A. James A. Warren, 5500 Prospect Place, Chevy Chase, Md. 20015.
B. REA Express Inc., 219 E. 42d Street, New York, N.Y. 10017.
D. (6) $450. E. (9) $150.

A. Fred Wegner, 1225 Connecticut Avenue NW., Washington, D.C. 20036.
B. American Association of Retired Persons, National Retired Teachers Association, 1225 Connecticut Avenue NW., Washington, D.C. 20036.

A. Weissbrodt & Weissbrodt, 1614 20th Street NW., Washington, D.C. 20009.
B. Central Council of the Tlingit & Haida Indians of Alaska, Box 529, Juneau, Alaska 99801.
E. (9) $553.67.

A. Bernard J. Welch, 1800 K Street NW., Washington, D.C. 20006.
B. Pan American World Airways, Inc., 1800 K Street NW., Washington, D.C. 20006.

A. Donald F. White, 1616 H Street NW., Washington, D.C. 20006.
B. American Retail Federation, 1616 H Street NW., Washington, D.C. 20006.
E. (9) $750.

A. John C. White, Room 1008, 1101 17th Street NW., Washington, D.C. 20036.
B. Private Truck Council of America, Inc., Room 1008, 1101 17th Street NW., Washington, D.C.

A. Robert E. Wick, 1800 K Street NW., Washington, D.C. 20006.
B. Pan American World Airways, Inc., 1800 K Street NW., Washington, D.C. 20006.

A. Harding deC. Williams, 1825 K Street NW., Washington, D.C.
B. Del Monte Corp., 215 Fremont Street, San Francisco, Calif.
D. (6) $500. E. (9) $50.

A. John C. Williamson, 1300 Connecticut Avenue NW., Washington, D.C.
B. National Association of Real Estate Boards, 155 East Superior Street, Chicago, Ill.
D. (6) $6,000. E. (9) $13.50.

A. Kenneth Williamson, One Farragut Square South, Washington, D.C. 20006.
B. American Hospital Association, 840 North Lake Shore Drive, Chicago, Ill. 60611.
D. (6) $390.65. E. (9) $140.04

A. R. J. Winchester, 900 Southwest Tower, Houston, Tex. 77002.
B. Pennzoil United, Inc., 900 Southwest Tower, Houston, Tex. 77002.
D. (6) $1,800. E. (9) $697.28.

A. Burton C. Wood, 1625 L Street NW., Washington, D.C. 20036.
B. National Association of Home Builders of the United States, 1625 L Street NW., Washington, D.C. 20036.
D. (6) $13,500. E. (9) $584.80.

A. William E. Woods, 440 National Press Building, Washington, D.C.
B. National Association of Retail Druggists, One East Wacker Drive, Chicago, Ill. 60601.
D. (6) $750. E. (9) $150.

A. Albert Young Woodward, 815 Connecticut Avenue NW., Washington, D.C.
B. The Signal Cos., Inc., 1010 Wilshire Boulevard, Los Angeles, Calif. 90017.

A. Albert Young Woodward, 815 Connecticut Avenue NW., Washington, D.C.
B. The Flying Tiger Line Inc., Los Angeles International Airport, Los Angeles, Calif.

A. Nicholas H. Zumas, 1225 19th Street NW., Washington, D.C. 20036.
B. National Music Publishers Association, 460 Park Avenue, New York, N.Y.
D. (6) $500.

SENATE—*Monday, September 11, 1972*

The Senate met at 10 a.m. and was called to order by Hon. ADLAI E. STEVENSON III, a Senator from the State of Illinois.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Eternal Father, we thank Thee for the Sabbath of rest and worship when the spirit is uplifted and the soul renewed. We beseech Thee to guide Thy servants in this place as they undertake the tasks of a new week. Keep their hearts in tune with Thee, their motives pure, their methods clean, and their purposes ever to do Thy will. Help them to work right, to think right, to speak right, and to live as befits those who have begun this day with Thee. Bring them at evening time undefeated in spirit, at peace with themselves, with their colleagues, and at peace with Thee. For Thy kingdom's sake and in Thy name, we pray. 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. EASTLAND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., September 11, 1972.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. ADLAI E. STEVENSON III, a Senator from the State of Illinois, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. STEVENSON thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Friday, September 8, 1972, be dispensed with.

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

WAIVER OF THE CALL OF THE CALENDAR

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

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

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Armed Services and the Committee on Interior and Insular Affairs may be authorized to meet during the session of the Senate today.

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

Mr. MANSFIELD subsequently said: Mr. President, earlier this morning the Senate granted permission to the Committee on Interior and Insular Affairs to meet during the session of the Senate today. It has come to my attention since that time that an objection has been raised. So, I ask unanimous consent that the request be negated.

I point out, however, that until the morning business is concluded that all committees have the right under the rules to continue to meet.

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

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the Executive Calendar.

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

The ACTING PRESIDENT pro tempore. The nominations on the Executive Calendar will be stated.

DEPARTMENT OF JUSTICE

The second assistant legislative clerk read the nomination of Frank D. McCown, of Texas, to be U.S. attorney for the northern district of Texas for the term of 4 years.

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

CORPORATION FOR PUBLIC BROADCASTING

The second assistant legislative clerk read the nomination of Thomas B. Curtis, of Missouri, to be a member of the Board of Directors of the Corporation for Public Broadcasting for the remainder of the term expiring March 26, 1976.

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

Mr. SCOTT. Mr. President, I am delighted that the former Representative from Missouri, my friend Mr. Thomas B. Curtis, has been confirmed as a mem-

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

ber of the Board of Directors of the Corporation for Public Broadcasting.

Those of us who served with Mr. Curtis were pretty much of the opinion on our side of the aisle that Mr. Curtis was perhaps the most thoroughly informed man on more issues of general importance to the Nation than anyone serving in that body at that time.

He is a man with a great and impressive command of legislation, not only fiscal legislation and matters pertaining to appropriations, but also broadly and generally in the field of communications.

The Corporation for Public Broadcasting is greatly strengthened by the addition of Mr. Curtis as a member of its Board of Directors. I am very much pleased that he has been confirmed by the Senate.

Mr. MANSFIELD. Mr. President, along with the distinguished Republican leader, I also express my high regard for the appointment, as a member of the Board of Directors of the Corporation for Public Broadcasting, of Mr. Thomas B. Curtis of Missouri, with whom we both served in the House of Representatives.

As the distinguished Senator from Pennsylvania has just said, Mr. Curtis is a man who has a wide command of the legislative process.

Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

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

LEGISLATIVE SESSION

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

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

THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1034 through and including No. 1041.

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

JOHN C. ROGERS

The bill (S. 909) for the relief of John C. Rogers, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 909

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That John C. Rogers of McMinnville, Oregon, is relieved of all liability for repayment to the United States of the sum of $135.17, representing the amount of an overpayment he received from the United States as the result of administrative error in determining the lump-sum payment for accumulated, unused leave to which the said John C. Rogers was entitled upon his discharge from active duty with the United States Navy. In the audit and settlement of accounts of any certifying or disbursing officer of the United States, credit shall be given for amounts for which liability is relieved by this section.

SEC. 2. (a) The Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the said John C. Rogers, the sum of any amounts received or withheld from him on account of the overpayment referred to in the first section of this Act.

(b) No part of any amount appropriated under this section shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Violation of this subsection is a misdemeanor punishable by a fine not to exceed $1,000.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–1092), explaining the purposes of the measure.

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

PURPOSE

The purpose of this bill is to relieve Mr. Rogers of liability to the United States in the amount of $135.17, representing the sum he received in overpayment as the result of an administrative error in determining the lump sum payment for his accumulated leave upon his discharge from the U.S. Navy.

STATEMENT

Mr. Rogers enlisted in the U.S. Navy on November 2, 1967, and served on active duty until October 16, 1968, when he was discharged under honorable conditions. Upon his discharge Mr. Rogers was erroneously paid for 46 days unused leave when he actually should have been paid for only 16 days unused leave. This mistake was made due to an administrative error on the part of the Navy. Mr. Rogers apparently received this overpayment in good faith and to require him to repay this amount would impose an undue hardship upon him.

The Department of the Navy interposes no objection to the enactment of S. 909. On these facts the committee has considered that relief is appropriate. Accordingly, it is recommended that the bill be favorably considered.

M. SGT. WILLIAM C. HARPOLD, U.S. MARINE CORPS, RETIRED

The bill (S. 2714) for the relief of M. Sgt. William C. Harpold, U.S. Marine Corps, retired, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) Master Sergeant William C. Harpold, United States Marine Corps (retired), is relieved of all liability for repayment to the United States of the sum of $2,235.27, representing the amount of overpayments of retainer and retirement pay received by him from the United States Marine Corps during the period October 1, 1949, through June 30, 1971, as a result of an administrative error in computing his years of service for pay purposes, the United States Marine Corps having erroneously credited him for such purposes with a period of inactive service from November 27, 1926, through November 3, 1927.

(b) In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, full credit shall be given for the amount for which liability is relieved by this Act.

SEC. 2. (a) The Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the said Master Sergeant William C. Harpold (retired), the sum of any amounts received or withheld from him on account of the overpayment referred to in the first section of this Act.

(b) No part of any amount appropriated under this section shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this subsection shall be deemed to be guilty of a misdemeanor and shall be fined in any amount not to exceed $1,000.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–1093), explaining the purposes of the measure.

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

PURPOSE

The purpose of this bill is to relieve Master Sergeant Harpold of all liability for repayment to the United States of the sum of $2,235.27, representing the amount of overpayment of retainer and retirement pay received by him during the period between October 1, 1949, and June 30, 1971, as a result of administrative error occurring without fault on his part.

STATEMENT

Department of the Navy records indicate that M. Sgt. William C. Harpold, U.S. Marine Corps (retired), was transferred to the Fleet Marine Corps Reserve on June 30, 1949. At that time he had completed 25 years, 2 months, and 9 days of service, of which 24 years, 3 months, and 1 day were active service. In accordance with section 511 of the Career Compensation Act of 1949 (63 Stat. 802), he elected to receive, commencing October 1, 1949, retired/retainer pay based on 2½ percent of the monthly basic pay of his grade multiplied by the number of years of his active service. However, Master Sergeant Harpold's retired/retainer pay was erroneously computed on the basis of completion of 25 years active service, rather than the correct basis of 24 years active service. Thus, he received a multiple of 2½ percent more retired/retainer pay than that to which he was entitled during the period October 1, 1949, through June 30, 1971. A comprehensive review of his retired pay account resulted in the determination that he was indebted to the United States in the amount of $2,235.27.

Since the indebtedness in this case accrued over a period of almost 22 years at an average monthly rate of $8.56, it is understandable that Master Sergeant Harpold did not detect the fact that he was being overpaid. Moreover, the method used to compute his retired/retainer pay was changed after his transfer to the Fleet Marine Corps Reserve. His pay during his retirement has also been subject to frequent adjustments as a result of increases in basic pay and increases in the Consumer Price Index. Additionally, in response to certain questions raised by him, Master Sergeant Harpold was advised on several occasions, both by Headquarters, U.S. Marine Corps, and the General Accounting Office, that his retired/retainer pay was being properly computed. In view of all these factors, the only conclusion that can be drawn in this case is that Master Sergeant Harpold accepted the overpayments in good faith, without fault or knowledge on his part.

Since Master Sergeant Harpold's debt extends unreasonably into the past and there appears to be no doubt that he accepted the overpayments in good faith, the Department of the Navy supports the enactment of S. 2714.

The committee agrees with the Navy Department and believes that legislative relief is appropriate in this case. Accordingly, it is recommended that the bill be favorably considered.

DAVID CAPPS

The bill (H.R. 1860) for the relief of David Capps, was considered, ordered to a third reading, read the third time, and passed.

MAJ. HENRY C. MITCHELL, RETIRED

The bill (H.R. 5299) for the relief of Maj. Henry C. Mitchell, retired, was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–1095), explaining the purposes of the measure.

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

PURPOSE

The purpose of the proposed legislation is to pay to Maj. Henry C. Mitchell, U.S. Army (retired) of Tallahassee, Fla., the sum of $514.15 in full settlement of all his claims against the United States arising out of his family's move (in July 1964, prior to the delayed issuance of moving orders) from Columbia, S.C., to Nashville, Tenn., while he was on active duty with the U.S. Army. The claims consist of fees paid to movers, a travel allowance for his wife and children, and a dislocation allowance.

STATEMENT

The facts of this case, as contained in House Report 92–876, are as follows:

"The Department of the Army in its report on the bill stated it has no objection to the bill.

"In its report on the bill the Army stated that in 1964 Maj. Henry C. Mitchell was assigned to duty and occupied Government quarters with his family in Fort Jackson, S.C. The Army further advised the committee that soon after his arrival, he experienced neurotic symptoms and received outpatient treatment, without improving. Outbursts and threats of physical harm to his wife caused her to leave home on several occasions from early 1964 until his hospitalization on June 17, 1964, at the U.S. Army Hospital, Fort Jackson. On June 20, 1964, he was moved to Walter Reed Army Medical Center in Washington, D.C., for further treatment. The diagnosis of his illness was: "Neurotic depressive reactions; chronic severe; manifested by depressed effect, tearfulness, and self-doubt. Stress: severe."

"On June 26, 1964, Mrs. Mitchell took her five children, ages 3, 9, 10, 12 and 15, to Nashville, Tenn., to stay with her parents, but she returned to Fort Jackson. On July 1, 1964, she was informed that Major Mitchell would be hospitalized for 8 more weeks at Walter Reed Army Medical Center, and that he might be hospitalized for a longer period of time, if he did not respond to treatment. She consulted with Major Mitchell's commanding officer at Fort Jackson, who is a physician, and with military psychiatrists, who confirmed the diagnosis of the psychiatrists, at Walter Reed Army Medical Center. The commander advised and encouraged her to plan to move from the quarters at Fort Jackson, and he and the post transportation officer helped arrange for a mover.

"Mrs. Mitchell shipped part of their household goods from Fort Jackson to Nashville, Tenn., on July 27, 1964. She paid the mover with money she borrowed because she did not have the needed funds, and because the Government did not provide her with transportation. She found it necessary to retain her quarters at Fort Jackson because she did not have sufficient funds to move all the household goods at one time.

"On August 3, 1964, Walter Reed Army Medical Center issued permanent change of station orders which transferred her husband to that hospital in Washington, D.C. Mrs. Mitchell relinquished her quarters at Fort Jackson on August 27, 1964, and her remaining household goods were apparently shipped at Government expense.

"On September 4, 1964, Major Mitchell filed a claim for: (1) reimbursement for travel on June 26, 1964, of his wife and children from Fort Jackson, S.C., to Nashville, Tenn.; (2) dislocation allowance in connection with that travel; and (3) reimbursement for movement of household goods on July 27, 1964, to Nashville, Tenn. On May 15, 1965, the General Accounting Office disallowed the claim for travel and dislocation because they occurred prior to issuance of orders. The Chief of Transportation, Department of the Army, on July 15, 1965, disallowed the reimbursement claim for shipment of the household goods for the same reason. In this connection, the Army in its report stated that an exception could have been made under the governing regulations (paragraph 7004, Joint Travel Regulations) if the commanding officer of Walter Reed Army Medical Center had furnished a certificate that Major Mitchell's treatment could be expected to be prolonged, but such a certificate was not secured.

"The Department of the Army after outlining the facts referred to above stated its opinion that it would be equitable to pay the claimant as provided in this bill because the retired officer could have qualified for all of the allowances and reimbursements in question if the proper documentation had been secured in the form of orders or a certificate of the commanding officer at the Walter Reed Medical Center. The Army further recognized that the omission to secure these documents on a timely basis is excusable in the light of the facts of this particular case. In this connection, the Army stated:

" 'The omission to secure these documents on a timely basis is excusable in the light of the husband's mental incompetency, and Mrs. Mitchell's reasonable reliance upon the advice and encouragement of his commanding officer.'

"The committee agrees that these circumstances justify relief and recommends that the bill be considered favorably."

In agreement with the views of the House of Representatives, the committee recommends that the bill be favorably considered.

GARY R. UTTECH

The bill (H.R. 5315) for the relief of Gary R. Uttech was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–1096), explaining the purposes of the measure.

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

PURPOSE

The purpose of the proposed legislation is to relieve Gary R. Uttech, of Mosinee, Wis., of liability in the amount of $312.50, representing overpayments of active-duty pay received by him as a member of the U.S. Navy for the period June 8, 1966, to October 10, 1969, inclusive, as a result of administrative errors on the part of Government personnel who failed to make required deductions in his pay for authorized bond allotments and leave.

STATEMENT

The facts of this case, as contained in House Report No. 92–877, are as follows:

"The Department of the Navy in its report on the bill stated that it has no objection to enactment of the bill. The Comptroller General questioned relief in this instance.

"Gary R. Uttech began his service as a naval reservist. He enlisted in the U.S. Naval Reserve on February 8, 1966, and was placed on inactive duty. He was discharged on June 7, 1966, to immediately reenlist in the U.S. Navy, and he reenlisted on June 8, 1966. On October 10, 1969, he was released from active duty at Naval Air Station, Quonset Point, R.I., and was transferred to the U.S. Naval Reserve for the duration of his military obligation. At the time of his release from active duty, Petty Officer Uttech was indebted to the United States in the amount of $554.75. Of this total, $262.50 was due to an accounting error. The error was that bond allotment deductions from August 1, 1968, through September 30, 1969, were not recorded in his pay record. The remaining $292.25 of indebtedness arose because Petty Officer Uttech was charged 19 days excess leave. At the time of his release from active duty, Petty Officer Uttech had accrued $211.07 in pay and allowances which was applied to reduce his indebtedness to $343.68. On March 5, 1970, he remitted $31.18 to the Department of the Navy to reduce his indebtedness to $312.50.

"In indicating that it would have no objection to enactment of the bill, the Navy stated:

" 'It is normally the Department of the Navy's policy to forgive overpayments of excess leave where a substantial period of time has elapsed, since such overpayments are usually the result of administrative error. Overpayments of bond allotments by failure to deduct from basic pay is viewed somewhat differently in that the individual involved should be aware of his basic pay and should call to the attention of the proper parties the fact that he is being overpaid. However, it is recognized that even in the case of overpayment of a bond allotment the Navy is partially at fault because of administrative error.

" 'In view of the foregoing, the inconvenience caused Mr. Uttech, and the small amount of his total indebtedness attributable to the overpayment of the bond allotments, the Department of the Navy interposes no objection to the enactment of H.R. 5315.'

"The committee has carefully considered all of the facts of this matter, including those submitted to the committee as additional evidence in support of the bill and also the considerations outlined in the report of the Comptroller General. The additional information details facts which establish equities which, in the opinion of the committee, provide a firm basis for relief as would be provided in the amended bill. The difficulties encountered by Mr. Uttech date back to January of 1969 when he returned from Vietnam and received an assignment to the U.S.N.S., Argentina, Newfoundland. After receiving a 2-week leave he and his wife went to Davisville, R.I., and Gary reported in at the Construction Battalion Center enroute to Newfoundland; however, he did not receive orders until the end of May 1969.

"Upon learning of a mobile home court near the base in Newfoundland, he contacted naval authorities to determine if the Navy would transport a mobile home as he was at that time an E–5. He was advised that a mobile home could be transported to Newfoundland at the expense of the Government and proceeded to borrow money and pur-

chased a home. When he went to the Household Effects Office to make arrangement for shipment, he was then told that the Navy could ship the mobile home only as far as the United States-Canadian border—he would be responsible for shipment from the border to Newfoundland. Upon learning that it would cost him $800 to have the mobile home transported, he purchased a truck for $900 to move the mobile home himself and he and his wife would have transportation during his tour in Newfoundland.

"Three months after the Uttechs arrival in Newfoundland, Mrs. Uttech's father passed away, and again they had to borrow money for round trip fares to Wisconsin. When they returned, Mr. Uttech was advised that he was being released from the service early. With less than a month to sell his mobile home, he sold it at a loss. Had he kept the home, he understood that he would have had to pay the Canadian Government a $500 import tax.

"After receiving his discharge he was advised that he had received an overpayment of $554.75; $262.50 was an accounting error as bond allotment deductions had not been made from his pay record; $292.25 of the overpayment was caused because of 19 days of excess leave. However, since he had incurred $211.07 in pay and allowances, it was applied to the debt which was reduced to $343.68. Mr. Uttech submitted $31.81 to the Navy which reduced his indebtedness to $312.50.

"When he returned to Wisconsin, he obtained work and continued his education. During the summer of 1970 he was laid off, and could not find another job. In the summer of 1971, he was again laid off for a month.

"The committee feels that the circumstances outlined above demonstrate a case of obvious hardship for the former serviceman which justifies relief in this instance. The information given him concerning his mobile home clearly was a factor in leading him to elect to buy the home in the first instance and then incurring additional expense to get it to Newfoundland. The loss he suffered on leaving compounded his financial difficulties. He is attempting to continue his education in the face of difficulties in finding employment. Accordingly, it is recommended that the amended bill be considered favorably. The amendment is to delete section 2 as recommended by the Comptroller General, so that there will be no provision for a refund of amounts already repaid."

In agreement with the views of the House of Representatives, the committee recommends that the bill be favorably considered.

WILLIAM E. BAKER

The bill (H.R. 10635) for the relief of William E. Baker was considered, ordered to a third reading, read the third time, and passed.

RONALD K. DOWNIE

The Senate proceeded to consider the bill (S. 995) for the relief of Ronald K. Downie which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and insert:

That the Comptroller General of the United States is authorized to settle and adjust the claim of Ronald K. Downie, of Oklahoma City, Oklahoma, for the amount to which he would be entitled under section 5724(a)(4), title V of the United States Code, and the regulations issued thereunder without regard to section 4.1d of the Bureau of the Budget Circular No. A-56, revised October 12, 1966, representing expenses he incurred in selling his residence in Virginia and buying another in Fremont, California, incident to his transfer in June of 1967 as an employee of the Federal Aviation Administration from Leesburg, Virginia, to Fremont, California, for the convenience of the Government.

SEC. 2. No part of the amount disbursed in the first section of this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this section shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

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

GARY WENTWORTH

The Senate proceeded to consider the bill (S. 3257) for the relief of Gary Wentworth, of Staples, Minn., which had been reported from the Committee on the Judiciary with an amendment on page 1, line 5, after the word "of", where it appears the first time, strike out "$346.22" and insert "$313.22"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) Gary Wentworth, of Staples, Minnesota, is relieved of all liability for repayment to the United States of the sum of $313.22, representing the amount of an overpayment received by him from the United States Marine Corps, prior to his discharge from such corps, as a result of an administrative error in balancing his pay record.

(b) In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, full credit shall be given for the amount for which liability is relieved by this Act.

SEC. 2. (a) The Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the said Corporal Gary Wentworth, the sum of any amounts received or withheld from him on account of the overpayment referred to in the first section of this Act.

(b) No part of any amount appropriated under this section shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same is unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this subsection shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any amount not to exceed $1,000.

The amendment was agreed to.

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

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92-1091), explaining the purposes of the measure.

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

PURPOSE OF THE AMENDMENT

The purpose of the amendment is to reflect the correct amount of Mr. Wentworth's indebtedness.

PURPOSE OF THE BILL AS AMENDED

The purpose of the proposed legislation, as amended, is to relieve Gary Wentworth of liability for repayment to the United States of $313.22, which is the amount of an overpayment received by him from the U.S. Marine Corps as a result of an administrative error.

STATEMENT

Department of the Navy records indicate that Cpl. Gary Wentworth, U.S. Marine Corps, retired, entered on active duty on July 23, 1968, and served until July 30, 1970, when he was retired because of physical disability rated at 40 percent. A postretirement examination of his pay account revealed that he had been overpaid $313.22 while on active duty.

Corporal Wentworth was evacuated from Vietnam on June 1, 1970, because of gun-shot wounds involving both legs. Since his permanent pay record did not accompany him, a temporary pay record was prepared on June 19, 1970, to provide pay service until his permanent pay record was recovered. It should be noted that a temporary pay record is not based on official records but is prepared from basic data provided by the member. It is opened as of the date he indicates that he received his last regular pay. The member is then paid the pay and allowances to which it appears he is entitled for the interim period, less any partial payments which he may have received. In this instance, Corporal Wentworth certified that he had received his last regular pay on April 1, 1970, and that he had also received two partial payments totaling $108. His permanent pay record, recovered after his release from active duty, revealed that he had actually received his last regular pay on May 13, 1970, and that he had been paid partial payments totaling $127. These mistakes of fact caused an overpayment of $346.22. The fact that Corporal Wentworth was not paid for 25 days' leave rations to which he was entitled, however, resulted in an adjustment to his account which reduced his indebtedness to $313.22.

While it may reasonably be assumed that the mistakes of fact were not intentional on the part of Corporal Wentworth, enactment of S. 3257 would nevertheless permit him to retain an overpayment caused by misinformation provided by him. The Department of the Navy is of the opinion that under normal conditions such a benefit would be unwarranted. However, the Department believes that Corporal Wentworth's case is not a normal case. Corporal Wentworth was wounded in action, and his wounds were severe enough to cause his retirement for disability. In view of the great sacrifice made by Corporal Wentworth in the service of his country, the Department of the Navy supports enactment of S. 3257, subject to modification of the amount of relief to $313.22.

TODAY IS THE BIRTHDAY OF SENATOR PACKWOOD OF OREGON

Mr. SCOTT. Mr. President, the assistant whip on our side today is the distinguished Senator from Oregon (Mr. PACKWOOD). Today is his birthday. I want to congratulate him on behalf of all of us and to say he is one of our most effective and persuasive Senators. We are all delighted that he is a Member of this body.

We join him on the occasion of the anniversary of his natal day and wish him long life, long service, and great patience in this body.

Mr. MANSFIELD. Mr. President, I join the distinguished Republican leader in extending felicitations to the distin-

guished Senator from Oregon (Mr. PACKWOOD) on this his birthday.

LATEST HARRIS POLL SHOWS INCREASE IN SUPPORT OF PRESIDENT NIXON'S POLICIES IN SOUTHEAST ASIA

Mr. SCOTT. Mr. President, since this is Monday, a day in which one collects his thoughts and then distributes them, I am delighted that the current Harris poll shows a new increase in support of President Nixon's policies in Southeast Asia, which are now approved by a 53- to 32-percent margin.

This is good news.

Thus, I celebrate three items of good news this morning without assessing the priorities because I do not know where I should fix the priority among God and country and Yale.

I do know, but I do not know to whom should be assigned the first priority of Heaven's light.

TRANSACTION OF ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 15 minutes, with statements therein limited to 5 minutes.

QUORUM CALL

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

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

The second assistant legislative clerk proceeded to call the roll.

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

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

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. STEVENSON) laid before the Senate the following letters, which were referred as indicated:

REPORT ON PROPOSED USE OF CERTAIN RESEARCH AND DEVELOPMENT FUNDS

A letter from the Administrator, National Aeronautics and Space Administration, reporting, pursuant to law, on the proposed use of certain research and development funds appropriated to that Administration, for modifications to existing Government-owned contractor-operated facilities at Santa Susana, Calif., and Canoga Park, Calif. (with accompanying papers); to the Committee on Aeronautical and Space Sciences.

REPORTS ON FINAL DETERMINATION OF CLAIMS OF CERTAIN INDIANS

A letter from the Chairman, Indian Claims Commission, reporting, pursuant to law, on its final determination relating to Docket No. 18–T, Minnesota Chippewa Tribe, et al., on behalf of the Chippewa Indians of the Mississippi and Lake Superior, plaintiffs, v. The United States of America, defendant (with accompanying papers); to the Committee on Appropriations.

A letter from the Chairman, Indian Claims Commission, reporting, pursuant to law, on its final determination relating to Docket No. 263, the Kikiallus Tribe of Indians, plaintiff, v. the United States of America, defendant (with accompanying papers); to the Committee on Appropriations.

A letter from the Chairman, Indian Claims Commission, reporting, pursuant to law, on its final determination relating to Docket No. 278, the Tlingit and Haida Indians of Alaska, plaintiffs, v. the United States of America, defendant (with accompanying papers); to the Committee on Appropriations.

A letter from the Chairman, Indian Claims Commission, reporting, pursuant to law, on its final determination relating to Docket No. 278–A, the Tlingit and Haida Indians of Alaska, plaintiffs, v. the United States of America, defendant (with accompanying papers); to the Committee on Appropriations.

A letter from the Chairman, Indian Claims Commission, reporting, pursuant to law, on its final determination relating to Docket No. 332–B, the Yankton Sioux Tribe of Indians, plaintiff, v. the United States of America, defendant (with accompanying papers); to the Committee on Appropriations.

REPORT OF THE ADMINISTRATIVE CONFERENCE

A letter from the Vice Chairman of the Administrative Conference of the United States submitting its report for 1971–72 (with accompanying report); to the Committee on the Judiciary.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the ACTING PRESIDENT pro tempore (Mr. STEVENSON):

The petition of A. Manihak, of Shoshone, Wyo., relating to the situation in Vietnam; to the Committee on Foreign Relations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. EAGLETON, from the Committee on Public Works:

S. 3974. An original bill to authorize cooperative operation, maintenance, and repair of the Chester Bridge, Missouri and Illinois, and for other purposes. (Rept. No. 92–1107).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

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

By Mr. BENNETT:

S. 3972. A bill for the relief of Sung Wan Kim. Referred to the Committee on the Judiciary.

By Mr. AIKEN (for himself, Mr. TALMADGE, Mr. ALLEN, and Mr. SPARKMAN):

S. 3973. A bill to establish a system of wild areas within the lands of the national forest system. Referred to the Committee on Agriculture and Forestry.

By Mr. EAGLETON:

S. 3974. An original bill to provide for the cooperative operation, maintenance, and repair of the Chester Bridge, Missouri and Illinois. Ordered to be placed on the calendar.

By Mr. BEALL:

S. 3975. A bill for the relief of Rosa Elena Veas. Referred to the Committee on the Judiciary.

By Mr. JORDAN of North Carolina:

S. 3976. A bill to amend the Wild and Scenic Rivers Act of 1968 by designating a segment of the New River as a potential component of the National Wild and Scenic Rivers System. Referred to the Committee on Interior and Insular Affairs.

By Mr. ROTH:

S. 3977. A bill to impose a statutory limit on expenditures and net lending during fiscal year 1973. Referred to the Committee on Finance.

By Mr. TOWER:

S. 3978. A bill to amend the Internal Revenue Code of 1954 with respect to the treatment of the portion of junior ROTC instructors' compensation which is based on armed services allowances. Referred to the Committee on Finance.

By Mr. METCALF (for himself, Mr. MANSFIELD, Mr. Moss, and Mr. BURDICK):

S.J. Res. 266. A joint resolution to provide a temporary moratorium on Federal coal leasing and for other purposes. Referred to the Committee on Interior and Insular Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. JORDAN of North Carolina:

S. 3976. A bill to amend the Wild and Scenic Rivers Act of 1968 by designating a segment of the New River as a potential component of the national wild and scenic rivers system. Referred to the Committee on Interior and Insular Affairs.

Mr. JORDAN of North Carolina. Mr. President, I wish to offer for appropriate consideration a bill which would amend the Wild and Scenic Rivers Act of 1968 to designate a segment of the New River in northwestern North Carolina and the southwest section of Virginia for consideration as a possible component of the national wild and scenic rivers system.

The effect of this legislation would be to require the Secretary of Interior by October 2, 1978—10 years from passage of the original act—to make a study of the section of the river concerned and make a determination of whether it meets the criteria for designation under the act.

