignore the needs—and the competitive problems—of its holding company subsidiaries.

This mixture of the credit function with the control of corporations can seriously affect the future of this Nation. For one thing, it could easily stifle the financing of much-needed innovations, of new companies, willing to use new ideas to meet the tremendous challenges we face as a Nation. We would soon find ourselves with all of the ills so evident in a non-competitive society—enterprise discouraged, development of new products disappearing, higher prices, inefficiencies, and sloppy goods. We would find a massive misallocation of credit resources.

In short, the mixture of that all-powerful force—credit—and commercial enterprise—would be disaster for this Nation. There is only one solution and that is the firm separation of investment and commercial activities from those of banking. Anything short of that is just a facade which will not prevent the aggressive money center banks from moving forward toward total domination of the economy.

In fact, the entire area covered by institutional investors cries out for greater attention by the Congress and the Securities and Exchange Commission. In the past decade, institutional investor trading on the New York Stock Exchange grew dramatically from 33% to 60% measured by the number of shares traded. And from a purely dollar standpoint, the percentage rose from 39% to 68% in the same ten year period from 1961 to 1971.

These figures pretty well demolish the tired old cliché about the wide dispersal of stockholding. While it may be true that a great number of Americans technically own shares, the real control—in most cases—rests with institutional investors.

All of this points to the need for new approaches to regulation both from a statutory and from an administrative standpoint. Frankly, the Congress, the S.E.C., the Bank Regulatory Agencies and the Executive Branch have failed to live up to their basic responsibilities in this area.

Today, jurisdiction over various aspects of institutional investments is scattered all over the Federal Government and we have no coordinated policy despite the growing importance of this element of our economy. The Department of Labor, for example, has extensive jurisdiction over pension funds. The I.R.S. maintains a semblance of regulatory power over privately-controlled foundations. The bank supervisory agencies get involved—in their own peculiar way—in the examination of bank trust departments. And, of course, the S.E.C. maintains its traditional regulatory role over some segments of the institutional investment community.

But with the growing importance of this area, we need something bolder . . . something more imaginative . . . something that would help move these tremendous investments into areas that would have a great impact—a beneficial impact—on the Nation's economy.

I feel that the time has come to coordinate all aspects of regulation of institutional investors and to upgrade the role of the Securities and Exchange Commission for this purpose. I would give the S.E.C. original jurisdiction over all elements of the institutional investment community—foundations, pension funds, bank trust departments, and all the others . . . the entire range. Obviously, such an approach—to have meaning—would have to go beyond the traditional S.E.C. regulatory role.

It is my intention to give them broad supervisory powers, and—when necessary—to control and direct investment. I would do this not only to protect the money being invested, but also to protect the broader public interest in maintaining a competitive enterprise system. To accomplish this, S.E.C. would have to establish a special Division with expertise—and a public interest character—going beyond the nuts and bolts of the securities business.

Institutional investors—by definition—are dealing with other people's money. And this fact alone points to the need for greater supervision than would be true in the case of private investments being made solely by individual investors. But the over-riding consideration in this proposal is that institutional investors represent a tremendous and powerful concentration of investments and this area simply must be controlled for the broad public interest.

Nonetheless, I recognize that the coordination of all of these functions within S.E.C. would be a mammoth undertaking. I do not underestimate the political difficulties in accomplishing this.

But speaking just to the question of one element of the institutional investment community—bank trust departments—I think there are at least nine basic points which must be considered in any regulatory legislation. I think we must concentrate on legislation which would:

1. Retain and strengthen the strict legal separation between the commercial banking function and the investment banking function.
2. Separate the trust department activities of commercial banks from the purely commercial banking functions of deposit-gathering and lending.
3. Require that banking institutions remain essentially in the banking business and resist any attempts to permit a broadening of their activities into non-banking areas.
4. Maintain a strict enforcement policy in applying the antitrust laws to banking in order to maintain and increase competition.
5. Press vigorously for antitrust enforcement in the area of trust management, where in some parts of the country, one or two bank trust departments have a virtual monopoly.
6. Eliminate all interlocking relationships, such as stockholdings and personnel, among competing financial institutions, i.e., among commercial banks and between commercial banks and insurance companies, savings and loan associations and mutual savings banks.
7. Restrict the percentage of aggregate investment by any single bank trustee in any single major corporation so that undue influence or control will be impossible to achieve.
8. Examine the desirability of eliminating interlocking personnel relationships between commercial banks and all major nonbanking corporations.
9. Examine in detail for possible legislative action the role that commercial banks play, through the granting of loans, in fostering increased concentration and reduced competition in other industries because of the power to grant or withhold credit; and the extent to which banks play a significant role in promoting major corporate mergers through loans and other relationships with the companies involved.

These are just a few of the areas where we need to move—vigorously—to instill a public

interest factor before these giant trust departments—and the banks to which they are attached—become so politically and economically powerful that regulation will be impossible.

The chances for passage of strong trust department regulatory legislation are good in the next Congress—with one great big "if" involved. The success obviously will depend on an Administration which believes in a competitive enterprise system and which is willing to go out and fight the big corporate and banking giants to keep it competitive.

There is no need to belabor the point or launch into a partisan diatribe here today, but the fact is on the record that the Nixon Administration has taken an extremely easy view of Federal regulation. . . . And nowhere has this been more evident than in the banking field.

And I imagine that these facts would be much easier to dramatize for the American public if the Administration consented to lift the Iron Curtain of Secrecy which surrounds the political contributions to the Nixon re-election campaign this year. The Campaign Manager for the President tells us that it's none of the public's business who gave the \$10 million to the campaign before the new political disclosure law became effective. But the areas I have discussed here today are some of the reasons why it is indeed important that we know who bankrolls this Administration, and any other administration.

In my opinion, nothing is more important than this question of growing economic concentration. It is something that I hope the Congress—and the next Administration—are going to deal with firmly—like the very life of the American economic system depended on it.

SALUTE TO EDUCATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. CRANE) is recognized for 5 minutes.

Mr. CRANE. Mr. Speaker, at this time, as we participate in a salute to education, it is essential that we consider the purposes of education, for in our modern era these have often been forgotten.

During my years as a university history professor, I considered it essential to help young people think for themselves and to provide them with the tools essential for this task. Basic tools in this effort include an understanding and appreciation of the values, heritage, and tradition of the American society and of western civilization.

Education in this sense, which is the basis upon which our public and private schools, colleges, and universities were established and under which they have flourished, is essential for the proper functioning of a republic. Unless citizens are informed and educated it is impossible for them to make the important decisions which, in a republic, average citizens are called upon to make. In this sense, education and political freedom go hand in hand. It is difficult to conceive of the one without the other.

Yet today students on campuses throughout the country are demanding that education be made "relevant." They claim that the colleges and universities are far removed from the needs of society, that their years of learning are essentially a cloistered unreality.

It is, as a result, important to consider the question of what is really relevant education.

Addressing the graduating class at Am-

herst College several years ago, Dr. Kenneth B. Clark, Negro psychologist and professor at the City University of New York, made an impassioned defense of what he termed "nonrelevant" education. He called on colleges to recognize the needs of those who did not seek immediate relevance in their studies—students whom he called the forgotten men of the present ferment of campus confrontation.

Clark stated:

It is from these perverse lonely nonrelevant educated persons that a practical society receives antidotes to a terrifying sense of inner emptiness and despair. From these impracticals come our poets, our artists, our novelists, our satirists, our humorists, who, because of their perspective of education and their restless search for insights, continue to try to educate us. They make the life of the thinking human being more endurable and the thought of a future tolerable.

What do students mean when they raise the question of relevance? Relevant to what? What they ought to mean, perhaps, is "relevant to wisdom," though many think only of "relevance to current affairs." The notion of "adjournment to modern society," however, may not be relevant to what we have traditionally called higher learning.

In his novel, "Scott-King's Modern Europe," Evelyn Waugh's hero learns by a summer's experience of modern society that it would be infinitely wicked to teach young men to adjust to life in the modern world. Russell Kirk notes that—

To adjust to the age of the mass state, of the concentration camp, the secret police, and injustice triumphant, would be sin and shame. The higher learning is not meant to inculcate conformity to passing fad and fable, nor necessarily to present domination and powers. It is intended, rather, to reveal to us the norms, the enduring standards, for the person and the republic. Adjustment to abnormality is ruinous policy.

Modern technology alters so rapidly that, as Peter Drucker has pointed out, the college and university cannot possibly keep abreast of industrial methods. What higher education should do is to discipline the intellect so that it may be applied to future productive processes as to many other matters. "The truly relevant things in a college are the permanent things," in T. S. Eliot's phrase. They are the body of knowledge not undone by the machinations of the world.

Is such an education "relevant"? Dr. Kirk states that:

If a formal education does not bear at all upon our personal and social difficulties today, of course it is a sham and worthless; in that, the students of the New Left are quite right. But no modern authors are more genuinely relevant than are Plato and Augustine today. Preoccupation with the passing pageant is merely the sort of "relevance" which the big commercial book clubs sell; and college and university were not endowed for that purpose.

As we join in today's salute to education, let us reflect upon its real meaning and real value for a free society. Hopefully, that meaning and that value will endure, for within it rests all hope for a future which learns from the errors of the past, rather than a future which closes its eyes to history and is, as a result, condemned to repeat such errors. Education was meant, at least in part, to save us from this.

TO CONTROL THE DISSEMINATION OF PORNOGRAPHY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. BLACKBURN) is recognized for 5 minutes.

Mr. BLACKBURN. Mr. Speaker, all of us are familiar with the report of the National Commission on Pornography in which a serious weakening of our pornography laws was urged. I, and a number of Members of this body and the Senate, rejected this report with the feeling that, if anything, our pornography statutes must be strengthened. However, many court decisions have restricted the area in which States and the Federal Government can effectively operate to control obscene material.

The Commission urged a complete reform of our pornography statutes. I reject this view. If the Federal statutes on obscenity are to be changed, they should be made more effective. Throughout the judicial revolution of the past 15 years, one premise continues to be upheld by the court and that is that obscenity is not protected by the first amendment. Recently, in the case of *Stanley v. Georgia*, 394 U.S. 557 (1969), the Supreme Court held that States have a right to control dissemination of obscene material without countermanding the first amendment. Furthermore, the decision stated:

As we have said, the States retain broad power to regulate obscenity; that power simply does not extend to mere possession by an individual in the privacy of his home.

The leading case in this area is *Roth v. United States*, 354 U.S. 476 (1957), in which the Court stated that obscenity is not protected speech within the guise of the first amendment. Mr. Justice Marshall in the recent *Stanley* decision strongly stated that the principles enunciated in the *Roth* decision had not changed. Further, the courts, in the case of *United States v. Reidel*, 402 U.S. 351 (1971) ruled that the Congress constitutionally can prevent the mails from being used to distribute pornography based upon the fact that the Congress has the right to exclude noxious articles from commerce.

It has been a long-standing principle in the United States that the Federal Government has the right to help States in the preservation of their internal control by preventing the use of the mails or interstate commerce from transporting material which they would label contraband. This is the basis for obscenity laws at the National as well as the State level.

Recognizing that moral standards as to what is and what is not obscenity vary throughout the Nation, I feel that the law should be flexible. For that reason I am today introducing legislation which would provide that in any prosecution for the shipment of obscenity in interstate commerce in a Federal court, the determination of fact as to whether or not a material is obscene will be based upon the findings of a jury, without comment by the court upon the weight of evidence relevant to that question. The jury trial can be waived only upon agreement of both parties.

The second part of my bill would amend the United States Code to prevent the judicial review by any court of the

United States with respect to any conviction in any State or subdivision thereof of any case regarding dissemination of pornography. Federal courts would be prevented from reviewing, reversing, or setting aside the determination by State courts as long as the State court acted within the bounds established by the U.S. Supreme Court in 1957 with regard to the *Roth* and *Alberts* cases.

Mr. Speaker, with the enactment of this bill, I believe that a great deal of the uncertainty with respect to the control and dissemination of pornography would be eliminated. Furthermore, this would assure that States would be able to internally control the dissemination of pornographic material under the rules set down by the Supreme Court.

SALUTE TO EDUCATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. VEYSEY) is recognized for 5 minutes.

Mr. VEYSEY. Mr. Speaker, it is with great pleasure that I rise to join my colleagues in praising the men and women who provide our children with the finest educational opportunities in the world.

The teaching profession is unique in that it is both the custodian of the history of our civilization and at the same time the incubator of our future. The commitment of individual teachers to the principles of free and rigorous inquiry, open discussion, and respect for other peoples' opinion, upon which our society has been based, is reflected and multiplied in the attitudes of their students. We owe these people a great deal and will continue to depend on them in the future.

We have come a long way from the days of Charlemagne, whose national educational goals were to teach all the adult males in his empire to predict the seasons and be able to tell time by the sun. The amount of information required for an adequate education has exploded in the last century and continues to expand at an incredible pace. Young people today must learn hundreds of things for everyday use that were unknown a few years ago.

I am pleased to see the fine job that is being done and look forward to working with our educators in preparing for the even greater task ahead.

A SALUTE TO EDUCATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. FLOOD) is recognized for 10 minutes.

Mr. FLOOD. Mr. Speaker, the American people have always believed that education is the well spring of national greatness. In recent years they have reaffirmed that traditional faith by giving greater support to their schools than any nation at any time in human history.

Our country's investment in education at all levels has risen steadily over the past quarter century until it now represents about 8 percent of the gross national product. This year it will exceed \$85 billion—a rise of \$28 billion in the past 5 years. We are now spending about \$900 per pupil in average daily

attendance in public elementary and secondary schools—more than double the amount we spent per pupil only 10 years ago.

We have greatly increased our human as well as our monetary commitment to education. Today education is the primary occupation of more than 63 million Americans—almost one-third of our population. More than 60 million students are enrolled in our public and private educational institutions. Three million Americans are serving as teachers and an additional 200,000 as principals, supervisors, and other instructional staff members.

It is much more difficult to measure improvement in the quality of our schools, but there is no doubt in my mind that we are getting a good return on our expanding investment in education.

Our teachers are better trained and better paid than ever before, and over the years there has been a continuing improvement in the ratio of teachers to pupils in the classrooms of our public schools. This year there are approximately 22 pupils for each teacher as compared with 25.6 pupils for each teacher a decade ago.

Young Americans today spend more time in school than any previous generation. More than 75 percent of our boys and girls graduate from high school, a rise of about 25 percent in the past two decades. The number of students enrolled in institutions of higher education has more than doubled since 1962. Over the same period, the number of bachelor's degrees conferred annually has also doubled, and the number of master's and doctor's degrees awarded each year has tripled.

American education has also progressed in many ways less adaptable to statistical measurement. We are focusing much more attention on the special educational needs of many people who have too often been neglected in the past: the physically, mentally, and emotionally handicapped; the economically disadvantaged; members of minority groups whose cultural and linguistic heritage has hitherto been given insufficient consideration and respect; adults who must adjust their occupational skills to the changing demands of a technological society. We are developing better methods of assessing the effectiveness of educational programs and better ways of disseminating promising new educational concepts and practices.

As chairman of the House Appropriations Subcommittee for the Departments of Labor and Health, Education, and Welfare, I have been closely concerned with our national investment in education and the progress of our educational system. It is with a special feeling of pride and affection that I salute American education for its long record of continuing contribution to the welfare of our people and the strength of our society.

Mrs. HICKS of Massachusetts. Mr. Speaker, it is my pleasure to join with my colleagues in a salute to education and, in particular, to commend the National Education Association for its dedicated efforts for quality education in all our educational systems.

Prior to my election as Congresswoman from the Ninth Congressional District in Massachusetts, it was my privilege to serve as a member and chairman of the Boston School Committee from 1962 through 1967. In 1963 when I was chairman of the Boston School Committee, it was my extreme pleasure and privilege to place in nomination the name of Dr. William H. Ohrenberger as superintendent of the Boston Public Schools. Happily, he was elected to that high office. He has served in that position with high distinction ever since.

On August 31st of this year Dr. Ohrenberger will complete 8 years and 8 months as superintendent, and 42 years as a teacher and/or administrator in the Boston Public Schools. It is now my personal pleasure to pay tribute to this remarkable man and to catalog some of the great works of his 42 years of dedicated service to the school children of the city of Boston.

I wish to read into the CONGRESSIONAL RECORD some of the highlights and accomplishments of the 9 years of Dr. William H. Ohrenberger as superintendent of the Boston Public Schools:

THE 9 YEARS OF WILLIAM H. OHRENBERGER

It was a typical understatement when Dr. William H. Ohrenberger addressed the headmasters, principals, directors, and other administrators of Boston's schools in spring conference for the last time recently after nine years as Superintendent of Schools, and he said in part: "We shall leave with a sense of accomplishment."

The facts are that the records show that the Boston Public Schools have changed, expanded, and developed during the years of Ohrenberger leadership perhaps more for the better than in any previous decade of the city's history.

It seemed almost like the leaving of a legacy when the Superintendent said at the start:

"We are on the threshold of a school building program that not only is the nation's biggest, but is probably without equal in the world. We can be proud of the work that went into the opening of our four new schools last September, and the planning being done now for about 15 more schools to open within the next two years. By 1975 we are scheduled to have 75 new schools at a cost of over \$300 million. If all that comes to pass, our Boston school district by then will be the envy of the educational world."

It was the Superintendent's purpose in that meeting of May 26 to review the school year currently ending and to provide specifics for September's reopening.

He talked with obvious pride of the several new programs activated since last September, particularly the Flexible Campus and Flexible Admissions programs which, like so many others developed over the past eight years, were the nation's first of their kind.

He talked also of some of the other "firsts" which now await fulfillment by others besides himself in the months and years immediately ahead.

Next September, Boston will open its first Central Food Facility with a capacity of providing 40,000 pupil lunches for daily distribution to the schools without their own kitchens. "Because of its modern automated equipment," Dr. Ohrenberger said, "this great facility will serve as a model food processing center for other major school systems."

Also next September, Boston will introduce two pilot programs which eventually will involve every future pupil citywide. One is the Right to Read program to be initiated next fall at three new open space schools. The other is yet to be announced publicly, a

pilot program at the Jefferson School in Roxbury to serve as a test-ground preview for the spectacular new \$23 million Occupational Resource Center scheduled to open in about two years and start providing every high school student citywide with a saleable skill.

The Jefferson will be occupied by 380 students selected from several high schools, and by 40 special education students. Curriculum will be based on training for occupations in the paramedical field, including Hospital Assistant, Medical Secretary, and Dietary Aide. Teachers, counselors, principals and others, meanwhile, will be profiting from training and orientation in preparation for opening of the nation's first citywide Occupational Resource Center.

So it was that Dr. Ohrenberger talked of programs and facilities that are of the new and the now. Many of them are both unprecedented and unmatched nationwide. It remains for us, at this point, to look back and review some of the accomplishments of the Boston schools since Dr. Ohrenberger became Superintendent in October, 1963.

They went like this—year by year:

1963-1964—Started with new and strong nationwide emphasis on teacher recruitment coupled with sharp increase of student teachers. Began enrichment programs for the disadvantaged two years in advance of federal funding. Established pilot programs in Development Reading, and Pupil Adjustment through Guidance. Introduced Modern Math and Advanced Work Classes for Junior High students. Of great portent, and typical of many "first steps" which later led to nationwide leadership, was a pilot program establishing a class for pre-Kindergarten children.

1964-1965—The drive for a library in every school citywide opened with creation of libraries in three junior high schools. The 40,000-pupil lunch program mentioned above was preceded in 1964-65 by inauguration of a bag lunch program in five schools. Senior high Guidance was expanded, and was introduced at the Junior high level. The Vocational Technical Institute, soon to be re-established as a part of the citywide ORC, was opened in 1964. Also important was introduction of "Operation Second Chance," the Stay-in-School Program which was the forerunner of Boston's much-copied and nationally-famed Work-Study program at Boston High School.

1965-1966—This was the year Congress passed the Elementary and Secondary Education Act. The former tokenism of federal funding became much more than that. So Boston greatly expanded its already two-year-old program of Education for the Disadvantaged. Highlights included establishment of a Department of Compensatory Services, the first Work-Study program geared to former dropouts, beginnings of the Model Demonstration Subsystem, new classes for non-English speaking pupils, and creation of the Office of Program Development. Physical fitness activity began for the retarded. Boston initiated its State Department School-to-School Project with San Salvador.