If that segment is determined to be eligible, the designation would bar the Federal Power Commission from licensing construction of any dam, water conduit or reservoir on, or directly affecting, the section of the river concerned for so long as the official classification remains in force or until it is formally revoked by the Secretary of Interior.

I am proposing the legislation at this time because an application is presently before the FPC for a hydroelectric power project designed primarily for the benefit of downriver areas of West Virginia even though having its principal impact on the North Carolina and Virginia segment.

Since Congress has already clearly evidenced its interest in the preservation of wild and scenic areas, I consider it entirely appropriate that action be taken to insure that this intent is not thwarted by alteration of the character of a river which might now meet the guidelines of the 1968 act.

Failure to provide such insurance would, in my judgment, not only contravene congressional intent but at the same time do injustice to the economic and environmental interests of the areas of North Carolina and neighboring Virginia affected by the project.

For those reasons I hope it will be possible to have this legislation promptly referred to committee and reported for floor action prior to adjournment of this congressional session.

By Mr. ROTH:

S. 3977. A bill to impose a statutory limit on expenditures and net lending during fiscal year 1973. Referred to the Committee on Finance.

Mr. ROTH. Mr. President, I was a little surprised to read the article by Hobart Rowan in yesterday's Washington Post, on the administration's spending record and the prospects for future deficits. Mr. Rowan wisely observed that both conservative and liberally inclined economists have pointed to the dangers of further enormous deficits, but he neglected to emphasize the President's earnest desire to hold fiscal year 1973 spending under a "no-holes" ceiling of $250 billion.

I have long been bothered by what seems to me an uncontrollable budget process within Congress, and by the election year spending urge that predictably rises on Capitol Hill and in the White House. Several times in the last year I have introduced legislation which would have held outlays in line. Regrettably, congressional inaction on these measures has allowed the estimated deficit for fiscal year 1973 to rise close to $35 billion, on the unified basis. Under the Federal funds calculation, the figure is close to $42 billion.

Recently, several Members of the House have introduced similar language, and I understand they may push to have it included in the upcoming bill to raise the debt ceiling. I am certainly hopeful they will succeed.

Many Senators have asked me what I plan to do in view of the fact that my original spending bill (S. 3123) has languished in the Finance Committee for over 6 months. That measure received the endorsement of 49 cosponsors, and though I have asked that hearings be held, no action has been taken. In an effort, therefore, to bring this bill once again to the Senate's attention, I am reintroducing the language as a new bill, updating the budget total to $250 billion, which is the figure the administration has requested. If neither the House nor the Senate Finance Committee includes this provision in the debt bill, I will offer it as an amendment on the floor of the Senate.

Mr. President, it seems high time that we put aside partisan feelings on the budget issue, and realize that everyone, regardless of his political affiliation, will be hurt if deficit spending rekindles the heat of inflation. We could do no greater disservice to the American public than force an increase in taxes or wipe out the hard-won gains which have begun to restore economic prosperity. A majority of the Senate indicated support for this ceiling last February. We cannot postpone action on it any longer.

I ask unanimous consent that the full text of the bill be printed in the RECORD and that Mr. Rowan's article from the Post be included, as well.

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

S. 3977

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) expenditures and net lending during the fiscal year ending June 30, 1973, under the budget of the United States Government shall not exceed $250,000,000,000.

(b) The President shall, notwithstanding the provisions of any other law, reserve from expenditure and net lending, from appropriations or other obligational authority heretofore or hereafter made available, such amounts as may be necessary to effectuate the provisions of subsection (a).

(c) In the administration of any program as to which—

(1) the amount of expenditures is limited pursuant to subsection (a), and

(2) the allocation, grant, apportionment, or other distribution of funds among recipients is required to be determined by application of a formula involving the amount appropriated or otherwise made available for distribution,

the amount available for obligation (as determined by the President) shall be substituted for the amount appropriated or otherwise made available in the application of the formula.

DEFICIT: WHITE HOUSE DUCKS ISSUE

(By Hobart Rowan)

This is the season for the "early morning line" on economic prospects for 1973. And despite the sometimes confusing rhetoric of the election campaign, there already is a fairly remarkable unanimity among the forecasters on the outlook.

In summary, most economists look for another year of solid gains next year—but with inflation still enough of a factor to require continued wage and price controls and a tough monetary policy. Some respected analysts, in fact, are talking about another credit "crunch" with a jump to an 8 per cent corporate bond yield by late 1973.

For example, the Wharton school, which has had a good record of predictions, says the economy will enjoy a $114 billion gain in Gross National Product next year to $1,267 billion, but with growth slowing down after mid-year and the rate of inflation moving up from 3.5 per cent to 4 per cent.

The Wharton economists see the 5.5 per cent wage standard crumbling "under pressure of a tighter labor market, high capacity operations, and a large gamut of expiring contracts." This raises the question of the probable need for tighter controls, for (as the Wharton economists says) "the whole configuration of the economic accounts looks better with the stiffer inflation controls."

There are variations on the Wharton theme, as various "models" are turned out of the mounting numbers of computers. The University of Michigan, for example, has a GNP figure of $1,270 billion.

All see some progress—but not spectacular gains—on the unemployment front, with the overall-rate moving down from 5.6 per cent in 1972 to 4.6 per cent in 1973. Many forecasters, however, do not see an unemployment rate below 5 per cent until the final few months of 1973.

The thread that runs through all of the forecasts is the possibility that costs and prices will again accelerate, especially toward the end of 1973. And in large part, this is based on the staggering federal deficit, which instead of narrowing with the approach of recovery, is getting bigger.

Raymond J. Saulnier, former Chairman of the Council of Economic Advisers at the end of the Eisenhower years, this week told the annual meeting of the National Association of Business Economists that "it is an enormous hazard to operate with a succession of deficits in the neighborhood of $30 billion to $35 billion. And the risk is amplified when upwards of $60 billion of short-term liabilities is owed to foreigners."

If you discount Saulnier as a rather conservative Republican economist, listen then to Murry L. Weidenbaum, until this year an Assistant Secretary of the Treasury, usually rated a liberal Republican economist.

"To put it simply but accurately, the federal budget is heading the wrong way . . . I am worried now . . . We have a growing deficit, in the neighborhood of $35 billion. Whether you are a practitioner of the New Economics, the Old Economics, or whatever, that just does not make sense."

The Nixon administration used to fend off talk about rising budget deficits by directing attention to the "full employment" budget. The goal, Mr. Nixon used to say, is a full employment balance which would limit spending to the level of receipts that would accrue if the economy were operating merrily at a 4 per cent unemployment rate.

But a $35 billion deficit in the regular budget this year translates to a full employment deficit of $12 or $13 billion. "There are enough potential new spending pressures on the horizon to make it unlikely that the so-called 'full employment budget' will be close to balance anytime during the first half of this decade—unless taxes are raised," Weidenbaum observes.

That's the prospect that the administration won't face up to. Treasury Secretary George Shultz and more recently White House aide John Ehrlichman have been taking turns obfuscating this key issue.

Ehrlichman told reporters on Thursday that "the President will not ask for any increase in federal taxes at all." But then he said that this pledge was "dependent on" congressional willingness not to exceed the President's budget proposals, and further on a formal ceiling on expenditures.

And when Elizabeth Drew, on a public television interview asked Ehrlichman if the President's tax plans shouldn't be made public before the election, Ehrlichman said:

"The election date is really an arbitrary date, in terms of this work. . . . It would be a real mistake to accelerate . . . this . . . simply for the sake of rushing out with some kind of a campaign slogan."

The suspicion here is that the administration can read the tax handwriting-on-the-wall as well as anyone, but has ordered no one to talk about it in a meaningful way until after the election. But Congress—whatever its complexion next year—won't be rushing to raise total taxes, which means that the deficit will continue, the Federal Reserve Board will be pressured into a tighter money policy—and that we won't see the end of wage-price controls for a long time.

By Mr. METCALF (for himself, Mr. MANSFIELD, Mr. Moss, and Mr. BURDICK):

S.J. Res. 266. A joint resolution to provide a temporary moratorium on Federal coal leasing and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. METCALF. Mr. President, on behalf of the distinguished senior Senator from Montana (Mr. MANSFIELD), the distinguished junior Senator from North Dakota (Mr. BURDICK), the distinguished

junior Senator from Utah (Mr. Moss), and myself, I introduce for appropriate reference a joint resolution providing for withdrawal of Federal coal lands pending final action by the Congress on surface mine reclamation legislation.

Our resolution would direct the Secretary of Interior to withdraw temporarily from prospecting and exploration, lease or other disposal subject to valid existing rights, deposits of coal owned by the United States which are minable by surface mining methods. The resolution further would direct the Secretary to suspend pending applications for coal permits and suspend all coal leases for surface mine operations not in actual production, pending final congressional action.

We introduce this resolution and shall press for its adoption, because of the dimming hopes for legislation during these closing days of the Congress.

The House Interior Committee has completed action on a bill which deals only with coal lands. The Senate Interior Committee has had on its agenda for some time a proposed bill, drafted and modified after thorough hearings, which covers other minerals as well.

It was my hope, shared by Chairman JACKSON and my colleague from Utah (Mr. Moss) who is chairman of the Subcommittee on Minerals, Materials, and Fuels, that we would finally get to markup of the bill at the scheduled executive session this morning. I regret that this was not possible. We were unable to get a quorum. In addition, there was objection to the meeting of the committee during the Senate session.

Mr. President, the temporary moratorium is necessary in order to protect the land and water resources of America that are being defiled by mining techniques now employed and inadequate administration of present laws.

The story of the rape of Appalachia is well known. Now the earthmoving machines are burying the fragile topsoil of the Northern Plains. I believe the corporate leaders who have directed this activity have underestimated the feeling of the American people.

To those who say that we must not stop this despoilation because of the energy shortage, I have two comments. First, ours is a temporary moratorium. It would be lifted after legislation is enacted. Second, if the energy shortage is so critical, why were more than 22 million tons of coal shipped abroad during the first 5 months of this year? And why do the major, investor-owned, electric utilities spend seven times as much on advertising and sales promotion of their scarce product as they do on research and development? Reduction of coal exports and a switch in R. & D. and advertising and sales promotion priorities will help close the energy gap until protective legislation is approved.

I recognize that legislation is no better than its enforcement. But the decision as to who will enforce the laws is to be made by the voters themselves, rather than the Congress.

Mr. President, one of the reasons for our concern deals with the administration's failure to keep its promise regarding regulation of mining on national forests. Two years ago, Senator MANSFIELD, Senator Moss, and I had discussions with Forest Service officials regarding damage to national forests, by mining operations, in the Stillwater country near Billings, Mont. The subcommittee conducted hearings. We looked over the area. The Forest Service promised to issue regulations that would insure proper reclamation.

The Forest Service kept its word, insofar as it was capable of doing so. I have a copy of its proposed regulations governing prospective and mineral development. But they have not been issued. And the reason, I am informed, is that they were killed, at a White House meeting attended by two Cabinet officers and a former Cabinet official who is now with the Committee To Reelect the President.

The latter has not been very communicative since the Watergate caper. He may not wish to comment on his role. But, surely, the Secretary of Agriculture, who is in charge of the Forest Service, must be held responsible.

I ask unanimous consent to have printed in the RECORD the text of the joint resolution.

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

S.J. RES. 266

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That, the Secretary of the Interior be and he hereby is authorized and directed to withdraw temporarily from prospecting and exploration, lease or other disposal subject to valid existing rights, deposits of coal owned by the United States which are minable by surface mining methods, and to suspend pending applications for coal permits and suspend all coal leases for surface mine operations not in actual production pending Congressional action on legislation for the regulation of surface mining operations.

Mr. MOSS. Mr. President, will the distinguished Senator from Montana yield?

Mr. METCALF. I yield.

Mr. MOSS. Mr. President, I commend the distinguished Senator from Montana (Mr. METCALF) for introducing this joint resolution.

As chairman of the Subcommittee on Minerals, Materials, and Fuels of the Senate Interior Committee, I have, during both sessions of this, the 92d Congress, conducted many hours of hearings and flown over thousands of miles of surface mining operations from one side of the country to the other.

Hours have been spent in subcommittee meetings with, I might add, the great and full support of the minority members of the subcommittee. Three times in the last 6 weeks, our surface mining legislation has been on the agenda of the full Committee of Interior, but we have been unable to report the bill. An executive session was scheduled for 10 a.m. this morning, but no one from the minority side was present at 10 a.m. The minority had filed an objection in the Senate to the holding of the committee meeting after termination of morning business of the Senate.

Surface mining needs controls. The area disturbed by strip mining climbed from 50,000 acres in 1965 to nearly 100,000 acres in 1970 according to the latest figures of the Bureau of Mines. The Council on Environmental Quality put the 1971 estimate at 241,800 acres and said at least 4,650 acres are being stripped each week.

I deplore the fact that environmental legislation seems to have become a political football for my Republican friends. Delay and recriminations of a political nature will not solve the problems of Appalachia, the mounting environmental problems of the West, nor those of the mining industry, fraught with indecision over whether to invest or not, and of the environmentalists who have been telling it like it is for months.

If we are unable to get our Republican friends to take committee action, and if we are unable to get the Republican leadership to refrain from filing objections to the meetings of the Senate Interior Committee to mark up vital, pending surface mining legislation, other action must be taken.

I, therefore, join with my good friends from Montana in offering a joint resolution to protect coal lands owned by the United States and to withdraw such lands from coal leasing activity until the Congress acts on surface mining legislation.

Mr. MANSFIELD. Mr. President, one of the gravest issues we face in the West, is the proper regulation of surface mining, particularly in the vast coal fields of eastern Montana and hard rock mining exploration in the Beartooth Mountains. The Federal Government has a responsibility to take the initiative in establishing strong controls over strip mining on Federal lands and reclamation of both Federal and privately owned lands developed for mineral purposes. This applies to both coal and hard rock mining. The people of my State are deeply concerned that indicated accelerated development of coal deposits and other minerals will leave vast portions of the State scarred and made useless forever. My colleague, Senator LEE METCALF and I do not want to see a repeat of Appalachia.

These mineral deposits can play an important economic role in the future of Montana, Wyoming, and the Dakotas, but their development cannot be at the expense of surface landowners and general environmental considerations. Senator METCALF, several other western Senators and I, have attempted to obtain action on the part of the Federal agencies who have responsibility for managing Federal lands. Over 2 years ago the U.S. Forest Service promised that they would take the initiative in issuing mining regulations to insure reclamation within national forests. It now has become quite apparent that the Forest Service officials do not intend to do anything about it until after the election. The situation is so serious that executive action is imperative. We want action now, until such time that the Congress in cooperation with the States can develop a uniform set of regulations affecting both private and public lands.

I am pleased by the action taken by the House Interior Committee in reporting the Coal Mining Reclamation Act, and it

had been my hope that the Senate would also be able to consider the mining reclamation bill prior to adjournment. As of today, the prospects for such consideration do not look good. For this reason, I am pleased to join with the junior Senators from Montana and Utah, Mr. METCALF and Mr. Moss, in the introduction of a simple joint resolution prohibiting all coal mining exploration and prospecting on all Federal lands until such time as a uniform program is established. Again, I wish to to state how unfortunate it is that the Forest Service has refused to exercise its authority in implementing a program of mining reclamation. I would hope that this matter has not been held in abeyance for partisan reasons. If so, the interests of the West will suffer needlessly.

It is the time for all parties to proceed rapidly in setting forth a realistic set of surface mining regulations and reclamation requirements. The Federal agencies have the authority to move now, and should have done so some time ago. The Congress must then expand on this program by enacting laws making reclamation applicable to all lands, private and public. Let us not stand around wringing our hands while the West is being torn apart. Next year, or the year after, will be too late.

In summation it is important that recognition be given to the fine efforts made by the State of Montana in facing up to its responsibilities with respect to surface reclamation. I wish that the Federal agencies with responsibility for Federal lands could be equally complimented. They cannot.

Mr. President, an article appearing in the September 1 issue of The Independent Record of Helena, Mont., contains an excellent summation by Art Hutchinson. An editorial from the Billings Gazette of this morning also faces this issue headon. I ask unanimous consent to have the column and editorial printed in the RECORD, as well as a letter dated August 8, 1972, from the Regional Forester to the State Land Commissioner, the Land Commissioner's letter of August 28, 1972, to the Governor, and Governor Anderson's letter of August 29, 1972, to me.

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

USFS RENEGS ON RECLAMATION

(By Arthur Hutchinson)

The U.S. Forest Service, reneging on nearly two years of promises, has quietly informed state officials that they will not make mining regulations this year to insure reclamation within national forests.

The new delay in making regulations covering exploration, development and mining within the forest preserve means that exploitation of the Stillwater mining area southeast of Billings may continue under the 1872 Mining Act and ineffective existing regulations.

The reversal in promised USFS policy, which stunned the state administration, came almost a year to the day after USFS officials came under strong fire from U.S. Senators Mike Mansfield, Lee Metcalf, both D-Mont., and Frank Ross, D-Utah, and the administration of Democratic Gov. Forrest H. Anderson.

Tough questions were thrown at the USFS at the public hearing Aug. 18, 1971, in Billings by the Senate Subcommittee on Minerals, Materials and Fuels. The hearing followed a flight over the Stillwater to show the senators and committee staff the results of current exploration and development.

Nearly two years ago, USFS officials at a meeting in Metcalf's office promised mining regulations by early 1971 and in April of that year sent the state Department of Lands a copy of the proposed regulations and the required environmental impact statement. At the Billings hearing that followed, the pledge was repeated.

But earlier this month, state land commissioner Ted Schwinden received an almost apologetic letter from Steve Yurich, Missoula, Region One forester.

"We have recently learned that the chief (of the Forest Service) has considered it best to temporarily delay regulations for mining as such regulations would only apply to the national forests and not the public domain," Yurich wrote.

"Congress now has under active consideration legislation which the Department of the Interior believes it needs in order to issue regulations applicable to BLM (Bureau of Land Management) lands," he said.

"The chief believes it would be most desirable for mineral development regulations covering the national forest and public domain lands to be as consistent and uniform as possible," the letter said. "Should Congress fail to act on the proposed legislation this session, the chief will again consider the promulgation of mining regulations for the national forest."

The land commissioner said chances of pending legislation that would scrap the 1872 Mining Law passing Congress are practically nil this year considering that Congress probably will adjourn shortly to campaign this election year.

Schwinden said he had been told by the USFS "month after month" that publication of the regulations was imminent. He said he had even been told the number under which the regulations would be published in the federal register.

But then, Schwinden said, he began to hear "rumors" of a switch in USFS policy.

"It is a great disappointment to have you confirm what has been rumored," he said.

"The logic of delay for the sake of uniformity of regulations on U.S. lands I consider faulty," Schwinden said. "Would a physician in good conscience postpone necessary treatment of one twin because his brother was not treatable?

"As you know, some of the other western states have evidenced less concern with the problem of mined land reclamation than has Montana. I find that regrettable, but not an excuse for relaxation of our standards," he said.

Schwinden told the governor that the about-face by the USFS "means in effect that the Department of State Lands, through its administration of the (1971) Hard Rock Reclamation Act, will have to go it alone on the nearly 17 million acres of national forest in Montana."

The land commissioner reminded the governor of his testimony presented at the Billings hearing where Anderson complained that federal inactivity had forced Montana into a position of leadership in mine reclamation.

"However," Schwinden said, "this department simply does not have the resources to assure that our Montana environment will be fully protected from mining development."

(The department has an appropriation of only $183,600 for two years to supervise mining reclamation.)

The state officials blame pressure from the top in Washington for the sudden reversal.

"Our cooperation in the whole area of adequate mining regulations and reclamation standards at the regional U.S. agency levels has been excellent," Schwinden told Anderson. "At the national administration, we have been handed paper and promises, and now this complete reversal on the Forest Service regulations."

He asked the governor to inform the state's congressional delegation of "our frustration with the ambivalence and lack of commitment of the Nixon Administration."

Schwinden said he was not aware of any announcement from Washington on the abrupt policy change by the Forest Service.

[From the Billings Gazette Editorial—Monday, Sept. 18, 1972]

A LAME EXCUSE

Smokey the Bear must be hiding his head in shame these days at the inaction of the U.S. Forest Service bosses in Washington, D.C.

As a result of their inaction, top brass, high level, inner-sanctum backing off, the 1872 mining act still prevails on national forest land.

What does that mean? Nothing has changed. Miners may go into the national forests and do pretty much what they've done for 80 years—tear it up at their pleasure, No reclamation required.

For some time the Forest Service used the excuse that it lacked the authority to require reclamation of land torn up by mining exploration.

This claim came to an abrupt halt when U.S. Senator Lee Metcalf reminded them they had the authority to establish regulations controlling the use of forest land. That was nearly two years ago.

The Forest Service then assured Metcalf and others it would draw up rules to protect the forest land.

Now, even after having been shown what could result in the Stillwater area southwest of Billings, the Forest Service has reneged on its promises.

The excuse for delay is a lame one. The gist is that it is waiting for Congress to adopt regulations covering all public domain.

A better name for it is a broken promise.

The U.S. Forest Service, right at the top, is remiss in its duty to the people of this Nation. Its job is to protect and make best use of the forest land.

It has fallen down on the job in not correcting a situation which permits abuse when it has the power to do so.

STATE OF MONTANA,
OFFICE OF THE GOVERNOR,
Helena, Mont., August 29, 1972.

Hon. MIKE MANSFIELD,
U.S. Senate, Office of the Majority Leader, Washington, D.C.

DEAR MIKE: On August 18, 1971, I submitted testimony to the Subcommittee on Minerals, Materials and Fuels of the Senate Interior Committee in Billings, Montana. The previous day, Senators Moss, Metcalf, myself and various state and federal officials had viewed the Stillwater mining area in south central Montana.

In my testimony I tried to emphasize the need for orderly resource development in a context of environmental quality. I noted that the Federal Government had failed to use its authority to promote the best interests of Montana and the Nation. At that time, however, we were hopeful that the implementation of new Forest Service regulations relating to exploration and mining on forest lands would be of invaluable help.

The enclosed correspondence quite clearly indicates a drastic change in Administration policy.

Despite professed federal concern and prolonged rhetoric, it appears that my apprehensions in August, 1971, were inadvertently prophetic . . . "And we will do it alone, if necessary."

Best personal regards.

Sincerely,

FORREST H. ANDERSON,
Governor.

DEPARTMENT OF STATE LAND,
Helena, Mont., August 28, 1972.

Governor FORREST H. ANDERSON,
State of Montana,
Helena, Mont.

DEAR GOVERNOR ANDERSON: I have just recently learned that the regulations covering exploration and mining on Forest Service lands, long promised by the U.S. Forest Service, are not to be published!

The attached letter from Regional Forester Service Yurich is self-explanatory. Please note that Mr. Yurich had also ". . . expected that the Forest Service would now have regulations on mining *which would achieve good reclamation practices* for minerals mined . . . on the National Forest . . .". (Emphasis added)

Mr. Yurich states that the delay decision by the Chief Forester was attributable to pending federal legislation, and a desire for uniformity of regulations on all federal land.

You are well aware of the lack of response at the Washington level to our requests for help in resolving problems in the development of our eastern Montana coal. This decision to defer promulgation of adequate mining regulations on Forest Service lands means in effect that the Department of State Lands, through its administration of Chapter 252, the "Hard Rock Reclamation Act", will have to "go it alone" on the nearly 17 million acres of National Forest in Montana.

Our cooperation in the whole area of adequate mining regulations and reclamation standards at the *regional* U.S. agency levels has been excellent. At the national administration level, we have been handed paper and promises, and now this complete reversal on the Forest Service regulations.

Nearly two years ago, in the office of Senator Metcalf in Washington, Forest Service officials pledged that regulations would be drafted by early 1971. Enclosed is a copy of the regulations and the Environmental Impact Statement required . . . *received by us in April, 1971.* In August, 1971, the Senate Subcommittee on Minerals, Materials and Fuels reviewed the Stillwater mining area of Montana and heard extensive testimony in Billings. Month after month we were assured that publication of the regulations was imminent. Now, in late summer of 1972, we learn that the regulations are indefinitely postponed.

As you observed in your testimony in Billings in August, 1971, Montana had been forced into an unusual position in the Federal-State system . . . a position of leadership. When Mr. Wicks and I met with the Conservation Foundation in Washington in late July, it was gratifying to find that Montana's leadership in the area of sound resource management is nationally acknowledged. However, this Department simply does not have the resources to assure that our Montana environment will be fully protected from mining development. Please communicate to our Congressional delegation our commitment to sound resource development, and our frustration with the ambivalence and lack of commitment of the Nixon Administration.

Sincerely yours,
TED SCHWINDEN, *Commissioner.*

U.S. DEPARTMENT OF AGRICULTURE,
Missoula, Mont., August 8, 1972.

Mr. TED SCHWINDEN,
State Land Commissioner, Department of State Lands, State Capitol, Helena, Mont.

DEAR MR. SCHWINDEN: It is gratifying to see the progress made the past year in getting better mined-land reclamation in the State of Montana.

The two new State laws, Chapters 224 and 252 of the Session Laws of 1971 and the good work your staff has done in the administration of these laws really moved Montana forward.

I am pleased to see the State move in this direction and to be able to apply these laws where Federal controls are nonexistent.

Our memorandum of understanding on Chapter 224 has aided our people to work more closely with the State in getting the best reclamation possible on the National Forest under the authority of State law and in areas where we have little or no control.

We had expected that the Forest Service would now have regulations on mining which would achieve good reclamation practices for minerals mined under the General Mining Laws on the National Forest, similar to the authority which we do have for the leasable and salable minerals and mineral materials.

We have recently learned that the Chief has considered it best to temporarily delay regulations for mining as such regulations would only apply to the National Forest and not the public domain. Congress now has under active consideration legislation which the Department of the Interior believes it needs in order to issue regulations applicable to BLM lands. The Chief believes it would be most desirable for mineral development regulations covering the National Forest and public domain lands to be consistent and as uniform as possible. Should Congress fail to act on the proposed legislation this session, the Chief will again reconsider the promulgation of mining regulations for the National Forest.

We consider the objectives of the State and the Forest Service are close together in trying to achieve the best mined-land reclamation possible in the State.

There is some overlap in the laws of the State and the authorities which the Forest Service does have. This is chiefly in the area of the common varieties of sand, gravel, clay and rock, and occurs in some of our road contracts. In these cases it creates double administrative responsibilities and leaves the operator answering to both the State and the Forest Service for the same apparent objective. It does add some additional cost.

We believe it would be in the best public interest of both the State and the Forest Service to look forward ways of resolving this situation as soon as possible. However, we recognize that it may require an amendment in Montana Open Cut or Strip Mined Reclamation Act, Chapter 224, for clarification similar to the language as found in section 23 of Chapter 252.

Bob Manchester discussed this overlap area with you and your staff at the meeting in your office on July 17.

I would appreciate your review of this situation and your suggestions for resolving it.

Sincerely,
STEVE YURICH, *Regional Forester.*

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 750

At the request of Mr. ROBERT C. BYRD, the Senator from Delaware (Mr. BOGGS) was added as a cosponsor of S. 750, a bill to provide for the compensation of persons injured by certain criminal acts, to make grants to States for the payment of such compensation, and for other purposes.

S. 3925

Mr. ERVIN. Mr. President, I wish to announce that Senator WILLIAM FULBRIGHT has joined in cosponsoring S. 3925, a bill to regulate the testimony of newsmen in Federal criminal cases. This bill was introduced on August 16, 1972, by Senator JAMES PEARSON and myself.

S. 3659

At the request of Mr. WILLIAMS, the Senator from California (Mr. CRANSTON) was added as a cosponsor of S. 3659, a bill to establish a commission to develop a plan leading to the conquest of multiple sclerosis.

S. 3966

At the request of Mr. MATHIAS, the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 3966, to authorize a Federal payment for certain additional rapid transit facilities in the District of Columbia and environs.

FOREIGN ASSISTANCE AUTHORIZATIONS, 1973—AMENDMENT

AMENDMENT NO. 1506

(Ordered to be printed and referred to the Committee on Foreign Relations).

Mr. BROOKE submitted an amendment intended to be proposed by him to the bill (H.R. 16029) to amend the Foreign Assistance Act of 1961, and for other purposes.

INTERIM AGREEMENT ON LIMITATION OF STRATEGIC OFFENSIVE WEAPONS—AMENDMENT

AMENDMENT NO. 1507

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

Mr. FULBRIGHT (for himself, Mr. MANSFIELD, Mr. CHURCH, Mr. SYMINGTON, Mr. AIKEN, Mr. CASE, Mr. COOPER, and Mr. JAVITS) submitted an amendment intended to be proposed by them jointly to Senate Joint Resolution 241, the interim agreement on offensive weapons systems.

FEDERAL REVENUE-SHARING ACT—AMENDMENTS

AMENDMENT NO. 1508

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

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

AMENDMENT NO. 1509

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

Mr. INOUYE, for himself, Mr. FONG, Mr. GRAVEL, and Mr. STEVENS, submitted an amendment intended to be proposed by them jointly to the bill (H.R. 14370), supra.

AMENDMENTS NOS. 1510 AND 1511

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

Mr. HARTKE submitted two amendments intended to be proposed by him to the bill (H.R. 14370), supra.

ADDITIONAL COSPONSORS OF AN AMENDMENT

AMENDMENT NO. 1505

At the request of Mr. ROTH, the Senator from Washington (Mr. MAGNUSON), the Senator from New Hampshire (Mr. COTTON), the Senator from Delaware (Mr. BOGGS), the Senator from Kansas (Mr. DOLE), and the Senator from Texas

(Mr. TOWER) were added as cosponsors of amendment No. 1505, intended to be proposed to 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.

ANNOUNCEMENT OF OPEN HEARINGS BY SUBCOMMITTEE ON PARKS AND RECREATION

Mr. BIBLE. Mr. President, I wish to announce for the information of the Senate and the public that open hearings have been scheduled by the Subcommittee on Parks and Recreation at 10 a.m. on September 25, in room 3110, New Senate Office Building, on the following bills:

S. 666, S. 3618 and H.R. 12996, to designate certain lands in the Lava Beds National Monument in California as wilderness.

S. 667, S. 3618 and H.R. 10655, to designate certain lands in the Lassen Volcanic National Park in California as wilderness.

S. 1927 and H.R. 8756, to provide for the establishment of the Hohokam Pima National Monument in the vicinity of the Snaketown archeological site, Arizona, and for other purposes.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that today, September 11, 1972, he presented to the President of the United States the following enrolled bill:

S. 2969. An act to declare title to certain Federal lands in the State of Oregon to be in the United States in trust for the use and benefit of the Confederated Tribes of the Warm Springs Reservation of Oregon.

ANNOUNCEMENT OF OPEN HEARINGS BY SUBCOMMITTEE ON PARKS AND RECREATION

Mr. BIBLE. Mr. President, I wish to announce for the information of the Senate and the public that open hearings have been scheduled by the Subcommittee on Parks and Recreation at 10 a.m. on September 27, 1972, in room 3110, New Senate Office Building, on the following bill:

S. 3662. Providing for the establishment of the Tuskegee Institute National Historical Park, and for other purposes.

ADDITIONAL STATEMENTS

VICTIMS OF CRIME

Mr. MANSFIELD. Mr. President, I was pleased to hear that the Committee on the Judiciary, meeting in executive session on September 8, 1972, reported S. 750, a bill which I introduced to compensate the innocent victims of crime. That bill is now on the calendar, and I anticipate that it will be scheduled soon to provide the most expeditious Senate consideration.

During the course of hearings on S. 750 and related measures, it was learned that seven States had at that juncture similar crime compensation programs functioning on a State level. These included the States of California, New York, Hawaii, Massachusetts, Maryland, Nevada, and New Jersey.

On July 20, the Senator from Arkansas (Mr. MCCLELLAN) chairman of the Subcommittee on Criminal Law and Procedures and an ardent supporter of the concept of crime compensation, brought to the attention of this Chamber the fact that Rhode Island this year enacted a similar statutory scheme.

Most recently, the State of Alaska has joined the ranks of those States which recognize the basic financial needs of crime victims, bringing the total to nine. I ask unanimous consent that the text of the Alaska statute be printed in the RECORD at the conclusion of my remarks.

The way is now being cleared for the most prompt action on S. 750. I am confident it will receive the overwhelming support it deserves from the Senate.

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

AN ACT ESTABLISHING A VIOLENT CRIMES COMPENSATION BOARD; AND PROVIDING FOR AN EFFECTIVE DATE

Be is enacted by the legislature of the State of Alaska:

Section 1. AS 18 is amended by adding a new chapter to read:

Chapter 67. Violent Crimes Compensation Board.

Sec. 18.67.010. Purpose. It is the purpose of this chapter to facilitate and permit the payment of compensation to innocent persons injured and to dependents of persons killed as a result of certain serious crimes or in attempts to prevent the commission of crime or to apprehend suspected criminals.

Sec. 18.67.020. Criminal Injuries Compensation Board. (a) There is the Violent Crimes Compensation Board in the Department of Health and Welfare composed of three members to be appointed by the governor. One of the members shall be designated as chairman by the governor. At least one member shall be a medical or osteopathic physician licensed to practice in this state.

(b) The term of office of each member of the board is three years, except that of the members first appointed one shall be appointed for a term of three years, one for a term of two years, and one for a term of one year. All vacancies, except through the expiration of term, shall be filled for the unexpired term only.

(c) Each member of the board is eligible for reappointment and serves at the pleasure of the governor.

(d) Each member of the board is eligible for reappointment and any member of the board may be removed by the governor for inefficiency, neglect of duty or malfeasance in office after due notice and hearing.

(e) Members of the board receive no salary, but are entitled to per diem and travel expenses authorized by law for other boards.

(f) The board may appoint one or more hearing officers, who must be licensed to practice law in the state, to conduct hearings and take testimony in proceedings under this chapter, but final determinations of any matter shall be only by the board. A hearing officer acting under this section shall report his findings of fact and conclusions of law to the board, together with the reasons for the findings and conclusions. The board shall act only after consideration of the report and such other evidence as it considers appropriate.

(g) The board may appoint and fix the duties of personnel necessary for carrying out its functions under this chapter.

Sec. 18.67.030. Application for compensation. (a) Any person who may be eligible for compensation under this chapter may make application to the board. In a case in which the person entitled to make application is a minor, the application may be made on his behalf by his parent or guardian. In a case in which the person entitled to make application is mentally incompetent, the application may be made on his behalf by his parent, guardian or other individual authorized to administer his estate.

(b) In order to be eligible for compensation under this chapter, the applicant shall, before a hearing on an application under this chapter, submit reports, if reasonably available, from all physicians or surgeons who have treated or examined the victim in relation to the injury for which compensation is claimed at the time of or subsequent to the victim's injury or death. If, in the opinion of the board, reports on the previous medical history of the victim, a report on the examination of the injured victim, or a report on the cause of death of the victim by an impartial medical expert would be of material aid to its determination, the board shall order the reports and examination.

Sec. 18.67.040. Hearings. (a) Upon application made under the provisions of this chapter, the board shall fix a time and place for a hearing and shall give notice to the applicant.

(b) For the purpose of carrying out the provisions of this chapter, the board or its hearing officer may hold the hearings, sit and act at the times and places, and take the testimony that it or he considers advisable. The board or its hearing officer may administer oaths or affirmations to witnesses. The board has full powers of subpoena and compulsion of attendance of witnesses and production of documents, but no subpoena shall be issued except under the signature of a member of the board. Application to a court for aid in enforcing the subpoena may be made in the name of the board only by a board member. Subpoenas are served by any person designated by the board.

(c) The applicant and any other person having a substantial interest in a proceeding may appear and be heard, produce evidence and cross-examine witnesses in person or by his attorney. The board or its hearing officer also may hear other persons who in its or his judgment may have relevant evidence to submit.

(d) Admissibility of evidence is governed by the Administrative Procedure Act (AS 44.62).

(e) If a person has been convicted of an offense with respect to an act on which a claim under this chapter is based, proof of that conviction shall be taken as conclusive evidence that the offense has been committed, unless an appeal or a proceeding with regard to it is pending.

(f) Orders and decisions of the board shall be final.

Sec. 18.67.050. Attorney fees. The board may, as part of an order entered under this chapter, determine and allow reasonable attorney fees, which shall not exceed 15 per cent of the amount awarded as compensation under sec. 70 of this chapter, to be paid out of but not in addition to the amount of the compensation, to the attorney representing the applicant. It is unlawful for the attorney to ask for, contract for, or receive a larger sum than the amount allowed in the award.

Sec. 18.67.060. Regulations. In the performance of its functions, the board is authorized to make, rescind and amend regulations prescribing the procedures to be followed in the filing of applications and proceedings under this chapter, and other matters the board considers appropriate.

Sec. 18.67.070. Standards for compensation. For the purpose of determining the amount of compensation payable under this

chapter, the board shall, insofar as practicable, formulate standards for uniform application of this chapter and take into consideration rates and amounts of compensation payable for injuries and death under other laws of the state and of the United States and the availability of funds appropriated for purposes of this chapter.

Sec. 18.67.080. Awarding compensation. (a) In a case in which a person is injured or killed by an incident specified in sec. 90(1) of this chapter, or by any act of any other person which is within the description of offenses listed in sec. 90(2) of this chapter, the board may order the payment of compensation in accordance with the provisions of this chapter:

(1) to or for the benefit of the injured person;

(2) in the case of personal injury of the victim, to any person responsible for the maintenance of the victim who has suffered pecuniary loss or incurred expenses as a result of the injury; or

(3) in the case of death of the victim, to or for the benefit of any one or more of the dependents of the victim.

(b) For the purposes of this chapter, a person is considered to have intended an act notwithstanding that by reason of age, insanity, drunkeness, or otherwise, he was legally incapable of forming a criminal intent.

(c) In determining whether to make an order under this section, the board shall consider all circumstances determined to be relevant, including provocation, consent or any other behavior of the victim which directly or indirectly contributed to his injury or death; the prior case or social history, if any, of the victim; need for financial aid; and any other relevant matters.

(d) An order may be made under this section whether or not any person is prosecuted or convicted of an offense arising out of the act which caused the injury or death involved in the application. Upon application made by an appropriate prosecuting authority, the board may suspend proceedings under this chapter for a period it considers appropriate on the ground that a prosecution for an offense arising out of the act which caused the injury or death involved in the application has been commenced or is imminent.

Sec. 18.67.085. Recovery from collateral source. (a) The board shall deduct from any compensation awarded under this chapter any payments received from the offender or from any person on behalf of the offender, or from the United States, a state, or any of its subdivisions or agencies, or any private source or any emergency awards under sec. 105 of this chapter, for injury or death compensable under this chapter.

(b) If compensation is awarded under this chapter and the person receiving it also receives a collateral sum under (a) of this section which has not been deducted from it, he shall refund to the board the lesser of the sums or the amount of compensation paid to him under this chapter.

Sec. 18.67.090. Incidents and offenses to which chapter applies. The board may order the payment of compensation in accordance with the provisions of this chapter for personal injury or death which resulted from

(1) an attempt on the part of the applicant to prevent the commission of crime, or to apprehend a suspected criminal, or in aiding or attempting to aid a police officer to do so, or in aiding a victim of a crime, or

(2) the commission or attempt on the part of one other than the applicant to commit any of the following offenses: mayhem; indecent act with children; kidnapping; murder; manslaughter; rape; assault with intent to kill, rob, rape, or poison; assault with intent to maim; assault with a dangerous weapon; threats to do bodily harm; or lewd, indecent, or obscene acts.

Sec. 18.67.100. Nature of the compensation. The board may order the payment of compensation under this chapter for

(1) expenses actually and reasonably incurred as a result of the personal injury or death of the victim;

(2) loss of earning power as a result of total or partial incapacity of the victim;

(3) pecuniary loss to the dependents of the deceased victim; and

(4) any other loss resulting from the personal injury or death of the victim which the board determines to be reasonable.

Sec. 18.67.105. Emergency compensation. If it appears to the board that, prior to taking action on an application, the claim is one for which compensation is probable, and undue hardship will result to the applicant if immediate payment is not made, the board may make an emergency award of compensation to the applicant pending a final decision in the case. However

(1) the amount of the emergency compensation shall not exceed $500;

(2) the amount of the emergency compensation shall be deducted from the final compensation made to the applicant;

(3) the excess of the amount of the emergency compensation over the final amount shall be repaid by the applicant to the board.

Sec. 18.67.110. Limitations on awarding compensation. (a) No order for the payment of compensation may be made under sec. 80 of this chapter unless the application has been made within two years after the date of the personal injury or death, and the personal injury or death was the result of an incident or offense listed in sec. 90 of this chapter which had been reported to the police within five days of its occurrence or, if the incident or offense could not reasonably have been reported within that period, within five days of the time when a report could reasonably have been made.

(b) No compensation may be awarded if the victim of;

(1) is a relative of the offender;

(2) is at the time of the personal injury or death of the victim living with the offender as a member of his family or household, or maintaining a sexual relationship, whether illicit or not, with the person or with any member of his family;

(3) violated a penal law of the state, which violation caused or contributed to his injuries or death; or

(4) is injured as a result of the operation of a motor vehicle, boat or airplane unless the vehicle was used as a weapon in a deliberate attempt to run the victim down.

(c) No compensation may be awarded under this chapter in an amount in excess of $10,000 and all payments shall be made in a lump sum.

(d) Orders for payment of compensation under this chapter may be made only as to injuries or death resulting from incidents or offenses occurring on and after July 1, 1971.

Sec. 18.67.120. Recovery from offender. When an order for the payment of compensation for personal injury or death is made under this chapter, the board, upon payment of the amount of the order, is subrogated to the cause of action of the applicant against the person or persons responsible for the injury or death and is entitled to bring an action against the person or persons for the amount of the damages sustained by the applicant. If an amount greater than that paid under the order is recovered and collected in the action, the board shall pay the balance to the applicant.

Sec. 18.67.122. False claim. A person who knowingly makes a false claim under this chapter is guilty of a misdemeanor and upon conviction is punishable by a fine of not less than $500, or by imprisonment for not more than one year, or by both, and shall forfeit any benefit received and shall repay the state for any payment of compensation made under this chapter.

Sec. 18.67.124. Survival and abatement. The rights to compensation created under this chapter are personal and shall not survive the death of a victim or dependent entitled to them, except that if the death occurs after an application for compensation has been filed with the Violent Crimes Compensation Board, the proceeding shall not abate, but may be continued by the legal representative of the decedent's estate.

Sec. 18.67.130. Reports. The board shall prepare and transmit to the governor and legislature annually a report of its activities under this chapter including the name of each applicant, a brief description of the facts in each case, and the amount of compensation awarded.

Sec. 18.67.140. Definitions. In this chapter

(1) "board" means the Violent Crimes Compensation Board;

(2) "dependent" means a relative of deceased victim, who was dependent upon the victim's income at the time of his death; children of a victim born after a victim's death are included;

(3) "personal injury" means actual bodily harm;

(4) "relative" means spouse, parent, grandparent, stepparent, natural born child, stepchild, adopted child, grandchild, brother, sister, half brother, half sister, or spouse's parents;

(5) "victim" means a person who is injured or killed by an incident specified in sec. 90 of this chapter.

*Sec. 2. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.

THE 75TH ANNIVERSARY OF LATTIMER MASSACRE

Mr. SCOTT. Mr. President, Sunday, September 10, 1972, was the 75th anniversary of a very tragic but significant day in Pennsylvania and American history. On that day 19 striking workers at the Lattimer Mines near Hazleton, Pa., were senselessly gunned down.

The mineworkers were being underpaid and forced to work long hours. Those Polish, Slovak, and Lithuanian strikers who died that bloody day had come to the land of opportunity to better their own lives. Instead they had to give their lives so millions of others could live and work under more favorable conditions.

To commemorate the sacrifice of those 19 men, a monument has been erected in Lattimer, Pa. I feel it is appropriate to name the men who are mentioned on that monument: Sebastian Broztowski, Frank Chrzeszeski, John Fotta, Andrew Jurecek, George Kulick, Andrew Monikaski, Raphael Rekiewicz, John Tarnowicz, Stanley Zagorski, Michael Cheslock, Adalbert Czaja, Anthony Grekos, Stephen Jurics, Andrew Mieczkowski, Clement Platek, John Skrep, Jacob Tomashontas, Adalbert Ziemba, and Adam Zieminski.

May God spare our Nation and the world future deaths of good men who only seek to live good lives in peace.

THE ENVIRONMENTAL CONSCIENCE OF CONGRESS

Mr. PACKWOOD. Mr. President, never could the comparison of Congress and Nero be more clearly discerned than to-

day. For Congress seems surely to be fiddling while America burns.

As Senators, we, together, embarked upon this session of Congress with an environmental conscience and promised to produce historical antipollution laws that would enhance the day-to-day living environment of every American. Yet, here we are at the 11th hour, still engaged in political rhetoric with important environmental measures pushed to the back burners. And time passes. Pretty soon, a new session and a new Congress will convene. Will we have to begin our long legislative journeys on pesticides, water pollution, and land use again in that Congress? And what about ocean dumping, strip mining, and coastal development?

In some instances legitimate reasons exist for the slowness in moving these important items to the floor and out of conference, but in more instances, I am afraid, the symptoms of politics and profits have given Congress a bad case of fear.

Let us take a look at some of these critical items. Land use. The Senator from Washington (Mr. JACKSON) has worked his committee hard and long to produce S. 632. It has wide support nationwide. It will intimately affect Americans across the country. The Christian Science Monitor editorially discussed S. 632, stating Monday, July 31, 1972:

In our view, the Congress should deal separately with the nonfederal and the federal land portions of this proposed legislation. (Aspinall and Jackson bills.) And in so doing, it should weigh the words of Senator Jackson, whose bills are favored by the Nixon administration: "We must treat land not as a commodity to be consumed or expended, but as a valuable finite resource to be husbanded."

The Evening Star, too, editorialized on Wednesday, July 28, 1972, and stated:

The measure which deserves to be enacted is sponsored principally by Senator Henry M. Jackson of Washington.

And further:

Over in the House, Representative Wayne N. Aspinall of Colorado is guiding similar legislation toward a vote, but his version is weaker and in some respects retrogressive . . . We hope that Jackson will stand fast for his commendable product, and the House will be bold enough to deny the powerful Aspinall all he wants in this case.

Since those two editorials, weeks have passed, and still S. 632 has not come to the floor of the Senate for a vote. And the sand is running out.

What about the Clean Water Amendments? Here the story of an environmentally concerned Congress is even more unbelievable.

In the Senate we passed a very worthy bill, unanimously. We quite obviously thought it necessary to provide a program based on effluent limitations at the point of discharge if the national goal of clean water is to be met. We did not hastily consider that bill. The Senate Public Works Committee held some 30 days of public hearings on about 15 bills and at the close of those hearings, I understand the committee met in executive session for some 45 days and drafted the bill we unanimously passed.

The House, too, passed a bill—months ago. And, my friends, those two bills have been in conference since early spring of this year. The sand is running out. Will all of this legislative road have to be traveled again in the 93d Congress? Lord, I hope not.

And what about pesticide legislation? The Agriculture Committee has reported a bill, and it is on the calendar. But the Commerce Committee has raised some legitimate and highly important questions. Undoubtedly, both those respected groups want an effective pesticide bill. Then why can we not have a meeting of the minds on the real questions involved, and push aside that which would obscure our main purpose for this legislation? The sand is running out.

Mr. President, I feel a little like the kid looking in through the window to the candy shop. For I am on none of the committees involved in the above-mentioned legislation. I am on the outside looking in. But I am a U.S. Senator representing one of the most environmentally concerned States in America. And my constituents let down all the bars in reminding me that Congress is failing to meet its environmental commitment to Americans. They tell me that environment knows no political parties, nor social barriers. It is where we live, where we are, what we breathe, what we drink, what we hear, what we see, and what we do. It needs protecting, restoring, enhancing, and loving. It needs our undivided attention in Congress.

Mr. President, I would be the first to scream over weak, watered-down environmental provisions in any of the aforementioned bills, but please, give me the chance. Bring them to a vote.

THE PHILADELPHIA PLAN: IT SHOULD BE ENDED

Mr. ERVIN. Mr. President, the New York Times reported on September 4 that the administration has decided to end the practice of employment quotas for minority employees in the Federal Government and among Federal contractors.

According to the Times, the administration also is reviewing the so-called Philadelphia plan in light of this new policy against quotas.

The Philadelphia plan is all too familiar to me. The Judiciary Subcommittee on Separation of Powers, of which I am honored to serve as chairman, conducted hearings on this unwise and unconstitutional plan shortly after it was put into effect 3 years ago.

As was pointed out at those hearings, the Comptroller General held that the Philadelphia plan was unacceptable because it constituted an illegal racial quota system in violation of section 703 (j) of the Civil Rights Act of 1964.

The plan requires prospective contractors to pledge to meet "affirmative action goals" of minority employment, which are written into the specifications sent out with invitations for bids on each Federal contract. The goals vary from contract to contract and apply only to Federal construction projects with values of $500,000 or more. The "affirmative action goals" commit Federal contractors to hire enough minority group workers to fall within certain percentage "ranges" which are individually set in each contract's specifications.

The Comptroller refused to permit any Federal funds to be spent under the plan. However, the Department of Labor, supported by a memorandum from the Attorney General, contended that the plan was legal and proceeded to implement it in the Philadelphia area of Pennsylvania and New Jersey.

During the summer of 1969, the Philadelphia plan became the focal point of pressures and discontent which reached not only into Congress, but far into American society. Disturbances over minority hiring occurred in the streets of Chicago, Pittsburgh, and Seattle, tinting the dispute with violence. The plan was the basis for "Hometown" hiring plans in many other cities.

All along the administration contended that the so-called "goals" or "ranges" of minority employees required of Federal contractors in the Philadelphia area were not "quotas." This view was sustained by the U.S. Court of Appeals for the Third Circuit in the case of *Contractors Association* v. *Shultz*, 442 F.2d 159 (1971), cert. denied 404 U.S. 854 (1971).

Prior to this holding by the third circuit, the subcommittee issued a report, "Congressional Overnight of Administrative Agencies: The Philadelphia Plan (Department of Labor)," in which it stated:

There can be no doubt and, in fact, there appears to be no argument on the subject, that the Philadelphia Plan cannot be accommodated within the terms of either title VI or title VII of the Civil Rights Act of 1964. That statute forbids an employer to consider the race of an actual or putative employee; the Philadelphia Plan compels him to do so. The statute forbids imposing employment of minorities in order to compensate for past discrimination against such minorities; the Philadelphia Plan compels it. The statute forbids imposing employment in terms of ratios based on race or color; the Philadelphia Plan compels it.

Furthermore, the subcommittee found that—

. . . the Philadelphia Plan is an invalid attempt by the Secretary of Labor to engage in legislation—not merely in an area where Congress has not spoken, but in an area where Congress has specifically prohibited the action which the Secretary desires to take.

In conclusion, the Philadelphia Plan, ostensibly designed to ensure equal employment opportunity in the construction trades, is in fact a blatant case of usurpation of the legislative function by the executive branch of the Government; as such it constitutes a grave threat to the doctrine of separation of powers upon which our governmental structure is based.

Mr. President, I do not intend that these words be construed to imply that I support discrimination against any person who applies for employment with the Government or with private business. To the contrary, I strongly advocate an equal opportunity for every person based on his experience and ability to do the job. But while I am opposed to discrimination, I am also opposed to "reverse" discrimination, such as is promoted by the Philadelphia plan but prohibited by the Civil Rights Act of 1964.

The administration would be wise to eliminate the Philadelphia plan or to revise it in such a way to conform it with titles VI and VII of the Civil Rights Act of 1964. I urge the President to abolish "quotas" in every respect, for they are completely contrary both to law and to what I consider to be the American way of life.

Mr. President, I ask unanimous consent that three newspaper articles, one from the New York Times, one from the Wall Street Journal, and one from the Washington Post, be printed in the RECORD.

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

[From the New York Times, Sept. 4, 1972]

NIXON HELD LIKELY TO DROP PROGRAM OF MINORITY JOBS

(By Paul Delaney)

WASHINGTON, September 3.—The Nixon Administration has decided to scrap the Philadelphia Plan, according to sources in the Labor Department and the White House.

The plan, once the Administration's major civil rights program, began in the fall of 1969 as a highly publicized effort to place minorities in skilled jobs at federally assisted construction projects in Philadelphia through a system of quotas.

It was emulated in at least two dozen cities in what were called "home town" plans. Unlike the Philadelphia Plan, the others were voluntary. The sources reported that these plans were also threatened.

The sources, along with Arthur A. Fletcher, the former Assistant Secretary of Labor who was in charge of administering the plans, said the decision to drop the Philadelphia Plan would be in line with the Administration's new policy of opposing job quotas for minorities.

Further, they said, the policy is aimed at attracting support in the election year from organized labor, which strongly opposed the plan, designed to force building-trades unions to accept minorities as members.

DENIAL IS MADE

Mr. Fletcher, who resigned from the Nixon Administration last year and is the executive director of the United Negro College Fund in New York, said that friends within the White House and Labor Department apprised him of the decision several days ago. A lifelong Republican, he said he was especially bitter, and for the first time publicly denounced President Nixon in harsh terms both in an interview and in a speech today at Reston, Va.

Secretary of Labor James D. Hodgson insisted today that no decision had been made to drop the Philadelphia Plan, but he acknowledged that all programs involving quotas were being reviewed.

"We're reviewing the whole thing in light of the President's letter about quotas," he said in a statement released through a spokesman. "We're reviewing everything we are doing that might be affected by the policy.

"But we never conceded that we had a quota system. We always considered them as goals and timetables. A quota puts a ceiling and lid on your effort while goals and timetables say to contractors that, if you can't make them, then prove to us you made a good-faith effort."

However, Mr. Fletcher and others said they felt the decision had been made at a higher level, in the White House.

"I found it shocking, just shocking," Mr. Fletcher remarked in the interview. "This is an indication that blacks and minorities are being excommunicated from this society. They're moving against the goals and timetables of the Philadelphia Plan and, if it goes, the others [home town plans] will go too.

"This is definitely a step backwards," he continued. "The legality of Philadelphia Plan was upheld in Federal District Court and in the Federal appeals court. The Supreme Court refused to review those decisions.

"President Nixon should reaffirm his support of the Philadelphia Plan and some kind of goals and guidelines to assure equitable employment of blacks. The riots of the sixties were caused by the frustration of blacks who saw that a full-employment economy meant whites were working and blacks were unemployed. The same situation is upon us again."

Mr. Fletcher was in Reston to address the fourth annual Black Arts Festival in the small, integrated community in suburban Washington. He criticized both President Nixon and Senator George McGovern, the Democratic Presidential nominee, for their opposition to quotas.

"It is very popular this year to run against everything black Americans stand for, their hopes and aspirations," the former stanch defender of the Administration said.

"Busing is a code word which means whites don't want to have anything to do with black folks. Opposition to low-cost housing in the suburbs is a code word for the containment of blacks. And the new code word is quotas, and it means whites don't want to see any systematic way to deal with minorities."

Mr. Fletcher was once the ranking black official in the Nixon Administration. He had pursued enforcement of the Philadelphia Plan with vigor.

The plan, along with the home town plans, set percentage quotas for the training and hiring of minorities at the federally assisted construction sites. Under the plan, contractors working on the projects were required to set specific goals within Federal guidelines for hiring members of minority groups.

Affected by the plan were such skilled crafts as ironworkers, steamfitters, sheetmetal, electrical and elevator workers and plumbers and pipefitters. Employers were expected to demonstrate "good-faith" efforts in meeting minority hiring levels ranging from 4 per cent when the program started to 26 per cent by next year.

The Philadelphia Plan and the home town plans have recently been criticized as being ineffective because of the failure to enforce the guidelines strongly.

[From the Wall Street Journal, Sept. 5, 1972]

EASING OF SOME MINORITY-HIRING RULES APPARENTLY BEING PLANNED BY WHITE HOUSE

WASHINGTON.—The Nixon Administration appears to be moving toward a softening of its regulations that require employers doing business with Uncle Sam to meet specific minority-hiring goals.

In view of President Nixon's repeated attacks on all employment "quotas" in recent days, a White House source said the "logical" outcome will be an easing of the minority hiring standards set for federal contractors by the Office of Federal Contract Compliance, or OFCC. A full-scale "review" of all OFCC policies already is under way in wake of the presidential condemnation of quotas, according to a Labor Department spokesman.

At the Western White House in San Clemente, Calif., however, Ronald Ziegler, the President's press secretary, said there aren't any plans to abandon the OFCC's minority-hiring programs for federal contractors.

The greatest impact on employers would probably result from an easing of the OFCC's so-called Order No. 4, which requires all nonconstruction contractors doing over $50,000 of business a year with the U.S. to set specific goals and timetables for hiring minorities. And the OFCC's already lagging effort to impose specific hiring goals on construction contractors in major cities, as it first did with the controversial Philadelphia Plan in 1970, could be further slowed.

The whole idea of quotas has been under severe attack within the White House, according to one source there. The source said the criticism isn't "aimed at the Philadelphia Plan per se, but at quotas in general." And he indicated there is a feeling within the White House that the OFCC's "goals and timetables" amount to hiring "quotas."

The administration's growing criticism of employment quotas appears to be part of its election-year effort to woo the traditionally Democratic union and Jewish vote. Both organized labor and Jewish groups long have opposed hiring quotas.

President Nixon, in a Labor Day radio address, asserted that "quotas are intended to be a short cut to equal opportunity, but in reality they are a dangerous detour away from the traditional value of measuring a person on the basis of ability."

The issue was first raised last month when the American Jewish Committee asked the President what he thought about the use of quotas in hiring federal employes. Mr. Nixon replied on Aug. 11 that he opposed "numerical goals" applied as "quotas," or based on "a concept of proportional representation." Subsequently, he injected a strong condemnation of all quotas into his acceptance speech at the GOP convention.

Mr. Nixon's opposition to quotas seems likely to have its most direct effect at the OFCC and at the Civil Service Commission, where officials already have pledged to continue to avoid any quotas in hiring federal employes. But it wasn't immediately clear what impact his views will have on the independent Equal Employment Opportunity Commission, which is responsible for attacking all kinds of job discrimination under the Civil Rights Act of 1964.

Officials at the Labor Department of which the OFCC is a part, contend that goals and timetables required by Order No. 4 and the Philadelphia Plan concept aren't quotas. "They are intended to be guides and targets" that a federal contractor must make a "good faith effort" to meet, said one official. A contractor can be barred from doing further business with the government if he doesn't make good faith efforts to meet his hiring goals.

Nevertheless, one Labor Department source conceded that "it's possible to apply these things (goals and timetables) in a quota form." That's one reason the department is moving quickly to review all the OFCC's programs, he added. "We're wrestling with it," said another official. This official believed a key difficulty was the tendency to simply set goals that reflect the proportional representation of a particular minority in the community, an approach the President has specifically attacked.

The OFCC's Order No. 4, issued in February, has forced such giant defense contractors as McDonnell Douglas Corp. to set specific hiring goals and timetables for ethnic minorities and women. The order requires nonconstruction contractors to make an analysis of their own situation and set the goals if there is an "underutilization" of any minority groups. Underutilization is defined as "having fewer minorities, or women, in a particular job classification than would reasonably be expected by their availability."

The OFCC order is carefully worded to try to avoid linking the hiring goals directly to the proportion of a minority's population in a community. Thus, the nonconstruction contractor setting his goals is directed to consider eight different factors, including "the minority population of the labor area" and "the general availability of minorities having (the) requisite skills."

But the OFCC's Philadelphia Plan concept of imposing hiring goals on building contractors preceded Order No. 4 and has re-

ceived the most attention and criticism. Minority employment goals actually have been imposed on only five cities—and none in the past year—although the agency had vowed to do so by now in any area where local industry officials hadn't worked out a voluntary hiring plan. While the Labor Department publicly asserts the Philadelphia Plan idea is working, some officials have conceded recently to union leaders that it isn't turning out as well as the government expected.

[From the Washington Post, Sept. 7, 1972]

LABOR DEPARTMENT MULLS PLAN TO CUT CONSTRUCTION MINORITY QUOTA

(By Jon Katz)

The U.S. Labor Department is considering a proposal that could sharply decrease the number of blacks and other minorities the construction industry has to hire to meet federal contract requirements.

A Labor Department official said yesterday the department is considering a major restructuring of the controversial Philadelphia Plan and 55 similar plans for minority hiring in the construction industry.

The disclosure came two days after the Nixon administration denied reports that it has decided to scrap the plan entirely as a a pre-election gesture to the construction industry and organized labor, both of which have bitterly opposed it.

The Philadelphia Plan now requires federal contractors to establish minority hiring goals roughly tied to the percentage of blacks and other minorities in the metropolitan area covered by the plan.

Similar plans exist in Washington, D.C., and St. Louis, but the bulk are voluntary plans drawn by the construction industry.

Under the proposal being considered, the hiring goals would be tied to the percentages of blacks and other minorities in entire states or regions much larger than simple metropolitan areas.

"The new proposal would dilute the whole concept of the Philadelphia Plan," said the Labor Department official, who asked not to be identified. "The percentage of minorities would be smaller as the plan area grew bigger and the construction industry and organized labor wouldn't have to worry about meeting those goals."

For example: According to the U.S. Census Bureau, employable blacks comprise 24 per cent of the Washington metropolitan area. If the Washington Plan were extended to cover the District of Columbia and all of Maryland and Virginia, the percentage of employable blacks would drop to approximately 13 per cent, according to Census figures.

The drop would be even sharper in other areas of the country, since the District itself is 71 per cent black, one of the highest percentages in the nation.

Department officials said last week the Philadelphia Plan, and all other departmental programs were under review following President Nixon's Aug. 17 directive barring quotas in hiring minority workers for the federal government. On Monday, former Assistant Secretary of Labor Arthur Fletcher, who administered the Philadelphia Plan until 1970, told a reporter that he "feared the concept of the plan" would be dropped in the confusion over the ban on quotas.

The plan was initiated by former President Lyndon B. Johnson and vigorously enforced by Fletcher, with what he termed the enthusiastic approval of President Nixon.

"He'd be crazy to drop the plan," said Fletcher, "when I, with his (President Nixon's) support, fought so hard to support it."

U.S. Labor Secretary James Hodgson said earlier this week that published reports that the plan would be scrapped entirely were totally untrue.

"The Labor Department will vigorously pursue programs to bring about equal employment and improvement in the economic status of minorities," he said.

THE PRESIDENT'S ENVIRONMENTAL LEGISLATIVE PROGRAM

Mr. HATFIELD. Mr. President, with the focus of the Nation over the past months being on national politics, the economy, and foreign affairs, little attention has been paid to the administration's activities in the environment.