1966-1967—A citywide kindergarten I and II program was implemented. And Boston is still the nation's only major city offering that great service for the four-year-olds citywide. The now highly successful School Volunteer Program had its beginnings. This was the year when administrative leadership was decentralized with appointment of six new Assistant (or Area) Superintendents to service schools in six separate city areas. Associate Superintendents then were able to concentrate on other important assignments.

1967-1968—The Individual Progress Programs, prelude to today's individualized teaching, were expanded to ten schools. A new course in Law was given at Dorchester High. Education for the disadvantaged was expanded greatly with increased federal funding. The National Teacher Examination was allowed as a substitute for the Boston

exam. Teacher candidates then soared to a record 2,005 from 35 states at a time when other major cities were still opening school with a lack of teachers.

1968-1969—Boston's great building program came 'out of the ground' with opening of the now nationally-known elementary magnet in Roxbury, the William Monroe Trotter, Boston's first new school in years. Tradition was broken with introduction of classes for English as a Second Language. Also new were the first classes for Bilingual Education. The Department of Curriculum Development was created. Teacher candidates reached another record at 2,129. And a dream became reality as 52 members of the first Advanced Work Class of 1962 won scholarships to 27 major colleges.

1969-1970—The Building Program shifted into high gear with announcement of the 38 new schools to be built by 1975—26 elementary, five middle, six high schools, and a postgraduate business school. The Work-Study school produced its first 16 graduates in a September ceremony, then 61 more in June, 1970. The computerization of records for all Boston pupils was completed with addition of records for 57,000 elementary and kindergarten children. The new Curriculum Development Department activated five new curriculum guides and pushed ahead on seven others.

1971-1972—This was the year of the Boston School Department's greatest administrative reorganization in history. The Deputy Superintendent became directly responsible for operations of all schools with the Area Assistant Superintendents reporting to the Deputy. New assignments were given to the five Associate Superintendents involving their concentration on the following major fields of modern education and management: Educational Planning, Staff Training and Development, Special Services, Curriculum and Instruction, and Personnel. The six Area Assistant Superintendents were vested with increased authority to strengthen policies of community involvement and decentralization.

Also in 1971-1972—The Building Program featured opening of two truly modern elementary schools, the Joseph Lee and the John Marshall. The departments of Science, Audio Visual, and others moved to the newly-built Patrick T. Campbell Resource Center, a long-needed multi-service facility for all schools. The library program, introduced in three schools seven years earlier, now included 81 schools.

When Superintendent Ohrenberger had his final season-closing chat with his full family of citywide administrators he must have reflected upon all of the scores of happenings which were the hallmarks of his nine years as Boston's school leader. But on that day he talked only of the happenings of today and the plans for tomorrow—the way he usually talks.

Sentiment? At a time like that, and after 42 years as a teacher and/or administrator with the Boston Public Schools, saying "goodbye" to so many compatriots and good friends would be difficult for anybody.

Deputy Superintendent Thomas F. Meagher said it for Superintendent Ohrenberger and for everybody present when he closed the meeting by saying:

"Ladies and gentlemen, I am sure I can say that the respect and affection that all of you have for Bill Ohrenberger will remain in his heart forever."

Mr. ABBITT. Mr. Speaker, the National Education Association is today sponsoring a salute to education which seeks to emphasize the importance of education through a free society.

Certainly education—both public and private—has played a tremendous role in

the development of our Nation and we can be justly proud of the significant achievements which our schools have made in preparing our citizens to assume their rightful responsibilities.

Each of us is a product of our total experience in life and all of us recognize the role which education has played in our lives. I am especially pleased to pay honor to the thousands of conscientious educators who daily go about their task of imparting knowledge and providing the needed inspiration for learning in classrooms all over America.

Frankly, although I take pride in the past and current achievements of education in America, I am greatly concerned over its future. We have made great strides in providing facilities, books, and other implements of education and more money is being spent today on our schools than ever before in history. Ironically, at the same time that we are building up the machinery of education, we are suffering a tremendous letdown in the morale of our schools. In large measure, this can be directly attributed to preoccupation of the Federal Courts and HEW with senseless attempts to remold and remake our public schools in order to satisfy the whims and fancies of minority pressure groups.

On this occasion I trust that those who seek the ongoing and improving of our public schools will at the same time recognize that we must not destroy the basic foundation of that which has served us so well for so long.

Mr. ROYBAL. Mr. Speaker, education in America has undergone considerable critique and reform in the last decade. Important themes have emerged: the need for individualized teaching methods, equal education for all children, stress on early childhood learning, and community and parent education.

One problem that continues to plague us is the high dropout rate among low income children. Too often these children are programmed for failure under our present school system; they lack adequate educational opportunities and services. The persistence of this problem has convinced educators to develop teaching methods tailored to the specific needs and talents of each student. But all of these reforms and concerns need our strong support.

Mr. Speaker, I ask my colleagues to join with me in saluting those who have worked to better our educational system and to provide equal opportunities for all children.

Mr. POAGE. Mr. Speaker, the character if not the very survival of a nation, and indeed mankind itself, is dependent on the educational process and the men and women in the education profession.

On this day designated for a salute to education, it is befitting to pay tribute to outstanding educators. None I have known has left a more lasting and uplifting impact than Dr. Samuel Palmer Brooks, who served as president of Baylor University in Waco, Tex. A lasting memorial to him is his inspirational message to the Baylor class of 1931, delivered shortly before his death. It follows:

DR. BROOKS' MESSAGE

This, my message to the Senior Class of 1931. I address also to the seniors of all years, those seniors of the past and those seniors yet to be. This I do because I love them all equally even as I love all mankind regardless of station or creed, race or religion.

I stand on the border of mortal life but I face eternal life. I look backward to the years of the past to see all pettiness, all triviality shrink into nothing and disappear. Adverse criticism has no meaning now. Only the worth while things, the constructive things, the things that have built for the good of mankind and the glory of God count now. There is beauty, there is joy, and there is laughter in life—as there ought to be. But remember, all of you, not to regard lightly nor to ridicule the sacred things, those worth while things. Hold them dear, cherish them, for they alone will sustain you in the end; and remember too that only through work and oftentimes through hardships may they be attained. But the compensation of blessing and sweetness at the last will glorify every hour of work and every heartache for hardship.

Looking back now as I do, I see things with a better perspective than ever before and in their truer proportions. More clearly do I recognize that God is love. More clearly do I understand the universal fatherhood of God. More clearly do I know the brotherhood of man.

Truths do not change. The truths of life which I learned as a student at Baylor have not varied, nor will they vary. I know now that life has been a summary of that which was taught me first as a student here. As my teachers have lived through me so I must live through you. You who are graduating today will go out in the world to discover that already you have touched much of what the future holds. You have learned the lessons which must fit you for the difficulties and the joys of the years to come. Then hold these college years close in your hearts and value them at their true worth.

Do not face the future with timidity nor with fear. Face it boldly, courageously, joyously. Have faith in what it holds. Sorrow as well as happiness must come with time. But know that only after sorrow's hand has bowed your head will life become truly real to you, for only then will you acquire the noble spirituality which intensifies the reality of life. My own faith I have had in life is projected into this vast future toward which I travel now. I know that I go to an all-powerful God wherever He may be. I know that He is a personality who created man in His image. Beyond that I have no knowledge—no fear—only faith.

Because of what Baylor has meant to you in the past, because of what she will mean to you in the future, oh, my students, have a care for her. Build upon the foundations here the great school of which I have dreamed, so that she may touch and mould the lives of future generations and help to fit them for life here and hereafter. To you seniors of the past, of the present, of the future I entrust the care of Baylor University. To you I hand the torch.

My love be unto you and my blessing be upon you.

Mr. CEDERBERG. Mr. Speaker, "free schools," "parochialism," "busing," "teacher tenure," "property tax relief"—the list goes on and on. The field of education is in turmoil, some say in the middle of a revolution. Many of the issues promote opposing factions which lash out at one another with vengeance. However, everyone, even the most antagonistic foes, agrees on the importance of the product—education. The very energy,

intensity, and earnestness which people exhibit demonstrates this. It is the methods or the means to the end, not the end itself, on which they differ.

It has been said, "To learn is to change and education is a process that changes the learner." Those involved in education have the opportunity and the responsibility to help make possible these changes and channel them into positive and desirable directions.

Our schools rank with the church and the home among our most cherished institutions. The transfer, expansion, and refinement of knowledge and skills are important in all aspects of our lives, although the burden falls most heavily upon these three institutions. June 21 has been designated to salute education and I would like to extend my appreciation and commendation to the teachers, administrators, parents, clergy, and others who have dedicated themselves to helping others learn and grow.

Let us look back on the accomplishments of education in America. Education has helped us grow from 13 colonies, where vast numbers of the population could not even read, to a federation of 50 States which has virtually wiped out illiteracy and become the most influential nation in the world. The "New England Primer" and "McGuffey Reader" have given way to slide rules, tape recorders, and closed-circuit television sets. Along with such advancements have come higher productivity in agriculture and other industries, faster communication and transportation, and many other technological advances. Education has helped make it possible to virtually end the fear of polio and other dread diseases, to bring all corners of the world into almost every American home via television, and to put Neil Armstrong and nine others on the surface of the moon.

Also, let us look forward to the future and the increasing need for more and better education. As our world becomes more complex, so must our education. Our increasing technology, larger population, and longer life spans have created problems that will be even more difficult to solve than those of the past.

In 1957 sputnik shocked the Nation into providing education in greater quantity, especially in the physical sciences. The years ahead will undoubtedly focus more on the quality of education in addition to the quantity. The emphasis will be on the social sciences and the arts as well as the physical sciences. Man has developed weapons so powerful that he can destroy himself. Opposing sides may have to develop increasingly more sophisticated weapons in order to maintain a "balance of power," but they will also have to learn how to understand one another and communicate with each other.

We are at a point where we cannot take education for granted. As long as people want anything, they will have to learn how to satisfy those desires. This requires more education, not less. An American statesman once said, "All the ills of democracy can be cured by more democracy." It can also be said that all the ills of education can be cured by more education.

Mr. BURKE of Florida. Mr. Speaker, the National Education Association is having its salute to education today to emphasize the importance of education in our free society. I am pleased to join in this salute.

The Congress, since I have been a Member, has continued to increase Federal expenditures for education. In fact, the total overall figure spent on education in fiscal year 1971 was \$12.7 billion and in fiscal year 1972 it is expected that it will be \$13.5 billion. In addition, the sweeping Higher Education Amendments of 1971 which was passed by Congress on June 8 of this year, will greatly expand the role of the Federal Government in higher education, and will mean more millions to colleges and college students across the Nation.

There is a popular song that goes:

Only in America can a kid from anywhere go to sleep a pauper and wake up a millionaire. Only in America can a kid without a cent get a break and maybe grow up to be President. Only in America, land of opportunity....

The United States has always been a place where dreams can come true. The third-best American dream after "Anyone Can Be President" and "Anyone Can Make a Million Dollars" is, "Almost Anyone Can Go to College."

It is a credit to the educational programs of this Nation, that by 1970, 80 percent of all 17-year olds went through the 12th grade in high school. Further, the 23.9 percent enrollment of all 20 to 24-year olds in higher education is the world's high for those enrolled in higher education. Today, 50 percent of our 18-year-olds enter college, however, only about half of those attending 4-year colleges receive a degree.

Nevertheless, these figures show that, quantitatively, our elementary and secondary schools are reaching almost all youth in this country. When we consider other countries, or even our own country several years ago, we can more clearly see the magnitude of this achievement. The fact that we have one common language is an unparalleled feat in world history. We are a nation of immigrants, yet we can all understand each other because we have a common language. Most other nations are plagued with numerous languages and dialects which greatly impede communication between their peoples. Europe, for example, has never been unified and a large part of the reason is the inability of its people to communicate.

The price of this accomplishment is high. Total expenditures—National, State, and local—of public elementary and secondary school systems in 1971 to 1972 was \$46,804,382,000. This figure is awesome, yet when it is examined, it means an average nationwide expenditure for elementary and secondary day schools per pupil per year of \$867.

The theme in education today has shifted from "teach everyone" to an emphasis on improving the quality of the education to those attending public schools.

In recent years public schools have been the focal point of much sociological progress. Our Nation entered into the

middle third of the 20th century bound to the past in the mores of caste and class. The white race, being the majority, was dominant while the Negro Americans, Mexican Americans, Indian Americans, Oriental Americans who were in the minority were given less than the more prosperous majority. Education beyond a fairly rudimentary point was largely determined by social status. However, in just a third of a century these circumstances have been extensively changed. We do owe the responsibility to improve the quality of education not by having better schools in one area than in another, but instead by a concerted effort to have uniformly good schools throughout the Nation.

In closing, let me say also that the job that has been done by American educators, for the most part, is unparalleled in world history. Their impact on all of our lives has been, and continues to be, tremendous. No other group has more say about the future of America, or its commitment to a free society, than they. They will have a tremendous effect on our children who will build it. Let us all hope they will use this power of influence with honesty and fairness, so that the future of America will be bright for all.

Mr. THONE. Mr. Speaker, there is no more valuable way to invest our resources than in education. That is not to say that all funds used for education are great investments. We sometimes make mistakes in the field of education, just as we do in all other fields.

Those mistakes are most apt to occur, I believe, in connection with investments for school plants and equipment. A school building and a teaching apparatus that serve perfectly when new may soon become out of date. In contrast, the qualities that make a schoolteacher excellent as he or she enters the field are the same attributes that mark a distinguished teacher near retirement age. If one of the truly great teachers from the classic age when Athens was the center of knowledge could be transported to a modern classroom, he would remain a great teacher, in my opinion.

In our society, compensation is the best way to attract outstanding people to our field. If you accept that as truth, you will have to agree that we have not been serious about giving a high priority to education. In many communities throughout our land, there are occupations requiring a high school education or less that provide more income than a teacher's salary. Our teachers, of course, must not only have an undergraduate degree to enter the field, but must continue to advance their education during summer recesses. Our teachers do not have just a classroom day. The best teachers are involved in extracurricular activities before and after school, nights and weekends. Our teachers must work at least as many hours outside of class in order to be prepared to do their best during the hours before their students.

With others, I join in a salute to education. Let us give thanks to all schoolteachers. Particularly at this time, I want to pay tribute to the 1,100,000 elementary teachers and the 900,000 secondary

teachers in the classrooms of our public schools. Let us not just salute our teachers with words, we need to give concrete evidence that we regard those who teach our children as among the most valuable people in our lives.

Mr. TEAGUE of California. Mr. Speaker, the National Educational Association is holding today a "Salute to Education." In honor of the occasion, I would like to say a few words.

The quality of public education in America has historically been an inspiration to educators around the world and a source of great pride for our people. Our element of this pride has been the fact that education has traditionally been one of the few public activities reserved for the local community—where local control and local initiative have been most highly valued.

As the Nation's population has grown, however, so have the educational needs of the Nation, and with the growth has come an increasing strain on the resources of the local communities. Whereas 50 years ago, less than 20 percent of all Americans over the age of 25 had completed high school, today that figure has risen to over 50 percent—and the percentage rises with every graduating class. With over 50 million American children now enrolled each year, our school system offers virtually every American child the chance to go to school and to learn the skills he needs to live in our increasingly complex world.

The financial strain of supporting this monumental task has led local communities to break with tradition and turn to the States and, ultimately, to the Congress for assistance. We legislators have responded by showing our willingness to become more deeply involved than ever before in the Nation's educational system—and, I think, rightly so. We have just passed, after lengthy debate, the Education Amendments of 1972, which promise to be a landmark in Federal legislation concerning all levels of education. Next year, we will be reconsidering the Elementary and Secondary Education Act and other legislation bearing more directly on the work of teachers in the public schools. Because of acts such as these, higher education has been made readily available to students from middle-income and low-income families, thus further broadening the range of educational opportunities offered to the American people.

Our effort to assure the continuing quality of public education has not been without its difficulties. Busing, the practice of shuffling 3 percent of our children around like pawns in a chess game, has been a particularly emotional issue in the debate over the future role of the Federal Government in education. I believe that the education acts passed this year have outlined a realistic way of dealing with this problem.

Above all, I believe that none of us who are in any way involved with education, from legislators to teachers, should not allow marginal issues to cause us to lose sight of the central issue, which is the goal of maintaining the traditional excellence that has characterized our public schools. As Dr. Wilson Riles, California's superintendent of public instruc-

tion, has emphasized over and over again, education exists not for the legislators, nor for the parents, nor for the teachers, but for the children. We must all work together to assure the quality of the education that our children will receive today and tomorrow.

Mr. QUIE. Mr. Speaker, I am happy to join my colleagues in this "Salute to Education."

Education's influence over a child is exceeded only by his home environment. America has recognized the importance of schools in training our children.

In terms of money, we spent last year approximately \$48 billion for elementary and secondary education nationwide. I am very proud to come from Minnesota where the educational system is outstanding. Last year, 93 percent of those who entered the ninth grade graduated. Our dropout rate is significantly below the national average. Our students have always come out at the top of those taking the military entrance examinations.

Minnesota educators and its citizens recognize the need to expand educational opportunity beyond college preparation and have developed a superb system of post secondary vocational-technical schools. More needs to be done in this area to expand curriculum offerings in the secondary schools to cover a wider range of career opportunities.

In a school system, the teacher is the most important element. I looked at my own educational experience and can recall teachers who were extremely helpful. Each one that I remember best took a special interest in me and helped me learn on a 1-to-1 relationship. I am happy to see innovations in educational methods emphasizing the 1-to-1 teacher-pupil relationship. I hope that this trend will continue to grow. I also hope that we will soon see the time when every teacher will visit in the home of every one of his or her students so that there will be free and easy communication between parents and teachers. This relationship is also essential if the maximum amount of learning is to take place.

In conclusion, I commend educators for their dedication, the advancements they have made in American education, and look forward to continued improvement.

Mr. EDWARDS of Alabama. Mr. Speaker, for a few minutes I would like to express my thoughts on education in this great Nation of ours.

It has been said that only the educated are free. Recognizing that there are many ways to become "educated," I would add that only the educated can realize the full measure of their potential. Only the educated can completely shoulder the responsibilities of a democracy. Only the educated can enjoy the rights and privileges of a free society to the maximum extent. Only the educated can provide the leadership which the demanding present and the challenging future require.

Opportunity has always been one of America's noblest and most attractive characteristics. For this concept to have real meaning, however, each citizen must be equipped with a sound education. As long ago as 300 B.C., Plato noted that—

The direction in which education starts a man will determine his future life.

There is no doubt that, many centuries later, a man's education is still the launching pad of his life.

A recent study has pointed out something we have always known: that merely funneling more and more money into our educational system is not enough. Certainly, we must provide adequate resources to our schools, but along with the money must go greater efficiency and productivity. We must make every education dollar count.

Despite the great successes of our educational system, there are many areas in which it can be strengthened. We need more leadership from educators, parents, and governmental officials. We need to become more aware of the career needs of our Nation and gear our educational efforts accordingly. We need to give our students the formulas along with the facts and the ability to transform raw knowledge into wisdom, the capacity to change information into tools which can be used in daily life.

Our present educational system is one of the best in the world. It is a firm foundation on which to build a system which will insure that future America will be equipped to deal with a complex, ever-changing society. It can be the crucible in which the exciting ideas of tomorrow can be tested and refined.

The thousands of dedicated educators with which our Nation is blessed deserve a special word. These are the people who make the system work and who will, I am confident, provide the leadership and direction to continue and surpass the educational successes of the past.

So, Mr. Speaker, it is fitting that the Congress should take part in a salute to education.

Mr. J. WILLIAM STANTON. Mr. Speaker, June 21, 1972, has been designated "Salute to Education Day." At this time it is clearly appropriate to review some of the highlights of the progress of education in America which make this day worthy of recognition.

Americans today enjoy the benefits of the largest, best-funded system of education, and the widest selection of educational opportunities of any society on earth. The percentage of adults who have completed at least 4 years of high school in this country has increased from 13.5 in 1910 to over 54 at present; while over the same period college graduates have grown from 2.7 percent to over 10.7 percent of the population. Meanwhile, adult illiteracy has been reduced from 11.3 percent in 1900 to less than 2.4 percent.

Today in the United States one's educational opportunities are virtually limited only by one's ability and ambition, and the advantages of postsecondary education are being enjoyed by proportions of our youth which are approached by no other nation.

Thus, as our spending for education has risen from 3.1 percent of our gross national product in 1929 to approximately 8 percent today, we have reaped rich rewards for our financial generosity to education. The expense has been enormous, but has been more than fully compensated in terms of both the personal

growth of our youth and the more tangible benefits to the entire society resulting from their skills and talents developed in our institutions of education.

Mr. HICKS of Washington. Mr. Speaker, since today the National Education Association is holding a "Salute to Education," I am proud to call to your attention an outstanding program underway in my congressional district. It is my great pleasure to outline the features of this unusual program.

Office of Education funds are helping to change an entire school district in suburban Tacoma, Wash. The Franklin Pierce School District, in its second year of a \$5 million grant, funded under Public Law 89-10, title IV, is assembling proven innovations from throughout the Nation into a single school district. At present the Franklin Pierce plan features:

First, individualized education programs for most project school students; Second, school operation 210 days annually;

Third, interim month and fifth-day program, allowing student interest and ability to determine attendance hours;

Fourth, environmental programs teaching students in 23 adjacent outdoor education areas;

Fifth, international education programs providing 150 students opportunities to participate in foreign culture "live-in" experiences;

Sixth, K-12 vocational programs starting with "hands-on" craft programs in elementary schools; "occupational versatility" or "career choice" programs in junior high school; and "work experience" programs requiring demonstration of successful job performance prior to graduation for senior high school students;

Seventh, student assistance for teachers in program development including dozens of academic "mini" courses in drug education, lifetime sports, and occupational education; and

Eighth, a color televised class in contemporary world programs allowing students a choice of classroom or home studies.

The Federal grant pays initial start-up and training costs of each program and general district funds provide major program operation costs, with a total being accounted for under a new project-developed program budget system, known as cost-efficiency-quality ratio which relates costs per student hour to variables of achievement, interest, and attitude.

Mr. NICHOLS. Mr. Speaker, I come before my colleagues today in this Chamber with a salute to education and the important role it plays in the future of our United States. Before coming to the Congress, I served on the board of education in my hometown of Sylacauga, Ala., for some 15 years and have seen dedicated teachers and administrators bring about quality education for our children.

The challenge of educating and preparing the leaders of tomorrow is quite a responsibility and those who have served most diligently are to be com-

mended for their dedication and devotion to such a meaningful cause.

History will bear out the great technological gains and scientific gains made in the United States since its very creation and together with our keen sense of competitiveness, our children of today are coming out of school with an awareness of the world we live in which far surpasses high school and college graduates in my day. This vast progress is quite remarkable and deserves high recognition.

Mr. Speaker, my three children all attended public schools and I honestly believe that this public education, which serves the majority of Americans, should be maintained and strengthened in quality—for American education is quality education—taught by quality educators and it is my personal belief that if our country is to maintain its strength and progressiveness, we must give high priority to the betterment of the education of our young.

Mr. ROUSH. Mr. Speaker, I most recently received a request from the National Education Association that I contribute my thoughts on education and its importance to our society and in our world. Permit me to quote at length from a speech I gave little more than 2 months ago. Since these words were unsolicited, I believe they take on special weight:

"A continuing priority of mine has been education. The whole concept of a democracy is based on the belief that man is malleable, improvable, educable; that he can learn and can change himself and his environment; that the will of the majority is preferable to the will of one person or a few people. Given that presupposition, it is infinitely desirable that that majority be educated and informed.

Moreover, in a technological society, education is the key to economic progress and success, for the individual and for society. I perfectly agree with the late President Kennedy's statement to those of us in Congress in 1963 when he was encouraging passage of education legislation. He said:

"For the individual, the doors to the school house, to the library and to the college lead to the richest treasures of our open society: to the power of knowledge—to the training and skills necessary for productive employment—to the wisdom, the ideals, and the culture which enrich life—and to the creative, self-disciplined understanding of society needed for good citizenship in today's changing and challenging world."

That quotation deserves a great deal of thought. It is not simply rhetoric or vague philosophical musings. It is the reason behind, the practical basis for supporting education in our society. Education is the ingredient that dissolves prejudices and intellectual isolation and helps us live together. Education trains men and women in the verbal and physical skills necessary to live in and progress with a technological society. Jobs, human relations, social stability, economic progress, political maturity, all depend on the quality of education in our society.

Education is perhaps the single greatest gift man can give to man. I feel this belief is embodied best in an old Chinese proverb:

Give a man a fish, he will eat a meal;
Teach him to fish, he will eat forever.

But education does even more than make it possible for man to "eat forever."

Education insures man's place and makes possible the role he must play.

Mr. BELCHER. Mr. Speaker, this evening there will be an important symbolic event taking place here in the Nation's Capital entitled a "Salute to Education."

I have always felt very deeply about the educational process in our country. The classroom provides a forum for discussion and learning and is an important foundation for the years that follow in a young person's life.

To me "education" should be thought of in terms of the Webster's dictionary definition "act or process of educating; discipline of mind or character through study or instruction; also a stage of such a process or the training in it."

Therefore, with each passing day a person receives an education and it should never be thought of as being confined to written material or within the four walls of a classroom. The aforementioned are tools by which people—old and young—are aided in their quest for knowledge.

We are so fortunate in this country because we have great "tools." Every child in the United States has an opportunity to further expand his or her knowledge.

I suppose that one of the major reasons that I am so proud of this country's educational opportunities is that I have always been very close to our school systems. My father served on the school board, then I served on the school board before I had the privilege to come to the Congress of the United States, and my son has followed suit and is a member of the school board at this time.

Therefore, I am proud to "salute education," but in closing I want to caution that persons should never accept that the learning process is confined within the four walls of a building. Life itself is, in fact, the best education. The classroom is an important starting point and it will require the sincere dedication of men and women as teachers for generations to come so that we may insure that our young people receive the proper forum for their educational processes.

Mr. WHITEHURST. Mr. Speaker, I note that on this day a "Salute to Education" is being made by the National Education Association. On this occasion, I am reminded of the great debt that I owe to my public school teachers, who prepared me not only for a career in higher education but also for the responsibilities of good citizenship. I had many such teachers, but I particularly recall two men who played an important role in my early life. One is the now retiring superintendent of schools, Mr. Edwin L. Lamberth, and the other, Mr. W. Harry Norris, a longtime teacher in the high schools of Norfolk and now an administrative supervisor. Both of these men have remained close personal friends of mine for more than 30 years. I recall so well not only the effectiveness of their instruction but also their emphasis on intellectual honesty and the strong motivation which they kindled in their students. Nearly two generations of young people have had the benefit of their talents, and I am certain that

my own success, as well as the success of countless other men and women in my city, is based on the molding influence of Ed Lamberth and Harry Norris.

And so, Mr. Speaker, as we salute education today, I reflect with gratitude upon the splendid teachers who gave me the foundation on which I could build my life.

Mr. ANDERSON of Illinois. Mr. Speaker, I think the importance of education both to human development and to society was best summed up by the poet Wordsworth when he wrote, "The child is father of the man." That is why societies throughout history have invested so much in educating their young; and that is why our own country today is probably providing its young with the best education in the history of man.

This past school year in the United States, there were over 48 million pupils enrolled in elementary and secondary schools, being taught by over 2 million teachers at a total public expense of nearly \$47 billion. We indeed owe a debt of gratitude to all who are involved in this vital educational process in our country.

I have long felt that a dynamic educational system is especially essential in a democratic system such as ours which is so dependent upon an enlightened and informed citizenry, and from our very beginnings, this has been this country's approach to education. When the Frenchman, Alexis de Tocqueville, visited America in the early 1800's he observed:

They (the Americans) have all a lively faith in the perfectibility of man, they judge that the diffusion of knowledge must necessarily be advantageous, and the consequences of ignorance fatal; they all consider society as a body in a state of improvement, humanity as a changing scene, in which nothing is, or ought to be, permanent; and they admit that what appears to them today to be good, may be superseded by something better tomorrow. (from *Democracy in America*)

Mr. Speaker, this is the spirit and the quality which has made American education the vital force it is in our democracy, and I am confident that it is this spirit which will characterize our approach to education in the future.

Mr. ESHLEMAN. Mr. Speaker, I would like to take this occasion to join others of my colleagues in paying a special tribute to education.

I have had the opportunity to be a participant in our educational system in several different roles—as a student, as a teacher, and as a legislator assigned to committees dealing with our schools. During the time of that participation, education has grown in many ways.

More children are in our schools today than were when I was a student, partially because there are more children, period, but also because educational opportunities are greater.

More public money is devoted to education today than when I was a teacher, partially because the need is greater, but also because we have recognized that quality education demands higher expenditures for better facilities and personnel.

More is expected of education today than when I first began considering it as a legislative matter, partially because our

society has demanded more of the kind of training that only the schools can provide, but also because we have consciously decided to assign educators child-rearing duties that were previously reserved for other sectors of our society.

To recognize these trends of recent years is not necessarily to endorse each of them. But the recognition brings with it the realization that any such phenomenal growth brings with it growth pains. Education has been no exception to the social rule that rapid growth leads to compounded problems. However, the educational community has handled its modern problems better than most of the other social institutions faced with the crisis of change.

The fact that more children than ever before are receiving a better education than ever before stands as a tribute to our school systems and the people who make them work—school boards, administrators and, above all, teachers.

The fact that more money is available to finance the kind of schools that the times have demanded is a tribute to the American people who have been willing to dig deeper into their pocketbooks so that quality education could become a reality.

And the fact that more is expected of education today is a tribute to its success in doing so well in the past that there has developed a faith in its ability to do more.

We can be proud of American education, past and present. If we are willing to face up to the challenges presented by and to education today and meet those challenges responsively and responsibly, we can look forward to pointing to our schools, our teachers, and our students with additional pride in the future.

Mr. HILLIS. Mr. Speaker, during this past year, I have spoken to numerous high school government classes and have seen, firsthand, educational systems across the Fifth District of Indiana.

What I have seen impresses me and encourages me greatly.

I have seen teachers trying whole new approaches to make their subject—in this case, government—seem alive and very real to their students.

I have seen students really "turned on" to what they are studying. Not sitting back and waiting for class to end while reading outdated government texts—they are forever doubting, questioning, punching holes in dubious assumptions.

I have seen complete closed-circuit TV and audiovisual systems being run by students. I have seen creative and artistic designing of school buildings. One of our newer high schools has a unique students commons area complete with its own art gallery.

All this represents quite a change from the days in which I was in high school—and I endorse these improvements wholeheartedly.

To many people, such innovative items seem extravagant or not worth the cost. Why are such items needed, just to teach the three R's, it is asked. Why? Because education is changing almost daily, to keep pace with the innumerable changes of a modern world—and help prepare our children better for the world of tomorrow

than we were prepared for the fast-moving changes of today.

Mr. HATHAWAY. Mr. Speaker, it is a pleasure to join my colleagues in this "Salute to Education."

Aristotle once said:

All who have meditated on the art of governing mankind have been convinced that the fate of empires depends upon the education of youth.

Over 2,300 years later it can be said again, with just as much meaning—especially in a democracy such as ours. The most important and most legitimate reason for widespread education is that the people in a democracy are the ultimate guardians of their own liberty.

The American education system of the past 195 years has brought our country to a pinnacle position among nations. It has enabled us to conquer the far reaches of space; unlocked the mysteries of the atom; made goods abundant; given us television, computers, and other marvelous inventions.

Such happenings as the precision-engineered moon landing have demonstrated what intelligence, determination, and money can accomplish. Ironically, it has also highlighted man's failure to clear the slums, stop the wars, offer equality to the deprived, and make the commuter trains arrive on time. The key to meeting these challenges of the future is the same as the key we used to solve the problems of the past: Education.

Improving education and making it freely available to all our people is the surest way to break the cycles of poverty, crime, welfare, and blighted opportunity that prevent us, as a nation, from achieving the best that is in us.

Expanding educational opportunities will, of course, take money, and will require more Federal financial support. This can be justified both in terms of fiscal relief to hard-pressed State and local governments trying to finance education, and in terms of the soundness of an investment in education. The World War II GI bill of rights is a clear example of the economic returns that can be expected from Federal investment in education. A good estimate is that the return through increased Federal taxes paid by veterans who enjoyed higher earnings as a result of having benefited from the GI education bill amounts to \$100 billion—not a bad return on an investment of \$12 billion.

The House acceptance last week of my amendment to increase Federal support for education represents another step toward providing adequate resources to secure educational opportunity for all of our people. I sincerely hope that the House action marks the beginning of a new and continuing national commitment to helping produce the educated men and women who are the most valuable natural resource of this and every society.

Mr. RODINO. Mr. Speaker, to view the world through the eyes of a child, as all of us who are parents can testify, is indeed a very special experience. The wide-eyed openness, the boundless energy, the deep curiosity, the laughter, the tears, the excitement of each new discovery—all these feelings and actions

have filled the lives of our children and have brought to us a wealth of fond memories.

I recall, however, the words of William Wordsworth in his "Ode on Intimations of Immortality From Recollections of Early Childhood" in which he states:

Heaven lies about us in our infancy,
Shades of the prison house begin to close in
upon the growing boy,
But he beholds the light and whence it flows
he sees it in his joy.

These thoughts, so clearly expressed by Wordsworth, strongly capture the importance of the educational environment of our society today.

For the mind of a child and the potential of all our children for development, for learning, and for understanding lies open, flexible and unbounded during the first years of life. This potential must not be stifled. "The shades of the prison house" must not be allowed to close in upon the growing child. All opportunities for quality education, for exposure to new ideas and for the study of all aspects of life, history, and culture must not be denied him.

There is no easy road which points directly and quickly toward the successful attainment of this goal. Yet a great deal has been accomplished, a number of changes have taken place, new theories have been discussed, tested, and acted upon and the opportunities for the continual development of additional approaches and programs are constantly illuminating the fact that the light which Wordsworth describes does glow for our children. I, therefore, join with my many colleagues and friends in recognizing today, June 21, in a special salute to education in our Nation.

Mr. ANNUNZIO. Mr. Speaker, it is a great pleasure for me to join today in this special "salute to education." I have had a long association with education in its many forms, and have followed it throughout its trial and successes for over 30 years. I have watched it grow and I have watched it respond to the changing needs of each new generation of Americans.

Today, I must admit, the public schools of this Nation and of my own home city of Chicago bear little resemblance to the schools in which I began my career as a teacher. Subjects are taught which I would never even have imagined. Teachers are held in a new respect—and are beginning to get the financial rewards which they so richly deserve. Students, too, are gaining a new role and a new sense of responsibility for the conduct of their schools.

I do not mean to belie the weighty problems which beset our public schools. Dire financial needs trouble the schools of big cities like Chicago, as well as many other schools throughout the land.

But the U.S. Congress has enacted in the recent past landmark legislation to help resolve these problems and to meet the financial needs of our schools.

During my 8-year record in the Congress, I have consistently voted in support of legislation to provide better educational programs and facilities for America's schoolchildren, and especially, to improve the quality of education for

all our children. Among the bills I have supported are the Elementary and Secondary Education Act of 1965, the National Vocational Student Loan Insurance Act of 1965, the Health Professions Education Assistance Amendments of 1965, the Higher Education Act of 1965, the Veterans Readjustment Benefits Act of 1966, the Library Services and Construction Act Amendments of 1966, the International Education Act of 1966, the Adult Education Act of 1966, the National Foundation on the Arts and Humanities Act, the Education Professions Development Act of 1967, the Public Broadcasting Act of 1967, the Elementary and Secondary Education Act Amendments of 1967, the National Foundation on the Arts and Humanities Amendments of 1968, the Handicapped Children's Early Education Assistance Act of 1968, the Higher Education Act Amendments of 1968, the Vocational Education Amendments of 1968, the National Center on Educational Media and Materials for the Handicapped Act of 1969, the Emergency Insured Student Loan Act of 1969, the Elementary and Secondary Education Act Amendments of 1970, the Environmental Quality Education Act of 1970, the Drug Abuse Education Act of 1970, and the Health Manpower Act.

When I began my career as a teacher, the schools of America were called upon to respond to a grave challenge—the Second World War. They met that challenge. In 1940, there were 25 million children enrolled in the Nation's public schools. These schools employed 875,000 teachers and spent just under \$2 billion a year on current expenses. Today the public schools are entrusted with the education of over 46 million children, employ more than 2 million classroom teachers, and spend nearly \$40 billion a year on current expenses. It is estimated that some 2,700,000 young Americans will graduate from our public high schools this year, more than twice as many as in 1940.

This expansion and improvement of the Nation's public schools has not come in easy times. At the same time as the schools faced a rapidly rising school age population they were called upon to extend their services to more of the people—to further the goal of quality education for all American children. By and large, the schools—that is, the men and women who serve our children every day in classrooms across the Nation—have met the challenge. They richly deserve our gratitude and our continuing support.

Mr. LLOYD. Mr. Speaker, the Salute to Education being observed by the National Education Association today, affords me a welcome opportunity to add my voice to those of many other of my colleagues who are joining NEA in today's observance.

The occasion is particularly significant for Utah which has a proud educational tradition that dates back to the first Mormon settlers who came to Utah in 1847. One of the first tasks undertaken by these hardy pioneers was the establishment of an educational system for their children.

Today there are 305,746 students en-

rolled in private schools in Utah out of a total population of just over 1 million. Utah citizens rank No. 1 in the Nation in median school years completed by persons 25 years of age and older. This average is a remarkably high 12.2 years of schooling.

Utah ranks very high in its educational load and very low in its ability to finance education. Consequently, the effort put forth to support public education in Utah is considerably above regional and national averages. This presents Utah with the challenge of obtaining superior results from fewer funds.

Since 1950, total school expenditures in Utah have risen by \$190.1 million, an increase of 6½ times over the 21-year period. The per capita State expenditures for all education in Utah in 1970 was \$239.70, fifth among the 50 States.

Although the evaluation of school achievement is still largely a subjective matter there are a number of evidences showing Utah to rank high in the amount and quality of education provided. In addition to leading the Nation in the amount of education completed by the adult population, Utah also ranks high in the proportion of its population having graduated from college, in fact during 1970, 4.7 percent of Utah's total population was enrolled in public colleges in the State. Also, the percentage of Armed Forces inductees from Utah successfully passing the required mental qualification test is above the national average.

A 1971 survey of Utah high school graduates revealed that students in Utah have developed a strong appetite for learning and self-improvement. Of a total of 19,158 graduates, 76.5 percent indicated an intention to pursue some form of post-high school education. A total of 61.5 percent indicated the intention of attending college, 9.3 percent indicated a vocational school as their intention, and 4 percent stated business school as their preference.

Throughout our history, the American education system has been a cornerstone of the Nation's social structure. The quality of a nation can be measured by the quality of its education and by its educators. There is no profession which offers greater opportunity to do good—no professional entitled to more respect, than the teacher who meets his great challenge with intelligence, reason, and pride. I offer my own sincere salute to American education and to the educators of America.

Mr. COUGHLIN. Mr. Speaker, the best possible education for the greatest number of people has always been a foremost goal of American society. Today, through the generous expenditure of approximately \$65 billion each year, we have the best and most broadly educated citizenry in history.

The benefits of our education system have been incalculable but clearly enormous. It has taught the technological skills which have made us the most industrially sophisticated nation on earth. And, more importantly, it has nurtured the understanding, tolerance, and humanity necessary to wise leadership in a country governed by the people. Without

the critical minds and democratic ideals developed in our schools, a free and open society would be impossible to sustain.

Yet, while we may be gratified by our past successes in education, we may not now relax our efforts. Business and industry will demand graduates who are continuously better prepared to meet the requirements of their increasingly more complex technologies. The market for "unskilled" labor will soon be nonexistent. Meanwhile, the accelerating growth of our Nation has resulted in unprecedented social problems which threaten the maintenance of our political and intellectual freedom. The challenges are unparalleled, yet so are the potential benefits and, as always, Americans will place primary faith in education as the means toward meeting them.

Mr. HANNA. Mr. Speaker, I would like to take this opportunity to offer my congratulations to the National Education Association for encouraging a constructive and critical look at our American system of education. It should be acknowledged that as we approach in 1976 our 200th birthday as a nation, it is really in this century that the idea of a universal free education opportunity has become a reality. In a dynamic and swiftly changing century no segment of our national life has grown more dramatically nor changed more radically.