On September 5, 1972, the White House released a fact sheet on the President's environmental legislative program listing the diversity of environmental problems for which the administration has developed legislation. The breadth and scope of the President's proposals are a tribute to the 4 years he has been in office.

I ask unanimous consent that the fact sheet be printed in the RECORD.

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

THE PRESIDENT'S ENVIRONMENTAL LEGISLATIVE PROGRAM

In three Environmental Messages in 1970, 1971 and 1972, thirty-one different environmental legislative proposals have been proposed by the President and transmitted to the Congress. As of today, only six of these have been enacted and only one—the Clean Air Act Amendments of 1970—was a major proposal. The major bills pending before the Congress are:

1. WATER QUALITY

The Problem: Current law fails to provide adequate enforcement authority and fails to provide funds for treatment plants beyond fiscal year 1971.

The President's Proposal: The President recommended new water pollution control legislation for the first time in February 1970 and again in February 1971. The 1971 proposal includes:

Six billion dollars authorization over 3 years as the Federal part of a total $12 billion program;

Revise rigid allocation formula to give special emphasis to areas where waste treatment facilities are most needed;

Encourage communities to provide for replacement and expansion of treatment facilities on a reasonably self-sufficient basis;

Increase enforcement coverage of act to virtually all U.S. waters;

Establish National Federal standards for discharge of hazardous materials;

Authorize fines from $25,000 to $50,000 a day for violation of standards;

Streamline law to provide for swift public hearings as a prelude to issuance of abatement orders;

Allow citizens to take legal action against violation of standards.

Congressional Action: Both the Senate and House have passed water quality legislation and it is before a conference committee. The House, Senate and Administration bills all differ in many respects. Legislation has been before the Congress for 2½ years.

2. PESTICIDES

The Problem: The current pesticide legislation relies almost entirely on using labeling to control use, which is unrealistic and ineffective. Procedures for registering, cancelling and suspending pesticides are cumbersome.

The President's Proposal would:

Classify pesticides for "general", or "restricted" use or for "use by permit only." Registered pesticides would be used only by trained applicators and licensed by the State. Approval from a licensed consultant would be required for use of "permit only" pesticides;

Streamline procedures for cancellation of registrations;

Authorize stopping the sale or use of, and to seize, pesticides being distributed or held in violation of Federal law.

Congressional Action: House has passed pesticide bill, but no bill has been reported for action in the Senate. This legislation has been before the Congress over 1½ years.

3. NOISE

The Problem: Except for DOT authority over aircraft noise, the Federal Government has no authority to control noise from a wide variety of sources.

The President's Proposal would:

Authorize EPA to set noise standards on transportation, construction and other equipment;

Require labeling of noise characteristics of other products.

Congressional Action: House has passed a noise bill, but no bill has been reported for action in the Senate. The bill has been before the Congress for 1½ years.

4. OCEAN DUMPING

The Problem: Lack of effective authority for regulation of ocean dumping by the States or the Federal Government has created serious environmental damage in some locations. Ocean dumping could grow to critical proportions in the future.

The President's Proposal would:

Require permits from EPA for the transportation and dumping of any wastes which originate in the U.S. into estuaries, the Great Lakes, and the oceans anywhere in the world; and for dumping by foreign nations in our territorial waters and in the 12-mile offshore contiguous zone;

State a national policy banning the unregulated ocean dumping of all materials and placing strict limits on ocean disposal of materials harmful to the environment;

Instruct the State Department, in cooperation with the Council on Environmental Quality to develop international initiatives to control ocean dumping.

Congressional Action: Ocean dumping legislation has been passed by both the Senate and the House, but it has not been reported for final Congressional action. An international agreement to control ocean dumping was endorsed at the Stockholm Conference on the Human Environment, calling upon governments to convene a conference before November 1972 to negotiate a convention for signature by the end of the year. The ocean dumping legislation has been before the Congress for over 1½ years.

5. TOXIC SUBSTANCES

The problem: Each year, hundreds of new chemicals are commercially marketed, some posing substantial health threats. There is a need to assure adequate testing of such chemicals to prevent environmental hazards in the future.

The President's Proposal would:

Allow EPA to restrict the use or distribution of substances which are a hazard to human health and the environment;

Stop the sale of chemicals that violate this legislation;

Seek injunctive relief when use or distribution of a chemical presents an imminent hazard to health or the environment;

Require tests to be performed on new chemical substances.

Congressional Action: The Senate has passed legislation to control toxic substances, but it has not been reported for action in the House. This bill has been before the Congress for 1½ years.

6. NATIONAL LAND USE POLICY ACT AND NATIONAL RESOURCE LAND MANAGEMENT ACT

(Note: Separate proposals by the Administration—Congressional Committees are combining consideration of them)

National Land Use Policy Act—The Problem: Haphazard land use decisions create a host of environmental problems including destruction of wetlands, development in hazardous areas, encroachment on open spaces and aesthetic blight. There is a need to encourage the States to deal with land use issues which spill over local jurisdictional boundaries.

The President's Proposal would:

Establish a National Land Use Policy;

Encourage States, in cooperation with local governments, to plan for and regulate major developments affecting growth;

Provide funds for State land use programs.

In 1972, the President further proposed that any State that had not established an acceptable land use program by 1975 would be subject to annual reductions of 7 percent of highway, airport and recreation funds. The funds would be reallocated to States with acceptable programs.

National Resource Land Management Act—the Problem: The 450 million acres of public domain land are being administered under laws which were forged when Federal ownership was expected to be temporary. There is no currently specific legislation setting forth a policy for management, retention and disposal of the Nation's public domain lands.

The President's Proposal would:

Require management of the Nation's public lands in a manner to protect environmental quality;

Declare that the retention of public lands is in the national interest except where disposal would serve important public objectives.

Congressional Action of both bills: Neither House has taken action on these proposals. The President's land use proposal has been pending 1½ years. The public lands bill has been pending for over 1 year.

7. STRIP AND UNDERGROUND MINING

The Problem: State regulation of the environmental effects of surface and underground mining have not been adequate. Strip mining alone now disturbs 4,650 acres of land a week.

The Presidents Proposal would:

Require State programs to regulate the environmental consequences of strip and underground mining;

Establish Federal requirements and guidelines for such State programs;

Authorize Federal regulation of the guidelines if States fail to implement programs after 2 years.

Congressional Action: Neither House has acted on this legislation. The President's proposal has been pending over 1½ years.

8. POWER PLANT SITING

The Problem: Recent power shortages dramatize the need for timely long-term planning for the location and construction of large-scale electric power plants and transmission lines. Without proper planning and control, power needs cannot be reconciled with the need to prevent long-term threats to environmental quality.

The President's Proposal would:

Require establishment of a single agency in each State or region to assure that environmental concerns are properly considered in the certification of specific power sites and transmission line routes;

Require utilities to identify needed power facilities 10 years prior to construction;

Require utilities to identify power plant sites and general transmission routes five years before construction;

Require utilities to apply for certification from the State or regional agency for specific facilities 2 years prior to construction;

Require that the State or regional agency give certification prior to construction.

Congressional Action: Neither House has taken action on this legislation. The President's proposal has been pending for over 1½ years.

9. PREDATOR CONTROL

The Problem: The use of highly toxic chemical poisons to kill coyotes and other predatory animals results in unintended losses of other animals and in other harmful effects on the natural environment.

President's Proposal: By administrative action, the President banned the use of poisons on all public lands, except for emergency situations. Backing up this action, the President proposed legislation which would shift the emphasis of the predator control program from Federal killing of predators to one of research and technical and financial assistance to the States to help them control predator populations by means other than poisons.

Congressional Action: Legislation similar to the President's Proposal has passed the House. The Senate has not yet acted on this legislation.

10. ENDANGERED SPECIES

The Problem: More than 100 species of fish and wildlife are on the endangered species list maintained by the Department of the Interior. However, under existing legislation, a species cannot be listed and protected until it is actually threatened with extinction. Even then, the Federal Government has no control over the shooting, trapping or other taking of endangered species.

The President's Proposal would:

Provide for early identification and protection of endangered species;

Allow for protection of species endangered in one country or area, rather than waiting until they are endangered throughout the world;

Make the taking of endangered species a Federal offense.

Congressional Action: Action has not been taken by either House on this legislation.

11. GOLDEN GATE NATIONAL RECREATION AREA

The President's Proposal would: establish a Golden Gate National Recreation Area in and around San Francisco Bay. The proposal would encompass a number of existing parks, military reservations, and private lands to provide a full range of recreation experiences. Altogether the area would encompass some 24,000 acres of fine beaches, rugged coasts and readily accessible urban parklands, extending approximately 30 miles along some of America's most beautiful coastline north and south of Golden Gate Bridge. Angel and Alcatraz Islands in the Bay would be within the boundaries of the National Recreation Area. The President directed that the Presidio at San Francisco be opened for dual military and civilian recreation uses.

Congressional Action: Neither the House nor the Senate has taken action on this legislation.

12. GATEWAY NATIONAL RECREATION AREA

The President's Proposal would establish a Gateway Nation Recreation Area in the New York City area. Proposed in May 1971, it would open to a metropolitan region of more than 14 million people a National Recreation Area offering more than 14 million people a National Recreation Area offering more than 23,000 acres of prized beaches, wildlife preserves and historical attractions, including the Nation's oldest operating lighthouse.

Congressional Action: Legislation establishing a Gateway National Recreation Area has passed the Senate. The House has not yet taken action.

13–14. TOXIC WASTE DISPOSAL AND SEDIMENT CONTROL (TWO PROPOSALS)

This legislation was transmitted in February 1972 as amendments to the Federal Water Pollution Control Act. Title I would require State programs, including permit systems, to regulate disposal on or under the land of those toxic wastes which pose a hazard to health. Title II would require States to establish regulatory programs to control sediment affecting water quality from earth-moving activities such as building and road construction. Netiher House has taken action on this legislation.

15. LAND AND WATER CONSERVATION FUND AMENDMENTS

These amendments would target more of the State allotments under the Land and Water Conservation Fund to heavily populated and urbanized States. Neither House has taken action on this proposal.

16. BIG CYPRESS NATIONAL RECREATION AREA

In February 1972, legislation was submitted to create a Big Cypress National Fresh Water Reserve. This legislation would empower the Federal Government to acquire the requisite legal interest in 547,000 acres of the Big Cypress Swamp to help maintain the water supply of the Everglades. Neither House has taken action.

17. ENVIRONMENT FINANCING AUTHORITY

Proposed by the President in his 1970 Environmental Message, the Authority would purchase bonds of communities for waste treatment plants when such bonds could not be sold at reasonable interest rates in the private market. The bill, passed by the House, is being considered by the Conference Committee on the water pollution legislation.

18. AUTHORIZATION OF EXPENSES FOR RELOCATION OF FEDERAL FACILITIES

Proposed by the President in his 1970 Environmental Message, this legislation would encourage surplus Federal properties to be returned for local uses by allowing agencies to be reimbursed for moving expenses when such agencies leave properties declared surplus. Neither House has taken action on this legislation.

19–22. MARINE POLLUTION CONVENTIONS (FOUR PROPOSALS)

Four international conventions or amendments to existing conventions, all dealing with oil pollution, are currently before the Senate for advice and consent. The new conventions would:

Set up an international fund for compensation of both Government and private victims of damages from tanker oil spills;

Establish strict liability on tanker owners for the costs and damages from oil spills.

Two amendments to a 1954 oil pollution convention would:

Tighten limits on the size of tanks in oil tankers to minimize spills caused by accidents;

Extend a flat, no-discharge requirement currently in effect for coastal areas to Australia's Great Barrier Reef.

23. OIL POLLUTION AMENDMENTS OF 1972

This legislation would implement 1969 and 1971 amendments to the 1954 international convention on oil pollution. These amendments would set stricter limits on oil discharges from all ships, set stricter limits on tank size to minimize spillage from accidents, and implement the Barrier Reef amendment. Neither House has taken action on this legislation.

24. SULFUR OXIDES TAX

The President proposed a tax on sulfur oxides in his 1971 Environmental Message. The legislation was transmitted as part of his 1972 Environmental Message. The bill is designed to provide a free market economic incentive to reduce harmful emissions of sulfur oxides. No action has been taken on this legislation.

25. ENVIRONMENTAL PROTECTION TAX ACT OF 1972

The major part of this legislative proposal would restrict applicability of certain tax benefits when development occurs in coastal wetlands. This proposal would complement the National Land Use Policy Act, which defines wetlands as "environmentally critical

areas." Also, this legislation includes provisions to encourage charitable donations of land and to take away current incentives to demolish rather than restore buildings. No action has been taken on this legislation.

BILLS PASSED

1. CLEAN AIR ACT AMENDMENTS OF 1970

All of the President's 1970 air quality proposals were enacted in the Clean Air Act amendments of 1970. These include nationwide air quality standards, national emission standards for new facilities, national emission standards for hazardous pollutants, assembly line testing of vehicles for emissions, and regulation of fuels and fuel additives.

2. BRIDGE-TO-BRIDGE TELEPHONES

This legislation requires vessels to have bridge-to-bridge telephones to prevent accidental collisions at sea—a major cause of oil spills.

3. PORT AND WATERWAYS SAFETY ACT

This legislation provides the Coast Guard with greater authority to impose safety regulations for vessels and to establish harbor control systems to prevent accidents.

4. AMENDMENT TO THE SURPLUS PROPERTY ACT

This Act allows State and local governments to use properties transferred to them by the Federal Government for revenue-producing activities. This measure is expected to save a number of historic properties which State or local governments cannot afford to keep as museums.

5. OIL POLLUTION INTERVENTION CONVENTION

This convention, agreed to by the Senate, would allow the U.S. and other nations to intervene when a tanker threatens oil pollution.

6. CONVENTION TO REDUCE INTERNATIONAL OIL DISCHARGES

An amendment to the 1954 oil pollution convention, agreed to by the Senate, sets tighter oil discharge limits on all ocean-going ships, including tankers.

THE OTHER CONSTITUTION

Mr. ERVIN. Mr. President, the Federal Register of Saturday, August 5, 1972, contains Proclamation No. 4145, by which President Nixon proclaims September 17 as Citizenship Day and the week of September 17 as Constitution Week.

In keeping with appropriate Acts of Congress, the President has designated these periods, in the words of the proclamation:

To inspire our citizens to rededicate themselves to the services of their country and to the support and defense of the Constitution so that they may have a better understanding of the Constitution and the rights and responsibilities of United States citizenship.

I should like to suggest respectfully that the President heed his own words, for the Constitution this administration knows apparently is different in some respects from the document drafted in 1787 by the Founding Fathers.

As was pointed out in the New York Times on August 5 by Arlie Schardt, the associate director of the Washington national office of the American Civil Liberties Union, there have been an "unusual number of serious misunderstandings between the administration and Congress" over just what the Constitution says.

In his article, Mr. Schardt gives emphasis to Executive Order 11605—which he says was "voted in, 1–0" by the President on July 2, 1971—that purported to expand the powers of the Subversive Activities Control Board. I have said on a number of occasions that Executive Order 11605 was an unconstitutional usurpation of the legislative functions of the Congress by the President—in effect, that he took legislative action on his own without consulting the Congress, much less getting its approval.

Citizenship Day and Constitution Week should be observed by every American in keeping with the advice issued by President Nixon in Proclamation No. 4145, especially by the members of the administration who concocted Executive Order 11605. They might begin by reviewing the doctrine of separation of powers.

Mr. President, I ask unanimous consent that the article entitled "The Other Constitution," written by Mr. Arlie Schardt, and Proclamation No. 4145, entitled "Citizenship Day and Constitution Week, 1972," be printed in the RECORD.

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

[From the New York Times, Aug. 5, 1972]

THE OTHER CONSTITUTION

(By Arlie Schardt)

WASHINGTON.—As this legislative year staggers through the humid months of summer, it has become obvious that the unusual number of serious misunderstandings between the Administration and Congress is the result of a minor oversight by the Administration.

The Administration simply forgot to share with Congress—and the rest of us—its copy of the Constitution, which is obviously different from the one we all studied in history class.

If the Administration would only take a moment to make public its copy of the Constitution, hundreds of man hours would be saved because countless nitpicking disputes would no longer arise. Everyone would be on the same ground.

The present set-up, known to some scholars as the Dual Constitutional System, is favored by those who feel it is more democratic to offer citizens a choice.

However, it is now clear after three and one-half years' experience that the Government will run more smoothly by using just one Constitution, not two.

For example, by failing to share its copy of the Constitution during the fights over Supreme Court nominees Haynsworth and Carswell, the Administration confused those Senators who somehow thought the Senate has a voice in these matters. We all know the result: debates that took up weeks of the Senate's valuable time, when the whole wrangle could have been avoided if both branches had access to the same rules.

Explaining the arrest of 13,000 people in Washington's 1971 Mayday demonstrations, the Administration revealed the doctrine of "qualified martial law." No other constitutional scholars had ever heard of this doctrine, but its author was quickly promoted to the Supreme Court, where he will presumably find it for them.

The current school integration battle is another example. During recent hearings on the President's antibusing bills, witnesses from the Justice Department had members of the House Judiciary Committee absolutely stroking their chins in confusion.

A few members finally admitted that their law schools were apparently deficient, because they were learning things that morning about the Constitution they had never known before, such as the business about Congress having the right to deprive citizens of constitutional rights. Or the revelation that constitutional rights could simply be suspended because the Administration was considering some new laws.

And then there's been all this fuss over the war. Even now, after all these years of patient explaining, there are still Senators—and lately even a few Representatives—who insist that at least one of our constitutions says something about Congress having a voice in setting off wars.

Another problem, less publicized but very important, involves that little matter of who gets to make the laws. Last summer, in fact, Senator Sam Ervin got so exercised about the whole thing that he made an emotional speech, in which he insisted (all the time waving around a copy of the old Constitution, just as if it was the only one), that only Congress had the power to pass legislation.

Well, the Administration could have made short shrift of that kind of uneducated talk by sending Senator Ervin a copy of you-know-what. But they made a tactical error. They just went right ahead with their new law (they called it Executive order 11605 instead of calling it an actual law), so the entire argument was exacerbated and a bunch of equally naive Senators all jumped in.

Executive order 11605 was voted in, 1–0, by the President last July. Its purpose is to expand the powers of the Subversive Activities Control Board. The board was created by the Internal Security Act of 1950. Its purpose was to help Joe McCarthy and other patriots expose subversives. The original sponsor of the act was Representative Richard M. Nixon, so you can understand why the Administration feels especially warm about the constitutional principles involved here.

The board's primary trouble has been that ever since it was created, practically everything it has done, except draw salaries, has been declared unconstitutional.

A long campaign to persuade Congress to abolish the board by eliminating its funds is gaining momentum. Even if it should fall short of final victory this year, we will at least have lived to see the ultimate novelty: that unique moment when Congress approves funds for an Executive order which usurps Congress's own authority—and which is sure to be ruled unconstitutional anyway.

[From the Federal Register, Vol. 37, No. 152—Saturday, Aug. 5, 1972]

TITLE 3—THE PRESIDENT, PROCLAMATION 4145; CITIZENSHIP DAY AND CONSTITUTION WEEK, 1972

(By The President of The United States of America)

A PROCLAMATION

One hundred and eighty-five years ago a group of determined and purposeful men assembled in Philadelphia and signed the Constitution of the United States. They gave form to our ideals of self-government, and laid the foundation for a community of free people in which the inalienable right to life, liberty, and the pursuit of happiness could flourish.

The world has changed greatly since then. But their work has endured, as a source of strength to America and of inspiration to the world. As a representative democracy, the United States has prospered beyond man's wildest dreams and has become a shining symbol of freedom for men and women everywhere. Within the framework of this fundamental law, our people enjoy the rights, the freedoms and the exercise of responsibilities to which people everywhere aspire.

The Constitution of the United States is no mere impersonal doctrine. It is an instrument of our people. Its vitality and meaning depend upon the purpose and the energy of all of our citizens.

President Grover Cleveland said: "I indulge in no mere figure of speech when I say that our nation * * * lives in us—in our hearts and minds and consciences. There it must find its nutriment or die. This thought more than any other presents to our minds the impressiveness and responsibility of American citizenship. The land we live in seems to be strong and active. But how fares the land that lives in us?" Today it is the land that lives in us which will determine the course of this Nation.

On February 29, 1952, the Congress approved a joint resolution (66 Stat. 9) setting aside the seventeenth day of September of each year as Citizenship Day in commemoration of the signing of the Constitution of the United States on September 17, 1787, and in recognition of all who, by coming of age or by naturalization, had attained citizenship during the year. On August 2, 1956, the Congress approved a second joint resolution (70 Stat. 932), requesting the President to designate the week beginning September 17 of each year as Constitution Week.

Now, therefore, I Richard Nixon, President of the United States of America, direct the appropriate Government officials to display the flag of the United States on all Government buildings on Citizenship Day, September 17, 1972. I urge Federal, State, and local officials, as well as all religious, civic, educational, and other interested organizations to make arrangements for impressive, meaningful pageants and observances on that day to inspire all other citizens to rededicate themselves to the service of their country and to the support and defense of the Constitution.

I also designate the period beginning September 17 and ending September 23, 1972, as Constitution Week; and I urge the people of the United States to observe that week with appropriate ceremonies and activities in their schools and churches, and in other suitable places, to the end that our citizens, whether they be naturalized or natural-born, may have a better understanding of the Constitution and of the rights and responsibilities of United States citizenship.

In witness whereof, I have hereunto set my hand this third day of August, in the year of our Lord nineteen hundred seventy-two and of the Independence of the United States of America the one hundred ninety-seventh.

RICHARD NIXON.

MRS. JEWEL LAFONTANT, OF CHICAGO, U.S. REPRESENTATIVE TO THE GENERAL ASSEMBLY OF THE UNITED NATIONS

Mr. PERCY. Mr. President, the nomination of Mrs. Jewel Lafontant, of Chicago, to be a representative of the United States to the 27th session of the United Nations General Assembly is an outstanding nomination. Mrs. Lafontant, whom I have known and admired for many years, will bring a brilliant record of experience in civic and public life to this assignment.

A distinguished attorney in private practice, and a member of the board of directors of several of America's greatest businesses, Mrs. Lafontant has also been a member of the U.S. Advisory Commission on International Educational and Cultural Affairs since 1969 and a member of the Illinois Advisory Committee to the U.S. Civil Rights Commission since 1958. She is a trustee of Lake Forest College and Provident Hospital and Training School Association, and is a director of the Harvard-Saint George School. She has been secretary of the National Bar Association, treasurer of the Cook County Bar Association, and a member of the Board of Managers of the Chicago Bar Association.

As important as this broad experience is Mrs. Lafontant's understanding of public issues and her deep concern for justice both in the United States and throughout the world. This understanding and this concern may be expected to bear significantly on the work of the United Nations General Assembly which will open in New York on September 19.

RIGGED VOTER REGISTRATION

Mr. McGEE. Mr. President, the Washington Post for Sunday, September 10, contains an excellent article concerning the obstacles which confront the eligible voters in this Nation. As the writer of the article pointed out:

It is generally believed that manipulating votes went out with the payoffs of old-time political machines . . .

The fact is that instead of machine payoffs, our more modern politicians have substituted sophisticated use—or non-use—of the voter registration process which will effectively strip the vote from millions of the less advantaged. . . .

The writer calls for the implementation of a national voter-registration system—a proposal which I have offered in the form of legislation, but which the Senate has failed to approve.

The points raised in the article are worthy of conscientious consideration by the Senate, as one example after another is cited as proof of partisanship on the part of registration agents to the detriment of the eligible voter.

I ask unanimous consent that the article, written by Alice Lynn Booth, be printed in the RECORD.

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

HOW TO RIG VOTES WITHOUT BUYING

(By Alice Lynn Booth)

It is generally believed that manipulating votes went out with the payoffs of old-time political machines. It did not. It is widely thought that making the voting booth inaccessible to the poor is an exclusive weapon of Southern segregationists against blacks. It is not. It is broadly assumed that the 26th Amendment to the Constitution means all those 18 to 21 years old will now be eligible to vote on Nov. 7. They will not.

The fact is that instead of machine payoffs, our more modern politicians have substituted sophisticated use—or non-use—of the voter registration process, which this year will effectively strip the vote from millions of the less advantaged in the North as well as the South—including nearly half of our newly enfranchised working youth. All this will become clearer not on Nov. 7 but about a month earlier, when registration books are closed in most states.

The chief reasons why these millions will lose their right to vote are not very complex. In the absence of a national registration system, city and county election officials are given virtual hegemony over voter sign-ups by the states. Whether appointed or elected, these officials are generally indebted to the party that put them in their jobs. They are not likely to go out of their way to register voters who might upset party leaders.

In fact, they sometimes go to some lengths to erect barriers to these voters. This was the case in many college towns across the country after the 26th Amendment was ratified. Seeing the new student voters as a threat to the established powers, election officials subjected the youths to excessive interrogations, demanded unusual proof of residency, and initially turned many away. At the University of Illinois at Champaign-Urbana, for example, many students were actually asked where they planned to be buried before they could register to vote. At the University of Maryland at College Park, some officials falsely implied that students who signed up to vote there might have their auto insurance rates raised.

THE REGISTRATION MAZE

The students fought these tactics and usually won, either in court or in rulings by state attorneys general. While only six states permitted students to register at campus addresses in 1971, more than 40 states now treat them like any other residents. (New York, with over 800,000 college students, still does not permit campus registration; a court case on this issue is now pending.) As a result, about 80 per cent of the nation's 6 million college students are likely to be registered this year.

But non-student youth, who outnumber the students by more than 3 to 1, have not been as fortunate. By March 1, according to the Gallup Poll, only 40 per cent were on the rolls. By June 1, only 1 per cent more were added. August polls indicate the tally now is about 44 per cent. The registration rate over the past six months suggests that, at most, 53 per cent of potentially eligible working youth will be allowed to vote. That means nearly 9 million of these 19 million youths will lose the ballot, in all likelihood significantly distorting November's election returns.

Registering college students has been a relatively easy task because of their concentration in large groups and their high political awareness. But non-student youths, dispersed among the general population, were thrown into the same pot that traditionally disenfranchised voters have been left to stew in since registration became widespread in the early 1900s to curb ballot box stuffing and other frauds. Less knowledgeable politically and feeling an urban-fed alienation and mistrust of institutions, they confront a registration system which, as the League of Women Voters has put it, is "an administrative maze through which the average citizen must painstakingly grope in order to exercise his fundamental right to the franchise."

Chief among the elements of the maze is the inaccessibility of registration. In the South, there is the continuing problem in rural areas of the county courthouse often being the only place to register. "If you are poor and live 60 miles, round-trip, how do you get there?" remarks John Lewis, whose Voter Education Project conducts registration drives in the South. "Election officials continually refuse to make mobile registration and deputy registrars available, so registration is left to VEP and other organizations who can provide transportation."

In Stewart County, Ga., Lewis says, the election administrator closed the courthouse on the day of a VEP registration drive, forcing its cancellation. "We have called the Justice Department and sent telegrams, but received no answers to our requests" for federal registrars to go out in mobile vans to sign up voters. Under the Voting Rights Act of 1965, such federal aid can be given when less than 50 per cent of voting age residents in a political subdivision are registered.

But inaccessibility is by no means limited to the South. "Normal" registration in Northern areas usually takes place in a central location during working hours. "Expanded" registration often means police stations or libraries—places not generally frequented on a voluntary basis by the less educated,

and often consciously avoided. "Branch" registration usually is done at ward polling places and other city buildings or schools. And all of this is often accompanied by little publicity or canvassing of unregistered voters.

The consequences are clear. About the time of this spring's primary elections, for example, the overall registration rate in the cities was about 65 per cent. But in the South End of Boston, only 56 per cent of black and Spanish residents were signed up; in a youth ward near Boston's Beacon Hill, the rate for such potential voters was 51 per cent. In the District of Columbia at the time, registration was 44 per cent lower in one black Northwest ward than in a typical upper-middle-class white area. In Newark, registration figures for largely black wards were about 15 per cent lower than in surrounding white suburbs.

In New York City only last month, 58 per cent of all eligible voters had been signed up—but among 18-to-21-year-olds the rate was only 33 per cent, with the heaviest concentrations of those left out living in lower-income areas.

In fact, the case can be made that registration progress in the North is now lagging behind that of some areas in the South. In Dallas County, Ala.—where Selma is the county seat—about 68 per cent of blacks are now registered. This compares with only 2.1 per cent in 1964, when black registration in Selma was embroled in the agonies of intimidation, beatings and literacy tests that even college professors could not pass. The Dallas County black rgeistration rate now exceeds the 58 per cent of all voters in New York City.

"Black people in the South fought for their right to vote and won—they are determined to use it," explains John Lewis.

THE SINCERELY MISGUIDED

The inaccessibility of registration is no chance happening. It stems from several causes. One is the sincerely misguided attitude many election officials still cling to that voting is a privilege, rather than the right it has clearly been established to be. In Milwaukee, for example, elections board member Rose Borjanac says: "Voting is a great privilege—you can't just give things to children if you expect them to value anything." The Milwaukee board this year cut back on registration sites, eliminating both a welfare center and a department store. And despite a city attorney's opinion supporting door-to-door registration, plus an offer of volunteers by a coalition of voter registration organizations, Milwaukee will not allow door-to-door registration.

The board chairman there, Lawrence Carlson, reasons: "I don't think we should grab people to register them. Some effort must be made by the people themselves. Those people have wheels. They can go an additional six or seven blocks to a police station or library if they really want to register."

But "those people" are understandably not eager to visit police stations or libraries. And there is no good reason why they should have to. If voting is not a privilege, *eligibility* to vote is certainly not one either. It is an absolute right for almost all citizens 18 or older. It is the government's job to ensure that this right is not taken away or made difficult to exercise.

Many local governments, however, do not see it that way—and not only because some view voting as a gift they are bestowing. Rather, they take pains to register voters when it suits them politically and ignore them when it does not.

"POLITICAL REGISTRATION"

Consider, for example, the case of Boston. In last September's mayoral primary, Thomas Atkins, a black and a former Democratic city councilman, was among incumbent Kevin White's opponents. (Atkins is now State Secretary for Communities under Republican Gov. Frances Sargent.) The other opposition to the moderately liberal White consisted of two other liberals plus conservative Rep. Louise Day Hicks.

Says Atkins: "The mayor made a political judgment concerning registration. If he expanded registration, the net addition to the rolls would be black, Spanish and students—people who would vote disproportionately for me. Therefore, the election office was slow in instituting registration procedures. After the primary, when White faced Hicks alone, the election department instituted extraordinary procedures to register voters. It represents a fairly cynical and manipulative view of the democratic process. I don't want to give the impression that what the mayor did was unique. But that doesn't make it any less immoral."

Then, before both this spring's presidential primary and this month's state primary, the Boston board refused requests for mobile registration and deputy registrars. "We can't afford mobiles," said mayoral aide Ann Lewis. "But with little city halls and other ward sites, we're registering people."

However, Leon Rock, head of Boston's Black Student Union, has a different view. He says that only 500 young people were registered before the books closed for this month's state primary, and that "the real reason they wouldn't expand registration was their fear of alienating Louise Day Hicks. Since she was running against a black for her seat in Congress, they didn't want to increase registration of young people, particularly blacks."

Now, with state primary registration over, the city is again adding money to the election office budget, mysteriously finding that it can expand to mobile registration after all for November's election. "We're going to get a lot of people registered," says Miss Lewis. "I've met with the election office and the ward committeemen who will phone every unregistered voter in the city. We'll make registration as easy as possible."