In my appreciation of our great institutions of education, I have the view of their cumulative effort as providing for the demands of our people and the challenges of our times a mighty reservoir of talent from which all other activities of our society must draw for their streams of effort, be these cultural, scientific, industrial, commercial, or governmental. Such quality and performance as each achieves is in large part a reflection of the motivation and development of individuals whose preparation for contribution was provided by our educational elements.

Congratulatory kudos, however, are not sufficient to contribute critical and constructive comment. It is clear that the level of satisfaction the public entertains for present performance particularly in public schools has suffered some erosion. Education as well as all the streams of human activity it feeds, must adjust to requirements not yet crystal clear. We believe it would be helpful to have a redefinition of education articulated. Such an undertaking should cut us free from the lingering emphasis of the past century, and hopefully, provide some flexible base of vision for the century just ahead.

What is education? A many splendored thing, true, but these things at least include:

First, a source of strong support for the mastery of the skills of communication in a present-day, moving society.

Second, an exposure to past knowledge deemed important enough to be used as the basic materials for improving these skills.

Third, development, motivation, and inspiration of the individual's learning processes.

Fourth, some fundamental preparation for the social, economic, financial, and employment opportunities and re-

quirements in the society in which the individual will be expected to function.

Fifth, the development and nurturing of an appreciation for standards and values for living however arrived at and wherever set.

Sixth, the encouragement and creation of a critical state of mind.

Education has done much and must like us all go forward with the challenge of change and do even more. We the friends of education and enjoyers of all of its fruits and works must support with funds and assist with our efforts the desired future.

Mr. DANIELS of New Jersey. Mr. Speaker, on June 21, the National Education Association is holding a "Salute to Education." I think it only fitting, in honor of this occasion, to reaffirm the values which have provided the foundation upon which our educational system has been predicated.

We are a nation of immigrants. In the past two centuries millions upon millions of poor and homeless people, the world over have come to our shores with dreams of creating a new life. Perhaps the most important part of this dream has been to provide for their children the education which they, of the Old World, were so often denied. Many have realized this aspect of their dream, but just as many have been denied.

We have always prided ourselves on our way of life, claiming the opportunities were there but it was up to the individual to avail himself of them. The fallacy of this type of reasoning becomes increasingly clear every day.

In this century alone, we have seen the so-called privilege of a college education rise from the status of luxury to that of a necessity. And yet, too many young men and women are still denied admission to college for financial reasons or because the training they received on the primary or secondary levels has proven woefully inadequate.

It is our duty, here in Congress, to provide the means to relieve these conditions. Surely in the wealthiest nation in the world, a nation which spends billions for weapons of destruction, we can find the resources to assure every individual a quality education. The defense of this country, its future prosperity, its very existence lies in the hands of its youth. It is up to us to insure that they will be prepared to meet the challenges which await them.

Mr. RONCALIO. Mr. Speaker, as many of my colleagues are aware, today the National Education Association is sponsoring a salute to education. The United States offers the best public education in the world for its youth in both elementary and secondary school levels. But there is still a good deal of room for improvement.

At a time when education is breaking out of its traditional mold in order to prepare our children for a complex society, innovation is of the essence. Better equipped physical plants, sufficient educated teachers, stimulating academic programs, and a myriad of other criteria are essential to the well-being of our educational system.

Presently, local and State sources of

revenue which insure the success of these goals have been absorbed to their saturation point. Collectively, the States were forced to increase their revenue resources by 9.7 percent or \$1,691,384,000 between the 1970-71 and 1971-72 school years. Local communities had to expand their available funds for public education by 5.8 percent or \$1,337,942,000 over the same period. The Federal Government supplemented these educational demands with only a \$176,876,000 increase for the same 1-year timespan. Total revenue receipts for our Nation's primary and secondary school systems equaled \$46,644,623,000 in 1971-72 which reflects a 7.4-percent increase over the previous school year. Total expenditures, however, exceed total resources this year by \$155,759,000, a sum almost equal to the increase in funds by the Federal Government from the immediate previous school year to the present.

It is with sadness that I note the priorities for allocation of Federal budgetary funds. The \$3,305,707,000 which was appropriated for primary and secondary school systems in 1971-72 is dwarfed by an incredibly excessive defense budget. The recent SALT agreements supposedly would make available limited funds for nondefense Government-endowed programs.

But already the Secretary of Defense is predicting increased expenditures for further development of strategic arms. The Indochinese war carries a daily price tag which denies the necessary support for essential domestic programs in public education. How many white elephants must be mounted before we realize all of our responsibilities to the well-being of our citizens and support that realization with constructive action?

I applaud the National Education Association's salute to education. I would hope to answer that salute with a positive response by this lawmaking body which will insure the best possible education for our youth of today. They must face the challenges of bettering themselves, their country, and their world tomorrow. We must help them succeed.

Mr. LINK. Mr. Speaker, an educated citizenry is a vital asset and a necessary requisite to insure the growth and survival of an advanced and changing society such as ours. Free and universal public school education has become a hallmark of the American tradition. In light of this, I would like to join the National Education Association in recognizing and honoring the great accomplishments our Nation has made in the realm of education.

We, as legislators, parents, and citizens, have reaped immeasurable benefits from this commitment. In return, this fact demands that we fully dedicate ourselves to perpetuating and extending our free educational system.

The classroom in our public schools is a forum for the transmission of knowledge. Book learning is but one facet of the knowledge involved in the educational process, which in and by itself falls short of fulfilling the total educational needs of our people individually or collectively. Total education embodies an infinite variety of processes directed

toward the full development of every individual. Education, regardless of approach or methodology, attempts to stimulate, train, and cultivate the mind, body, and character of each student so as to create a framework in which each one will hopefully achieve the realization of his highest potential.

As we progress further into the 20th century new theories of approach and wider varieties of curriculums are appearing at an ever-increasing rate. Therefore, our commitment to education now will render returns multiplied many times over in the future.

Mr. HALPERN. Mr. Speaker, as another school year draws to a close, it is certainly fitting to look back and salute this country on its fine educational endeavors. Education has been part of America's tradition since colonial times. In 1647 the Massachusetts Bay Colony set up a system of community supported schools, thus bringing into existence the first public school system in the world.

This system is one of which we should be especially proud, for it has been a guiding force in the shaping of our country. During the founding days of the Republic, the school system's task of creating enlightened citizens was essential to the successful functioning of the new democracy. It played a prominent role in creating national unity among the many diverging forces within the new society. Poets, writers, historians, and artists were among those who were able to work through the schools to create a national heritage. During the 19th century the schools were a crucial factor in the absorption of millions of immigrants who streamed into America. They offered not only the place to learn a common language, but were instrumental in creating a new American people with a sense of national identity and hope for the future out of the divergent multi-ethnic newcomers.

Today the schools are still serving the American people as they did in the past. In the midst of a society often divided by racial strife and tensions created out of the rapidly advancing and often incomprehensible technological age, our Nation's schools provide places in which our children can develop a sense of belonging and an understanding of society, so important to the building of self-confidence.

A salute to education would not be complete without special mention of the thousands of dedicated teachers who are teaching our children and making the school system the success that it is. I am happy to say that New York State recognizes the value of its teachers; they are among the highest paid in the continental United States. We are especially indebted to these teachers for providing us with the many fine young leaders we see today ready to accept the tasks of their elders in the governing of our country.

Mr. RIEGLE. Mr. Speaker, H. G. Wells once said:

Human history becomes more and more a race between education and catastrophe.

As a healthy democracy strives to make certain that education wins that race, increasing emphasis must be placed on the ability of all people to acquire that edu-

cation. Without such an opportunity, our vote has less meaning and government "of the people, by the people, and for the people" cannot function properly.

Today we celebrate Education Appreciation Day. This is particularly appropriate in light of the House's action June 15 in approving an additional \$364 million for education as part of the Labor-HEW appropriations. This is just one more step in our continuing fight to establish new priorities for peace and growth in our Nation, to invest in the future of some 48 million schoolchildren here in America.

Therefore, I would like to take this opportunity to praise the efforts of America's teachers and educators, to thank them for their efforts and conviction that the education of our children is vital. We have no more important work to accomplish than the education of our people.

Mr. BOLAND. Mr. Speaker, the National Education Association has set aside today, June 21, for a "Salute to Education." Like most of my colleagues, I want to join in this tribute to America's educational system—a system rivaled by no other country in the breadth of its scope and the length of its reach. Education, quite obviously, is the keystone of American life: Our society would disintegrate without it.

Life in the 1970's grows more bewilderingly complex day by day. What is conventionally termed the "technological age," largely the product of American genius, is making unprecedented and unforeseen demands on our system of education: schoolchildren must learn more—and learn it more quickly, as well—than at any time in this country's history. It is obvious, Mr. Speaker, that the second half of the 20th century poses a challenge that our educational system must meet. The scores of problems looming before our society—pollution, urban decay, poverty, racial strife—will ultimately yield to solution only if Americans are prepared to deal with them. And, needless to say, our school system is the means for so preparing the people of this country.

More than ever before, the strength of the United States itself hinges upon the strength of its school system.

I want to congratulate the NEA for establishing this "Salute to Education" day—an event that helps dramatize the significance of our school system and the vital role it plays in our lives.

Mr. HUNGATE. Mr. Speaker, I join many of my colleagues today in a special Salute to Education. It seems the time is long overdue for us to take our hats off to the many men and women who dedicate their lives to education.

Educators—our teachers, principals, and administrators—have played an important part in each of our lives. We often do not realize how much of an influence educators have on our lives, and that they are the ones who supply us with the most important tools to maintain our democracy.

I am pleased that the House of Representatives has recognized the value of education with the passage of the Hatha-way amendment to the Labor-HEW appropriations last week. I hope we will continue to get support for education—our most valuable asset.

We in Congress can best honor our educators by joining with them in their commitment to providing a good education for every American.

GENERAL LEAVE

Mr. MAZZOLI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the special order given today by the gentleman from Pennsylvania (Mr. Flood) on the subject of education.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

THE PROFESSIONAL TEACHER: THE BALLAST FOR SOCIETY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DANIELSON) is recognized for 5 minutes.

Mr. DANIELSON. Mr. Speaker, today is the occasion of a Salute to Education, sponsored by the National Education Association. It is an appropriate time to pay tribute to dedicated educators and to significant advances in the field of education.

It is not an understatement to say that the teaching profession serves as a ballast for society. There is a sense in which it provides stability or steadiness, guidance, and balance as we move through life. The educational system is also called on to explore and provide new avenues and fields of learning. The task can be almost overwhelming, becoming more difficult as the problems of a society increase. But it is an important and essential task for society's future.

As life becomes more complex, more demands are put on educational systems and institutions in their job of providing education adequate to equip persons to meet today's needs, and in the challenge of making equal educational opportunities available for all of America's children.

Recently I received correspondence from one of my favorite grade school teachers, and it was certainly a thrill for me. Her fine work as a teacher had a profound effect on me. In my own family, my two sisters have been teachers for many years; Miss Sarah Danielson has taught in Kearney and Nebraska City, Nebr., and Miss Luella Danielson has taught in Des Moines, Iowa.

America's educational institutions and its fine teachers and professors have led in the effort to continually renew and update education. They are to be congratulated on their dedicated service to society.

AIR FORCE LIEUTENANT PREFERS CHARGES AGAINST GENERAL LAVELLE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mrs. ABZUG) is recognized for 10 minutes.

Mrs. ABZUG. Mr. Speaker, today I an-

nounce my support for and applaud the courage of a brave young Air Force lieutenant, Delbert Terrill, Jr., an Air Force Academy graduate who has preferred charges against Lt. Gen. John D. Lavelle, U.S. Air Force, retired, for violations of the Uniform Code of Military Justice.

In a press conference which I sponsored today, Lieutenant Terrill stated:

On 3 June 1970, I awoke for one of the most important days of my life. After four years as a cadet, I was to graduate from the United States Air Force Academy. My oath, "I, Delbert R. Terrill, Jr., having been appointed a Second Lieutenant in the United States Air Force, do solemnly swear that I will support and defend the Constitution of the United States against all enemies, foreign and domestic, that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion, and that I will well and faithfully discharge the duties of the office on which I am about to enter so help me God" was and still remains sacred to me. Because my superiors and fellow officers have failed to step forward, I must. In fulfillment of the duties and responsibilities incumbent upon me by my oath, I have this day preferred charges against Lt. Gen. John D. Lavelle USAF (ret.). General Lavelle by his own testimony before the House Armed Services investigating subcommittee admitted that he had authorized air strikes in violation of standing orders. General Lavelle also admitted to filing false reports regarding some of these raids. It therefore appears that offenses under the Uniform Code of Military Justice have consequently been committed. Since I have preferred charges under Articles 90(2) and 107 and will forward such charges to the Secretary of the Air Force, the Honorable Robert Seamans, our present Secretary will be required to conduct an investigation in accordance with Article 30 of the Uniform Code of Military Justice. Likewise, I am filing a request with the Secretary of Defense that he convene a court of inquiry pursuant to Article 135 of the Uniform Code of Military Justice concerning the propriety of the conduct of the following officers with respect to the unauthorized strikes: Generals Ryan and Abrams, and Admirals McCain and Moorer.

What kind of discipline can be maintained in a military system in which commanders are relieved and retired while others, for like offenses, are court-martialed and given dishonorable discharges? The American Dream and the necessity of military cohesiveness demand equality.

Democracy as an institution requires a civilian dominated military. The military must obey its civilian superiors. America and those who love her will tolerate no less. "Where law ends, tyranny begins."

The following is a letter that I have sent to the Honorable Melvin R. Laird, requesting that he act upon the charges that Lieutenant Terrill has preferred:

CONGRESS OF THE UNITED STATES,
Washington, D.C., June 21, 1972.

HON. MELVIN R. LAIRD,
Secretary of Defense,
Washington, D.C.

DEAR SECRETARY LAIRD: It is with the greatest sense of urgency that I request that you act upon the charges preferred today by Air Force First Lieutenant Delbert Terrill Jr. against Lt. Gen. John D. Lavelle USAF (ret.) and that you convene a Court of Inquiry under the provisions of Article 135 of the Uniform Code of Military Justice, as Lt. Terrill has requested, to determine the propriety of the conduct of General John D. Ryan, Air Force Chief of Staff, Admiral Thomas H. Moorer, Chairman of the Joint Chiefs of Staff, General Creighton Abrams, Commander of U.S. Forces in Vietnam, and Admiral John S. McCain, Commander U.S.

Forces, Pacific, with respect to General Lavelle's performance while serving as Commander of the U.S. Air Force in Vietnam.

By conceding before a House Armed Services Committee hearing on 12 June 1972 that he broke the rules of engagement in ordering the bombing of certain targets in North Vietnam and that he inspired his staff to file false reports on these raids, disguising them as "protective reaction" strikes, General Lavelle has, by his own admission, acted in violation of Art. 90 (Willful Disobedience of a Lawful Command) and Article 107 (Making False Official Statements) of the Uniform Code of Military Justice. In response to this blatant violation of orders from higher authority, General Lavelle was relieved of his command and retired at the rank of Lieutenant General, a demotion of one grade. Such token disciplinary action taken against Lavelle calls into question the effectiveness and credibility of the entire system of military justice.

I receive hundreds of letters a month from lower-ranking officers and enlisted personnel who have been severely disciplined and given less than honorable discharges, thus stigmatizing them for life, because they have violated a simple regulation or not behaved as members of the Armed Forces should. How can I, as a Member of Congress, explain to these constituents who request my assistance why General Lavelle received a mere slap on the wrist for his gross misconduct? I am heartsick for those men who sit in stockades awaiting trial or serving sentences and for those who sit idle in the civilian world, unemployed because they have been branded "undesirable" by the military, while General Lavelle goes free after illegally ordering the bombing of North Vietnam. Such inconsistency makes a mockery of military justice.

It is enough that American bombs continue to fall over Southeast Asia without the support of the American people. It is intolerable that they fall at the discretion of one Air Force General without even the authority from the Commander-in-Chief, and it is an outrage that this General has been quietly removed from his position without a court-martial. In the interests of justice and for the sake of the morale of all members of the Armed Forces, I believe it imperative that further disciplinary action be taken against General Lavelle and that a full-scale investigation be convened by your authority as Secretary of Defense.

Sincerely,

BELLA S. ABZUG,
Member of Congress.

IMMEDIATE APPELLATE REVIEW NECESSARY IN MICHIGAN SCHOOL BUSING DECISION

THE SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. WILLIAM D. FORD) is recognized for 10 minutes.

Mr. WILLIAM D. FORD. Mr. Speaker, on June 14, Judge Stephen J. Roth, of the U.S. District Court for the Eastern District of Michigan, issued an order for the development of a metropolitan plan of school desegregation. This order involves the public schools in the city of Detroit as well as 53 suburban school districts.

While there has been a judicial finding that illegal segregation exists in the city of Detroit, no such finding has been made or even claimed with respect to the suburban districts. Nevertheless, the suburban school districts have been named in the order.

I am today inserting into the RECORD a copy of a brief filed in the Supreme Court of the United States by the attorneys

who represent 43 of the suburban school districts involved in this action. As the attorneys for the suburban districts note in their brief, the district court trial was confined to the issue of de jure segregation in the Detroit school system, and the district court made no findings of de jure segregation with respect to any of the suburban districts.

Despite the fact that there has never been any claim that the suburban school districts have failed to maintain a unitary school system, that the suburban school districts have had no opportunity to be heard on the issue of segregation, and that there is not even a scintilla of evidence that the suburban school districts have denied access to or separated pupils on the basis of race, the district court has determined that they are to be subjected to a desegregation plan calling for massive busing of possibly up to 1 million children.

Mr. Speaker, up to this point, the suburban school districts' hands have been tied. They have been made a part of a remedy for a wrong in which they have not been involved, and they have not even been permitted to have their day in court to defend themselves properly.

The brief which I am inserting in the RECORD today presents sound and logical reasons why the proceedings now pending in Detroit should be given immediate appellate review.

A copy of the brief filed in the U.S. Supreme Court by the attorneys representing the suburban school districts follows:

[In the Supreme Court for the United States, October Term 1971, No. 71-1468]

BRIEF OF RESPONDENTS SCHOOL DISTRICTS* IN
SUPPORT OF PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

William G. Milliken, Governor of the State of Michigan, et al., Petitioners, vs. Ronald Bradley, et al., Respondents.

OPINIONS AND ORDERS BELOW

The pertinent orders and opinions of the District Court and the United States Court of Appeals are fully set forth in the Appendix to the Petition For Writ of Certiorari.

JURISDICTION

The Petition For Writ Of Certiorari invokes the jurisdiction of the Court under Section 1291 of Title 28, United States Code.

The undersigned Respondents submit that the Court also may, and should, invoke jurisdiction pursuant to Section 1254 of Title 28, United States Code, which provides, in part, as follows:

"Cases in the courts of appeals may be reviewed by the Supreme Court by the following methods: (1) By writ of Certiorari granted upon the petition of any party to any civil or criminal case, before or after rendition of judgment or decree;" [Emphasis supplied.]

While the undersigned Respondents concur with the contention of Petitioners that all of the questions presented should be determined by this Court as prayed, it is respectfully submitted that the imperative public importance of question number III set forth in the Petition For Writ Of Certiorari provides the basis and urgent need for this Court to exercise its jurisdiction

* Respondents school districts include the forty-three (43) intervening suburban school districts in this cause but exclude the defendant Board of Education for the City of Detroit.

pursuant to Rule 20 of the Supreme Court Rules and Section 2101(e) of Title 28, United States Code.

Section 2101(e) of Title 28, United States Code, provides as follows:

"An application to the Supreme Court for a writ of certiorari to review a case before judgment has been rendered in the court of appeals may be made at any time before judgment."

Rule 20 of the Supreme Court Rules states that—

"A writ of certiorari to review a case pending in a court of appeals, before judgment is given in such court, will be granted only upon a showing that the case is of such imperative public importance as to justify the deviation from normal appellate processes and to require immediate settlement in this court."

QUESTION PRESENTED

Whereas single school district has been found to have committed acts of *de jure* segregation, may a court constitutionally issue a desegregation order extending to some eighty-five (85) other independent school districts and requiring massive bussing of children, absent (1) any claim or finding that such other independent school districts have deliberately operated in furtherance of a policy to deny access to or separate pupils in schools on the basis of race, or, (2) absent any claim or finding that the boundary lines of such other independent school districts were created or have been maintained with the purpose of creating or fostering a dual school system?¹

The undersigned Respondents contend that the answer is "no". The Court of Appeals For The Sixth Circuit did not consider the question.

STATUTORY PROVISIONS INVOLVED

Section 1291 of Title 28, United States Code, provides:

"The courts of appeals shall have jurisdiction of appeals from all final decisions of the district courts of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, and the District Court of the Virgin Islands, except where a direct review may be had in the Supreme Court."

STATEMENT OF THE CASE

The Statement Of The Case as set forth in the Petition For Writ Of Certiorari is adopted by the undersigned Respondents. In addition, Respondents-Intervenors submit the facts hereinafter recited.

The instant action was commenced on August 18, 1970, by the filing of a complaint which alleged the unconstitutionality of a Michigan statute which was applicable only to the City of Detroit school district and further claimed that plaintiffs' constitutional rights were violated because of the segregated pattern of pupil assignments and the racial identifiability of schools within the City of Detroit school system. The complaint has never been amended and to this date there has been no claim that any school district other than Detroit has failed to operate a unitary school system.

The complaint, the trial on the merits and the District Court's "Ruling On Issue Of Segregation"² were directed at and solely

¹ Although the undersigned Respondents concur with Questions I and II as presented in the Petition For Writ Of Certiorari their interests are directly affected only to the extent of the constitutional propriety or impropriety of a so-called metropolitan plan of desegregation. Even assuming, *arguendo*, that the City of Detroit school district is not a unitary school system, the question of whether the judicial remedy may extend beyond the nature and locus of the constitutional violation remains.

² Appendix to Petition For Writ of Certiorari, page 1a.

concerned with the issue of whether the Detroit school system was operated so as to impair the constitutional rights of the plaintiffs. Accordingly, the undersigned Respondents had no cause or standing to intervene in the proceedings inasmuch as no claim was made against them and no relief was sought which would affect them.

On November 5, 1971, however, the District Court issued an order which adumbrated a dramatic change in the nature of the proceedings. Despite having conducted a trial limited to the issue of unlawful segregation in the Detroit school system and having made findings limited to such issue, the court ordered the State defendants to submit a plan of desegregation which would embrace the entire metropolitan Detroit area. By judicial fiat some eighty-five (85) independent school districts were suddenly faced with the prospect of being subjected to judicial sanction without any claim, trial or finding that they had engaged in any unconstitutional acts. Pursuant to the aforementioned order, on February 4, 1972, a so-called metropolitan plan of desegregation was filed with the District Court.

On February 9th, 16th and 17th, respectively, the undersigned Respondents, Grosse Pointe Public Schools, Allen Park Public Schools, et al, Southfield Public Schools and School District for the City of Royal Oak, filed motions to intervene for the purpose of representing their interests and those of the parents and children situate in said school districts.

On March 15, 1972, the District Court issued its order granting said Respondents' motions to intervene as a matter of right, and simultaneously imposed the following conditions designed to circumscribe Respondents' participation in the proceedings.

"1. No intervenor will be permitted to assert any claim or defense previously adjudicated by the court.

"2. No intervenor shall reopen any question or issue which has previously been decided by the court.

"3. The participation of the intervenors considered this day shall be subordinated to that of the original parties and previous intervenors.

"4. The new intervenors shall not initiate discovery proceedings except by permission of the court upon application in writing, accompanied by a showing that no present party plans to or is willing to undertake the particular discovery sought and that the particular matter to be discovered is relevant to the current stage of the proceedings.

"5. No new intervenor shall be permitted to seek a delay of any proceeding in this cause; and he shall be bound by the brief and hearing schedule established by the court's Notice to Counsel, issued March 6, 1972.

"6. New intervenors will not file counter-claims or cross-complaints; nor will they be permitted to seek the joinder of additional parties or the dismissal of present parties, except upon a showing that such action will not result in delay.

"7. New intervenors are granted intervention for two principal purposes: (a) To advise the court, by brief, of the legal propriety or impropriety of considering a metropolitan plan; (b) To review any plan or plans for the desegregation of the so-called larger Detroit Metropolitan area, and submitting objections, modifications or alternatives to it or them, and in accordance with the requirements of the United States Constitution and with prior orders of this court.

"8. New intervenors shall present evidence, if any they have, through witnesses to a number to be set, and limited, if necessary, by the court, following conference.

"9. With regard to the examination of witnesses, all new intervenors shall among themselves select one attorney per witness to

act for them, unless one or more of the new intervenors show cause otherwise."

Respondents intervening school districts filed written objections with the District Court against the imposition of such conditions. To date the District Court has made no response to said objections.

Upon being granted right to intervene on March 15, 1972, the District Court advised the Respondents-Intervenors that the Court had previously set March 22, 1972, as the date for filing of briefs on the legal propriety of a metropolitan plan of desegregation and that Respondents-Intervenors thus had one (1) week to present their legal arguments on such issue. On March 24, 1972, two (2) days after the due date for the filing of briefs, the District Court issued a "Ruling On Propriety Of Considering A Metropolitan Remedy To Accomplish Desegregation Of The Public Schools Of The City of Detroit".³

The District Court commenced taking testimony on a metropolitan plan of desegregation at 10:10 a.m. on March 28, 1972. About two hours after Respondents-Intervenors counsel had first appeared in the District Court and before completion of testimony of a single witness, the District Judge announced that all counsel could stop by his office and pick up his Findings of Fact and Conclusions of Law on Detroit-Only Plans of Desegregation.⁴ Relying upon inapposite cases where a dual school system was fostered and operated pursuant to state policy, the District Court announced its intention to seek a racial mix by means of a metropolitan plan of desegregation.

REASONS FOR GRANTING THE WRIT

A So-Called Metropolitan Plan Of Desegregation Is Constitutionally Improper Absent A Complaint And Finding That Respondents-Intervenors School District Have Denied Access To Or Separated Pupils On The Basis Of Race, Or Absent A Finding That The Respondents-Intervenors School Districts Were Created Or Maintained With The Purpose Of Creating Or Fostering A Dual School System.

The instant case is without precedent in terms of the scope of the judicial remedy determined by the District Court, the lack of fundamental due process so far as Respondents-Intervenors are concerned and the absence of any findings against Respondents-Intervenors upon which relief can be predicated.

There are upwards of 600 independent school districts in the State of Michigan. The only complaint ever filed in this action alleges that one of those school districts, the City of Detroit, has failed to maintain a unitary school system due to actions of the Detroit Board of Education and certain executive officers of the State. The trial on the merits was confined to the issue of *de jure* segregation in the Detroit school system. The decision of the District Court following a trial on the issues framed by the complaint made no findings of *de jure* segregation with respect to any school district except the City of Detroit.⁵

Despite the fact that there has never been any claim that the undersigned Respondents have failed to maintain a unitary school system, that said Respondents have had no opportunity to be heard on the issue of segregation, that there is not a scintilla, indeed not a tittle, of evidence, that Respondents have denied access to or separated pupils on the basis of race, the District Court has determined that said Respondents are to be subjected to a desegregation plan calling for

³ Appendix to Petition For Writ of Certiorari, page 31a.

⁴ Appendix to Petition For Writ of Certiorari, page 37a.

⁵ "Ruling On Issue Of Segregation", Appendix to Petition For Writ of Certiorari, page 1a.

massive busing of possibly up to one million children.

The extreme public importance of this case can be gauged by the fact that the number of children affected by the remedy decreed in this action exceeds the respective populations of twelve (12) of the States in this country. The educational future of nearly 1,000,000 children clearly warrants the attention and exercise of jurisdiction by this Court.

Since the public announcement of the District Court's determination to fashion a desegregation plan calling for massive busing on a scale heretofore unheard of, school districts in the metropolitan Detroit area have been unable to secure voter approval at millage elections and are faced with lack of financial resources necessary to maintain an adequate educational system. Elected school officials cannot plan for the future needs of their students because of the uncertainty as to which students' needs they must meet and the number of students they must accommodate. Expenses connected with the massive busing program inherent in the District Court's determination will run into the tens of millions of dollars and threaten the continuance of educational programs by already financially hard-pressed educational systems. Planning for future building needs and construction cannot proceed with certainty. Indeed, the assumption by the District Court of the power and authority to ignore and dismantle State-established governmental entities places the continued existence of the school districts in jeopardy.

There is a critical distinction between this case and *Brown v Board of Education*, 347 US 483 (1954) and its progeny heretofore considered by this Court. There is no claim or finding in the instant case that the State of Michigan has ever fostered or maintained a dual school system. Over one hundred years ago the Michigan Supreme Court in *Ex Rel Workman v Detroit Board of Education*, 18 Mich 399 (1869), declared that under Michigan law black children are placed on the same footing with white children, and admissible on the same terms to all schools.

Where there is no evidence of a state policy of maintaining a dual school system, the naked existence of school districts established along the lines of municipalities, and other governmental entities, does not give rise to a deprivation of constitutional rights. *Spencer v Kugler*, 326 F Supp 1235, 1242 (1971); affirmed 404 US 1027 (1972).

The independent school districts in the metropolitan Detroit area, including the Detroit school system, were established pursuant to a State policy of maintaining a unitary school system and the fact that there now exists a racial imbalance in the Detroit school district does not amount to unconstitutional segregation attributable to the establishment or maintenance of the suburban school districts.

In the "Ruling On A Metropolitan Plan" the District Court took cognizance of the lack of precedent for the implementation of such a plan in light of the circumstances here involved, as follows:

"The main thrust of the objections to the consideration of a metropolitan remedy advanced by intervening school districts is that, absent a finding of acts of segregation on their part, individually, they may not be considered in fashioning a remedy for relief of the plaintiffs. It must be conceded that the Supreme Court has not yet ruled directly on this issue; accordingly, we can only proceed by feeling our way through its past decisions with respect to the goal to be achieved in school desegregation case. . . ." [Emphasis supplied.]

* "Ruling On Propriety Of Considering a Metropolitan Remedy To Accomplish Desegregation Of The Public Schools Of The City of Detroit", Appendix to Petition For Writ Of Certiorari, page 34a.

It is respectfully submitted that the welfare of nearly 1,000,000 children should not be jeopardized due to the lack of cogent ruling by this Court and the District Court's "feeling" its way to decision.

Pronouncement of this Court in *Swann v. Charlotte-Mecklenburg Board of Education*, 402 US 1 (1971) indicate that the District Court has in fact lost its way and only a determination by this Court can provide the needed direction.

"In seeking to define even in broad and general terms how far this remedial power extends it is important to remember that judicial powers may be exercised only on the basis of a constitutional violation. Remedial judicial authority does not put judges automatically in the shoes of school authorities whose powers are plenary. Judicial authority enters only when local authority defaults."

"School authorities are traditionally charged with broad power to formulate and implement educational policy and might well conclude, for example, that in order to prepare students to live in a pluralistic society each school should have a prescribed ratio of Negro to white students reflecting the proportion for the district as a whole. To do this as an educational policy is within the broad discretionary powers of school authorities; absent a finding of a constitutional violation, however, that would not be within the authority of a federal court. As with any equity case, the nature of the violation determines the scope of the remedy. . . ." *Swann, supra*, at page 16. [Emphasis added.]

Here, the only basis of a constitutional violation is the finding of *de jure* segregation in the City of Detroit school district. Local school authority in the eighty-five (85) suburban school districts in the Detroit metropolitan area has not defaulted. The only violation of constitutional rights found by the District Court is the failure of the principal defendants to maintain a unitary school system for approximately 275,000 students in the City of Detroit. Yet the judicial remedy authorized by the District Court would relocate hundreds of thousands of children in three counties and up to eighty-five (85) other school districts.

This Court will consider the question of the appropriate scope of a desegregation remedy within a single school district in a non-dual system State when it hears *Keyes v School District No. 1, Denver*, 445 F2d 990 (CA 10, 1971), cert granted 404 US 1036 (1972). The case of *Bradley et al v School Board of the City of Richmond*, 338 F Supp 67 (1972), now awaiting decision in the Court of Appeals for the Fourth Circuit, presents the question of the propriety of cross-district busing, involving three contiguous school districts, to achieve desegregation where there has been a State-wide dual school system policy. *Bradley v Richmond, supra*, will undoubtedly be presented to this Court. Neither of the foregoing cases will, however, reach the issues raised in the instant case.

The Court has previously exercised its power to grant certiorari where the issues presented in other pending cases warranted consideration of all cases at one time. *Taylor v McElroy*, 360 US 709 (1959) and *Brown v Board of Education of Topeka*, 344 US 1 (1952). The undersigned Respondents suggest that by granting certiorari in this case and hearing the same in conjunction with *Keyes, supra*, and perhaps *Richmond, supra*, the Court will have before it the gamut of desegregation remedies and will be in a position to lay to rest the principal issues associated with the appropriate scope of judicial remedy in school desegregation cases.

The Court of Appeals for the Sixth Circuit admittedly has not considered the substantive questions raised herein with respect to a so-called metropolitan plan of desegregation. These substantive questions are of such monumental constitutional significance

and imperative public importance, however, as to warrant the immediate attention of this Court.

The disruptive consequences of a judicial remedy affecting nearly 1,000,000 children and calling for massive cross-district busing between up to eighty-five (85) school districts is obvious and to delay final decision on the legal propriety of such remedy while the parties tread the traditional path of appeal will serve to exacerbate such disruptive consequences.

It is admittedly the duty of the District Court to effect a remedy which will prevent the impairment of the constitutional rights of children within the Detroit school system. Such remedy should put an end to *de jure* segregation, if it legally exists. The remedy, however, should not be expanded beyond what is necessary to repair the denial of the constitutional right to be protected. As stated in *Swann, supra*.

" . . . The task is to correct, by a balancing of the individual and collective interests, the condition that offends the constitution." *Swann, supra*, at page 16.

The interests of the 750,000 children who attend suburban school districts are of no less importance than the interests of plaintiffs herein. The judicial guidance of this Court is needed now in the interests of all concerned.

CONCLUSION

This matter manifests the characteristics, in terms of public importance, of other cases⁷ in which this Court has seen fit to exercise its authority to issue a writ of certiorari, even in the absence of decision by the Court of Appeals. Massive busing orders to achieve school desegregation, none of which approach the magnitude of the remedy here involved, and the public confusion associated therewith have prompted calls for definitive guidance by the President of the United States, the United States Congress and the public generally. So nebulous is the appropriate scope of judicial remedy in school desegregation cases that a substantial portion of the public, legislative and executive officials have urged the adoption of a constitutional amendment to circumscribe the remedial powers of the courts.

The substantial number of school desegregation cases now pending in District Courts and Courts of Appeals throughout the United States would be expedited by the prompt resolution of the constitutional issues in the instant case.

The circumstances recited herein and in the Petition For Writ Of Certiorari demonstrate the compelling reasons why this Court should grant certiorari.

It is respectfully prayed that the Petition For Writ Of Certiorari to the United States Court of Appeals be granted by this Honorable Court to the end that this cause may be timely reviewed and determined by this Court.

Respectfully submitted.

USO REPORT A COVERUP

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. ASPIN) is recognized for 5 minutes.

Mr. ASPIN. Mr. Speaker, I have carefully scrutinized an investigation report issued by the USO concerning corrupt and wrongdoing within the servicemen's organization.

⁷ *United States v Bankers Trust Co.*, 294 US 240; *Railroad Retirement Board v Alton R. Co.*, 295 US 330; *Rickert Rice Mills v Fontenot*, 297 US 110; *Carter v Carter Coal Co.*, 298 US 238; *Ex parte Quirin*, 317 US 1; *United States v United Mine Workers*, 330 US 258; *Youngstown Co. v Sawyer*, 343 US 579.

Careful study of the report reveals that the USO has covered up the alleged illegal activities of its present executive director.

The report released June 15 by the USO, generally substantiates the charges which I have released over the past several months concerning corruption in the USO.

However, I believe that there are several specific points in the conclusion of USO's report that must be disputed.

The USO's report fails to specifically confirm or deny whether Sam Anderson, the former director of USO in Vietnam, and currently USO's worldwide executive director, was aware of corruption and wrongdoing more than 2 years ago, but did nothing about it. Several of the witnesses who I interviewed described efforts by various USO personnel to inform Mr. Anderson of wrongdoing. Apparently, despite the fact that he was informed of the illegal activities by some USO employees, he did nothing.

The USO study carefully examines illegal and fraudulent concessions after October 1970. Curiously, Mr. Anderson left Vietnam in October 1970. The investigation, for some reason, focuses on the period after Anderson left Vietnam. USO's unwillingness to thoroughly investigate Anderson's tenure in office suggests that a coverup has occurred.

I also believe that it is completely unrealistic for USO to claim that only \$5,000 worth of goods was misappropriated. The number of vehicles, air conditioners, and other equipment stolen and black marketed by USO employees was clearly valued at far more than \$5,000. One vehicle provided by the USO to a Vietnamese singing group according to a former USO employee was valued at \$10,000. All of the witnesses to whom I have spoken consider corruption within the USO widespread and pervasive. It seems to involve almost every form of corruption and I believe it would be more realistic to describe losses of USO property in terms of hundreds of thousands of dollars rather than \$5,000.

I also think that it is inaccurate and unfair for USO President Maj. Gen. Francis Sampson to assert that no USO serviceman was defrauded in Vietnam. The USO's report clearly indicates that USO employees ran a phony mail-order scheme that defrauded our GI's. General Sampson should comment or honestly admit that some GI's have been cheated.

Mr. Speaker, I have also learned from independent sources that a Defense Department investigation of alleged USO corruption, now underway, will probably contradict some of USO's findings. I have also been informed by officials of the Department of Defense that the DOD's investigation may lead to criminal indictments against some former USO officials. The Department of Defense officials have assured me that the Defense Department's investigation will be more thorough than the USO report. In addition, the Pentagon is working with the Internal Revenue Service and a criminal division of the Justice Department in connection with the investigation.

It is also interesting to note that the USO report contradicts the results of a preliminary investigation by the Inspec-

tor General of the Army. That preliminary investigation found that "certain USO personnel were using and trafficking dangerous drugs and narcotics" and that USO abused privileges granted by the military. I am most concerned about these obvious contradictions between USO's report and the findings of the Inspector General. Either USO's report is incomplete, or the organization is contradicting the conclusions of an official Department of the Army investigation.

The USO should respond to all the specific allegations which have been publicly released. There are a large number of specific points which the USO has glossed over in its report.

The USO should also make all documents and reports connected with the investigation available to the public for close scrutiny. Members of Congress, members of the press, and the general public should have an opportunity to thoroughly review USO's own investigation.

Until all the facts are known, doubts will remain about the effectiveness of USO's investigation, particularly in view of the contradictions, coverups and omissions which have already been found.

Mr. Speaker, USO has an important function to fulfill in serving our GI's, particularly those men serving overseas. While I am confident that the vast majority of those people working for USO serve only the best interests of our fighting men, it is imperative that all individuals who either participated in direct corruption or were clearly negligent and derelict in their duty, should be removed by the organization.

TEXAS HOSPITAL ASSOCIATION'S CREDIT UNION HAS INCREASE OF OVER 60,000 PERCENT

(Mr. PATMAN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PATMAN. Mr. Speaker, when a credit union can show asset increases of more than 60,000 percent in 1 year, then it is indeed a newsworthy event.

That is exactly what happened to the Texas Hospital Association Credit Union.

When the credit union opened on September 1, 1970, it had \$190 in assets. By the beginning of 1971, the credit union had increased its assets to more than \$6,000. And at the end of 1971 its assets were more than \$381,000 which represented an increase of 6,066 percent in 1 year.

When the credit union started, it had only 14 members. But now the credit union has over 3,300 members employed in 82 member hospitals throughout the State of Texas.

And the credit union is not sitting on its money. It has lent more than \$374,000 to its members and recently paid a dividend of 4 percent—a one-half percent increase over its previous semi-yearly dividend.

While the tremendous growth of the Texas Hospital Association Credit Union is an outstanding example of the popularity of credit unions, it is only one example of how well credit unions have

been received across the country. Each month hundreds of new credit unions are chartered and thousands of new members are attracted to these worthwhile institutions whose motto has always been, "Not for profit, not for charity, but for service." It is this kind of philosophy that has helped credit unions grow and enabled them to better serve more than 23 million Americans. I am enclosing in my remarks a copy of an article that appeared in THA, a monthly publication of the Texas Hospital Association, describing the progress of that association's credit union.