The Boston election board, consisting of two Democrats and two Republicans, is appointed by the mayor. As Miss Lewis succinctly puts it: "He tells them what he wants them to do and they do it."

Curiously, Miss Lewis, who has also been named state registration chairman for the McGovern presidential campaign, says: "We're not going to concentrate on the campuses. We're encouraging students to register in their home states wherever the vote would be crucial for McGovern." Mobile vans, she says, are to be sent to Boston campuses only on request. Evidently, some McGovern people as well are handy at manipulating registration to suit their candidate's purposes.

NOTHING UNIQUE

The Boston and Milwaukee tales are certainly not unique. In Philadelphia, the distribution of registration sites is determined by ward leaders. Requests by community and student groups for campus and community registration sites have been consistently turned down by election supervisor Jack Welsh, who claims to be "a civil servant who doesn't know a damn thing about politics."

But according to Hardy Williams, a black state assemblyman who was defeated by Frank Rizzo in the 1971 mayoral primary, the political party determines not only where sites are placed but for how many days. "If they want a strong black vote, they'll add sites in the black community, but generally whites are favored."

Mark Bernstein, co-chairman of the Voter Rights Committee at the University of Pennsylvania Law School and a leader of student-controlled Ward 27 in Philadelphia, adds: "An unfavored ward leader suffers when it comes to registration. Our ward generally gets the minimum—three days and three sites."

In Plainfield, N.J., the only place to register is at city hall, which is in an upper-income white community. It is a considerable distance from predominantly black wards, where registration rates range as low as 35 per cent. The Plainfield city council recently vetoed a plan to send mobile vans into these wards. "The present arrangement should satisfy anyone interested in voting," remarks Republican city council member David Rothberg.

He certainly had never spoken to a young black mother who recently talked to a lawyer seeking information for a possible suit against the council action. She receives $210 a month from the welfare department, has a small child to care for, has no car and no history of voting in her family. "I would like to register but I can't get downtown and I don't want to go to that place," she said.

THE CONFUSING LAWS

Similar stories can be found all across the nation. "It's no accident that it's so damn hard to register in this country," says Mike McClister, vice president of Matt Reese Associates, a Washington-based political consulting firm. "A political machine survives by reproducing its own turnout year after year. It's no wonder they don't want to expand registration."

It is not just the administration of the laws, McClister notes, but confusion among voters about the vague laws themselves. Citing a survey of eligible voters in a Minneapolis suburb, he says a check with registration lists showed that 75 per cent of those who had said they were registered actually were not.

Similarly, Ohio state assemblyman Richard Celeste, a Democrat who represents a largely Republican district in the Cleveland area, blames both political parties for maintaining a state registration law that is complex and vague and not used aggressively at the local level. "If the Republican Party has the least interest in expanding voter registration," he remarks, "then the second least interest is held by the Democrats, who fear a broad electorate would shake their power."

What all this adds up to is that voter registration, introduced mainly to curb those who used to cast more than one vote, has reduced the percentage of those eligible to vote at all on Election Day. In most cases this means no vote for the less affluent, the disaffected—those whom this country has been trying to convince since the riots and protests of the past decade to work through the democratic process. If that argument is to be at all persuasive, something must be done to make sure they have an electoral voice. Otherwise, there is no reason for them to listen.

THE ROAD TO REFORM

Registration reformers generally divide along the lines of those who want stronger state action and those urging a uniform federal registration system. Prof. Richard Smolka, director of American University's Institute of Election Administration, for example, advocates uniform registration laws for each individual state, with strong state control over administration. He believes that election administration must remain at the local level because of the possibility of fraud.

"There are 90,000 local units of government conducting elections, more than 500,000 officials elected to office each year, and an election held every week in this country," he says. "If the purpose of registration is to prevent fraud, then to justify it we must administer voter registration where people know each other. A nationally administered program could cause delay and would simply be impractical."

But Prof. Smolka's prescription would still leave room for less scrupulous state politicians to set the number, place and timing of registration to further their political interests. An issue as fundamental as voting re-

quires federal standards for national elections and federal pressure for state and local races.

A bill introduced in the Senate last year by Sen. Gale McGee of Wyoming comes close to proposing a national system that would significantly reduce our registration ills. For federal elections, the bill would place the Census Bureau in charge of national registration administration. Registration postcards would be mailed to every home, to be sent by voters to local election offices, which would process the forms. To influence state reforms, Washington would offer financial incentives to those states adopting programs similar to its own.

But the McGee bill, which was shelved by the Senate for this year, does not go far enough. It does not sufficiently consider the millions of less advantaged citizens who may have difficulty receiving mail or be less than eager to fill out a government form that arrives in the mail. To ensure the registration of as many citizens as possible, the federal standards would have to include door-to-door registration in precincts where sign-ups fall below, say, 85 per cent. And those states eager for federal financial aid would have to follow this standard for state and local registration.

Only with such a system can we have a chance of fulfilling the promises this country has made.

THE 1972 REPUBLICAN PLATFORM

Mr. DOLE. Mr. President, last month the Republican party proclaimed in the platform adopted at its convention a remarkable vision of America. It was inspiring in the scope and depth of its considerations, and it was unique in the range of opinions and viewpoints which went into its composition.

It represents the dedicated efforts of the 105 individuals who served on the resolutions committee as well as hundreds of people from all walks of life, every political persuasion and all parts of the country who offered testimony before the committee.

Serving, as it does, to express Republican hopes for the Nation's future while reaffirming our faith in the sound principles of our past, the platform merits the careful attention of all Americans who are concerned for the directions in which our Nation will move over the next 4 years—and into the third century of our history.

I ask unanimous consent that the 1972 platform of the Republican Party, "a better future for all," as adopted by the national convention, be printed in the RECORD.

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

REPUBLICAN PLATFORM—"A BETTER FUTURE FOR ALL"

(Adopted by the Republican National Convention, August 22, 1972, Miami Beach, Florida

PREAMBLE

This year our Republican Party has greater reason than ever before for pride in its stewardship.

When our accomplishments are weighed—when our opponents' philosophy, programs and candidates are assessed—we believe the American people will rally eagerly to the leadership which since January 1969 has brought them a better life in a better land in a safer world.

This political contest of 1972 is a singular one. No Americans before have had a clearer option. The choice is between going forward from dramatic achievements to predictable new achievements, or turning back toward a nightmarish time in which the torch of free America was virtually snuffed out in a storm of violence and protest.

It is so easy to forget how frightful it was.

There was Vietnam—so bloody, so costly, so bitterly divisive—a war in which more than a half-million of America's sons had been committed to battle—a war, it seemed, neither to be won nor lost, but only to be endlessly fought—a war emotionally so tormenting as almost to obliterate America's other worldly concerns.

And yet, as our eyes were fixed on the carnage in Asia, in Europe our alliance had weakened. The Western will was dividing and ebbing. The isolation of the People's Republic of China with one-fourth of the world's population, went endlessly on.

At home our horrified people watched our cities burn, crime burgeon, campuses dissolve into chaos. A mishmash of social experimentalism, producing such fiscal extravaganzas as the abortive war on poverty, combined with war pressures to drive up taxes and balloon the cost of living. Working men and women found their living standards fixed or falling, the victims of inflation. Nationwide, welfare skyrocketed out of control.

The history of our country may record other crises more costly in material goods, but none so demoralizing to the American people. To millions of Americans it seemed we had lost our way.

So it was when our Republican Party came to power.

Now, four years later, a new leadership with new policies and new programs has restored reason and order and hope. No longer buffeted by internal violence and division, we are on course in calmer seas with a sure, steady hand at the helm. A new spirit, buoyant and confident, is on the rise in our land, nourished by the changes we have made. In the past four years:

We have turned toward concord among all Americans;

We have turned toward reason and order;

We have turned toward government responding sensitively to the people's hopes and needs;

We have turned toward innovative solutions to the nation's most pressing problems;

We have turned toward new paths for social progress—from welfare rolls to payrolls, from wanton pollution to vigorous environmental protection;

We have moved far toward peace: withdrawal of our fighting men from Vietnam, constructive new relationships with the Soviet Union and the People's Republic of China, the nuclear arms race checked, the Mid-East crisis dampened, our alliances revitalized.

So once again the foreign policy of the United States is on a realistic footing, promising us a nation secure in a full generation of peace, promising the end of conscription, promising a further allocation of resources to domestic needs.

It is a saga of exhilarating progress.

We have come far in so short a time. Yet, much remains to be done.

Discontents, frustrations and concerns still stir in the minds and hearts of many of our people, especially the young. As long as America falls short of being truly peaceful, truly prosperous, truly secure, truly just for all, her task is not done.

Our encouragement is in the fact that things as they are, are far better than things that recently were. Our resolve is that things to come can be, and will be, better still.

Looking to tomorrow, to President Nixon's second term and on into the third century of this Republic, we of the Republican Party see a quarter-billion Americans peaceful and prospering as never before, humane as never before, their nation strong and just as never before.

It is toward this bright tomorrow that we are determined to move, in concert with millions of discerning Democrats and concerned Independents who will not, and cannot, take part in the convulsive leftward lurch of the national Democratic Party.

The election of 1972 requires of the voters a momentous decision—one that will determine the kind of nation that is to be on its 200th birthday four years hence. In this year we must choose between strength and weakness for our country in the years to come. This year we must choose between negotiating and begging with adversary nations. This year we must choose between an expanding economy in which workers will prosper and a hand-out economy in which the idle live at ease. This year we must choose between running our own lives and letting others in a distant bureaucracy run them. This year we must choose between responsible fiscal policy and fiscal folly.

This year the choice is between moderate goals historically sought by both major parties and far-out goals of the far left. The contest is not between the two great parties Americans have known in previous years. For in this year 1972 the national Democratic Party has been seized by a radical clique which scorns our nation's past and would blight her future.

We invite our troubled friends of other political affiliations to join with us in a new coalition for progress. Together let us reject the New Left prescription for folly and build surely on the solid achievements of President Nixon's first term.

Four years ago we said, in Abraham Lincoln's words, that Americans must think anew and act anew. This we have done, under gifted leadership. The many advances already made, the shining prospects so clearly ahead, are presented in this Platform for 1972 and beyond.

May every American measure our deeds and words thoughtfully and objectively, and may our opponents' claims be equally appraised. Once this is done and judgment rendered on election day, we will confidently carry forward the task of doing for America what her people need and want and deserve.

TOWARD A FULL GENERATION OF PEACE

Foreign Policy

When Richard Nixon became President, our country was still clinging to foreign policies fashioned for the era immediately following World War II. The world had changed dramatically in the 1960s, but our foreign policies had not.

America was hopelessly enmeshed in Vietnam. In all parts of the globe our alliances were frayed. With the principal Communist powers our relations showed little prospect of improvement. Trade and monetary problems were grave. Periodic crises had become the way of international economic life.

The nation's frustrations had fostered a dangerous spirit of isolationism among our people. America's influence in the world had waned.

In only four years we have fashioned foreign policies based on a new spirit of effective negotiation with our adversaries, and a new sense of real partnership with our allies. Clearly, the prospects for lasting peace are greater today than at any time since World War II.

New Era of Diplomacy

Not all consequences of our new foreign policy are yet visible, precisely because one of its great purposes is to anticipate crises and avoid them rather than merely respond. Its full impact will be realized over many years, but already there are vivid manifestations of its success:

Before this Administration, a Presidential visit to Peking would have been unthinkable. Yet our President has gone there to open a

candid airing of differences so that they will not lead some day to war. All over the world tensions have eased as, after a generation of hostility, the strongest of nations and the most populous of nations have started discoursing again.

During the 1960s, Presidential visits to Moscow were twice arranged and twice cancelled. Now our President has conferred, in the Soviet Union, with Soviet leaders, and has hammered out agreements to make this world a much safer place. Our President's quest for peace has taken him to 20 other countries, including precedent-shattering visits to Rumania, Yugoslavia and Poland.

Around the globe America's alliances have been renewed and strengthened. A new spirit of partnership shows results in our NATO partners' expenditures for the common defense—up by some $2 billion in two years.

Historians may well regard these years as a golden age of American diplomacy. Never before has our country negotiated with so many nations on so wide a range of subjects—and never with greater success. In the last four years we have concluded agreements:

To limit nuclear weapons.

To ban nuclear weapons from the world's seabeds.

To reduce the risk of an accidental nuclear war.

To end the threat of biological and toxin warfare.

To terminate American responsibility for the administration of Okinawa.

To end the recurrent crises over Berlin.

To provide for U.S.-Soviet cooperation in health and space research.

To reduce the possibility of dangerous incidents at sea.

To improve emergency communications between the White House and the Kremlin.

To exercise restraint in situations threatening conflict.

To realign the world's currencies.

To reduce barriers to American exports.

To combat the international drug traffic.

To protect the international environment.

To expand cultural relations with peoples of Eastern Europe.

To settle boundary disputes with Mexico.

To restore the water quality of the Great Lakes in cooperation with Canada.

In Vietnam, too, our new policies have been dramatically effective.

In the 1960s, our nation was plunged into another major war—for the fourth time in this century, the third time in a single generation.

More than a half-million Americans were fighting in Vietnam in January 1969. Fatalities reached 562 in a single week. There was no plan for bringing Americans home; no hope for an end of the war.

In four years, we have marched toward peace and away from war. Our forces in Vietnam have been cut by 93 percent. No longer do we have a single ground combat unit there. Casualties are down by 95 percent. Our young draftees are no longer sent there without their consent.

Through it all, we have not abandoned an ally to aggression, not turned our back on their brave defense against brutal invasion, not consigned them to the bloodbath that would follow Communist conquest. By helping South Vietnam build a capability to withstand aggression, we have laid the foundation for a just peace and a durable peace in Southeast Asia.

From one sector of the globe to another, a sure and strong America, in partnership with other nations, has once again resumed her historic mission—the building of lasting peace.

The Nixon Doctrine

When President Nixon came into office, America's foremost problem was the bloody, costly, divisive involvement in Vietnam. But there was an even more profound task—to redefine the international role of the United States in light of new realities around the globe and new attitudes at home. Precisely and clearly, the President stated a new concept of a positive American role. This—the Nixon Doctrine—is monumentally important to every American and to all other people in the world.

The theme of this Doctrine is that America will remain fully involved in world affairs, and yet do this in ways that will elicit greater effort by other nations and the sustaining support of our people.

For decades, our nation's leaders regarded virtually every problem of local defense or economic development anyplace in the world as an exclusive American responsibility. The Nixon Doctrine recognizes that continuing defense and development are impossible unless the concerned nations shoulder the principal burden.

Yet, strong economic and military assistance programs remain essential. Without these, we are denied a middle course—the course between abruptly leaving allies to struggle alone against economic stagnation or aggression, or intervening massively ourselves. We cannot move from the overinvolvement of the Sixties to the selective involvement of the Seventies if we do not assist our friends to make the transition with us.

In the Nixon Doctrine, therefore, we define our interests and commitments realistically and clearly; we offer, not an abdication of leadership, but more rational and responsible leadership.

We pledge that, under Republican leadership, the United States will remain a leader in international affairs. We will continue to shape our involvement abroad to national objectives and realities in order to sustain a strong, effective American role in the world.

Over time we hope this role will eventually lead the peace-loving nations to undertake an exhaustive, coordinated analysis of the root causes of war and the most promising paths of peace, so that those causes may in time be removed and the prospects for enduring peace strengthened year by year.

Peace in the 1970s

We stand with our President for his Strategy for Peace—a strategy of national strength, a new sense of international partnership, a willingness to negotiate international differences.

We will strengthen our relationships with our allies, recognizing them as full-fledged partners in securing the peace and promoting the common well-being.

With our adversaries, we will continue to negotiate in order to improve our security, reduce tension, and extend the realm of cooperation. Especially important is continued negotiation to maintain the momentum established by the Strategic Arms Limitation agreements to limit offensive and defensive nuclear weapons systems and further to reduce the danger of nuclear conflict. In addition, we will encourage increased trade for the benefit of our consumers, businessmen, workers, and farmers.

Along with NATO allies, we will seek agreement with the Warsaw Pact nations on a mutual and balanced reduction of military forces in Europe.

We will press for expansion of contacts with the peoples of Eastern Europe and the People's Republic of China, so long isolated from most of the world.

We will continue to seek a settlement of the Vietnam war which will permit the people of Southeast Asia to live in peace under political arrangements of their own choosing. We take specific note of the remaining major obstacle to settlement—Hanoi's demand that the United States overthrow the Saigon government and impose a Communist-dominated government on the South Vietnamese. We stand unequivocally at the side of the President in his effort to negotiate honorable terms, and in his refusal to accept terms which would dishonor this country.

We commend his refusal to perform this act of betrayal—and we most emphatically say the President of the United States should not go begging to Hanoi. We believe that the President's proposal to withdraw remaining American forces from Vietnam four months after an internationally supervised cease-fire has gone into effect throughout Indochina and all prisoners have been returned is as generous an offer as can be made by anyone—by anyone, that is, who is not bemused with surrender—by anyone who seeks, not a fleeting peace at whatever cost, but a real peace that will be both just and lasting.

We will keep faith with American prisoners of war held by the enemy, and we will keep faith, too, with their families here at home who have demonstrated remarkable courage and fortitude over long periods of uncertainty. We will never agree to leave the fate of our men unclear, dedependent upon a cruel enemy's whim. On the contrary—we insist that, before all American forces are withdrawn from Vietnam, American prisoners must be returned and a full accounting made of the missing in action and of those who have died in enemy hands.

We pledge that upon repatriation our returned prisoners will be received in a manner befitting their valor and sacrifice.

We applaud the Administration's program to assure each returned prisoner the finest medical care, personal counseling, social services and career orientation. This around-the-clock personal service will ease their reintegration into American life.

North Vietnam's violation of the Geneva Convention in its treatment of our prisoners of war has called forth condemnation from leaders around the world—but not by our political opposition at home. We denounce the enemy's flagrant breach of international law and common decency. We will continue to demand full implementation of the rights of the prisoners.

If North Vietnam continues obdurately to reject peace by negotiation, we shall nevertheless achieve peace for our country through the successful program of Vietnamization, phasing out our involvement as our ally strengthens his defense against aggression.

In the Middle East, we initiated arrangements leading to a cease-fire which has prevailed for two years. We pledge every effort to transform the cease-fire into lasting peace.

Since World War II, our country has played the major role in the international effort to assist the developing countries of the world. Reform of our foreign assistance program, to induce a greater international sharing of the aid effort, is long overdue. The reforms proposed by the President have been approved only in part. We call for further reforms to make our aid more effective and protect the taxpayer's interests.

We stand for an equitable, non-discriminatory immigration policy, reaffirming our support of the principles of the 1965 Immigration Act—non-discrimination against national origins, reunification of families, and the selective admission of the specially talented. The immigration process must be just and orderly, and we will increase our efforts to halt the illegal entry of aliens into the United States.

We also pledge to strengthen the agencies of international cooperation. We will help multilateral organizations focus on international issues affecting the quality of life—for example the peaceful uses of nuclear energy and the protection of man's cultural heritage and freedom of communication, as well as drug abuse, pollution, overpopulation, exploitation of the oceans and seabeds, aircraft hijacking and international crime. We will seek to improve the performance of

the United Nations, including more objective leadership. We support a more equitable sharing of the costs of international organizations and have serious concerns over the delinquency of many UN members in meeting their financial obligations.

Our country, which from its beginnings has proclaimed that all men are endowed with certain rights, cannot be indifferent to the denial of human rights anywhere in the world. We deplore oppression and persecution, the inevitable hallmarks of despotic systems of rule. We will continue to strive to bring them to an end, both to reestablish the right of self-determination and to encourage where and when possible the political freedom of subjugated peoples everywhere in the world.

We firmly support the right of all persons to emigrate from any country, and we have consistently upheld that doctrine. We are fully aware of and share the concern of many citizens for the plight of Soviet Jews with regard to their freedoms and emigration. This view, together with our commitment to the principles of the Universal Declaration of Human Rights of the United Nations, was made known to Soviet leaders during the President's discussions in Moscow.

The Middle East

We support the right of Israel and its courageous people to survive and prosper in peace. We have sought a stable peace for the Middle East and helped to obtain a cease-fire which contained the tragic conflict. We will help in any way possible to bring Israel and the Arab states to the conference table, where they may negotiate a lasting peace. We will continue to act to prevent the development of a military imbalance which would imperil peace in the region and elsewhere by providing Israel with support essential for her security, including aircraft, training and modern and sophisticated military equipment, and also by helping friendly Arab governments and peoples, including support for their efforts to diminish their dependence on outside powers. We support programs of economic assistance to Israel pursued by President Nixon that have helped her achieve a nine percent annual economic growth rate. This and the special refugee assistance ordered by the President have also helped to provide resettlement for the thousands of immigrants seeking refuge in Israel.

We will maintain our tactical forces in Europe and the Mediterranean area at adequate strength and high levels of efficiency. The irresponsible proposals of our political opposition to slash the defense forces of the United States—specifically, by cutting the strength of our fleet, by reducing our aircraft carriers from 16 to six and by unilateral withdrawals from Europe—would increase the threat of war in the Middle East and gravely menace Israel. We flatly reject these dangerous proposals.

With a settlement fair to all nations of the Middle East, there would be an opportunity for their peoples to look ahead to shared opportunities rather than backward to rancorous animosities. In a new environment of cooperation, Israel will be able to contribute much to economic renaissance in the Mideast crossroads of the world.

The Atlantic Community

We place high priority on the strengthening of the North Atlantic Alliance. One of the President's first initiatives was to visit Western European capitals to reinvigorate the NATO alliance and indicate its importance in U.S. foreign policy.

Right now, with plaintive cries of "come home America" echoing a new isolationism, the Republican Party states its firm belief that no nation can be an island or a fortress unto itself. Now, more than ever, there is need for interdependence among proven friends and old allies.

The North Atlantic Alliance remains the strongest most successful peacetime association ever formed among a group of free nations. The continued strengthening of the Alliance will remain an important element in the foreign policies of the second Nixon Administration.

Japan

During the 1960s a number of economic and political issues developed in our country's relations with Japan, our major ally in Asia. To resolve these, President Nixon terminated our responsibility for the administration of Okinawa and initiated action to reduce our trade deficit with Japan. We are consulting closely to harmonize our two countries' separate efforts to normalize relations with Peking. In these ways we have shifted our vital alliance with Japan to a more sustainable basis for the long term, recognizing that the maintenance of United States-Japanese friendship advances the interests of both countries.

The Soviet Union

Over many years our relations with the Soviet Nation have oscillated between superficial improvements and new crises. False hopes have been repeatedly followed by disillusioned confrontation. In the closing months of 1968, our relations with the Soviet Union deteriorated steadily, forcing the cancellation of a scheduled Presidential visit to Moscow and immobilizing projected negotiations on strategic arms limitation.

President Nixon immediately began the difficult task of building a new relationship—one based on a realistic acceptance of the profound differences in the values and systems of our two nations. He moved decisively on key issues—such as the Berlin problem and strategic arms limitation—so that progress in one area would add momentum to progress in other areas. The success of these efforts was demonstrated at the summit in Moscow. Agreements were reached on new areas of cooperation—public health, environmental control, space exploration and trade. The first historic agreements limiting strategic arms were signed last May 26 in Moscow, and the Soviet Union subscribed to a broad declaration of principles governing our relations.

We pledge to build upon these promising beginnings in reorienting relations between the world's strongest nuclear powers to establish a truly lasting peace.

China

In the 1960s it seemed beyond possibility that the United States could dispel the ingrained hostility and confrontation with the China mainland. President Nixon's visit to the People's Republic of China was, therefore, an historic milestone in his effort to transform our era from one of confrontation to one of negotiation. While profound differences remain between the United States and China, at least a generation of hostility has been replaced by frank discussions. In February 1972 rules of international conduct were agreed upon which should make the Pacific region a more peaceful area now and in the future. Both the People's Republic and the United States affirmed the usefulness of promoting trade and cultural exchanges as ways of improving understanding between our two peoples.

All this is being done without affecting our mutual defense treaty or our continued diplomatic relations with our valued friend and ally on Taiwan, the Republic of China.

Latin America

Our common long-range interests, as well as history and geography, give the relations among nations of the Western Hemisphere a special importance. We will foster a more mature partnership among the nations of this hemisphere, with a wider sharing of ideas and responsibility, a broader understanding of diversities, and firm commitment to the common pursuit of economic progress and social justice.

We believe the continuing campaign by Cuba to foment violence and support subversion in other countries makes it ineligible for readmission to the community of American states. We look forward to the day when changes in Cuba's policies will justify its re-entry into the American community—and to the day when the Cuban people achieve again their freedom and their true independence.

Africa

Our ties with Africa are rooted in the heritage of many Americans and in our historic commitment to self-determination. We respect the hard-earned sovereignty of Africa's new states and will continue to do our utmost to make a meaningful contribution to their development. We have no illusions that the United States can single-handedly solve the seemingly intractable problems of apartheid and minority rule, but we can and will encourage non-violent, evolutionary change by supporting international efforts peacefully to resolve the problems of southern Africa and by maintaining our contacts with all races on the Continent.

DEFENSE

We believe in keeping America strong.

In times past, both major parties shared that belief. Today this view is under attack by militants newly in control of the Democratic Party. To the alarm of free nations everywhere, the New Democratic Left now would undercut our defenses and have America retreat into virtual isolation, leaving us weak in a world still not free of aggression and threats of aggression. We categorically reject this slash-now, beg-later, approach to defense policy.

Only a strong America can safely negotiate with adversaries. Only a strong America can fashion partnerships for peace.

President Nixon has given the American people their best opportunity in this century to achieve lasting peace. The foundations are well laid. By adhering to a defense policy based on strength at home, partnership abroad and a willingness to negotiate everywhere, we hold that lasting peace is now achievable.

We will surely fail if we go crawling to the conference table. Military weakness is not the path to peace; it is invitation to war.

A Modern Well-equipped Force

We believe that the first prerequisite of national security is a modern, well-equipped armed force.

From 1965 to 1969 the Vietnam war so absorbed the resources of the Defense Department that maintenance, modernization, and research and development fell into neglect. In the late 1960s the Soviet Union outspent the United States by billions of dollars for force modernization, facing the United States with the dangerous prospect that its forces would soon be qualitatively inferior. Our Reserve Forces and the National Guard had become a dumping ground for cast-off arms and equipment. The military posture of our country became seriously undermined.

To assure our strength and counter the mounting Soviet threat, President Nixon directed:

The most significant ship construction and modernization program since World War II;

The development of new types of tactical aircraft such as the F–15, a lightweight fighter, and a fighter plane for close support of ground troops;

Improvements in our strategic bomber force and development of the new B–1 strategic bomber;

Development of a new Trident submarine and undersea missile system;

Greatly increasing the capability of existing strategic missiles through multiple warheads;

Strengthening of strategic defenses, including initial deployment of an anti-ballistic missile system;

The largest research and development budget in history to insure continued technological superiority;

Equipping of the National Guard and Reserves with the most modern and sophisticated weapons;

Improved command and control communications systems.

We draw a sharp distinction between prudent reductions in defense spending and the meat-ax slashes with which some Americans are now beguiled by the political opposition. Specifically, we oppose plans to stop the Minuteman III and Poseidon programs, reduce the strategic bomber force by some 60 percent, cancel the B–1 bomber, reduce aircraft carriers from 16 to 6, reduce tactical air wings by a third, and unilaterally reduce U.S. forces in Europe by half.

These slashes are worse than misguided; they are dangerous.

They would torpedo negotiations on arms and troop reductions, create a crisis of confidence with our allies, damage our own industrial and technological capacity, destabilize Europe and the Middle East, and directly endanger the nation's security.

A New Partnership

The Nixon Doctrine has led to a new military strategy of realistic deterrence. Its essence is the sharing of the responsibilities and the burdens of defense. This strategy is based on the efficient utilization of the total force available—our own and our allies', and our civilian reserve elements as well as our regular forces.

For years our country shouldered the responsibility for the defense of other nations. There were fears that we were attempting to be the policeman of the world. Our country found it necessary to maintain a military force of 3.5 million persons, more than a million overseas at 2,270 installations.

A new partnership is emerging between the United States and other nations of the free world. Other countries are assuming a much greater responsibility for the common defense. Twice in the last two years our European allies have agreed to substantial increases in their support for NATO forces. In Asia we have been heartened by the efforts of the Koreans, Vietnamese, Thais, Nationalist Chinese, Australians, New Zealanders and others who have sought improvements in their own forces.

We have been able to reduce our military forces by more than one million men and women. We have cut by half the number deployed overseas, reduced overseas installations by more than 10 percent, and sharply reduced the economic burden of defense spending from the Vietnam high. All this has been done by virtue of our new security posture, without impairing our own or our allies' security.

We pledge to press on toward a lasting peace. To that end we declare ourselves unalterably opposed to a unilateral slash of our military power, and we reject a whimpering "come back America" retreat into isolationism.

An All-Volunteer Armed Force

We wholeheartedly support an all-volunteer armed force and are proud of our historic initiatives to bring it to pass.

Four years ago, the President pledged to work toward an early end of the draft. That promise has been kept. Today we approach a zero draft that will enlarge the personal freedom of millions of young Americans.

Prior to 1969, annual draft calls exceeded 300,000. The Selective Service System was inequitable in operation, and its rules caused prolonged uncertainty for young men awaiting call.

Since 1969, the Selective Service System has been thoroughly reorganized, and local draft boards are more representative than ever before. Today draftees are called by random selection of the youngest first, so that the maximum length of vulnerability is no longer seven years but one year only. Youth advisory committees are in operation all across the country.

Of critical importance, we are nearing the elimination of draft calls altogether. In every year since 1968, draft calls have been reduced. Monthly draft calls are now down to a few thousand, and no draftees are sent involuntarily to Vietnam. We expect to achieve our goal by July 1973. Then, for the first time in a quarter-century, we hope and expect that young Americans of all ages will be free from conscription.

Our political opponents have talked for years of their concern for young people. It is our Republican Administration that has taken the strong, effective action required to end the draft, with its many hardships and uncertainties for the youth of America.

Improvements in Service Life

We believe that the men and women in the uniformed services deserve the gratitude and respect of all Americans and are entitled to better treatment than received in the past.

For years most servicemen have been underpaid, harassed with restrictions, and afforded few opportunities for self-development. Construction of military housing was allowed to fall badly behind.

Since 1968 improvements in service life have been many and major:

The largest pay raises in military history have been enacted. While increases have been in all grades, the largest have gone to new recruits whose base pay will have risen more than 300 percent by the end of this year.

Construction of new housing for military personnel and their families has increased sixfold since January 1969.

Without sacrificing discipline, needlessly harsh, irksome and demeaning practices of the past have been abandoned.

An effective program against dangerous drugs has been initiated.

Educational and training opportunities have been expanded.

Major strides have been made toward wiping out the last vestiges of racial discrimination.

We regard these tasks as never completed, but we are well on the way and pledge ourselves to press forward assuring all men and women in the armed forces rewarding careers.

Better Defense Management

In the 1960s, the Department of Defense became administratively top-heavy and inefficient. The acquisition of new weapons systems was handled with inadequate attention to cost or performance, and there was little recognition of the human dimensions of the Department. Morale was low.

Our improvements have been many and substantial. Healthy decentralization has taken place. The methods of acquiring new weapons systems have been reformed by such procedures as "fly before you buy," the use of prototypes and the elimination of frills. Service personnel and civilian employees are now treated as the most important asset of the Department.

We have sharply reduced defense spending. In 1968, 45 percent of the Federal budget was spent for defense and 32 percent for human resources. In the 1973 budget the proportions were reversed—45 percent for human resources, 32 percent for defense. The 1973 defense budget imposes the smallest economic burden on the country of any defense budget in more than 20 years, consuming only 6.4 percent of the estimated Gross National Product.

Arms Limitation

We believe in limiting arms—not unilaterally, but by mutual agreement and with adequate safeguards.

When the Nixon Administration began, the Soviet Union was rapidly building its strategic armaments, and any effort to negotiate limitations on such weapons seemed hopeless. The Soviet build-up threatened the efficacy of our strategic deterrent.

The Nixon years have achieved a great breakthrough in the long-term effort to curb major armaments by international agreement and given new momentum to arms limitations generally. Of greatest importance were agreements with the Soviet leaders to limit offensive and defensive nuclear weapons. The SALT accords established mutually agreed restraints between the United States and the Soviet Union and reduced tensions throughout the world.

With approval of the SALT agreements by the Congress, negotiations will be resumed to place further restrictions on nuclear weapons, and talks will begin on mutual, balanced force reductions in Europe.

We believe it is imperative that these negotiations go forward under President Nixon's continuing leadership. We pledge him our full support.

For the Future

We will continue the sound military policies laid down by the President—policies which guard our interests but do not dissipate our resources in vain efforts to police the world. As stated by the President:

We will maintain a nuclear deterrent adequate to meet any threat to the security of the United States or of our allies.

We will help other nations develop the capability of defending themselves.

We will faithfully honor all of our treaty commitments.

We will act to defend our interests whenever and wherever they are threatened.

But where our vital interests or treaty commitments are not involved our role will be limited.

We are proud of the men and women who wear our country's uniform, especially of those who have borne the burden of fighting a difficult and unpopular war. Here and now we reject all proposals to grant amnesty to those who have broken the law by evading military service. We reject the claim that those who fled are more deserving, or obeyed a higher morality, than those next in line who served in their places.

In carrying out our defense policies, we pledge to maintain at all times the level of military strength required to deter conflict, to honor our commitments to our allies, and to protect our people and vital interests against all foreign threats. We will not let America become a second-class power, dependent for survival on the good will of adversaries.

We will continue to pursue arms control agreements—but we recognize that this can be successful only if we maintain sufficient strength and will fail if we allow ourselves to slip into inferiority.

A NEW PROSPERITY

Jobs, inflation and the economy

The goal of our Party is prosperity, widely shared, sustainable in peace.

We stand for full employment—a job for everyone willing and able to work in an economy freed of inflation, its vigor not dependent upon war or massive military spending.

Under the President's leadership our country is once again moving toward these peacetime goals. We have checked the inflation which had started to skyrocket when our Administration took office, making the difficult transition from inflation toward price stability and from war toward peace. We

have brought about a rapid rise in both employment and in real income, and laid the basis for a continuing decline in the rate of unemployment.

All Americans painfully recall the grave economic troubles we faced in January 1969. The Federal budget in fiscal 1968 had a deficit of more than $25 billion even though the economy was operating at capacity. Predictably, consumer prices soared by an annual rate of 6.6 percent in the first quarter of 1969. "Jawboning" of labor and business had utterly failed. The inevitable tax increase had come too late. The kaleidoscope of "Great Society" programs added to the inflationary fires. Our international competitive position slumped from a trade surplus of $7 billion in 1964 to $800 million in 1968. Foreign confidence in the value of the dollar plummeted.

Strategies and Achievements

Our Administration took these problems head on, accepting the unpopular tasks of holding down the budget, extending the temporary tax surcharge, and checking inflation. We welcomed the challenge of reorienting the economy from war to peace, as the more than two and one-half million Americans serving the military or working in defense-related industries had to be assimilated into the peacetime work force.

At the same time, we kept the inflation fight and defense employment cuts from triggering a recession.

The struggle to restore the health of our nation's economy required a variety of measures. Most important, the Administration developed and applied sound economic and monetary policies which provided the fundamental thrust against inflation.

To supplement these basic policies, Inflation Alerts were published; a new National Commission on Productivity enlisted labor, business and public leaders against inflation and in raising real incomes through increased output per worker; proposed price increases in lumber, petroleum, steel and other commodities were modified. A new Construction Industry Stabilization Committee, with the cooperation of unions and management, braked the dangerously skyrocketing costs in the construction industry.

Positive results from these efforts were swift and substantial. The rate of inflation, more than 6 percent in early 1969, declined to less than 4 percent in early 1971.

Even so, the economic damage inflicted by past excesses had cut so deeply as to make a timely recovery impossible, forcing the temporary use of wage and price controls.

These controls were extraordinary measures, not needed in a healthy free economy, but needed temporarily to recapture lost stability.

Our mix of policies has worked. The nation's economic growth is once again strong and steady.

The rate of increase of consumer prices is now down to 2.7 percent.

On the employment front, expenditures for manpower programs were increased from $2.3 billion to a planned $5.1 billion; new enrollees receiving training or employment under these programs were increased by more than half a million; computerized job banks were established in all cities; more than a million young people received jobs this summer through Federal programs, 50 percent more than last year; engineers, scientists and technicians displaced by defense reductions were given assistance under the nation-wide Technology Mobilization and Reemployment program; 13 additional weeks of unemployment compensation were authorized; and a Special Revenue Sharing Program for Manpower was proposed to train more people for more jobs—a program still shelved by the opposition Congress.

Civilian employment increased at an annual rate of about 2.4 million from August 1971 to July 1972. Almost four and one-half million new civilian jobs have been added since President Nixon took office, and total employment is at its highest level in history.

The total productive output of the country increased at an annual rate of 9.4 percent in the second quarter of 1972, the highest in many years.

Workers' real weekly take-home pay—the real value left after taxes and inflation—is increasing at an annual rate of 4.5 percent, compared to less than one percent from 1960 to 1970. For the first time in six years real spendable income is going up, while the rate of inflation has been cut in half.

Time lost from strikes is at the lowest level in many years.

The rate of unemployment has been reduced from 6.1 percent to 5.5 percent, lower than the average from 1961 through 1964 before the Vietnam buildup began, and is being steadily driven down.

In negotiation with other countries we have revalued the dollar relative to other currencies, helping to increase sales at home and abroad and increasing the number of jobs. We have initiated a reform of the international monetary and trading system and made clear our determination that this reform must lead to a strong United States position in the balance of trade and payments.

The Road Ahead

We will continue to pursue sound economic policies that will eliminate inflation, further cut unemployment, raise real incomes, and strengthen our international economic position.

We will fight for responsible Federal budgets to help assure steady expansion of the economy without inflation.

We will support the independent Federal Reserve Board in a policy of non-inflationary monetary expansion.

We have already removed some temporary controls on wages and prices and will remove them all once the economic distortions spawned in the late 1960s are repaired. We are determined to return to an unfettered economy at the earliest possible moment.

We reaffirm our support for the basic principles of capitalism which underlie the private enterprise system of the United States. At a time when a small but dominant faction of the opposition Party is pressing for radical economic schemes which so often have failed around the world, we hold that nothing has done more to help the American people achieve their unmatched standard of living than the free-enterprise system.

It is our conviction that government of itself cannot produce the benefits to individuals that flow from our unique combination of labor, management and capital.

We will continue to promote steady expansion of the whole economy as the best route to a long-term solution of unemployment.

We will devote every effort to raising productivity, primarily to raise living standards but also to hold down costs and prices and to increase the ability of American producers and workers to compete in world markets.

In economic policy decisions, including tax revisions, we will emphasize incentives to work, innovate and invest; and research and development will have our full support.

We are determined to improve Federal manpower programs to reduce unemployment and increase productivity by providing better information on job openings and more relevant job training. Additionally, we reaffirm our commitment to removing barriers to a full life for the mentally and physically handicapped, especially the barriers to rewarding employment. We commit ourselves to the full educational opportunities and the humane care, treatment and rehabilitation services necessary for the handicapped to become fully integrated into the social and economic mainstream.

We will press on for greater competition in our economy. The energetic antitrust program of the past four years demonstrates our commitment to free competition as our basic policy. The Antitrust Division has moved decisively to invalidate those "conglomerate" mergers which stifle competition and discourage economic concentration. The 87 antitrust cases filed in fiscal year 1972 broke the previous one-year record of more than a decade ago, during another Republican Administration.

We will pursue the start we have made for reform of the international monetary and trading system, insisting on fair and equal treatment.

Since the 1930s, it has been illegal for United States citizens to own gold. We believe it is time to reconsider that policy. The right of American citizens to buy, hold, or sell gold should be reestablished as soon as this is feasible. Review of the present policy should, of course, take account of our basic objective of achieving a strengthened world monetary system.

Taxes and Government Spending

We pledge to spread the tax burden equitably, to spend the Federal revenues prudently, to guard against waste in spending, to eliminate unnecessary programs, and to make sure that each dollar spent for essential government services buys a dollar's worth of value.

Federal deficit spending beyond the balance of the full employment budget is one sure way to refuel inflation, and the prime source of such spending is the United States Congress. Because of its present procedures and particularly because of its present political leadership, Congress is not handling Federal fiscal policies in a responsible manner. The Congress now permits its legislative committees—instead of its fiscal committees—to decide, independently of each other, how much should be devoted to individual programs. Total Federal spending is thus haphazard and uncontrolled. We pledge vigorous efforts to reform the Congressional budgeting process.

As an immediate first step, we believe the Nation needs a rigid spending ceiling on Federal outlays each fiscal year—a ceiling controlling both the executive branch and the Congress—as President Nixon strongly recommended when he submitted his fiscal 1973 budget. Should the total of all appropriations exceed the ceiling, some or all of them would be reduced by Executive action to bring the total within the ceiling.

Our tax system needs continual, timely reform. Early in this Administration we achieved the first comprehensive tax reform since 1954. The record shows that as a result of the Tax Reform Act of 1969 and the Revenue Act of 1971:

9.5 million low-income Americans are removed from the Federal income tax rolls.

Persons in the lowest income tax bracket will pay 82 percent less this year than they would have paid, had the 1969 and 1971 tax reforms not been enacted; those in the $10,000 to $15,000 income range will pay 13 percent less, and those with incomes above $100,000 will pay about 7 percent more.

This year the tax reduction for a family of four earning $7,500 a year will be $270.

In this fiscal year individual taxpayers will pay $22 billion less in Federal income taxes than they would have paid if the old tax rates and structures were still in force.

The tax disadvantage of single taxpayers is sharply reduced and we urge further changes to assure full equality.

Working parents can now deduct more of their costs for the care of their children during working hours.

The seven percent automobile excise tax is repealed, saving the new car buyer an average of $200 and creating more jobs in that part of the economy.

This is sound tax reform, the kind that more equitably spreads the tax burden and

avoids incentive-destroying tax levels which would cripple the economy and put people out of work.

We reject the deceitful tax "reform" cynically represented as one that would soak the rich, but in fact one that would sharply raise the taxes of millions of families in middle-income brackets as well. We reject as well the lavish spending promised by the opposition Party which would more than double the present budget of the United States Government. This, too, would cause runaway inflation or force heavy increases in personal taxes.

Taxes and government spending are inseparable. Only if the taxpayers' money is prudently managed can taxes be kept at reasonable levels.

When our Administration took office, Federal spending had been mounting at an average annual rate of 17 percent—a rate we have cut almost in half. We urge the Congress to serve all Americans by cooperating with the President in his efforts to curb increases in Federal spending—increases which will ordain more taxes or more inflation.

Since 1969 we have eliminated over $5 billion of spending on unneeded domestic and defense programs. This large saving would have been larger still, had Congress passed the Federal Economy Act of 1970 which would have discontinued other programs. We pledge to continue our efforts to purge the Government of these wasteful activities.

Tax reform must continue. During the next session of Congress we pledge:

To pursue such policies as Revenue Sharing that will allow property tax relief;

Further tax reform to ensure that the tax burden is fairly shared;

A simplified tax system to make it easier for all of us to pay no more and no less than we rightly owe;

Prudent fiscal management, including the elimination of unnecessary or obsolete programs, to keep the tax burden to a minimum.

International Economic Policy

In tandem with our foreign policy innovations, we have transformed our international economic policy into a dynamic instrument to advance the interests of farmers, workers, businessmen and consumers. These efforts are designed to make the products of American workers and farmers more competitive in the world. Within the last year we achieved the Smithsonian Agreements which revalued our currency, making our exports more competitive with those of our major trading partners, and we pledge continuing negotiations further to reform the international monetary system. We also established negotiations to expand foreign market access for products produced by United States workers, with further comprehensive negotiations committed for 1973.

As part of our effort to begin a new era of negotiations, we are expanding trade opportunities and the jobs related to them for American workers and businessmen. The President's Summit negotiations, for example, yielded an agreement for the Soviet purchase, over a three-year period, of a minimum of $750 million in United States grains—the largest long-term commercial trade purchase agreement ever made between two nations. This amounts to a 17 percent increase in grain exports by United States farmers. A U.S.-Soviet Commercial Commission has been established, and negotiations are now underway as both countries seek a general expansion of trade.

As we create a more open world market for American exports, we are not unmindful of dangers to American workers and industries from severe and rapid dislocation by changing patterns of trade. We have several agreements to protect these workers and industries—for example, for steel, beef, textiles and shoes. These actions, highly important to key American industries, were taken in ways that avoided retaliation by our trading partners and the resultant loss of American jobs.

As part of this adjustment process, we pledge improvement of the assistance offered by government to facilitate readjustment on the part of workers, businessmen and affected communities.

In making the world trading system a fairer one, we have vigorously enforced antidumping and countervailing duty laws to make them meaningful deterrents to foreign producers who would compete unfairly.

The growth of multinational corporations poses both new problems and new opportunities in trade and investment areas. We pledge to ensure that international investment problems are dealt with fairly and effectively—including consideration of effects on jobs, expropriation and treatment of investors, as well as equitable principles of taxation.

At the same time that we seek a better environment for American exports, we must improve our productivity and competitiveness. We must have a strong domestic economy with increased investment in new plants and equipment and an advancing technology.

We pledge increased efforts to promote export opportunities, including coordination of tax policy and improved export financing techniques—designed to make America more competitive in exporting. Of critical importance will be new legislative proposals to equip American negotiators with the tools for constructing an open and fair world trading system.

We deplore the practice of locating plants in foreign countries solely to take advantage of low wage rates in order to produce goods primarily for sale in the United States. We will take action to discourage such unfair and disruptive practices that result in the loss of American jobs.

Small Business

Small business, so vital to our economic system, is free enterprise in its purest sense. It holds forth opportunity to the individual, regardless of race or color, to fulfill the American dream. The seedbed of innovation and invention, it is the starting point of many of the country's large businesses, and today its roll in our increasingly technological economy is crucial. We pledge to sustain and expand that role.

We have translated this philosophy into many beneficial actions. Primarily through the Small Business Administration, we have delivered financial assistance to small business at a dramatically increasing rate. Today small business is receiving double the SBA funds it was receiving when our Administration took office. During the 1970–72 fiscal years the Agency loaned small business $3.3 billion—40 percent of the total amount loaned in the entire 19-year history of the Small Business Administration.

Financial help to minorities has been more than tripled, and now more than 17 percent of the SBA dollar goes to minority businesses. Procurement of Federal contracts for small business has surged above $12 billion.

In his first year in office, the President established a Task Force to discover ways in which the prospects of the small businessman could be improved.

The findings, reported to Congress, were followed by legislative proposals to give small business tax and interest advantages, to provide incentives for more participation in small business, to make venture capital and long-term credit easier to obtain, and to open the doors for disadvantaged minorities to go into business for themselves. Some of these measures have been signed into law. Others are still in the hands of the indifferent opposition in control of Congress.

The results of our efforts have been significant. Today small business is once again gaining ground. Incorporations are at a record level and the number of business failures is dropping. The current new growth of small businesses is about 100,000 units a year. For tomorrow, the challenges are many. We will:

Continue to fill the capital gap in the small business community by increasing SBA financing to upwards of $3 billion next year.

Provide more incentives for the private sector to join with SBA in direct action programs, such as lease guarantees, revolving lines of credit, and other sophisticated financial techniques, such as factoring and mortgage financing.

Increase SBA's Community Development program so that growth-minded communities can help themselves by building industrial parks and shopping centers.

Continue the rejuvenation of the Small Business Investment Company (SBIC) program, leading to greater availability of venture capital for new business enterprises.

See that a fair share of all Federal dollars spent on goods and services goes to small business.

Create established secondary financial markets for SBA loans, affording ready liquidity for financial institutions and opening up more financial resources to small firms.

Through tax incentives, encourage the start-up of more new businesses, and work for a tax system that more fairly applies to small business.

Establish special programs that will permit small firms to comply with consumer, environmental, and other new government regulations without undue financial burden.

IMPROVING THE QUALITY OF LIFE

Health Care

Our goal is to enable every American to secure quality health care at reasonable cost. We pledge a balanced approach—one that takes into account the problems of providing sufficient medical personnel and facilities.

Last year President Nixon proposed one of the most all-inclusive health programs in our history. But the opposition Congress has dragged its feet and most of this program has yet to be enacted into law.

To increase the supply of medical services, we will continue to support programs to help our schools graduate more physicians, dentists, nurses, and allied health personnel, with special emphasis on family practitioners and others who deliver primary medical care.

We will also encourage the use of such allied personnel as doctors' assistants, foster new area health education centers, channel more services into geographic areas which now are medically deprived, and improve the availability of emergency medical care.

We note with pride that the President has already signed the most comprehensive health manpower legislation ever enacted.

To improve efficiency in providing health and medical care, we have developed and will continue to encourage a pluralistic approach to the delivery of quality health care, including innovative experiments such as health maintenance organizations. We also support efforts to develop ambulatory medical care services to reduce hospitalization and keep costs down.

To reduce the cost of health care, we stress our efforts to curb inflation in the economy; we will also expand the supply of medical services and encourage greater cost consciousness in hospitalization and medical care. In doing this we realize the importance of the doctor-patient relationship and the necessity of insuring that individuals have freedom of choice of health providers.

To assure access to basic medical care for all our people, we support a program financed by employers, employees and the Federal Government to provide comprehensive health insurance coverage, including insurance against the cost of long-term and catastrophic illnesses and accidents and renal failure which necessitates dialysis, at a cost which all Americans can afford. The National

Health Insurance Partnership Plan and the Family Health Insurance Plan proposed by the President meet these specifications. They would build on existing private health insurance systems, not destroy them.

We oppose nationalized compulsory health insurance. This approach would at least triple in taxes the amount the average citizen now pays for health and would deny families the right to choose the kind of care they prefer. Ultimately it would lower the overall quality of health care for all Americans.

We believe that the most effective way of improving health in the long run is by emphasis on preventive measures.

The serious physical fitness problem in our country requires urgent attention. The President recently reorganized the Council on Physical Fitness and Sports to increase the leadership of representatives of medicine, physical education, sports associations and school administrations. The Republican Party urges intensification of these efforts, particularly in the Nation's school systems, to encourage widespread participation in effective physical fitness programs.

We have initiated this Nation's first all-out assault against cancer. Led by the new National Cancer Institute, the drive to eliminate this cruel killer will involve Federal spending of nearly $430 million in fiscal year 1973, almost twice the funding of just two years ago.

We have also launched a major new attack on sickle cell anemia, a serious blood disorder afflicting many black Americans, and developed a comprehensive program to deal with the menace of lead-based paint poisoning, including the screening of approximately 1,500,000 Americans.

We support expanded medical research to find cures for the major diseases of the heart, blood vessels, lungs and kidneys—diseases which now account for over half the deaths in the United States.

We have significantly advanced efforts to combat mental retardation and established a national goal to cut its incidence in half by the year 2000.

We continue to support the concept of comprehensive community mental health centers. In this fiscal year $135 million—almost three times the 1970 level—will be devoted to the staffing of 422 community mental health centers serving a population of 56 million people. We have intensified research on methods of treating mental problems, increasing our outlays from $76 million in 1969 to approximately $96 million for 1973. We continue to urge extension of private health insurance to cover mental illness.

We have also improved consumer protection, health education and accident prevention programs. And in Moscow this year, President Nixon reached an agreement with the Soviet Union on health research which may yield substantial benefits in many fields in the years ahead.

Education

We take pride in our leadership these last four years in lifting both quality and equality in American education—from pre-school to graduate school—working toward higher standards than ever before.

Our two most pressing needs in the 1970s are the provision of quality education for all children, an equitable financing of steadily rising costs. We pledge our best efforts to deal effectively with both.

Months ago President Nixon sent Congress a two-part comprehensive proposal on school busing. The first is the Student Transportation Moratorium Act of 1972—legislation to halt immediately all further court-ordered busing and give Congress time to devise permanent new arrangements for assuring desegregated, quality education.

The details of such arrangements are spelled out in a companion bill, the Equal Educational Opportunities Act. This measure would:

Provide $2.5 billion in Federal aid funds to help promote quality education while preserving neighborhood schools;

Accord equal educational opportunities to all children;

Include an educational bill of rights for Spanish-speaking people, American Indians, and others who face special language problems in schools;

Offer, for the first time, a real chance for good schooling for the hundreds of thousands of children who live in urban centers;

Assure that the people's elected representatives in Congress play their proper role in developing specific methods for protecting the rights guaranteed by the 14th amendment, rather than leaving this task to judges appointed for life.

We are committed to guaranteeing equality of educational opportunity and to completing the process of ending de jure school segregation.

At the same time, we are irrevocably opposed to busing for racial balance. Such busing fails its stated objective—improved learning opportunities—while it achieves results no one wants—division within communities and hostility between classes and races. We regard it as unnecessary, counter-productive and wrong.

We favor better education for all children, not more transportation for some children. We favor the neighborhood school concept. We favor the decisive actions the President has proposed to support these ends. If it is necessary to accomplish these purposes, we would favor consideration of an appropriate amendment to the Constitution.

In the field of school finance, we favor a coordinated effort among all levels of government to break the pattern of excessive reliance on local property taxes to pay educational costs.

Our nation's intellectual resources are remarkable for their strength and public availability. American intellectuals have at least two important historical roles of which we are deeply conscious. One is to inform the public, the other to assist government by thoughtful criticism and consultation. We affirm our confidence in these functions and especially in the free play of ideas and discourse which they imply.

We cherish the nation's universities as centers of learning, as conservers of our culture, and as analysts of our society and its institutions. We will continue to strive to assure their economic well-being. The financial aid we have given and will continue to give in the form of funds for scholarships, research, building programs and new teaching methods must never be used as a device for imposing political controls on our schools.

We believe that universities should be centers of excellence—that they should recruit faculty on the basis of ability to teach and admit students on the basis of ability to learn. Yet, excellence can be too narrowly confined—abilities overlooked, and social conformity mistaken for educational preparation.

We pledge continued support of collegiate and university efforts to insure that no group in our society—racial, economic, sexual or regional—is denied access to the opportunities of higher education.

Our efforts to remedy ancient neglect of disadvantaged groups will continue in universities as well as in society at large, but we distinguish between such efforts and quotas. We believe the imposition of arbitrary quotas in the hiring of faculties or the enrollment of students has no place in our universities; we believe quotas strike at the excellence of the university.

We recognize that the public should have access to the most rational and most effective kinds of education. Vocational training should be available to both young and old. We emphasize the importance of continuing education, of trades and technologies, and of all the honorable vocations which provide the society with its basic necessities. Such training must complement our more traditional forms of education; it will relieve the pressures on our universities and help us adapt to the rapid pace of technological change. Perhaps most important, it will help to restore a public sense of importance to these essential jobs and trades.

Moreover, we believe our educational system should not instruct in a vacuum, unmindful that the students ultimately will engage in a career. Our institutions of learning, from earliest years to graduate schools, can perform a vital function by coupling an awareness of the world of work to the delivery of fundamental education. We believe this kind of career education, blended into our school curricula, can help to prevent the aimlessness and frustration now experienced by large numbers of young people who leave the education system unable to cope with today's complex society.

In recognizing the fundamental necessity for quality education of all children, including the exceptional child, we recommend research and assistance in programs directed to the problems of dyslectic and hyperkinetic children who represent an estimated ten percent of the school population.

By every measure, our record in the field of education is exceptionally strong. The United States Office of Education is operating this year under its highest budget ever—some $5.1 billion. Federal aid to elementary and secondary education has increased 60 percent over the past four years. Federal aid for college students has more than tripled.

We are proud of these accomplishments. We pledge to carry them forward in a manner consistent with our conviction that the Federal Government should assist but never control the educational process. But we also believe that the output of results, not the input of dollars, is the best yardstick of effectiveness in education. When this Administration took office in 1969, it found American schools deficient at many points. Our reform initiatives have included:

An Office of Child Development to coordinate all Federal programs targeted on the first five years of life and to make the Head Start Program work better;

A Right to Read Program, aimed at massive gains in reading ability among Americans of all ages;

A Career Education curriculum which will help to prepare students for the world of work;

A National Institute of Education to be a center for research on the learning process; and

A proposed National Foundation for Higher Education.

We have also proposed grant and loan programs to support a national commitment that no qualified student should be barred from college by lack of money. The Education Amendment of 1972 embodied substantial portions of that proposal and marked the Nation's most far-reaching commitment to make higher education available to all.

Our non-public schools, both church-oriented and nonsectarian, have been our special concern. The President has emphasized the indispensable role these schools play in our educational system—from the standpoints of the large numbers of pupils they serve, the competition and diversity they help to maintain in American education, and the values they help to teach—and he has stated his determination to help halt the accelerating trend of nonpublic school closures.

We believe that means which are consistent with the Constitution can be devised for channeling public financial aid to support the education of all children in schools of

their parents' choice, non-public as well as public. One way to provide such aid appears to be through the granting of income tax credits.

For the future, we also pledge Special Revenue Sharing for Education, continued work to develop and implement the Career Education concept, and continued efforts to establish a student financial aid system to bring together higher education within the reach of any qualified person.

Welfare Reform

The Nation's welfare system is a mess. It simply must be reformed.

This system, essentially unchanged since the 1930s has turned into a human and fiscal nightmare. It penalizes the poor. It provides discriminatory benefits. It kills any incentives its victims might have to work their way out of the morass.

Among its victims are the taxpayers. Since 1961 the Federal cost of welfare has skyrocketed over 10 times—from slightly over $1 billion then to more than $11 billion now. State and local costs add to this gigantic expenditure. And here are things we are paying for:

The present system drains work incentive from the employed poor, as they see welfare families making as much or more on the dole.

Its discriminatory benefits continue to ensnare the needy, aged, blind and disabled in a web of inefficient rules and economic contradictions.

It continues to break up poor families, since a father's presence makes his family ineligible for benefits in many States. Its dehumanizing life-style thus threatens to envelop yet another "welfare generation."

Its injustice and costs threaten to alienate taxpayer support for welfare programs of any kind.

Perhaps nowhere else is there a greater contrast in policy and philosophy than between the Administration's remedy for the welfare ills and the financial orgy proposed by our political opposition.

President Nixon proposed to change our welfare system "to provide each person with a means of escape from welfare into dignity." His goals were these:

A decent level of payment to genuinely needy welfare recipients regardless of where they live.

Incentives not to loaf, but to work.

Requiring all adults who apply for welfare to register for work and job training and to accept work or training. The only exceptions would be the aged, blind and disabled and mothers of preschool children.

Expanding job training and child care facilities so that recipients can accept employment.

Temporary supplements to the incomes of the working poor to enable them to support their families while continuing to work.

Uniform Federal payment standards for all welfare recipients.

In companion actions, our efforts to improve the nutrition of poor people resulted in basic reforms in the Food Stamp Program. The number of recipients increased from some three million to 13 million, and now 8.4 million needy children participate in the School Lunch Program, almost three times the number that participated in 1968.

Now, nearly 10,000 nutrition aides work in low-income communities. In 1968 there were none.

Since 1969, we have increased the Federal support for family planning threefold. We will continue to support expanded family planning programs and will foster research in this area so that more parents will be better able to plan the number and spacing of their children should they wish to do so. Under no circumstances will we allow any of these programs to become compulsory or infringe upon the religious conviction or personal freedom of any individual.

We all feel compassion for those who through no fault of their own cannot adequately care for themselves. We all want to help these men, women and children achieve a decent standard of living and become self-supporting.

We continue to insist, however, that there are too many people on this country's welfare rolls who should not be there. With effective cooperation from the Congress, we pledge to stop these abuses.

We flatly oppose programs or policies which embrace the principle of a government-guaranteed income. We reject as unconscionable the idea that all citizens have the right to be supported by the government, regardless of their ability or desire to support themselves and their families.

We pledge to continue to push strongly for sound welfare reform until meaningful and helpful change is enacted into law by the Congress.

Law Enforcement

We have solid evidence that our unrelenting war on crime is being won. The American people know that once again the thrust of justice in our society will be to protect the law-abiding citizenry against the criminal, rather than absolving the criminal of the consequences of his own desperate acts.

Serious crimes rose only one percent during the first quarter of this year—down from six percent last year and 13 percent the year before. From 1960 to 1968 major crime went up 122 percent.

The fact is, in the first quarter of 1972, 80 of our 155 largest cities had an actual decline in reported crime.

In our Nation's Capital, our anti-crime programs have been fully implemented. Through such measures as increased police, street lighting, a Narcotics Treatment Administration, court reform and special prosecuting units for major offenders, we have steadily dropped the crime rate since November 1969. By the first quarter of this year, the serious crime rate was down to half its all-time high.

When our Administration took office, a mood of lawlessness was spreading rapidly, undermining the legal and moral foundations of our society. We moved at once to stop violence in America. We have:

Greatly increased Federal aid to State and local law enforcement agencies across the country, with more than $1.5 billion spent on 50,000 crime-fighting projects.

Augmented Justice Department funding four-fold and provided more marshals, more judges, more narcotics agents, more Assistant United States Attorneys in the field.

Raised the Law Enforcement Assistance Administration budget ten-fold, earmarking $575 million of the $850 million for 1973 to upgrade State and local police and courts through revenue sharing.

Added 600 new Special Agents to the FBI.

Raised Federal spending on juvenile delinquency from $15 million to more than $180 million and proposed legislation to launch a series of model youth services.

Appointed Attorneys General with a keen sense of the rights of both defendants and victims, and determination to enforce the laws.

Appointed judges whose respect for the rights of the accused is balanced by an appreciation of the legitimate needs of law enforcement.

Added to the Supreme Court distinguished lawyers of firm judicial temperament and fidelity to the Constitution.

Even more fundamentally, we have established a renewed climate of respect for law and law enforcement. Now those responsible for enforcing the law know they have the full backing of their Government.

We recognize that programs involving work release, study release and half-way houses have contributed substantially to the rehabilitation of offenders and we support these programs. We further support training programs for the staffs in our correctional institutions and will continue to see that minority group staff members are recruited to work in these institutions.

The Fight Against Organized Crime

To most of us, organized criminal activity seems remote and unreal—yet syndicates supply the narcotics pushed on our youth, corrupt local officials, terrify legitimate businesses and fence goods stolen from our homes. This Administration strongly supported the Organized Crime Control Act of 1970, and under our Strike Force concept we have combined Federal enforcement agencies to wage a concerted assault on organized crime. We have expanded the number of these strike forces and set a high priority for a new campaign against the syndicates.

Last year we obtained indictments against more than 2,600 members or associates of organized crime syndicates—more than triple the number indicted in 1968.

At last we have the lawless elements in our society on the run.

The Republican Party intends to keep them running.