SHOWS RAPID GROWTH: PROGRESS REPORT

"Six thousand, sixty-six per cent" is not the loan interest rate, it's the growth rate for your Association's fastest growing service, the THA Credit Union. In 1971, the Credit Union experienced this phenomenal rate of growth increasing from \$6,290.60 to \$381,641.87 in assets.

The rapid growth of the Credit Union is due to the enthusiastic support from the entire THA staff, especially, Executive Vice President, O. Ray Hurst, the Credit Union Board of Directors chaired by William Cotner, and the representatives of the individual hospital.

The THA Credit Union became a reality on September 1, 1970 when 14 THA Staff members deposited \$190.00. Since that day the Credit Union has continued to flourish and there are now over 3300 employees from 82 member hospitals actively participating through payroll deductions. Those 3300 members have deposited more than \$394,000.00 in the Credit Union. The money which has accrued in share balances has filled an actively demonstrated need. This is indicated by the fact that more than \$374,000.00 has been loaned to Credit Union members during the same period.

The rapid growth and health of the organization was recognized by the Board of Directors through the voting of a 4% dividend at the end of December. This was an increase of one-half percent over the previous dividend paid in June. As growth of income continues, this dividend will be increased in size.

Membership in the THA Credit Union is available to employees and medical staff members of all THA member hospitals where a Credit Union does not now exist. Hospitals that are interested in offering this benefit to their employees may obtain detailed information from Dan Cervenka, Manager, THA Credit Union, P.O. Box 4562, Austin, Texas 78765.

THE 125TH ANNIVERSARY OF THE NORTH SYRACUSE BAPTIST CHURCH

(Mr. HANLEY asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HANLEY. Mr. Speaker, I rise today to bring to the attention of our colleagues the occasion of a most significant anniversary in central New York—the 125th of service to God and country of the North Syracuse Baptist Church.

This notation is particularly worthy at such times when institutions of every type and purpose are under the pressures of rapid change which challenge not only their outward structure but their bedrock principles as well. Whether it is a social escalation impelled by technocratic advances or a counterculture movement stripped of its veneered superficiality, there can be no meaningful change without retention and absorption of the basic

elements of a divinely guided brotherhood.

Our Nation itself, pioneered in God's name and guided in His Spirit, observes the special status which the religious conviction and principle have in the conduct not only of personal affairs but also in the life of a pluralistic society. Thus we have, as a government, assured our people their unalienable right to freely worship their chosen divinity. Symbolic of this mutual dependence, the flag of our country, flown over this very Capitol, flies beside the Christian flag at the entrance to the North Syracuse Baptist Church.

Upstate New York had just lately emerged from its forest wilderness when the Reverend William H. Delano led the first congregation of 28 souls in prayerful dedication for the precursor of the present North Syracuse Baptist Church. Truly a mission amid the fields, the Plank Road Baptist Conference of 1844 grew as the area grew. Second generation colonial homesteaders were joined by newly arrived immigrant populations and the congregation reflected the dynamics of a burgeoning community. From its first wood stove-heated and oil lamp-lighted structure the church grew with America as it rounded the mark into the 20th century. To its credit and through the dedicated service of her pastors and the laity, the church today is blessed with vigor and vitality, under the leadership of Pastor Edward H. Stady and his associate, Rev. Dr. James D. Arthur. Nothing more typifies the history of this church and congregation than its own anniversary motto—"Changing Years—Timeless Truth." Through its active youth and young adult projects and its radio ministry, as well as its general membership activities and programs, North Syracuse Baptist Church has truly sought to preach and teach the "whole counsel of God" with a relevance to contemporary mores inspired by the ageless message of the Bible.

I think it most fitting again that we take note of this 125th anniversary and extend the best wishes of this body to the congregation and with it many more years of fruitful and productive service to God, their membership, their community, and their Nation.

COMMENCEMENT ADDRESS AT UNIVERSITY OF NOTRE DAME BY PRESIDENT KINGMAN BREWSTER, JR., OF YALE UNIVERSITY

(Mr. BRADEMAS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BRADEMAS. Mr. Speaker, I insert at this point in the RECORD the text of a most thoughtful and provocative address delivered by the distinguished President of Yale University, Kingman Brewster, Jr., on May 21, 1972.

The address was delivered at the commencement exercises at the University of Notre Dame.

The text follows:

TEXT OF COMMENCEMENT ADDRESS AT UNIVERSITY OF NOTRE DAME BY PRESIDENT KINGMAN BREWSTER, JR., OF YALE UNIVERSITY, MAY 21, 1972

We meet at a time of extreme hope and extreme fear. Our hopes are that the Presi-

dent of the United States may have some hidden agenda for peace.

Our fears are that he may really believe his publicly asserted agenda for avoiding defeat at any cost in this misguided war.

Even the President of the United States is entitled to a presumption of innocence. But that presumption will ultimately be vindicated or rebutted by events. Most particularly it will be adjudged by the results of his stated hope for rapprochement with other major powers, particularly the Soviet Union and the People's Republic of China.

Anyway, you who are my captive audience by dint of your desire to receive your degrees from the hand of Notre Dame's distinguished President, deserve better from me than my amateur speculations about what "he" is up to. In the great headline on a column in the New York Times, "I wonder who's Kissinger now?"

Whatever the outcome of present international operations, there is a deeper tragedy for our country in the divisions which have been cleaved into our national community by the style and the process of Presidential decision. Once it is claimed that "if you are not for me you are against me," it becomes hard to restore mutual tolerance. When this all-or-nothing-at-all attitude becomes: "if you are not for me you are against my office," the cleft cuts deeper. When it is asserted that "if you are not for me you are against our country," the bone as well as the sinew of the nation may become fractured beyond mending.

This tragedy is more fundamental than the rights or wrongs of the policies of the moment. For once disagreement is consciously aggravated by the disparagement of motivation; once disapproval is wilfully rubbed with salt, it will fester into distrust. A mutually distrustful community, a mutually distrustful nation cannot be held together. This is the tragedy which will outlast the moment, unless somehow it again becomes possible to accept disagreement as the natural order of a free society. This must include room for disagreement with the President of the United States.

HOLD FAST TO CONSTITUTIONAL VALUES

My message to you who are graduating is to hold fast to what I would call constitutional values. Only if we can restore a fervent allegiance to the ethic of the Constitution of the United States is there hope that we might repair the deep divisions, disapprovals, and distrust which have been sown throughout the land by the "if you are not for me you are against our country" rhetoric of the President, the Vice President, and other administration spokesmen.

The Constitution of the United States is a charter which was designed to provide a process for orderly diversity of interests and views. Its spirit, its allocation of powers, and its procedures were an inspired vision and an ingenious design to permit a diverse and scattered people to work out their destiny without resort to the dictate of the tyrant on the one hand or the disarray of fratricidal squabbling on the other.

Now if we would restore the ethic, the rationale, the values of the Constitution we cannot expect it to be done for us adequately by any of the branches of government. There are severe limitations on what we can expect of the executive, the legislature, or even the courts. These limitations are much more severe today than they ever have been before.

Mr. Nixon is not the first, nor will he be the last, president to be impatient with constitutional limitations on his power. I awoke to social, political, and public consciousness during the New Deal. The exuberant Franklin Roosevelt had little patience with the niceties of constitutionalism. This was most dramatically demonstrated by his nefarious court-packing plan. But his legal latitudinarianism applied also to national security policy, when he requested his Attorney General to ration-

alize his fifty-destroyer deal as an exercise of the executive power. His whole purpose was to bind the destiny of the country to the United Kingdom before public opinion or the Congress was ready for it.

The spunky President Harry S. Truman had to be slapped down by the Supreme Court when he tried by the stroke of a pen to seize the Steel Industry without legislative authority.

Certainly Richard Nixon has been impatient with constitutional strictures to the point of urging the Congress to impose a moratorium on the powers of the courts to carry out the Constitution's mandate for equal protection of the laws in the matter of school desegregation.

In my personal recollection Dwight Eisenhower was perhaps the only President who showed a temperamental deference to the overriding commands of the Constitution. Apparently he really believed in the separation of powers. Despite screaming pleas from the left for "leadership" he left it to the Senate to handle their own miscreant member, Joseph McCarthy. Even though it was not his social preference, he did not hesitate to carry out the spirit as well as the letter of the Supreme Court's constitutional interpretation when he ordered Federal troops into Little Rock.

But the purpose of this recital is not to compare one President with another. It is simply to point up the fact that the chief executive cannot be relied upon to defer to the constitutional ethic when it inhibits his own perception of immediate national interest.

How about the Congress? The record is not much more reassuring. Historians of the New Deal will remember that the Congress flaunted its "what the hell" attitude toward the Constitution when it passed the Bituminous Coal Act—the so-called Guffey Act—despite serious questions about its constitutionality, following the Supreme Court's declaration of the unconstitutionality of the National Industrial Recovery Act.

Under the pressure of red-baiting the Congress was equally reckless in its "Constitution-be-damned" attitude when it overrode President Truman's veto, on constitutional grounds, of the outrageous McCarran Act which cast aside the first and fifth amendments as far as the Communist Party was concerned.

More recently the champions of the military, Congressman Rivers and Congressman Hébert, urged the Attorney General to prosecute draft resisters whether or not the Department of Justice felt that such prosecutions would overstep constitutional bounds. Now the champions of the anti-busing moratorium, prodded by the President and his Secretary of Health, Education, and Welfare, do not seem inhibited by the grave constitutional doubts about the power of the Congress to deprive the courts of the remedies which they think appropriate to undo unlawful segregation of public educational facilities.

Of course we have all grown up with the notion that the most alert constitutional vigilance and the most reliable constitutional protection lies with the courts. So it does. But that too has changed mightily since I was growing up. The same judicial self-restraint taking its cue from Justices Brandeis and Holmes, which opened the door to economic legislation in the thirties, has reappeared in the name of "strict construction" to fortify a new judicial conservatism which asks us to tolerate wire-tapping and no-knock powers to intrude upon the private life of the suspect citizen in the seventies.

In short, there are many constitutional values which are of deep and pervasive importance to the quality of a free society which cannot be assured if the citizen relies solely on the courts.

The capacity of the judiciary to vindicate constitutional values in today's society faces

two other very significant extensions of federal power. Both defy judicial review.

The first is the enormous extension of the federal spending power. The second is the enormous extension of the presidential power in foreign and national security affairs.

Even if you do not live in public housing, the roof over your head is likely to be held up by a federally guaranteed mortgage. Your education is likely to be dependent upon federal grants-in-aid. If you are unemployed, your compensation check is dependent upon federal legislation. Your health is increasingly paid for by federal aid, either directly by subsidized insurance or indirectly by grants or loans for medical facilities. The chances are that your business depends heavily on government contracts.

In short what you can do, how you can live is determined increasingly by whether or not you can qualify for federal help. If that help is denied, the burden may be just as great as though you were subject to federal restraint or subject to a federal penalty. Yet by long standing judicial interpretation, the ability to receive a government payment or a subsidy is a privilege, not a right. Abuse of the spending power is very, very hard to challenge in court. The taxpayer certainly has no way to get into court just because he thinks that the federal fisc is being spent in an unlawful or unconstitutional manner.

CLOSE TO HOME

This is not just the abstract rumination of an ex-law professor. It is quite close to home for anyone responsible for the affairs of a university today. There is the constant threat that because we receive federal grants or contracts or fellowships or loans, the Congress will use the spending power to blackmail us into conformity to policies and preferences which they would have no power to impose by federal regulatory or criminal law.

We came within an ace of having to impose disciplinary standards dictated from Washington if we would received federal scholarship aid. Such was the amounting demand in Congress two years ago for federal action aimed at what was politely called "student unrest." Actually this tide was stemmed by the White House in large part because the President of this University persuaded the Governors' conference and President Nixon to withstand Governor Reagan's impatience with campus self-determination. That was during the twilight of the sixties.

Now, in the seventies, we have the effort of the House Subcommittee on Higher Education to impose admissions requirements whereby any institution would lose all its federal support, medical, scientific, as well as student aid, if it refused to remove all consideration of sex from its admissions decisions.

Perhaps most outrageous to both the national security interest and to academic freedom is Congressman Hébert's proposal to deny all defense research grants and contracts and all enrollment of military personnel to any college or university which has decided to abandon its Reserve Officer Training Program. The merits of R.O.T.C. are not my point, it is rather that there may very well be no way whereby a deprived institution could test whether the discrimination against it was a "reasonable classification" as the constitutional lawyers would say. If, for instance, there were a federal tax law which taxed institutions because of their failure to have military training programs, then the reasonableness of the imposition could be tested. When that "tax" takes the form of the withholding of the chance to do defense related research, there is no legal recourse.

In short, all the apparatus of judicial review which governs criminal and regulatory law may very well be unavailing when the spending power is involved. Yet we all know that the ability to receive assistance, especially when you are competing with those

who do, may be just as real an exercise of power as the imposition of prohibitions and penalties. Now that federal bounty pervades all activities, the "money license" may be a more general nexus between the citizen and the state than all the federal criminal law put together. Yet its exercise is for the most part beyond the reach of constitutional safeguards against abuse.

PRESIDENTIAL DISCRETION

The other development spurred by the necessities of the world we live in is the enormous extension of presidential discretion in foreign and national security policy. Even a most constitutionally scrupulous President cannot be expected to wait upon the niceties of congressional debate if he feels that urgent national self-interest requires immediate action.

The bind comes, of course, when his perception of the nation's interest is at odds with public opinion. It is not easy to balance the responsibilities when a President is convinced of the necessity for an action which might not command Congressional support. If he feels that imperative national interest, even survival itself, is at stake, can he be blamed for biting the bullet as the saying goes? At the same time the Constitution foresaw that a free people will not long be reliable under the lash of personal sacrifice unless there is a widespread confidence that this sacrifice was called for by a genuinely popular will expressed by the people's representative in Congress.

The balance is one of political judgment, not abstract principle. In striking this balance the Supreme Court has been properly reluctant to second-guess the Commander-in-Chief.

We cannot wish away the facts of life which have taken so much of federal power beyond the recall of judicial review. An economy like ours cannot be either productive or just without a massive federal spending power for the general welfare as well as for the common defense. No nation in a world like ours can fail to widen the executive discretion to respond to threats to the national security.

Where, then, are we to look for the vindication of the values and ethic of the Constitution; especially in those areas which lie beyond the feasible power of the courts; particularly if we cannot count on legislative self-restraint or upon the constitutional sensibility of an impatient executive?

A PUBLIC CONSTITUTIONAL CONSCIENCE

A public constitutional conscience and a popular capacity for constitutional outrage is, I submit, the last best hope for a free society in a complex and terrifying world. This, in turn, will depend greatly upon the constitutional sensitivity of those of each generation who have had the privilege of an education which has been concerned with not only the history of the struggle for fairness, but also with the yearning and frustration and triumphs and failures of the human spirit.

Those of you who have been brought up to believe in a natural law which transcends the fallibility of man may have a special obligation to keep alive a constitutional conscience which is not measured or limited by prediction of what a court will do.

By constitutional conscience I mean especially two precepts: first, the presumption of innocence; second, the accountability of power.

Both are terribly vulnerable right now. Both lie deeper and reach beyond the legal process.

The presumption of innocence is not just a question of criminal guilt. It is an attitude which is willing to believe the best of your fellow men until the contrary is proven beyond doubt, not just in a courtroom but in all human relationships. Most particularly it gives the benefit of the doubt to those who

are set upon by accusers, especially official accusers. It does not impute base motives to those who disagree. It leaves a generous room, not only for reasonable disagreement, but for error and mistake.

The insistence on the accountability of authority is also more fundamental than the fine print of legal strictures. It is concerned with the spirit in which power is exercised. Noblesse oblige is no substitute for the willingness of governors to take into serious account the feelings and opinions of the governed. Most important it presupposes an openness and disclosure, so that those affected by the exercise of authority may decide whether or not they are in fact satisfied with what has been done to them, for them, or in their name.

A MORAL CONVICTION

Both of these precepts—the presumption of innocence and the accountability of power—rest ultimately upon a moral conviction that the individual human being is endowed with a dignity which must be protected from unfairness, and is entitled to have a say in his own destiny. Authority, even the authority of the majority, must not be allowed to rise above this ultimate moral concern.

Many of you, and many of your faculty, and Father Hesburgh and I, are today profoundly upset by the flouting of the presumption of innocence. We are called knaves by those in authority because they resent our opposition. It would be enough if they called us fools; but somehow the compulsion of politics has so corrupted compassion that we should be called not wrong but wicked. This is the deep insult, not to us personally, but to the process which was designed to ensure the freedom of mutually respectful disagreement.

And many of you, many of your faculty, and your University's President and I, are deeply disturbed by a self-righteousness which seems to assume that benevolence can be an excuse for high-handedness, if not dictatorship. This is a challenge not to our person, but to everything we were taught to care about in the elementary civics of constitutionalism.

As you go forward from this place, make it your job to remind the Republic of its origin, and to insist that fallible men must not judge each other quickly or impatiently. Insist also that those who do, and must, have the authority of government shall remember that they do derive their just powers from the consent of the governed.

Upon you, and others like you, will depend the vitality of our nation's Constitutional conscience.

Mr. Speaker, I insert also the text of an article by Tom Wicker published in the New York Times of May 23, 1972. Mr. Wicker's article was based on Mr. Brewster's address. Both Mr. Brewster and Mr. Wicker received honorary degrees from the University of Notre Dame on this occasion.

Mr. Wicker's essay follows:

THE GUARDIAN CRITICS

(By Tom Wicker)

SOUTH BEND, IND.—Any astute commencement speaker knows that he or she cannot expect today's college seniors to sit still for the old-fashioned inspirational bilge that used to be pumped from every graduation platform in the land. Yet, at the University of Notre Dame's commencement exercises Sunday, the seniors gave a standing ovation to their valedictorian, William G. McElroy Jr., of Silver Spring, Md., when he said that he had "a feeling of hope" that he and his classmates would find in the search for honor "a spark in our lives" and in the struggle against evil a "profound duty."

Mr. McElroy—one of four seniors to achieve

a remarkable 4.0 grade level for his years at Notre Dame—was not of course being merely inspirational; he said he had resisted faculty advice to sprinkle his speech with “glittering matter” and “empty slogans.” He was, in fact, condemning contemporary America for “abandonment of the pursuit of honor,” for “self-regard” rather than “self-giving,” and for using its technological power not for the advancement of mankind but to make war, pollute the atmosphere and render its cities unlivable.

Nevertheless, these remarks—heard in rapt silence and thunderously applauded—were certainly not revolutionary, in the political sense. Mr. McElroy spoke of a future in which he and his classmates would be “lawyers, doctors, businessmen”; and it was in that mundane prospect—not in some millenium—that he defined their task: “striving for justice and honor in a world that is evil.” Traditional American idealism rings in those words; they are a summons to old but slighted values, not to some new system or concept.

In fact, it is not necessarily true that the sharpest critics of modern American life are the strongest advocates of change, in contrast to the super-satisfied who advised them via bumper stickers to “love it [presumably as it is] or leave it.” On closer examination, some of these defenders of the status quo appeared to support the greatest changes from historical or fundamental concepts, while the critics more nearly proclaim old, if half-forgotten, values.

This phenomenon of the critic as conservative—as guardian rather than evangelist of the new—was equally evident in the commencement address of Kingman Brewster, the president of Yale. Mr. Brewster has been a strong critic of many recent developments, and so he was at Notre Dame—raking President Nixon, for example, for a policy of “avoiding defeat at any cost in this misguided war” and for proclaiming, in effect, “if you are not for me you are against our country.”

But Mr. Brewster's real message was the necessity for preserving “constitutional values”—which he said could not be done by the executive, the legislative or even the judicial branches, but ultimately only by “a public constitutional conscience and a popular capacity for constitutional outrage.”

Thus, Mr. Brewster urged upon his listeners a constant concern for two precepts—both of which are of the warp and woof of American tradition: “first, the presumption of innocence; second, the accountability of power.” Both, he said, “rest ultimately upon a moral conviction that the individual human being is endowed with a dignity which must be protected from unfairness, and is entitled to have a say in his own destiny. Authority, even the authority of the majority, must not be allowed to rise above this ultimate moral concern.”

So, he told the Notre Dame graduates, “as you go forward from this place, make it your job to remind the Republic of its origin, and to insist that fallible men must not judge each other quickly or impatiently. Insist also that those who do, and must, have the authority of government shall remember that they do derive their just powers from the consent of the governed.”