Rehabilitation of Offenders

We have given the rehabilitation of criminal offenders more constructive, top-level attention than it has received at any time in our Nation's history. In November 1969, the President ordered a ten-year improvement program in prison facilities, correctional systems and rehabilitation methods and procedures.

We believe the correctional system not only should punish, but also should educate and rehabilitate. We are determined to press ahead with reform of the system to make it more effective against crime.

Almost a decade of inadequate Federal support of law enforcement has left deep scars in our society, but now a new mood pervades the country. Civil disorders and campus violence are no longer considered inevitable. Today, we see a new respect for law and order.

Our goal is justice—for everyone.

We pledge a tireless campaign against crime—to restore safety to our streets, and security to law-abiding citizens who have a right to enjoy their homes and communities free from fear.

We pledge to:

Continue our vigorous support of local police and law enforcement agencies, as well as Federal law enforcement agencies.

Seek comprehensive procedural and substantive reform of the Federal Criminal Code.

Accelerate the drive against organized crime.

Increase the funding of the Federal judiciary to help clear away the logjam in the courts which obstructs the administration of justice.

Push forward in prison reform and the rehabilitation of offenders.

Intensify efforts to prevent criminal access to all weapons, including special emphasis on cheap, readily-obtainable handguns, retaining primary responsibility at the State level, with such Federal law as necessary to enable the States to meet their responsibilities.

Safeguard the right of responsible citizens to collect, own and use firearms for legitimate purposes, including hunting, target shooting and self-defense. We will strongly support efforts of all law enforcement agencies to apprehend and prosecute to the limit of the law all those who use firearms in the commission of crimes.

Drug Abuse

The permissiveness of the 1960s left no legacy more insidious than drug abuse. In that decade narcotics became widely available, most tragically among our young people. The use of drugs became endowed with a sheen of false glamour identified with social protest.

By the time our Nation awakened to this cancerous social ill, it found no major combat weapons available.

Soon after we took office, our research disclosed there were perhaps hundreds of thousands of heroin users in the United States. Their cravings multiplied violence and crime. We found many more were abusing other drugs, such as amphetamines and barbiturates. Marijuana had become commonplace. All this was spurred by criminals using modern methods of mass distribution against outnumbered authorities lacking adequate countermeasures.

We quickly launched a massive assault against drug abuse.

We intercepted the supply of dangerous drugs at points of entry and impeded their internal distribution. The budget for international narcotics control was raised from $5 million to over $50 million. Narcotics control coordinators were appointed in 59 United States embassies overseas to work directly with foreign governments in stopping drug traffic. We have narcotics action agreements with over 20 countries. Turkey has announced a total ban on opium production and, with our cooperation, France has seized major heroin laboratories and drugs.

To inhibit the distribution of heroin in our own country, we increased the law enforcement budget for drug control more than 10 times—from $20 million to $244 million.

We are disrupting major narcotics distribution in wholesale networks through the combined efforts of the Bureau of Narcotics and Dangerous Drugs, Customs operations at our borders, and a specially created unit of over 400 Internal Revenue agents who conduct systematic tax investigations of targeted middle and upper echelon traffickers, smugglers, and financiers. Last January we established the Office of Drug Abuse Law Enforcement to disrupt street and mid-level heroin traffickers.

We established the "Heroin Hot Line"—a nationwide toll free phone number (800/363–5363)—to give the public a single number for reporting information on heroin pushers.

Last year we added 2,000 more Federal narcotics agents, and the Bureau of Narcotics and Dangerous Drugs has trained over 170,000 State and local personnel.

And we are getting results. This past year four times as much heroin was seized as in the year this Administration took office. Since 1969, the number of drug-related arrests has nearly doubled.

For drug abuse prevention and treatment we increased the budget from $46 million to over $485 million.

The demand for illicit drugs is being reduced through a massive effort directed by a newly created office in the White House. Federally funded drug treatment and rehabilitation programs were more than doubled last fiscal year, and Federal programs now have the capacity to treat more than 60,000 drug abusers a year.

To alert the public, particularly the youth, to the dangers of drugs, we established a National Clearinghouse for Drug Abuse Information in 1970 as well as a $3.5 million Drug Education and Training Program.

We realize that the problem of drug abuse cannot be quickly solved, but we have launched a massive effort where practically none existed before. Nor will we relax this campaign:

We pledge to seek further international agreements to restrict the production and movement of dangerous drugs.

We pledge to expand our programs of education, rehabilitation, training and treatment. We will do more than ever before to conduct research into the complex psychological regions of disappointment and alienation which have led many young people to turn desperately toward drugs.

We firmly oppose efforts to make drugs easily available. We equally oppose the legalization of marijuana. We intend to solve problems, not create bigger ones by legalizing drugs of unknown physical impact.

We pledge the most intensive law enforcement war ever waged. We are determined to drive the pushers of dangerous drugs from the streets, schools, and neighborhoods of America.

Agriculture and Rural Life

Our agriculture has become the economic marvel of the world. Our American farmers and ranchers have tripled per worker production in the last 20 years, while non-farm industries have increased theirs a little over half.

Yet when we took office three and a half years ago, the farm community was being shockingly shortchanged for its remarkable achievements.

Inflation was driving up both the cost of farming and the cost of living—indeed, driving up all prices except the prices of products the farmers were taking to market. Overall farm income was down. Farm exports were low. Bureaucratic planting regulations were oppressive. All across the country family farms were failing.

Our moves to deal with these problems have been numerous and effective.

The rate of inflation has been curbed without forcing down prices for commodities, even as we have stepped up our drive against rising food costs in the cities.

Net farm income has soared to a record high of more than $18 billion. During these Republican years average net farm income has been over $2 billion a year higher than during the last two Administrations. For the same period average income per farm is up more than 40 percent.

And farm exports now stand at a record $8 billion, sharply up from the $5.7 billion when we took office.

Operating loans to help young farmers have reached the highest levels in history. Administration-backed legislation has given farmers much greater freedom to plant what they choose, and we have given assistance to cooperatives to strengthen the farmers' bargaining positions.

Rural development has been energetically carried forward, and small towns and rural areas have been helped to adjust and grow. The loan programs of the Farmers Home Administration for farm and rural people have been dramatically increased. Electric and telephone service in rural areas has been substantially expanded, a Rural Telephone Bank has been enacted, and the Farm Credit Administration has been streamlined. The total national investment in rural development has almost tripled. Heading the Department of Agriculture have been leaders who understand and forcefully speak out for the farming people of America.

Farmers are benefiting markedly from our successful efforts to expand exports—notably a $750 million sale of United States grains to the Soviet Union, with prospects of much more. Last year we negotiated a similar sale amounting to $135 million.

For the future, we pledge to intensify our efforts to:

Achieve a $10 billion annual export market by opening new foreign markets, while continuing to fight for fair treatment for American farm products in our traditional markets;

Follow sound economic policies to brake inflation and reduce interest rates;

Expand activities to assist farmers in bargaining for fair prices and reasonable terms in a rapidly changing marketing system;

Keep farm prices in the private sector, not subject to price controls;

Support family farms as the preferred method of organizing agricultural production, and protect them from the unfair competition of farming by tax-loss corporations and non-farm enterprises;

Reform Federal estate tax laws, which often force the precipitate sale of family farms to help pay the tax, in such ways as to help support the continuance of family farms as institutions of great importance to the American way of life;

Provide greater credit, technical assistance, soil and water conservation aid, environmental enhancement, economic stimulus and sympathetic leadership to America's rural areas and communities;

Concentrate research on new uses of agricultural products;

Continue assistance to farm cooperatives, including rural electric and telephone cooperatives, in their efforts to improve their services to their members;

Develop land and water policy that takes account of the many uses to which these resources may be put;

Establish realistic environmental standards which safeguard wise resource use, while avoiding undue burdens on farmers;

Use forums of national leaders to create a better understanding by all citizens, those in the cities and suburbs as well as those in small towns, of the difficult problems confronting farm and ranch families in a modern agriculture.

We will not relax our efforts to increase net farm income, to narrow the spread between farm and non-farm income levels, and to pursue commodity programs that will enable farmers and ranchers to receive fair prices for what they produce.

Community Development

For more than a quarter century the Federal Government has sought to assist in the conservation and rebuilding of our urban centers. Yet, after the spending of billions of dollars and the commitment of billions more to future years, we now know that many existing programs are unsuited to the complex problems of the 1970s. Programs cast in the mold of the "big government" philosophy of the 1930s are simply incapable of meeting the challenges of today.

Our Party stands, therefore, for major reform of Federal community development programs and the development of a new philosophy to cope with urban ills.

Republican urban strategy rejects throwing good money after bad money. Instead, through fundamental fiscal, management and program reforms, we have created a new Federal partnership through which State, county and municipal governments can best cope with specific problems such as education, crime, drug abuse, transportation, pollution and housing.

We believe the urban problems of today fall into these categories:

The fiscal crises of State, county and municipal governments;

The need for a better quality and greater availability of urban services;

The continual requirement of physical development;

The need for better locally designed, locally implemented, locally controlled solutions to the problems of individual urban areas.

In the last category—the importance of grass roots planning and participation—our Republican Party has made its most important contribution to solving urban problems.

We hold that government planners should be guided by the people through their locally elected representatives. We believe that real solutions require the full participation of the private sector.

To help ease the fiscal crises of State, county and municipal governments, we pledge increased Federal assistance—assistance we have more than doubled in the past four years. And, as stressed elsewhere in this Platform, we remain committed to General Revenue Sharing, which could reduce the oppressive property tax.

Our proposals for Special Revenue Sharing for Urban Development, transportation, manpower and law enforcement—all still bottled

up by the opposition Congress—are designed to make our towns and cities places where Americans can once again live and work without physical or environmental hazard. Urban areas are already benefiting from major funding increases which we fought for in the Law Enforcement Assistance Administration programs and in our $10 billion mass transit program.

Urban areas are also benefiting from our new Legacy of Parks program, which is bringing recreation opportunities closer to where people live.

We are committed also to the physical development of urban areas. We have quadrupled subsidized housing starts for low and moderate income families since 1969, and effected substantial increases for construction of municipal waste treatment facilities.

We strongly oppose the use of housing or community development programs to impose arbitrary housing patterns on unwilling communities. Neither do we favor dispersing large numbers of people away from their homes and neighborhoods against their will. We do believe in providing communities, with their full consent, guidance and cooperation with the means and incentives to increase the quantity and quality of housing in conjunction with providing increased access to jobs for their low-income citizens.

We also pledge to carry forward our policy on encouraging the development of new towns in order to afford all Americans a wider range of residential choices. Additionally, our Special Revenue Sharing for Urban and Rural Community Development, together with General Revenue Sharing and nationwide welfare reform, are basic building blocks for a balanced policy of national growth, leading to better lives for all Americans, whether they dwell in cities, suburbs or rural areas.

Our Party recognizes counties as viable units of regional government with a major role in modernizing and restructuring local services, eliminating duplication and increasing local cooperation. We urge Federal and State governments, in implementing national goals and programs, to utilize the valuable resources of counties as area-wide, general-purpose governments.

Housing

Our Republican Administration has made more and better housing available to more of our citizens than ever before.

We are building two-and-a-third million new homes a year—65 percent more than the average in the eight years of the two previous Administrations. Progress has not been in numbers alone; housing quality has also risen to an all-time high—far above that of any other country.

We will maintain and increase this pattern of growth. We are determined to attain the goal of a decent home for every American.

Significant numbers of Americans still lack the means for decent housing, and in such cases—where special need exists—we will continue to apply public resources to help people acquire better apartments and homes.

We further pledge:

Continued housing production for low and moderate income families, which has sharply increased since President Nixon took office;

Improvement of housing subsidy programs and expansion of mortgage credit activities of Federal housing agencies as necessary to keep Americans the best-housed people in the world;

Continued development of technological and management innovations to lower housing costs—a program begun by Operation Breakthrough, which is assisting in the development of new methods for more economical production of low-cost, high-quality homes.

We urge prompt action by State, county and municipal governments to seek solutions to the serious problems caused by abandoned buildings in urban areas.

Transportation

When President Nixon took office a crisis in transportation was imminent, as indicated by declining mass transportation service, mounting highway deaths, congested urban streets, long delays at airports and airport terminals, deterioration of passenger train service, and a dwindling Merchant Marine. Within two years the President had proposed and signed into law:

A $10 billion, 12-year program—the Urban Mass Transportation Act of 1970—to infuse new life into mass transportation systems and help relieve urban congestion;

A major 10-year program involving $280 million annually for airport development projects as well as an additional $250 million annually to expand airways systems and facilities;

The Rail Passenger Service Act of 1970 to streamline and improve the Nation's passenger train service;

New research and development projects, including automatic people movers, improved Metroliner and Turbo-trains, quieter aircraft jet engines, air pollution reduction for mass transportation vehicles, and experimental safety automobiles. We strongly support these research and development initiatives of the Department of Transportation.

Four years ago we called attention to the decline of our Merchant Marine due to previous neglect and apathy. We promised a vigorous ship replacement program to meet the changing pattern of our foreign commerce. We also pledged to expand maritime research and development and the simplification and revision of construction and operating subsidy procedures.

By the enactment of the Merchant Marine Act of 1970, we have reversed the long decline of our Merchant Marine. We reaffirm our goals set forth in 1968 and anticipate the future development of a merchant fleet that will give us defensive mobility in time of emergency as well as economic strength in time of peace.

To reduce traffic and highway deaths, the National Highway Traffic Safety Administration has been reorganized and expanded, with dramatic results. In 1971, the number of traffic deaths per hundred million miles driven was the lowest in history.

To help restore decision-making to the people, we have proposed a new Single Urban Fund providing almost $2 billion a year by 1975 to State and metropolitan areas to assist local authorities in solving their own transportation problems in their own way.

Our proposal for Special Revenue Sharing for Transportation would also help governments close to the people meet local needs and provide greater freedom to achieve a proper balance among the Nation's major transportation modes.

To revitalize the surface freight transportation industry, we have recommended measures to modernize railway equipment and operations and to update regulatory practices. These measures, on which Congress still dawdles, would help curb inflation by saving the public billions of dollars a year in freight costs. Their enactment would also expand employment and improve our balance of trade.

The Nation's transportation needs are expected to double in the next 20 years. Our Party will continue to pursue policies and programs that will meet these needs and keep the country well ahead of rapidly changing transportation demands.

Environment

In January 1969, we found the Federal Government woefully unprepared to deal with the rapidly advancing environmental crisis. Our response was swift and substantial.

First, new decision-making organizations were set in place—the first Council on Environmental Quality, the Environmental Protection Agency, the National Oceanic and Atmospheric Administration. We also proposed a new Department of Natural Resources, but Congress has failed to act. We also created a National Industrial Pollution Control Council to enlist the private sector more actively against environmental decay, and a Presidential Federal Property Review Board was appointed to ferret out Federal property for transfer to local park and recreational uses.

Second, we gave top priority in the Federal Budget to environmental improvements. This fiscal year approximately $2.4 billion will be expended for major environmental programs three times more than was being spent when President Nixon took office.

Third, sweeping environment messages were sent to Congress in 1970, 1971 and 1972 covering air quality, water quality, toxic waste substances, ocean dumping, noise, solid waste management, land use, parklands and many other environmental concerns. Almost all of these proposals still languish in the opposition Congress.

Although the President cannot move until and unless Congress passes laws in many of these areas, he nevertheless can act—and has acted—forcefully on many fronts:

He has directed the Federal Government to practice ecological leadership by using low-lead gasoline and recycled paper. He has cracked down on flagrant polluters, greatly increasing prosecutions and making the first use of Federal authority to shut down major industries during an air pollution crisis. The fragile and unique Everglades were saved from a jetport. Pesticide abuses were curtailed.

Strict new clean-air standards were set, and in many urban centers the air is improving. Regulations were issued to make one grade of lead-free and phosphorous-free gasoline available throughout the Nation by July 1, 1974, and a phased reduction was required in the lead content of regular and premium gasolines. Auto makers were required to design air pollution control systems to assure that vehicles comply with Federal emission standards throughout their useful life.

Additionally, the President launched the Legacy of Parks program to convert underutilized Federal properties to park and recreational use, with special emphasis on new parks in or near urban areas. More than 140 areas have already been made available to States, counties and municipalities for such use, including priceless stretches of ocean beach. Moreover, nearly two million acres of land have been purchased by Federal, State and local governments for recreation and for historical and natural preservation purposes.

A system of recreational trails for hiking, bicycling and horseback riding will help meet the pressing recreational needs of our increasingly urbanized society. Many State, county and municipal governments are developing bicycle, hiking, and horseback trails with our active assistance through various Federal programs. We pledge our continued commitment to seeking out practical ways for more and safer bicycling opportunities within our cities and metropolitan areas.

We have also provided effective leadership in international environmental activity. The President has negotiated the Great Lakes Water Quality Agreement with Canada and a Cooperative Agreement on Environmental Protection with the Soviet Union.

The United Nations Conference on the Human Environment in Stockholm adopted our government's initiatives for the creation of an international fund for the environment, a continuing United Nations agency for environmental problems, and the control of ocean dumping. Our President has led the

effort for a ten-year moratorium on commercial whaling everywhere in the world.

We call upon the Congress to act promptly on the President's environmental proposals still stalled there—more than 20 in all. These include:

Legislation to control, and in some cases prohibit, the dumping of wastes into the oceans, estuaries and the Great Lakes;

A Federal Noise Control Act to reduce and regulate unwanted sound from aircraft, construction and transportation equipment;

Authority to control hundreds of chemical substances newly marketed each year;

Legislation to encourage the States to step up to pressing decisions on how best to use land. Both environmentally critical areas such as wetlands and growth-inducing developments such as airports would have particular scrutiny;

A proposal to provide for early identification and protection of endangered wildlife species. This would, for the first time, make the taking of endangered species a Federal offense;

Establishment of recreational areas near metropolitan centers such as the Gateway National Recreational Area in New York and New Jersey and the Golden Gate National Recreation Area in and around San Francisco Bay.

The nostalgic notion of turning the clock back to a simpler time may be appealing but is neither practical nor desirable. We are not going to abandon the automobile, but we are going to have a clean-burning engine.

We are not going to give up electric lighting and modern industry, but we do expect cleanly-produced electric power to run them.

We are not going to be able to do without containers for our foods and materials, but we can improve them and make them reusable or biodegradable.

We pledge a workable balance between a growing economy and environmental protection. We will resolve the conflicts sensibly within that framework.

We commit ourselves to comprehensive pollution control laws, vigorous implementation of those laws and rigorous research into the technological problems of pollution control. The beginnings we have made in these first years of the 1970's are evidence of our determination to follow through.

We intend to leave the children of America a legacy of clean air, clean water, vast open spaces and easily accessible parks.

Natural Resources and Energy

Wilderness areas, forests, fish and wildlife are precious natural resources. We have proposed 36 new wilderness areas, adding another 3.6 million acres to the National Wilderness Preservation System. We have made tough new proposals to protect endangered species of wildlife.

Public lands provide us with natural beauty, wilderness and great recreational opportunities as well as minerals, timber, food and fiber. We pledge to develop and manage these lands in a balanced way, both to protect the irreplaceable environment and to maximize the benefits of their use to our society. We will continue these conservation efforts in the years ahead.

We recognize and commend the humane societies and the animal welfare societies in their work to protect animals.

Water supplies are not a boundless resource. The Republican Party is committed to developing additional water supplies by desalinization, the discovery of new groundwater stocks, recycling and wiser and more efficient use of the waters we have.

We will continue the development of flood control, navigation improvement and reclamation projects based on valid cost-benefit estimates, including full consideration of environmental concerns.

No modern nation can thrive without meeting its energy needs, and our needs are vast and growing. Last year we proposed a broad range of actions to facilitate research and development for clean energy, provide energy resources on Federal lands, assure a timely supply of nuclear fuels, use energy more efficiently, balance environmental and energy needs and better organize Federal efforts.

The National Minerals Policy Act of 1970 encourages development of domestic resources by private enterprise. A program to tap our vast shale resources has been initiated consistent with the National Environmental Policy Act of 1969.

We need a Department of Natural Resources to continue to develop a national, integrated energy policy and to administer and implement that policy as the United States approaches the 21st Century. Energy sources so vitally important to the welfare of our Nation are becoming increasingly interchangeable. There is nothing inherently incompatible between an adequate energy supply and a healthy environment.

Indeed, vast quantities of energy are needed to do the work necessary to clean up our air and streams. Without sufficient supplies of power we will not be able to attain our goals of reducing unemployment and poverty and enhancing the American standard of living.

Responsible government must consider both the short-term and the long-term aspects of our energy supplies. Avoidance of brown-outs and power disruptions now and in the future call for sound policies supporting incentives that will encourage the exploration for, and development of, our fossil fuels. Such policies will buy us time to develop the sophisticated and complex technologies needed to utilize the exotic energy sources of the future.

National security and the importance of a favorable balance of trade and balance of payments dictate that we must not permit our Nation to become overly dependent on foreign sources of energy. Since more than half our Nation's domestic fossil resources now lie under Federal lands, high priority must be given to the governmental steps necessary to the development of these resources by private industry.

A liquid metal fast breeder reactor demonstration plant will be built with the financial support of the Atomic Energy Commission, the electric power industry and the Tennessee Valley Authority.

We will accelerate research on harnessing thermonuclear energy and continue to provide leadership in the production of energy from the sun and geothermal steam. We recognize the serious problem of assuring adequate electric generating capacity in the Nation, and pledge to meet this need without doing violence to our environment.

Oceans

The oceans are a vast, largely untapped reservoir of resources, a source of food, minerals, recreation and pleasure, with great potential for economic development. For their maintenance we must:

Encourage the development of coastal zone management systems by the States, in cooperation with the Federal Government, to preserve the coastal environment while allowing for its prudent social and economic development;

Protect the oceans from pollution through the creation of binding domestic and international legal and institutional arrangements;

Foster arrangements to develop the untapped mineral resources of the seas in an equitable and environmentally sound manner;

Establish domestic and international institutions for the management of the ocean fisheries. Fishing in international waters, a way of life for many Americans, must be maintained without harassment on the high seas or unreasonable restrictions;

Protect and conserve marine mammals and other marine species to ensure their abundance and especially to protect species whose survival is endangered;

Maintain a national capability in ocean science and technology and, through the United Nations Conference on the Law of the Sea, work to codify an international legal framework for the peaceful conduct of ocean activities.

Science and Technology

Basic and applied scientific research and development are indispensable to our national security, our international competitive position, and virtually every aspect of the domestic economy. We have initiated a new research-and-development strategy which emphasizes a public-private partnership in searching out new ideas and technologies to create new jobs, new internationally competitive industries and new solutions for complex domestic problems.

In support of this strategy we have increased Federal efforts in civilian research and development by 65 percent—from $3.3 billion to $5.4 billion—and expanded research in drug abuse, law enforcement, health care, home building, motor vehicle safety, energy and child development as well as many other fields.

We will place special emphasis on these areas in which breakthroughs are urgently needed:

Abundant, clean energy sources;

Safe, fast and pollution-free transportation;

Improved emergency health care;

Reduction of loss of life, health and property in natural disasters;

Rehabilitation of alcoholics and addicts to dangerous drugs.

Additionally, we urge the fair and energetic enforcement of all fire-prevention laws and applaud the work of the National Commission on Fire Prevention and Control. We encourage accelerated research on methods of fire prevention and suppression, including studies on flammable fabrics, hazardous materials, fire equipment and training procedures.

The space program is yielding impressive dividends in earth-oriented applications of space technology—advances in medicine, industrial techniques and consumer products that would still be unknown had we not developed the technology to reach the moon. We will press ahead with the space shuttle program to replace today's expendable launch vehicles and provide low-cost access to space for a wide variety of missions, including those related to earth resources. We pledge to continue to extend our knowledge of the most distant frontiers in space.

We will also extend our exploration of the seabed and the sea. We will seek food for the hungry, power for future technologies, new medicines for the sick and new treatments of water for arid regions of the world.

The quantities of metals and minerals needed to maintain our economic health and living standards are so huge as to require the re-use of all recoverable commodities from solid waste materials. We pledge a vigorous program of research and development in order to seek out more economical methods to recover and recycle such commodities, including the processing of municipal solid wastes.

We pledge to extend the communications frontier, and to foster the development of orbiting satellite systems that will make possible wholly new, world-wide educational and entertainment programs.

We recognize that the productivity of our Nation's research and development efforts can be enhanced through cooperative international projects. The signing of the Moscow agreements for cooperation in space, environment, health and science and technology has opened a new era in international relations. A similar agreement between the United States and Polish Governments will permit

expansion of programs such as the jointly-funded Copernicus Astronomical Center and the Krakow Children's Hospital.

Finally, we pledge expanded efforts to aid unemployed scientists and engineers. We are determined to see that such on-going efforts as the Technology Mobilization and Reemployment Program are effective.

The Individual and Government

Even though many urgently-needed Administration proposals have been long delayed or stopped by the opposition Congress, we have kept our 1968 promise to make government more accountable and more responsive to the citizen. One such proposal is General Revenue Sharing with State and local governments—a means of returning to the people powers which for 40 years have grown increasingly centralized in the remote Washington bureaucracy. Another is consolidation of scores of categorical grant programs into six Special Revenue Sharing programs which would make available some $12 billion annually in broad policy fields for States and localities to apply in their own ways to their own needs. Yet another is our proposal to modernize the Executive Branch of the Federal Government by combining six Cabinet departments and several independent agencies into four new departments. So far, the opposition controlled Congress has blocked or ignored all of these proposals.

In addition, we have:

Improved domestic policy formulation and implementation by the new Domestic Council and Office of Management and Budget within the Executive Office of the President;

Established stronger liaison between the Federal Government and the States, counties and municipalities by a new Office of Intergovernmental Relations, headed by the Vice President;

Overhauled the fragmented and poorly coordinated Federal agencies concerned with drug abuse and the environment;

Utilized voluntary citizen effort through the formation of the ACTION agency in government and the National Center for Voluntary Action outside of government;

Proposed reorganization of the Federal regulatory agencies and appointed distinguished people to those agencies;

Assured more open government, ending abuse of document classification and providing fuller information to the public.

We pledge continuing reform and revitalization of government to assure a better response to individual needs.

We express deep concern for the flood victims of Tropical Storm Agnes, the worst natural disaster in terms of property damage in our Nation's history. Past laws were totally inadequate to meet this crisis, and we commend the President's leadership in urgently recommending the newly-enacted $1.8 billion flood relief measure, greatly expanding and enlarging the present program. We pledge to reevaluate and enlarge the national flood disaster insurance program so that it will be adequate for future emergencies.

We will continue to press for the enactment of General and Special Revenue Sharing and to pursue further initiatives both to decentralize governmental activities and to transfer more such activities to the private sector.

We will continue to defend the citizen's right to privacy in our increasingly interdependent society. We oppose computerized national data banks and all other "Big Brother" schemes which endanger individual rights.

We reaffirm our view that voluntary prayer should be freely permitted in public places—particularly, by school children while attending public schools—provided that such prayers are not prepared or prescribed by the state or any of its political subdivisions and that no person's participation is coerced, thus preserving the traditional separation of church and state.

We remain committed to a comprehensive program of human rights, social betterment and political participation for the people of the District of Columbia. We will build on our strong record in this area—a record which includes cutting the District of Columbia crime rate in half, aggressive support for a balanced transportation system in metropolitan Washington, initiation of a Bicentennial program and celebration in the national capital region, and support for the first Congressional Delegate in nearly a century. We support voting representation for the District of Columbia in the United States Congress and will work for a system of self-government for the city which takes fair account of the needs and interests of both the Federal Government and the citizens of the District of Columbia.

The Republican Party adheres to the principle of self-determination for Puerto Rico. We will welcome and support statehood for Puerto Rico if that status should be the free choice of its people in a referendum vote.

Additionally, we will pursue negotiations with the Congress of Micronesia on the future political status of the Trust Territories of the Pacific Islands to meet the mutual interests of both parties. We favor extending the right of electing the territorial Governor to the people of American Samoa, and will take complementary steps to increase local self-government in American Samoa. We vigorously support such action as is necessary to permit American citizens resident in Guam, Puerto Rico and the Virgin Islands to vote for President and Vice President in national elections. We support full voting rights in committees for the Delegates to Congress from Guam and the Virgin Islands.

In our territorial policy we seek a maximum degree of local self-sufficiency and self-government, while encouraging greater inclusion in Federal services and programs and greater participation in national decision-making.

Volunteerism

In our free system, the people are not only the source of our social problems but also the main source of solutions. Volunteerism, therefore, an indispensable national resource, is basic to our Republican philosophy. We applaud the Administration's efforts to encourage volunteerism by all Americans and commend the millions of volunteers who are working in communities and states across the country on myraid projects. We favor further implementation of voluntary action programs throughout the fifty States to assist public and private agencies in working to assure quality life for all human beings.

Arts and humanities

The United States is experiencing a cultural renaissance of inspiring dimension. Scores of millions of our people are now supporting and participating in the arts and humanities in quest of a richer life of the mind and the spirit. Our national culture, no longer the preserve of the elite, is becoming a people's heritage of importance to the whole world.

We believe, with the President, that "the Federal Government has a vital role as catalyst, innovator, and supporter of public and private efforts for cultural development."

We have supported a three-year extension of the National Foundation on the Arts and the Humanities, and increased the funding of its two endowments by more than four times the level of three years ago. The State Arts Councils, which operate in all 50 States and the five special jurisdictions, have also been strengthened.

The Arts Endowment has raised its support for the Nation's museums, orchestras, theatre, dance, opera companies and film centers and encouraged the creativity of individual artists and writers. In addition, the new Federal Expansion Arts Program has been sharply increased.

We have encouraged Federal agencies to use the arts in their programs, sponsored an annual Design Assembly for Federal administrators, requested the National Endowment for the Arts to recommend a program for upgrading the design of Federal buildings, and moved to set new standards of excellence in all design endeavors of the Federal Government.

Moreover, the National Endowment for the Humanities, now greatly enlarged, is fostering improved teaching and scholarship in history, literature, philosophy and ethics. The Endowment also supports programs to raise levels of scholarship and teaching in Afro-American, American Indian and Mexican-American studies, has broadened its fellowship programs to include junior college teachers, and stresses adult or continuing education, including educational television and film series. We have also expanded the funding of public broadcasting.

For the future, we pledge continuance of our vigorous support of the arts and humanities.

A BETTER FUTURE FOR ALL

Children

We believe, with the President, that the first five years of life are crucial to a child's development, and further, that every child should have the opportunity to reach his full potential as an individual.

We have, therefore, established the Office of Child Development, which has taken a comprehensive approach to the development of young children, combining programs dealing with their physical, social and educational needs and development.

We have undertaken a wide variety of demonstration programs to assure our children, particularly poor children, a good start in life—for example, the Parent and Child Center program for infant care, Home Start to strengthen the environment of the preschool child, and Health Start to explore new delivery systems of health care for young children.

We have redirected Head Start to perform valuable full-day child care and early education services, and more than 380,000 preschool children are now in the program. We have doubled funds for early childhood demonstration programs which will develop new tools and new teaching techniques to serve children who suffer from deafness, blindness and other handicaps.

So that no child will be denied the opportunity for a productive life because of inability to read effectively, we have established the Right to Read Program.

To add impetus to the entire educational effort, our newly-created National Institute of Education ensures that broad research and experimentation will develop the best educational opportunities for all children. Additionally, we have taken steps to help ensure that children receive proper care while their parents are at work.