That is the true voice of the American constitutional conscience; yet, somehow, those who say such things today are apt to be labeled “dissidents” or even “radicals” or charged with aiding an enemy—while those who want to shortcut the law or “turn loose” the police to put more people in jail, and those who insist that patriotism requires total support for anything President Johnson or President Nixon might do as Commander in Chief, proclaim themselves most concerned for their country and advise others to love it or leave it.

Therefore, it is not always true that the

sharpest critic advocates the greatest change—not, at least, if the starting point is the Constitution of the United States and the context is that of the traditional American values. These may always have been honored mostly in the breach, but they once gave the nation an ideal of itself—an ideal to which it is necessary, not revolutionary, to cling.

S. 659 A TRULY BIPARTISAN MEASURE

(Mr. BRADEMAS asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. BRADEMAS. Mr. Speaker, on June 8, 1972, the House approved and sent to the President for his signature a landmark higher education measure that not only will extend all existing Federal higher education programs, but will add several new programs of salient importance to the future of American higher education. I refer, of course, to the provisions of the conference report on S. 659 creating a new program of direct assistance to colleges and universities, and in addition inaugurating a new system of basic educational opportunity grants for students from both middle-income and low-income families.

At that time, Mr. Speaker, I noted that the measure enjoyed wide, bipartisan support in both Houses, and called attention in particular to the presence of several programs in the final version of the bill that were originally proposed by President Nixon.

Today, Mr. Speaker, I include in the Record that portion of the Democratic Policy Council's report to the 1972 Democratic Platform Committee, which addresses itself to higher education.

I am pleased to note that many of the programs recommended in the Policy Council's report have already received congressional approval in the measure sent to President Nixon this month. This serves to further illustrate, Mr. Speaker, that the bill that won our final approval represents good policy and is truly a bipartisan measure that deserved our enthusiastic support.

The report follows:

HIGHER EDUCATION

We firmly support universal access to opportunities for post-secondary education. The demands and complexity of contemporary society make it imperative that post-secondary opportunities be universally available. It is imperative too that the American system of higher education continue its tradition as an open system, and not be closed just at that point in time when so many more young people wish to enter it. Thus, the following goals are recommended for federal higher education policy:

Increasing equality of opportunity. The American education system, particularly its colleges and universities, has always been an important path toward social and economic advancement and upward mobility. This movement and the resulting lack of rigid social structure from one generation to the next have been important contributors to the strength of American society. Despite tremendous increases in the size of the higher education system and the level of government resources flowing into colleges and universities, the enrollment opportunities for students from low and moderate income families are significantly constrained at a

time when higher education is increasingly a necessary requirement for mobility and when social and economic mobility are increasingly important for the maintenance of our social fabric.

To narrow the gaps in educational opportunity, federal higher education policy should increase the proportion of low and moderate income youth who both enroll in college and eventually graduate. Federal policy should also seek to make the distribution of these students among public and private, and two and four year institutions approximate that of students from more affluent families.

Increasing the quality and diversity of the higher education process. The products of American education, particularly its colleges and universities, are important sources of economic social strength and the advancement of the society. The quality and quantity of these human products significantly influence the composition of the nation's highly skilled manpower pool. As the society moves toward the final quarter of the twentieth century, its demand for highly trained manpower will persist. More importantly, society is beginning to confront a range of social, economic and environmental problems for which it is shamefully unprepared. If these problems are to be successfully attacked, a new range, quality and quantity of educational products, both graduates and knowledge, must come from the nation's educational system. The demand for these products and the need come at just the time colleges and universities are retreating from an active period of expansion and creative development.

To combat this retreat, federal higher education policy should seek to increase the number and kinds of individuals who receive a college education and the quality of the education that they receive. Federal policy should stress that educational quality should be measured along a wide variety of dimensions.

Stimulating reform in the higher education system. If college and universities are to serve new and diverse groups of students and if they are to produce new levels and varieties of educational outputs, it is clear that existing institutions must reform and new kinds of institutions must be nurtured. Reform or changes should not be attempted for its own sake, but in order to make higher education better serve its clientele—both students and the society-at-large—through teaching, research and public service. Without federal resources, reform and change are unlikely to occur within the higher education system.

To stimulate reform, federal higher education policy should seek to increase the resources that are available for institutional reform, change, and development. These resources should not be restricted either to existing institutions or existing educational technologies.

The following programs can help achieve the urgent goals of the seventies. Each requires new directions in federal support and might best be served through imaginative new cooperative arrangements between federal and state governments.

A PROGRAM TO EQUALIZE OPPORTUNITY

Direct grants to students based on family income and college cost.

Guaranteed access for all students to loan funds which have long-term repayment periods and some form of insurance against low future earnings.

Regulated vouchers to federally-aided students for supplementary and compensatory educational activities in order to enable them to compete with other, more highly prepared students.

Grant supplements to institutions based on their enrollment of federally-aided stu-

dents. These grants would aid all institutions enrolling aided students, and in particular would increase the attractiveness of these students to selective colleges and universities.

Contingent loans to institutions with repayment based on the amount of federal student grant funds expended. These loans will encourage the development of new institutional capacity.

Federal incentives to states to better equalize tuition charges between public and private institutions.

Funds to foster a new partnership between post-secondary, secondary and primary school education to concentrate on the problems of the educationally-disadvantaged and provide new patterns for learning. This arrangement would hopefully insure greater success of the educationally disadvantaged when they enter colleges and universities and utilize new techniques of teaching and performance evaluation.

A PROGRAM TO IMPROVE THE QUALITY OF THE EDUCATIONAL PRODUCT

Direct grants to colleges and universities wishing to develop new programs or new levels of capacity.

Guaranteed access to loan funds for colleges and universities that have long-term repayment periods in order to further encourage institutions to expand or develop new programs.

A PROGRAM TO STIMULATE REFORM

The best method for stimulating reform and equality and quality in higher education is to encourage institutions to experiment with new styles of educational activity. In addition, the federal government should support, through project grants, a wide range of higher education experiments. The experiments should include:

Alternative student and institutional financing mechanisms;

Alternative educational technologies;

Alternative programs that serve new kinds of students and encourage needed innovations including:

Changes in admissions policies to make them more responsive to students traditionally left behind.

Development of broad opportunities for lifelong learning.

Reforms in academic calendars to allow degrees to be obtained more quickly; to allow students to gain access to post-secondary opportunities throughout their adult years; and to encourage "stopping off" during the higher education experience.

Efforts that foster inter-institutional cooperation, in planning, use of physical and academic resources, and public service programs.

Efforts to improve institutional management, planning and budgeting.

In summary, federal policy should also identify and assist specific categories of institutions in need of special institutional support, e.g., predominantly black institutions and developing institutions, particularly new community colleges that offer comprehensive academic and vocational programs.

A WARM TRIBUTE TO THE LATE KATHY WHITE, A LOVELY AND LOVING LADY, AND WIFE OF OUR COLLEAGUE, THE HONORABLE RICHARD WHITE

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, in the course of a briefing for congressional wives held at the State Department on June 9, 1972, some very eloquent and moving remarks were made in eulogy to the late Kathy White, beloved and charming wife of our distinguished col-

league and friend, the Honorable RICHARD "DICK" WHITE, who left us all too suddenly and all too soon.

Mrs. Pepper, who was privileged to attend this occasion, was deeply moved by the beautiful tributes to her dear friend, Mrs. White, and at her request I am honored to have the privilege of putting in the CONGRESSIONAL RECORD the warm comments of high regard made by David Abshire, congressional liaison aide for the Department of State, and by Mrs. Dorothy Hungate, whom we all know as the gracious wife of our distinguished colleague and friend, WILLIAM "BILL" HUNGATE. I feel sure that Kathy's multitude of friends on the Hill and elsewhere would want to participate in this emotional and deeply moving experience:

STATEMENT BY DAVID ABSHIRE

We now turn to the tribute to Kathy White. As you know, a few months ago, Kathy died accidentally, and Kathy made a tremendous contribution which will live on as long as these briefings continue, and I am sure they will continue as long as the State Department continues. It was through her initiative that the periodic State Department briefings were initiated and I want to, in just a minute, call on Dorothy Hungate, wife of Congressman Bill Hungate of Missouri, to make that presentation. She was Kathy's friend and colleague in the 89th Club. We are very happy to have with us this morning, Congressman White, Dick, and his three sons—Rod, Richard and Raymond. And now I call on Dorothy Hungate.

STATEMENT BY MRS. DOROTHY HUNGATE

Kathy was a beautiful person, she possessed physical, mental and spiritual beauty. I don't believe I have ever known anyone who loved life more, lived it more fully, more joyfully. Kathy truly loved people and she had that special ability to show them that she cared. Thousands of American women pay lip service to the collect of the General Federation of Women's Clubs—Kathy lived it.

Keep us, oh God, from pettiness. Let us be large in thought, in word, in deed. Let us be done with fault-finding and leave off self-seeking. May we put away all pretense and meet each other face to face without self-pity and without prejudice. May we never be hasty in judgment and always generous. Let us take time for all things. Make us to grow calm, serene, and gentle. Teach us to put into action our better impulses, straight-forward and unafraid. Grant that we may realize it is the little things that create differences; that in the big things of life we are as one and may we strive to touch and to know the great common human heart of us all, and, oh Lord God, let us forget not to be kind.

Kathy's first love—the most important thing in Kathy's life, was her family—Dick and their three sons. If you have not read Dick's tribute to Kathy which was printed in the Congressional Record of May 2nd, I hope you will. It was the most beautiful tribute I have ever read. In these few moments I have this morning, I would like to talk a little bit about the Kathy I knew. Our friend, the busy, happy Congressional wife.

My first memory was her warm friendliness to me when I came a stranger to the 89th Club in 1967. Many, many times I observed the special attention and friendliness she showed to those who were new in the group, whether it was the Congressional Club, the International Club, the Women's Prayer Group, wherever she went she generated warmth, joy and love. As I knew her more, I discovered her delightful sense of humor and her quick wit. Kathy was extremely talented, highly intelligent and well-informed, a truly concerned and aware individual. She gave so much of herself to others.

She touched so many lives. She seemed so delicate and fragile. Yet she did so much. I keep thinking of these lines of Edna St. Vincent Millay: "My candle burns at both ends. It will not last the night, But Ah my foes and Oh my friends, it makes a lovely light." Kathy shed a lovely light which continues to glow in the hearts of all who knew her. All of us who loved her feel diminished by her death, but how much richer we are for having known her. In closing I would like to read a few lines from "Tears and Laughter" by Kahlil Gibran.

"Let me sleep, for my soul is intoxicated with love, and let me rest, for my spirit has had its bounty of days and nights; . . . Let me rest in the arms of slumber, for my open eyes are tired; Let the silver-stringed lyre quiver and soothe my spirit; . . . Dry your tears my friends and raise your heads as the flowers raise their crowns to greet the dawn. . . . I have passed a mountain peak and my soul is soaring in the firmament of complete and unbound freedom; . . . and can hear naught but the music of eternity in exact harmony with the spirit's desires. . . . I am in comfort—I am in peace. . . . Disturb not the air's tranquility with chanting and requiem, but let your hearts sing with me the song of eternal life; . . . Talk not of my departure with sighs in your hearts; Close your eyes and you will see me with you forever more. . . . Leave me to God and disperse yourselves slowly as the almond and the apple blossoms disperse under the vibrations of the spring breeze. . . . Go back to the joy of your dwellings and you will find there that which death cannot remove from you and me."

THE PAST, PRESENT, AND FUTURE OF CUBA

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, my good friend and a distinguished news commentator in Miami, Dr. Manolo Reyes, on June 9, 1972, testified before the National Democratic Committee platform hearing in Atlanta. His description of the past, present, and future of Cuba is both knowledgeable and deeply thought-provoking. I am certain my colleagues will find his statement interesting and enlightening. Therefore, Mr. Speaker, Dr. Reyes' address appears in the RECORD immediately following my remarks:

SPEECH BY DR. MANOLO REYES, LATIN AMERICAN NEWS DIRECTOR, WTVJ

Mr. Chairman, distinguished members of the Platform Committee of the Democratic Party, ladies and gentlemen:

I am a Cuban national and it is indeed a privilege and an honor to be here today, before you, testifying about the dramatic Cuban situation and the military build-up of the Soviet Union inside my country, Cuba. Be assured that I come before you, as I have done seven times in the last two years to testify to the United Congress and the Organization of American States about this matter, with representation of no one. Because I do not represent the Cuban people. I do not have their consent. And be sure also, that I do not come here to beg for Cuban freedom, because freedom cannot be implored, but demanded.

Up to now the dead ones have been the Cuban people, before and after the Bay of Pigs expedition.

The exceptions to this statement are a United States Air Force Major that was shot down over Cuba by a Russian built missile while flying a U-2 plane during the missile crisis, a number of Americans that have been executed by the red regime of Havana and four American flyers that were shot down

over the Bay of Pigs because they did not want to abandon the Cuban freedom fighters on that beach.

My presence here is a new proof of the traditional friendship between the United States and Cuba.

My people are now suffering the worst tyranny ever imposed on a nation in the Americas since they were discovered. In 13 and a half years that the communist regime has been in Cuba, approximately 33,000 Cubans have been executed in front of the firing squad. There are about 85,000 political prisoners in Cuba, one million Cubans have been forced into exile throughout the world, out of which some 800,000 are now in the United States, and seven million people are inside a big concentration camp called Cuba from one end of the island to the other.

My country was facing a less tyrannical situation at the end of the last century, but nevertheless the Congress of the United States produced a Joint Resolution in April of 1898 saying that the Cuban people had the right to be free and independent. After that, Americans and Cubans joined together to fight for Cuban freedom. As far as I am concerned the Joint Resolution still stands since it has not been superceded.

Now, with a communist regime entrenched in the heart of the Hemisphere the situation is more serious and dangerous, and as the French say "Laissez faire, Laissez passer" will get us nowhere.

On August 7th, 1962, I disclosed that there were 5,000 Russian soldiers in Cuba. The story was officially denied saying they were not soldiers, but technicians. Twelve weeks later we had the missile crisis of October 1962.

On April 28, 1969 I denounced on television and other news media that there was the beginning of a new Soviet military build up in Cuba. Again, the story was denied, but three months later, July 26, for the first time in the history of my country and the Americas, a Soviet Naval squadron anchored in Cuba.

On July 27, 1971, testifying before the Interamerican Affairs Subcommittee of the House in Washington, chaired by Congressman Dante B. Fascell, I disclosed that there was a Soviet naval facility for nuclear submarines in Cienfuegos, Cuba. Two months later the Pentagon and the White House disclosed the same.

Three years have gone by since my first denouncement in April 1968, and the Soviets have sent to Cuba eight naval squadrons, the last one in May of this year. In the last visit to Nipe Bay, Oriente Province, there was a submarine called Golf Two, that carried three "Serb" missiles with a range of 750 miles. Prior to this recent visit, 11 Soviet submarines of three types have visited Cuba since July 1969 along with 30 surface vessels, including submarine tenders. Four of these submarines were Echo 2 type and each carried eight missiles called "Shaddock" with a range of 500 miles.

In a recent visit to Miami, Senator Hubert Humphrey pointed out that Soviet naval units have been making maneuvers on the Caribbean, with Castro naval units, just 30 miles from American soil, and that the Soviet military presence in Cuba is a real threat not only to the Continent but to the United States.

On May 22, it was announced that the Soviet naval units had left the Cuban ports. But the naval facilities for their ships and submarines, remained there. There also remained some 30,000 Russian troops, an international communist brigade of several thousand hard-core international communist agents and the Soviet arsenal of tank, weapons, artillery and Mig 15, 17, 19, 21 and the most advanced model of the Mig 21.

Three major airports of Cuba are in Soviet military hands, and many caves throughout Cuba have been excavated and now only house Russian military personnel.

The red regime of Havana, supported by

the Soviet Union, is the second military power of the Hemisphere. The red regime of Cuba has the moral and material support of the communist block.

In the mean time, the vast majority of the Cuban people are against the regime in power, and there are not two Cuban people, one in exile and one in Cuba. There is only one Cuban people with the Cuban family divided by an execution, by a political prison, by the sea or by hate. And the majority of the Cuban people have only the moral support of the free world. Time has come to change this situation.

At least, Cuba should be excluded from the neutrality law of the United States, and then, the Cuban people should have the moral and material support of the majority of the American Continent, in their struggle for freedom. I conclude by saying that the actual communist regime in Cuba has continued to export their so called revolution to the rest of the Hemisphere, has continued to intervene in the internal affairs of their neighbors, and their increased military ties with the Soviet Union is a real threat and a positive danger not only for the United States but for the entire Western Hemisphere.

JOSE MARTI POST, VFW

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, on May 27, I was privileged to be the guest of the Cuban American Post "Jose Marti" of the Veterans of Foreign Wars and give my remarks at their annual installation of officers banquet. The Jose Marti Post is made up of former Cuban citizens who have all joined the Armed Forces of the United States, their adopted homeland, and have gone to Vietnam to fight for the liberty they so deeply cherish.

Joining me on the dais was my good friend and distinguished news commentator, Dr. Manolo Reyes. I wish to call my colleagues' attention to the splendid statement Dr. Reyes gave expressing his admiration, in which I join, for the magnificent work done by this unique and outstanding group of men:

SPEECH BY DR. MANOLO REYES

One year ago I stood on this podium of the Cuban American Post "Jose Marti" of the Veterans of Foreign Wars, in the opening ceremonies of this prestigious organization.

Not many people can have the privilege of belonging to the Veterans of Foreign Wars. Because not many people have gone to foreign battle fields to defend with weapons in their hands the principles of God, Liberty and Country.

A year after, thanks to your nice invitation, I return to this podium, not to make a resume of your activities, because I don't have the privilege of being one of you. But to tell all of you that I have been a witness, a silent witness of all your accomplishments in such a small period of time.

Years ago, some of you were on the expedition of Bay of Pigs, some of you were for 22 months in the horrible communist prisons of Cuba, all of you joined the United States Armed Forces, and all of you have gone to Vietnam to fulfill your military duties.

Each one of the sequences you have lived in your life time is enough to make a man great.

You certainly have given more than your share as a free man.

And I am sure you are willing to do it again.

That's what makes you men of unique caliber. But each stage in life has its own modus operandi. Some people are now begin-

ning to face the roads that you have long since surpassed.

And I am sure that your example will help, encourage and enlighten them to overcome with success the difficult tasks that they will face ahead.

Because the road to freedom in life is a straight one, always ahead, never behind.

After many struggles, you are now facing a new way to freedom: Community Service.

Community Service means proper organization, good communication, and above all true help.

Community Service is the upper grade of military men.

First, he defends the community fulfilling his military duties. Afterwards, he defends his community with his personal involvement in the regular and direct help to men, women and children, living in his area. A military man, even when he is out of the service, is always a public servant. Military men have been successfully involved in community action like the Denazification of Germany, the Agrarian Reform in Japan after the second World War, the Marshall plan in Europe and now the Vietnamization in Indochina.

Believe me, a healthy nation can only be accomplished through healthy communities.

It means nothing, to either defend or conquer freedom for a community, if we are not ready to have a healthy one. Because all the efforts to obtain freedom will be wasted after freedom is accomplished.

The basic reason for life is to help others.

This post that you have formed is a wonderful bridge between your previous military efforts and the community you are now living in.

This is a testing ground for yourselves and the responsibilities that will come in the future.

If the community services are not fulfilled now, what kind of future are we going to have, here or wherever destiny will place us?

You know how to handle a platoon, a bazooka, a plane, a gun.

But do you know how to handle a community?

I have to say: Yes, I have seen a silent witness during this year and you have done a superb job.

You have been helping the migrant workers, you have been working with landscape projects in a Dade County public school, you have been giving joy, entertainment and presents to children whose parents are far away.

You are technical people on the military side . . . and are becoming technical people on community affairs.

I want to congratulate all of you for your advancements and accomplishments in this year that you have been working together on a new aspect of your capacity as public servants.

And I deeply hope that the future will bring to each and everyone of you the realization of all your dreams.

I am sure, they are dreams of freedom, dreams of friendship, dreams of mutual help.

Remember, the dreams of today are the realities of tomorrow.

But the only way to make them come true is by working together, working as a team, like you did when you were on the battlefield, as a team, with high ideals, looking up to the skies, trying to put freedom, love, justice, and friendship, where there has been hatred and anarchy . . . because all of us are, and will always be, brothers under God.

A SALUTE TO EDUCATION

(Mr. MILLER of Ohio asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. MILLER of Ohio. Mr. Speaker, education is central to equal opportunity

to our society. The Jeffersonian idea that ignorance and freedom cannot exist side by side in a democracy has given education a primary objective of seeing to it that all people have an equal chance at the starting line. Jefferson knew that the destiny of this country was inseparable from education and that education was key to the achievement of the Nation's promise. The freedoms we enjoy and the great advances we have made in nearly 180 years of nationhood have proven Jefferson to be right. Still the vessel of hope and fulfillment, education today is also the key to the Nation's, moreover mankind's, survival.

Education is also the critical element in the development of a common culture and the transmission of skills for people to function in society. The American education system is unparalleled in world history—both quantitatively and qualitatively. In large part, the success of this great venture in human growth and development has been a direct function of the kind of people who have dedicated themselves to the teaching profession. They are that adhesive force that draws not only the system, but also our country, together through their shared experiences, talents, and skills. In my judgment no manner of tribute can adequately or properly measure the contribution made by 2 million classroom teachers to the kind of life we enjoy and the Nation we live in.

PRESERVATION OF FORESTS

(Mr. GOODLING asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. GOODLING. Mr. Speaker, Americans are being pushed and shoved by self-appointed instant experts who advocate changes in specific areas of our national economic, social, and environmental life without regard for the consequences to the whole. Like blind men of the fable examining an elephant, each reaches conclusions based upon a narrow range, completely illogical and erroneous in concept.

Advocates of 180 degrees of change on the "instant" principle, create problems that will equal or surpass the ones they profess to correct.

This is particularly true in the environmental field. While one pressure group files court suits against the U.S. Forest Service to preserve trees, another group files suits to prevent spraying to save millions of acres of trees from gypsy moths which threaten to spread across the country unless immediately halted.

Cost in dollars is also mounting into millions by the delays, either in destruction of woodlands by the insects on the one hand, or by increasing housing costs due to forced shortages of lumber.

Researchers are discovering better means of controlling insect pests and plant diseases. Some of them are being tested in the field at the present time. But, until a proven method has been perfected we cannot afford to stand idly by and permit destruction of additional millions of acres of trees. It would be like refusing to use existing methods of surgery to save the life of a patient because

researchers are developing a new technique that may be available next year.

When we learn that 2 million acres of woodland in the northeastern States were denuded by gypsy moth caterpillars in 1971—twice that of 1969 and six times the 1969 average—there can be no excuse for delay in using the best controls now obtainable.

USDA has designed a comprehensive 5-year research and development program to bring the gypsy moth under control. The program contemplates making use of both biological and chemical means, while avoiding every possible environmental hazard.

Currently tests are making widespread use of a bacterial virus spray that only affects moths and their caterpillars. The chemical "Sevin" has been the principal pesticide up to now which does not have the persistent properties of DDT which has now been largely banned.

The newly developed virus spray, called BT, is being tried in New York, New Jersey, and Pennsylvania this year. Its use has also been planned for some areas of Rhode Island where the gypsy moth has infiltrated the woodlands.

USDA is also checking spread of the gypsy moth across the Nation. Some of the pests have been found as far away as Missouri, hitchhiking on mobile homes from the infested Northeastern area. The swift spread of the insects is a worry that should concern all of us. It is not something that we can shrug off, condemn proceedings being employed to contain the despoilers of our forests and woodlands, and then criticize Government for not doing something about it.

We must temper our environmental concern with commonsense. All of us want cleaner air, water, and soil. And, we are going to get it. But, we cannot instantly reverse the actions of generations. USDA is placing great emphasis on developing parasites and other natural enemies of the unwanted pests. These have been released in some of the 80 additional counties where the gypsy moth has been discovered in the past year. States include Delaware, Maryland, New York, North Carolina, and Virginia.

Until these field tests have proven successful, however, we can ill afford to sit on our hands and allow more and more of our woodlands to be destroyed. There are chemicals that are low in toxicity to humans, birds, fish and other wildlife. Effective eradication work must be pursued. A negative course is unacceptable in an age when people need more trees, not less, for recreational purposes and to generate the oxygen that counters existing air pollution.

A SALUTE TO EDUCATION

(Mr. FASCELL asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. FASCELL. Mr. Speaker, the liberating influence of education in the United States has made us the great power which we are today, and we all stand indebted to it. It has provided us with great leaders, an intelligent citizenry, and a thriving, innovative economy unparalleled in world history. What, then, is to be education's future role?

I wish to say today that I believe it is time in America that we begin to take a new look at the role of education in our lives. For too long we have looked on learning as merely the key to a good job, or a one-way ticket to the American dream. Truly, there was a time when this was the case: The more education one had, the higher one was placed on the economic ladder. But those days are over. We have come to realize that all human occupations are services required by people living in community, and that they therefore merit decent wages and respect.

Since we have changed our view of the value of human labor, we must now also adjust our view of education. The country's needs are changing. It is time for us to begin to appreciate education as a personalizing experience for each individual. Education should not be strictly a preparation for a single occupation, nor strictly a development of the intellect alone, nor strictly a pursuit of physical prowess. Rather, it should incorporate all these things and more. It should be a preparation and training for the unending process of human growth and development which takes place throughout life.

So often it is said that education has a "civilizing" effect. This is obviously true. But can we not see that America stands in need of still better education? Why are our movies and television shows predominantly violent? Why are replicas of torture machines manufactured as toys? Why does assassination of our political leaders persist? Why do we continue to desecrate our environment? What panacea can offset these ills?

Education is an answer. This is the great task which we now give to the teachers of America: To help the Nation's students develop a "sense of self" within themselves, of which they can be proud; to discover how not just to acquire knowledge, but to use it to help their fellow men; to learn to value and protect the world in which they live; and above all, to know what it means to be creative, to be sensitive, to experience beauty.

As for the teachers who will guide these endeavors, no salary can ever repay the tremendous contributions which they have given, and are daily giving, in terms of constant effort, patience, and enthusiasm. Their profession is one of the most difficult, but their perseverance will continue as an inspiration to both their students and all Americans.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. BURKE of Florida (at the request of Mr. GERALD R. FORD), for next week, on account of knee surgery.

Mr. HOSMER (at the request of Mr. GERALD R. FORD), for June 21 and the balance of the week, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. PATMAN, for 30 minutes, today, and to revise and extend his remarks and include extraneous matter.

(The following Members (at the request of Mr. GOLDWATER) and to revise and extend their remarks and include extraneous matter:)

Mr. CRANE, for 5 minutes, today.

Mr. BLACKBURN, for 5 minutes, today.

Mr. VEYSEY, for 5 minutes, today.

(The following Members (at the request of Mr. MAZZOLI) to revise and extend their remarks and include extraneous material:)

Mr. GONZALEZ, for 10 minutes, today.

Mr. FLOOD, for 10 minutes, today.

Mr. DANIELSON, for 5 minutes, today.

Mrs. ABZUG, for 10 minutes, today.

Mr. WILLIAM D. FORD, for 10 minutes, today.

Mr. ASPIN, for 5 minutes, today.

Mr. KOCH, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. MELCHER, to address the House for 1 minute, notwithstanding an estimated cost of \$1,150.

Mr. COLMER (at the request of Mr. MILLS of Arkansas) to revise and extend his remarks made today on House Resolution 996.

(The following Members (at the request of Mr. GOLDWATER) and to include extraneous matter:)

Mr. WINN.

Mr. SCHWENGL.

Mr. QUIE in two instances.

Mr. BELCHER.

Mr. DON H. CLAUSEN.

Mr. CONTE in two instances.

Mr. BURKE of Florida.

Mr. BELL in two instances.

Mr. BAKER.

Mr. WYMAN in two instances.

Mr. ZWACH.

Mr. WHITEHURST in two instances.

Mr. J. WILLIAM STANTON in two instances.

Mr. VANDER JAGT.

Mr. RIEGLE.

Mr. EDWARDS of Alabama.

Mr. TEAGUE of California.

Mr. KEMP.

Mr. FISH.

Mr. PRICE of Texas in two instances.

Mr. DERWINSKI in two instances.

Mr. THONE in two instances.

Mr. KEITH in three instances.

Mr. KEATING.

Mr. BRAY in three instances.

Mr. SNYDER.

Mr. BOB WILSON.

Mr. ESHLEMAN.

Mr. STEIGER of Arizona.

Mr. HANSEN of Idaho in two instances.

Mr. ANDERSON of Illinois.

Mr. SPENCE.

Mr. HILLIS.

Mr. CEDERBERG in two instances.

Mr. COLLIER in five instances.

Mr. SHOUP.

Mr. LLOYD.

Mr. MICHEL in five instances.

Mr. LANDGREBE.

Mr. HARSHA.

Mr. BROYHILL of Virginia.

Mr. HORTON in two instances.

Mr. COUGHLIN.

(The following Members (at the request of Mr. MAZZOLI) and to include extraneous material:)

Mr. DULSKI in 10 instances.

Mrs. HICKS of Massachusetts in two instances.

Mr. GONZALEZ in three instances.

Mr. RARICK in five instances.

Mr. HAGAN in three instances.

Mr. PUCINSKI in six instances.

Mr. ROGERS in five instances.

Mr. HUNGATE in two instances.

Mr. RODINO in four instances.

Mr. DINGELL in two instances.

Mr. MONTGOMERY in two instances.

Mr. CARNEY.

Mr. STOKES in three instances.

Mr. ROUSH.

Mr. DORN in two instances.

Mr. KARTH.

Mr. MONAGAN.

Mr. HICKS of Washington.

Mr. SEIBERLING in 10 instances.

Mr. ROY.

Mr. REID in two instances.

Mr. NICHOLS.

Mr. ABBITT.

Mr. HATHAWAY.

Mrs. GRIFFITHS in three instances.

Mr. ASPIN in five instances.

Mr. DANIELS of New Jersey in three instances.

Mr. McCORMACK.

Mrs. ABZUG in five instances.

Mr. BOLAND.

Mr. CORMAN.

Mr. LEGGETT.

Mr. ROYBAL in three instances.

Mr. JOHNSON of California in two instances.

Mr. DOW.

Mr. WALDIE in six instances.

Mr. MOORHEAD in five instances.

Mr. ROE in two instances.

Mr. CAREY of New York.

Mr. CHAPPELL.

Mr. WRIGHT in three instances.

Mr. BRASCO.

Mr. MANN in five instances.

Mr. PODELL in two 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. 3617. An act to strengthen and expand the Headstart program, with priority to the economically disadvantaged, to amend the Economic Opportunity Act of 1964, and for other purposes; to the Committee on Education and Labor.

S. 3715. An act to amend and extend the Defense Production Act of 1960; to the Committee on Banking and Currency.

ENROLLED BILLS SIGNED

Mr. HAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 7088. An act to provide for the establishment of the Tinnicum National Environmental Center in the Commonwealth of Pennsylvania, and for other purposes.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 513. An act for the relief of Maria Badalamenti.

ADJOURNMENT

Mr. MAZZOLI. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 12 minutes p.m.), the House adjourned until tomorrow, Thursday, June 22, 1972, at 12 o'clock noon.

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. BURKE of Massachusetts: Committee on Ways and Means. H.R. 15587. A bill to provide for a 6-month extension of the emergency unemployment compensation program (Rept. No. 92-1156). Referred to the Committee of the Whole House on the State of the Union.

Mr. BYRNE of Pennsylvania: Committee on Armed Services. H.R. 3542. A bill to amend title 37, United States Code, to authorize payment of travel and transportation allowances to certain members of the uniformed services in connection with leave; with an amendment (Rept. No. 92-1157). Referred to the Committee of the Whole House on the State of the Union.

Mr. BYRNE of Pennsylvania: Committee on Armed Services. H.R. 5621. A bill to amend section 2634 of title 10, United States Code, relating to the shipment at Government expense of motor vehicles owned by members of the Armed Forces; with an amendment (Rept. No. 92-1158). Referred to the Committee of the Whole House on the State of the Union.

Mr. PRICE of Illinois: Committee on Armed Services. H.R. 14537. A bill to amend section 703(b) of title 10, United States Code, to extend the authority to grant a special 30-day leave for members of the uniformed services who voluntarily extend their tours of duty in hostile-fire areas (Rept. No. 92-1159). Referred to the Committee of the Whole House on the State of the Union.

Mr. BYRNE of Pennsylvania: Committee on Armed Services. H.R. 14909. A bill to amend section 552(a) of title 37, United States Code, to provide continuance of incentive pay to members of the uniformed services for the period required for hospitalization and rehabilitation after termination of missing status (Rept. No. 92-1160). Referred to the Committee of the Whole House on the State of the Union.

Mr. BYRNE of Pennsylvania: Committee on Armed Services. H.R. 14911. A bill to amend titles 10 and 37, United States Code, to authorize members of the Armed Forces who are in a missing status to accumulate leave without limitation, and for other purposes (Rept. No. 92-1161). Referred to the Committee of the Whole House on the State of the Union.

Mr. BYRNE of Pennsylvania: Committee on Armed Services. H.R. 14915. A bill to amend chapter 10 of title 37, United States Code, to authorize at Government expense the transportation of house trailers or mobile dwellings, in place of household and personal effects, of members in a missing status, and the additional movement of dependents and effects, or trailers, of those members in such a status for more than 1 year; with an amendment (Rept. No. 92-1162). Referred to the Committee of the Whole House on the State of the Union.

By Mr. FISHER: Committee on Armed Services. S. 2945. An act to amend title 10 of the United States Code to permit the appointment by the President of certain additional persons to the service academies; with an amendment (Rept. No. 92-1163). 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 Mr. ASPIN:

H.R. 15619. A bill to amend title 28 of the United States Code to provide for the recovery by defendants of reasonable attorneys' fees in certain civil actions brought by the United States, in the discretion of the court; to the Committee on the Judiciary.

By Mr. ASPIN (for himself and Mr. MITCHELL):

H.R. 15620. A bill to amend the Communications Act of 1934 to ban sports from closed-circuit television; to the Committee on Interstate and Foreign Commerce.

By Mr. BLACKBURN:

H.R. 15621. A bill to amend title 18 and title 28 of the United States Code with respect to the trial and review of actions involving obscenity, and for other purposes; to the Committee on the Judiciary.

By Mr. BROYHILL of Virginia:

H.R. 15622. A bill to prohibit funds appropriated to the Office of Education, for the fiscal year ending June 30, 1973, from being used by individuals at an institution of higher education or by such an institution if the playing of the national anthem at a public event is prevented or interrupted by such an individual or is not permitted by such an institution pursuant to this act; to the Committee on Education and Labor.

By Mr. BURKE of Massachusetts (for himself, Mr. NEDZI, Mr. MOLLOHAN, Mr. HAWKINS, Mr. ROYBAL, Mr. PRICE of Illinois, and Mr. BARRETT):

H.R. 15623. A bill to provide for a 6-month extension of the emergency unemployment compensation program; to the Committee on Ways and Means.

By Mr. BURKE of Massachusetts (for himself, Mr. NEDZI, Mr. MOLLOHAN, Mr. HAWKINS, Mr. PRICE of Illinois, and Mr. BARRETT):

H.R. 15624. A bill to amend section 203(e) (2) of the Federal-State Extended Unemployment Compensation Act of 1970 to permit the States to suspend the application of the 120-percent requirement for purposes of determining whether there has been a State "off" indicator; to the Committee on Ways and Means.

By Mr. CEDERBERG:

H.R. 15625. A bill to amend the Federal Property and Administrative Services Act of 1949 to prohibit the making available of Government procurement sources to Federal grantees and contractors; to the Committee on Government Operations.

By Mr. FORSYTHE:

H.R. 15626. A bill to provide for the reduction of the amounts of Federal-aid highway funds to any State which has not made provision for free access to emergency vehicles on any toll road, tunnel, or the approaches thereto within the jurisdiction of such State; to the Committee on Public Works.

By Mr. GARMATZ (for himself and Mr. PELLY):

H.R. 15627. A bill to amend the Oil Pollution Act, 1961 (75 Stat. 402), as amended, to implement the 1969 and the 1971 amendments to the International Convention for the Prevention of the Pollution of the Sea by Oil, 1954, as amended; and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. MELCHER:

H.R. 15628. A bill to amend the Small Business Act to authorize the Small Business Administration to make loans to small business concerns which are adversely affected as a result of certain international agreements; to the Committee on Banking and Currency.

By Mr. PEPPER:

H.R. 15629. A bill to provide payments to State and localities for high-priority expenditures; to the Committee on Ways and Means.

By Mr. PURCELL:

H.R. 15630. A bill to amend the Social Security Act to provide for medical and hospital care through a system of voluntary health insurance including protection against the catastrophic expenses of illness, financed in whole for low-income groups through issuance of certificates, and in part for all other persons through allowance of tax credits; and to provide effective utilization of available financial resources, health manpower, and facilities; to the Committee Ways and Means.

H.R. 15631. A bill to provide a program of tax adjustment for small business and for persons engaged in small business; to the Committee on Ways and Means.

By Mr. RAILSBACK:

H.R. 15632. A bill granting the consent and approval of Congress to an agreement between the States of Illinois and Iowa relating to the establishment by certain of their political subdivisions of a regional air pollution control board; to the Committee on the Judiciary.

By Mr. THOMPSON of Georgia (for himself, Mr. FINDLEY, Mr. HOGAN, and Mr. KEITH):

H.R. 15633. A bill to amend title 10 of the United States Code, to provide that personal delivery of notification of death of servicemen to the next of kin may only be made by officers; to the Committee on Armed Services.

By Mr. CLARK:

H.R. 15634. A bill to amend section 103 of title 23, United States Code, relating to the Interstate System; to the Committee on Public Works.

By Mr. PUCINSKI (for himself, Mr. BELL, Mr. PERKINS, Mr. QUIE, Mr. WILLIAM D. FORD, Mr. MEEDS, Mr. HAWKINS, Mrs. MINK, Mr. FORSYTHE, Mrs. CHISHOLM, Mr. VEYSEY, Mr. BIAGGI, Mr. KEMP, Mrs. HICKS of Massachusetts, Mr. PEYSEY, Mr. MAZZOLI, and Mr. BADILLO):

H.R. 15635. A bill to assist elementary and secondary schools, community agencies, and other public and nonprofit private agencies to prevent juvenile delinquency, and for other purposes; to the Committee on Education and Labor.

By Mr. ROE:

H.J. Res. 1231. Joint resolution authorizing the President to designate the calendar month of September 1972 as "National Voter Registration Month"; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. GREEN of Pennsylvania:

H.R. 15636. A bill for the relief of Sabatino Di Giacomo; to the Committee on the Judiciary.

By Mr. TEAGUE of California:

H.R. 15637. A bill for the relief of Melissa Catambay Gutierrez; to the Committee on the Judiciary.

H.R. 15638. A bill for the relief of Milagros Catambay Gutierrez; to the Committee on the Judiciary.

By Mr. WHITE:

H.R. 15639. A bill for the relief of Miss Modesta Juarez-Lopez; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

248. The SPEAKER presented a petition of Robert Duclos, Rockville, Md., et al., relative to including Federal employees in the social security system which was referred to the Committee on Ways and Means.

SENATE—Wednesday, June 21, 1972

(Legislative day of Monday, June 19, 1972)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by Hon. ERNEST F. HOLLINGS, a Senator from the State of South Carolina.

PRAYER

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

Dear Lord and Father of Mankind, grant us the faith, we pray, to believe that more things are wrought by prayer than this world dreams of. Teach us to pray without ceasing—to pray in our hearts and in our minds and in our souls. May the time of work and the time of prayer

be woven of one fabric. Guard our thoughts, control our speech, and guide our actions. We pray not for security or safety but for loyalty to the highest and best for the Nation and the world. And may we find our supreme joy in work well done; our chief reward the advancement of Thy kingdom on earth. Hear both the spoken and the unuttered prayers of our hearts and answer them according to Thy will. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the

Senate from the President pro tempore (Mr. ELLENDER).

The second assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., June 21, 1972.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. ERNEST F. HOLLINGS, a Senator from the State of South Carolina, to perform the duties of the Chair during my absence.

ALLEN J. ELLENDER,
President pro tempore.

Mr. HOLLINGS thereupon took the chair as Acting President pro tempore.