Moreover, as stated elsewhere in this Platform, we have broadened nutritional assistance to poor children by nearly tripling participation in the Food Stamp Program, more than doubling the number of needy children in the school lunch program, operating a summer feeding program for three million young people, increasing the breakfast program fivefold, and doubling Federal support for child nutritional programs. We are improving medical care for poor children through more vigorous treatment procedures under Medicaid and more effectively targeting maternal and child health services to low-income mothers. We will continue to seek out new means to reach and teach children in their crucial early years.

Youth

We believe that what our youth most want and need is not special treatment as a group apart, but just the opposite—the opportunity for full participation by exercising the rights and responsibilities of adults.

In 1970 the President approved legislation which gave the vote to more than 11 million 18-to-20 year olds. The 26th Amendment, which places this important new right in the Constitution, has our enthusiastic backing.

Our Administration has already made the draft a far less arbitrary factor in young men's lives. Now we near the point where we can end conscription altogether and achieve our goal of an all-volunteer armed force.

Our total war on drug abuse has had special benefits for youth, hardest hit by this menace. Last year we held the first White House Conference ever held by and for young people themselves. The Administration gave the Conference's more than 300 recommendations a searching review, and last spring the President returned a detailed response and action report to the conferees.

The anarchy which swept major campuses in the late 1960s penalized no one more severely than the young people themselves. The recent calm on campus is, we believe, in part the result of the President's leadership in winding down the war in Vietnam, reducing the draft, and taking a strong stand against lawlessness, but our view is that colleges themselves are responsible for maintaining a campus climate that will preserve academic freedom.

We have proposed legislation to ensure that no qualified student is denied a higher education by lack of funds, and have also moved to meet the often-overlooked concerns of the two-thirds of the college-age young not in school. We have developed a new job-oriented, career-education concept, expanded Federal manpower programs and provided a record number of summer job opportunities for young men and women.

To engage youthful idealism and energies more effectively, we have created the new ACTION volunteer service agency, bringing together the Peace Corps, VISTA, and other volunteer programs; and we encouraged the establishment of the independent National Center for Voluntary Action.

We stand for lowering the legal age of majority in all jurisdictions to 18; and we will seek to broaden the involvement of young people in every phase of the political process—as voters, party workers and leaders, candidates and elected officials, and participants in government at municipal, State and Federal levels.

We will continue to build on these solid achievements in keeping with our conviction that these young people should have the opportunity to participate fully in the affairs of our society.

Equal Rights for Women

The Republican Party recognizes the great contributions women have made to our society as homemakers and mothers, as contributors to the community through volunteer work, and as members of the labor force in careers outside the home. We fully endorse the principle of equal rights, equal opportunities and equal responsibilities for women, and believe that progress in these areas is needed to achieve the full realization of the potentials of American women both in the home and outside the home.

We reaffirm the President's pledge earlier this year: "The Administration will . . . continue its strong efforts to open equal opportunities for women, recognizing clearly that women are often denied such opportunities today. While every woman may not want a career outside the home, every woman should have the freedom to choose whatever career she wishes—and an equal chance to pursue it."

This Administration has done more than any before it to help women of America achieve equality of opportunity.

Because of its efforts, more top-level and middle-management positions in the Federal Government are held by women than ever before. The President has appointed a woman as his special assistant in the White House, specifically charged with the recruitment of women for policy-making jobs in the United States Government. Women have also been named to high positions in the Civil Service Commission and the Department of Labor to ensure equal opportunities for employment and advancement at all levels of the Federal service.

In addition we have:

Significantly increased resources devoted to enforcement of the Fair Labor Standards Act, providing equal pay for equal work;

Required all firms doing business with the Government to have affirmative action plans for the hiring and promotion of women;

Requested Congress to expand the jurisdiction of the Commission on Civil Rights to cover sex discrimination;

Recommended and supported passage of Title IX of the Higher Education Act opposing discrimination against women in educational institutions;

Supported the Equal Employment Opportunity Act of 1972 giving the Equal Employment Opportunity Commission enforcement power in sex discrimination cases;

Continued our support of the Equal Rights Amendment to the Constitution, our Party being the first national party to back this Amendment.

Other factors beyond ouright employer discrimination—the lack of child care facilities, for example—can limit job opportunities for women. For lower and middle income families, the President supported and signed into law a new tax provision which makes many child care expenses deductible for working parents. Part of the President's recent welfare reform proposal would provide comprehensive day care services so that women on welfare can work.

We believe the primary responsibility for a child's care and upbringing lies with the family. However, we recognize that for economic and many other reasons many parents require assistance in the care of their children.

To help meet this need, we favor the development of publicly or privately run, voluntary, comprehensive, quality day care services, locally controlled but federally assisted, with the requirement that the recipients of these services will pay their fair share of the costs according to their ability.

We oppose ill-considered proposals, incapable of being administered effectively, which would heavily engage the Federal Government in this area.

To continue progress for women's rights, we will work toward:

Ratification of the Equal Rights Amendment;

Appointment of women to highest level positions in the Federal Government, including the Cabinet and Supreme Court;

Equal pay for equal work;

Elimination of discrimination against women at all levels in Federal Government;

Elimination of discrimination against women in the criminal justice system, in sentencing, rehabilitation and prison facilities;

Increased opportunities for the part-time employment of women, and expanded training programs for women who want to reenter the labor force;

Elimination of economic discrimination against women in credit, mortgage, insurance, property, rental and finance contracts.

We pledge vigorous enforcement of all Federal statutes and executive orders barring job discrimination on the basis of sex.

We are proud of the contributions made by women to better government. We regard the active involvement of women on all levels of the political process, from precinct to national status, as of great importance to our country. The Republican Party welcomes and encourages their maximum participation.

Older Americans

We believe our Nation must develop a new awareness of the attitudes and needs of our older citizens. Elderly Americans are far too often the forgotten Americans, relegated to lives of idleness and isolation by a society bemused with the concerns of other groups. We are distressed by the tendency of many Americans to ignore the heartbreak and hardship resulting from the generation gap which separates so many of our people from those who have reached the age of retirement. We deplore what is tantamount to cruel discrimination—age discrimination in employment, and the discrimination of neglect and indifference, perhaps the cruelest of all.

We commit ourselves to helping older Americans achieve greater self-reliance and greater opportunities for direct participation in the activities of our society. We believe that the later years should be, not isolated years, not years of dependency, but years of fulfillment and dignity. We believe our older people are not to be regarded as a burden but rather should be valuable participants in our society. We believe their judgment, their experience, and their talents are immensely valuable to our country.

Because we so believe, we are seeking and have sought in many ways to help older Americans—for example:

Federal programs of direct benefit to older Americans have increased more than $16 billion these past four years;

As part of this, social security benefits are more than 50 percent higher than they were four years ago, the largest increase in the history of social security;

Social security benefits have become inflation proof by making them rise automatically to match cost-of-living increases, a protection long advocated by the Republican Party;

We have upgraded nursing homes.

Expenditures under the Older Americans Act have gone up 800 percent since President Nixon took office, with a strong emphasis on programs enabling older Americans to live dignified, independent lives in their own homes.

The valuable counsel of older people has been sought directly through the White House Conference on Aging. The President has appointed high-level advisers on the problems of the aging to his personal staff.

We have urged upon the opposition Congress—again, typically, to no avail—numerous additional programs of benefit to the elderly. We will continue pressing for these new initiatives to:

Increase the amount of money a person can earn without losing social security benefits;

Increase widow, widower, and delayed retirement benefits;

Improve the effectiveness of Medicare, including elimination of the monthly premium required under Part B of Medicare—the equivalent of more than a three percent social security increase;

Strengthen private pension plans through tax deductions to encourage their expansion, improved vesting, and protection of the investments in these funds;

Reform our tax system so that persons 65 or over will receive increased tax-free income;

Encourage volunteer service activities for older Americans, such as the Retired Senior Volunteer Program and the Foster Grandparents Program;

Give special attention to bringing full government services within the reach of the elderly in rural areas who are often unable to share fully in their deserved benefits because of geographic inaccessibility;

Upgrade other Federal activities important to the elderly including programs for nutrition, housing and nursing homes, transportation, consumer protection, and elimina-

tion of age discrimination in government and private employment.

We encourage constructive efforts which will help older citizens to be better informed about existing programs and services designed to meet their needs, and we pledge to cut away excessive Federal redtape to make it easier for older Americans to receive the benefits to which they are entitled.

Working Men and Women

The skill, industry and productivity of American workers are the driving force of our free economy. The Nation's labor unions, comprised of millions of working people, have advanced the well-being not only of their members but also of our entire free-enterprise system. We of the Republican Party reaffirm our strong endorsement of Organized Labor's key role in our national life.

We salute the statesmanship of the labor union movement. Time and time again, at crucial moments, it has voiced its outspoken support for a firm and effective foreign policy and for keeping the Armed Forces of the United States modern and strong.

The American labor movement and the Republican Party have always worked against the spread of totalitarian forms of government. Together we can continue to preserve in America the best system of government ever devised for human happiness and fulfillment.

We are for the right of American workers and their families to enjoy and to retain to the greatest possible extent the rewards of their own labor.

We regard collective bargaining as the cornerstone of the Nation's labor relations policy. The government's role is not to encroach upon this process but rather to aid the differing parties to make collective bargaining more effective both for themselves and for the public. In furtherance of that concept, we will continue to develop procedures whereby the imagination, ingenuity and knowledge of labor and management can more effectively seek solutions for such problems as structural adjustment and productivity.

In the construction industry, for example, we will build on a new joint effort between government and all parts of the industry to solve such problems as seasonality and varying peaks of demand to ensure a stable growth in the number of skilled craftsmen.

We call upon management and labor to devote their best efforts to finding better ways to conduct labor-management relations so the good of all the people can be advanced without strikes or lockouts.

We will continue to search for realistic and fair solutions to emergency labor disputes, guided by two basic principles; first, that the health and safety of the people of the United States should always be paramount; and second, that collective bargaining should be kept as free as possible from government interference.

For mine health and safety, we have implemented the most comprehensive legislation in the Nation's history, resulting in a major reduction in mine-related accidents. We pledge continued advancement of the health and safety of workers.

We will continue to press for improved pension vesting and other statutory protections to assure that Americans will not lose their hard-earned retirement incomes.

We pledge further modernization of the Federal Civil Service System, including emphasis on executive development. We rededicate ourselves to promotion on merit, equal opportunity, and the setting of clear incentives for higher productivity. We will give continuing close attention to the evolving labor-management relationship in the Federal service.

We pledge realistic programs of education and training so that all Americans able to do so can make their own way, on their own ability, receiving an equal and fair chance to advance themselves. We flatly oppose the notion that the hard-earned tax dollars of American workers should be used to support those who can work but choose not to, and who believe that the world owes them a living free from any responsibility or care.

We are proud of our many other solid achievements on behalf of America's working people—for example:

Nearly five million additional workers brought under the coverage of the unemployment insurance system, and eligibility deadlines twice extended;

Funding for more than 166,000 jobs under the Emergency Employment Act;

Expansion of vocational education and manpower training programs;

Use of the long-neglected Trade Expansion Act to help workers who lose their jobs because of imports. We strongly favor vigorous competition by American business in the world market but in ways that do not displace American jobs;

Negotiation of long-needed limitations on imports of man-made fibers, textiles and other products, thus protecting American jobs.

We share the desire of all Americans for continued prosperity in peacetime. We will work closely with labor and management toward our mutual goal of assuring a job for every man and woman seeking the dignity of work.

Ending Discrimination

From its beginning, our Party has led the way for equal rights and equal opportunity. This great tradition has been carried forward by the Nixon Administration.

Through our efforts de jure segregation is virtually ended. We pledge continuation of these efforts until no American schoolchild suffers educational deprivation because of the color of his skin or the language he speaks and all school children are receiving high quality education. In pursuit of this goal, we have proposed $2.5 billion of Federal aid to school districts to improve educational opportunities and build facilities for disadvantaged children. Further to assure minority progress, we have provided more support to predominantly black colleges than ever before—twice the amount being spent when President Nixon took office.

Additionally, we have strengthened Federal enforcement of equal opportunity laws. Spending for civil rights enforcement has been increased from $75 million to $602 million—concrete evidence of our commitment to equal justice for all. The President also supported and signed into law the Equal Employment Opportunity Act of 1972, which makes the Equal Employment Opportunity Commission a much more powerful body.

Working closely with leaders of construction unions, we have initiated 50 "hometown" plans which call for more than 35,000 additional minority hirings in the building trades during the next four years. We will continue to search out new employment opportunities for minorities in other fields as well. We believe such new jobs can and should be created without displacing those already at work. We will give special consideration to minority Americans who live and make their way in the rural regions of our Country—Americans too often bypassed in the advances of the general society.

We have made unprecedented progress in strengthening minority participation in American business. We created the Office of Minority Business Enterprise in March 1969 to coordinate the Federal programs assisting members of minority groups who seek to establish or expand businesses. We have more than tripled Federal loans, guarantees and grants to minority-owned businesses. More minority Americans are now in our Nation's economic mainstream than at any other time in our history, and we pledge every effort to expand these gains.

Minority businesses now receive 16 percent of the Small Business Administration dollar—more than double the proportion in 1968. Many Minority Enterprise Small Business Investment Companies have been licensed since 1969 to provide venture capital for minority enterprises. More than $200 million is now available through this program, and we have requested additional funding.

In late 1970, we initiated a combined Government-private program to increase minority bank deposits. This year our goal of $100 million has been reached four times over.

We pledge to carry forward our efforts to place minority citizens in responsible positions—efforts we feel are already well under way. During the last four years the percentage of minority Federal employees has risen to a record high of almost 20 percent and, perhaps more important, the quality of jobs for minority Americans has improved. We have recruited more minority citizens for top managerial posts in Civil Service than ever before. We will see that our progress in this area will continue and grow.

In 1970 President Nixon approved strong new amendments to the Voting Rights Act of 1965, and we pledge continued vigilance to ensure that the rights affirmed by this act are upheld.

The cultural diversity of America's heritage groups has always been a source of strength for our society and our Party. We reaffirm our commitment to the basic American values which have made this Nation the land of opportunity for these groups, originating from all sectors of the world, from Asia to Africa to Europe to Latin America. We will continue our Party's open-door policy and work to assure all minorities full opportunity for participation in the political process. We pledge vigorous support of the Bilingual Act and the Ethnic Studies Heritage Act.

Spanish-Speaking Americans

In recognition of the significant contributions to our country by our proud and independent Spanish-speaking citizens, we have developed a comprehensive program to help achieve equal opportunity.

During the last four years Spanish-speaking Americans have achieved a greater role in national affairs. More than thirty have been appointed to high federal positions.

To provide the same learning opportunities enjoyed by other American children, we have increased bilingual education programs almost sixfold since 1969. We initiated a 16-point employment program to help Spanish-speaking workers, created the National Economic Development Association to promote Spanish-speaking business development and expanded economic development opportunities in Spanish-speaking communities.

We will work for the use of bilingual staffs in localities where this language capability is desirable for effective health care.

Indians, Alaska Natives, and Hawaiians

President Nixon has evolved a totally new Indian policy which we fully support. The opposition Congress, by inaction on most of the President's proposals, has thwarted Indian rights and opportunities.

We commend the Department of the Interior for its stalwart defense of Indian land and water rights, and we urge the Congress to join in support of that effort. We further request Congress to permit Indian tribal governments to assume control over the programs of the Departments of Interior and Health, Education and Welfare in their homelands, to assure Indians a role in determining how funds can best be used for their children's schools, to expand Indian economic development opportunity, to triple the funds for Indian credit and create a new Assistant

Secretary of the Interior for Indian and Territorial Affairs.

These reforms, all urged by the President, have been ignored by the Congress. We—with the Indian people—are impatiently waiting.

Knowing the Indians' love for their land and recognizing the many wrongs committed in years past, the President has restored Blue Lake in New Mexico to the Taos Pueblo and the Mt. Adams area in Washington to the Yakima Nation. We are seeking to protect Indian water rights in Pyramid Lake by bringing suit in the Supreme Court.

We are fully aware of the severe problems facing the Menominee Indians in seeking to have Federal recognition restored to their tribe and promise a complete and sympathetic examination of their pleas.

We have increased the Bureau of Indian Affairs' budget by 214 percent, nearly doubled funds for Indian health, and are arranging with tribal leaders for the allocation of Bureau funds in accordance with priorities set by the tribal governments themselves.

We pledge continued attention to the needs of off-reservation Indians and have launched demonstration projects at Indian centers in nine major cities. We are determined that the first Americans will not be the forgotten Americans, and that their rights will be respected.

We will continue the policy of Indian preference in hiring and promotion and apply it to all levels, including management and supervisory positions in those agencies with programs affecting Indian peoples.

The standard of living of Indian Americans is still far below that of any of the peoples of the United States. This intolerable level of existence shoud be alleviated by the enactment of new legislation designed to further Indian self-determination without termination and to close this economic gap and raise the Indian standard of life to that of the rest of America. We favor the development of such legislation in the 93d Congress.

At the President's recommendation, the Congress voted an Alaska Native Claims Settlement which confirms the titles of the Eskimos, Indians and Aleuts to 40 million acres and compensates them with a generous cash settlement.

We will also preserve and continue to protect the Hawaiian Homes Commission Act which provides land already set aside for Hawaiians for homes and the opportunity to preserve their culture.

Our achievements for human dignity and opportunity are specific and real, not idle promises. They have brought tremendous progress to many thousands of minority citizens and made our society more just for all.

We will press on with our fight against social injustice and discrimination, building upon the achievements already made. Knowing that none of us can reap the fullest blessings of liberty until all of us can, we reaffirm our commitment to the upward struggle for universal freedom led by Abraham Lincoln a century ago.

Consumers

The American consumer has a right to product safety, clearly specified qualities and values, honest descriptions and guarantees, fair credit procedures, and due recourse for fraud and deception. We are addressing these concerns forcefully, with executive action and legislative and legal initiatives.

The issues involved in this accelerating awareness on the part of consumers lie close to the heart of the dynamic American market: Good products at fair prices made it great; the same things will keep it great.

Enlightened business management is as interested in consumer protection and consumer education as are consumers themselves. In a marketplace as competitive and diverse as ours, a company's future depends on the reputation of its products. One safety error can wipe out an established firm overnight.

Unavoidably, the remoteness of business management from the retail counter tends to hamper consumers in resolving quality and performance questions. Technical innovations make it harder for the consumer to evaluate new products. Legal complexities often deny efficient remedies for deception or product failure.

To assist consumers and business, President Nixon established the first Office of Consumer Affairs in the White House and made its Director a member of his personal staff and of the Cost of Living Council. We have also proposed a Buyer's Bill of Rights, including:

Federal authority for the regulation of hazardous consumer products;

Requirement of full disclosure of the terms of warranties and guarantees in language all can understand.

We support the establishment of an independent Consumer Protection Agency to present the consumer's case in proceedings before Federal agencies and also a consumer product safety agency in the Department of Health, Education and Welfare. We oppose punitive proposals which are more anti-business than pro-consumer.

We pledge vigorous enforcement of all consumer protection laws and to foster more consumer education as a vital necessity in a marketplace ever increasing in variety and complexity.

Veterans

We regard our Nation's veterans precisely as our President does:

"Americans have long known that those who defended the great values of our Nation in wartime are of great value to the Nation when the war is over. It is traditional that the American veteran has been helped by his Nation so that he can create his own 'peace story', a story of prosperity, independence and dignity.

"Veterans benefit programs have therefore become more than a recognition for services performed in the past; they have become an investment in the future of the veteran and of his country."

Under Republican leadership, far more for our veterans is being done than ever before:

G.I. Bill education benefits have been increased more than 35 percent. Vietnam-era veterans have the highest assistance levels in history to help them pursue educational opportunities.

Major cost-of-living adjustments have been made in compensation and pension payments.

Medical services are the best in the history of the Veterans Administration and now include a strong new drug treatment and rehabilitation program.

Disability benefits have been increased.

G.I. home loan benefits have been expanded and improved.

The total Administration commitment is massive—$12.4 billion for this fiscal year. This is the largest Veterans Administration budget in history, and the third largest of all Federal agencies and departments.

We are giving the highest priority to the employment problems of Vietnam veterans. In 1971 we initiated a comprehensive program which recently placed more than one million Vietnam-era veterans in jobs, training and education programs.

For the future, we pledge:

Continuation of the Veterans Administration as a strong, independent agency;

Continuation of an independent system of Veterans Administration health care facilities to provide America's veterans with the best medical care available, including appropriate attention to the problems of the exserviceman afflicted with drug and alcohol problems;

Continuing attention to the needs of the Vietnam-era veteran, with special emphasis on employment opportunities, education and housing;

Continuation of our efforts to raise G.I. Bill education benefits to a level commensurate with post-World War II benefits in adjusted dollars;

Continued effort for a better coordinated national policy on cemeteries and burial benefits for veterans.

We will not fail our obligation to the Nation's 29 million veterans and will stand ever watchful of their needs and rights.

CONCLUSION

The record is clear.

More than any President, Richard Nixon has achieved major changes in policy and direction in our government. He has restored faith—faith that our system will indeed reflect the will of the people—faith that there will be a new era of peace and human progress at home and around the world.

To be sure there is unfinished business on the agenda of our ever-restless Nation. We have great concern for those who have not participated more fully in the general prosperity. The twin evils of crime and drug abuse are still to be conquered. Peace in the world is not yet won.

But Republican leadership has restored stability and sanity to our land once again. We have vigorously attacked every major problem.

Once again our direction is peace; once again our determination is national strength; once again we are prospering; once again, on a host of fronts, we are making progress.

Now we look to tomorrow.

We pledge ourselves to go forward at an accelerated pace—with a determination and zeal unmatched before.

In four years we mark the 200th anniversary of the freest, most productive, most benevolent Nation of all human history. In four years we celebrate one of man's highest achievements—two hundred years as a constitutional republic founded on the noble concept that every person is a sovereign being, possessed of dignity and inalienable rights.

Almost two centuries ago, the Founding Fathers envisioned a Nation of free people, at peace with themselves and the world—each with equal opportunity to pursue happiness in his own way. Much of that dream has come true; much is still to be fulfilled.

We, the Republican Party, pledge ourselves to go forward, hand-in-hand with every citizen, to solve those problems that yet stand in the way of realizing that more perfect union, the dream of the Founding Fathers—a dream enhanced by the free and generous gift of people working together, not in shifting alliances of separated minorities, but in unison of spirit and purpose. We cannot favor, nor can we respect, the notion of group isolation in our United States of America. We must not divide and weaken ourselves by attitudes or policies which would segregate our citizens into separate racial, ethnic, economic, religious or social groups. It is the striving of all of us—our striving together as Americans—that will move our Nation continually onward to our Founders' dream.

Building on the foundations of peace in the world, and reason and prosperity at home, our Republican Party pledges a new era of progress for man—progress toward more freedom, toward greater protection of individual rights, toward more security from want and fear, toward greater fulfillment and happiness for all.

We pledge to the American people that the 200th anniversary of this Nation in 1976 will be more than a celebration of two centuries of unequaled success; we pledge it also to be the beginning of the third and

greatest century for all of our countrymen and, we pray, for all people in the world.

LIBERALIZATION OF U.S. TRADE POLICY

Mr. TAFT. Mr. President, the Committee for Economic Development, a panel representing 200 American businessmen and educators, has joined with Western European and Japanese businessmen to call for a substantial liberalization of U.S. trade policy toward Eastern Europe and the U.S.S.R. Among the committee's primary recommendations was that all restrictions on nonmilitary exports to these countries should be removed.

I believe that such recommendations are timely and constructive. Industrialization is now proceeding full speed in Eastern Europe, which is one of the fastest growing regions in the world. At the same time, the recent lessening of East-West tensions has created a favorable environment for the expansion of trade. As a result of this combination of events, the vast markets of Eastern Europe are rapidly becoming accessible. If we are going to participate in the rapid growth of this region, our industries must be able to move in without further delay, subject only to restrictions which are really necessary to protect the national security. We can no longer afford to handicap ourselves by controlling the export of goods and technology which are not of strategic value and are not controlled by our foreign competitors.

With this situation in mind, I authored the Equal Export Opportunity Act, which was signed by the President late last month. I believe that this legislation will provide the basis for modernization of an export control system that is one of the most costly anachronisms of the cold war. The act requires the Commerce Department to review U.S. export controls and licensing procedures during the next 9 months. At the end of that time, the Department must give the reasons for retaining any export controls or burdensome licensing procedures which are not required by our allies. The act also establishes industry advisory committees to help the Commerce Department administer the Export Administration Act in a more realistic manner.

I ask unanimous consent that the articles from the Washington Post and the Cincinnati Enquirer describing the committee's report be printed in the RECORD.

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

END TO EXPORT CURBS URGED

(By James L. Rowe, Jr.)

A high-level panel of U.S. businessmen urged yesterday that this country remove all restrictions on exports to most Communist countries—except on military items—and bring its trade policies toward them in line with those toward other industrialized nations.

The Committee for Economic Development joined with business groups in Western Europe and Japan in a statement which called for the creation of a worldwide economic panel to formulate ground rules to govern East-West trade.

The multi-national statement appeared as an appendix to the CED's report, "A New Trade Policy Toward Communist Countries."

The CED, in its statement, said increased East-West trade would foster "a more open and less hostile relationship that can become the basis of a more peaceful world."

The business panel called for the United States to adjust its credit policies to provide the longer-term credit already provided by other Western countries trading with the Communist bloc. The CED said its recommendations do not apply to North Vietnam, North Korea or Cuba.

The CED suggested that the United States negotiate country-by-country agreements with the Communist nations, including China, offering most-favored-nation treatment. Under most-favored-nation treatment, lower tariffs negotiated between two countries are extended to all countries.

The panel said most-favored-nation treatment should be offered only in return for fair trade guarantees from the Eastern nations.

The joint statement said one of the most important barriers to East-West trade is the lack of convertibility of Communist currencies. Convertibility means a currency can be exchanged for another in world trading markets.

Communist countries, as a result, cannot run a trade deficit with one country and have it balanced by a surplus with another.

The joint statement—signed by business groups from the United States, West Germany, France, Japan and Sweden—urged Western nations to discuss approaches to solving this problem.

EASE RED TRADE, STUDY URGES UNITED STATES

NEW YORK.—A panel representing 200 American businessmen and educators has urged a broad revision of U.S. trade policies toward Communist nations, including liberalization of credit terms and removal of virtually all restrictions on non-military exports.

The recommendations were contained in a 68-page report, "A New Trade Policy Toward Communist Countries," prepared by the Research and Policy Committee of the Committee of Economic Development and released Sunday.

The committee also joined with business groups in Germany, France, Britain and Sweden in recommending establishment of a new global economic agency to set ground rules for East-West trade.

In its report on U.S. trade policies, the committee held that current restrictions on East-West trade "almost certainly result in more loss than gain."

Citing political and economic advantages to be gained from inproved trade relations, the 65-member committee recommended:

That the United States remove all restrictions on exports to Communist countries with the exception of military equipment and the kind of advanced technology that would be useful in producing such equipment.

That U.S. policy on credit terms to Communist countries be aligned with that of other Western industrial countries, pending achievement of international regulation of credit terms.

That the President be authorized to grant most-favored-nation treatment on trade with Communist countries provided that in return they extend compensatory benefits to the United States.

That, subject to limitations on the export of technology, the U.S. government place no obstacles in the way of American companies entering into coproduction agreements in Communist countries or otherwise investing there, except for obstacles that apply to foreign investment generally.

A statement accompanying the report said the recommendations did not apply to North Vietnam, North Korea and Cuba, where U.S. trade embargoes were imposed under the Trading with the Enemy Act.

"The practical values to be served by removing restrictions on international trade include economic benefits but extend beyond them," the committee said. "Willingness to trade is in itself a sign of amity that helps dissipate tensions."

It cautioned, at the same time, that any advances in East-West trading depended on the willingness of Communist countries to reciprocate on the easing of restrictions and to deal with such problems as currency differences and the setting of fair trading standards.

"With the removal or reduction of U.S. restrictions, the growth of trade will be determined more than in the past by economic and business considerations," the report said.

"In general, however, no great or sudden increase in trade should be expected," it said.

The report drew dissenting comment and other qualifications from six CED trustees, including Herman L. Weiss, vice chairman of General Electric Co.

ATTACK AGAINST GENOCIDE CONVENTION UNFOUNDED

Mr. PROXMIRE. Mr. President, a full page criticism of the Genocide Convention appeared in the August 10 edition of the Houston Tribune urging a protest against the treaty.

The principle criticism of the convention, according to this attack, is that it creates an entirely new international crime which broadens the use of the word "genocide" to include "not only causing bodily harm to an individual, but also something as vague as attempting 'mental harm' to an individual on the basis of his race, religion, or nationality." The article goes on to say that—

If any citizen is charged with harming, physically or mentally, any individual who is a member of a racial, national, or religious group—and who is not a member of some such group—then his alleged action becomes an international crime.

Such fears that the Genocide Convention will usurp the Bill of Rights and subject American citizens to possible extradition for international prosecution beyond the jurisdiction of U.S. law are thoroughly unfounded.

Article II of the Genocide Convention defines "genocide" as meaning:

Any of the following acts committed with intent to destroy, in whole or in part, a national, ethnical, racial or religious group, as such:

(a) Killing members of the group;

(b) Causing serious bodily or mental harm to members of the group;

(c) Deliberately inflicting on the group conditions of life calculated to bring about its physical destruction in whole or in part;

(d) Imposing measures intended to prevent births within the group;

(e) Forcibly transferring children of the group to another group.

The Committee on Foreign Relations (Ex. Rept. No. 92–6), in a report delivered to the Senate May 4, 1971, emphasizes the importance of the word "intent" in the above definition. The committee's report is a forceful refutation of the charge which appeared in the Houston Tribune advertisement:

Basic to any charge of genocide must be the *intent* to destroy an entire group because of the fact that it is a certain national,

ethnic, racial, or religious group, in such a manner as to affect a substantial part of the group. There have been allegations that school busing, birth control clinics, lynchings, police actions with respect to the Black Panthers, and the incidents at My Lai constitute genocide. The committee wants to make clear that under the terms of Article II none of these and similar acts is genocide unless the *intent* to destroy the group as a group is proven. Harassment of minority groups and racial and religious intolerance generally, no matter how much to be deplored, are not outlawed per se by the Genocide Convention. Far from outlawing discrimination, article II is so written as to make it, in fact, difficult to prove the "intent" element necessary to sustain a charge of genocide against anyone. (Ex. Rept. No. 92–6, p. 6.)

In further refutation of the charges advanced against the convention, the United States is prohibited by the Constitution from becoming party to any treaty which would supersede the highest law of the land. The Genocide Treaty would usurp no such law.

The United States must act on the Genocide Convention as soon as possible.

DIFFICULTIES OF AMERICAN SHOE INDUSTRY

Mr. TAFT. Mr. President, during the first 7 months of this year we exported 10,227,000 hides which represent 50 percent of the slaughter in this country. This compares with 42 percent for the first 7 months of 1971. In July, with a slaughter of 2,735,000, our exports totaled 2,152,000, or an export of 78 percent.

The American shoe industry is having a difficult time maintaining domestic employment. American manufacturers are having to compete against foreign companies with automated plants and very low wage rates. These competitive pressures are now compounded by policies which permit the raw material from which shoes are made, namely leather, to be exported to our competitors. As if it were not enough for American shoe manufacturers and their employees to have to compete against low wage operations overseas, they now find that their source of leather is being dried up as 78 percent of American hides leave this country.

Several new shoe manufacturing facilities that were originally scheduled for construction in this country, are now being built overseas. This means a loss in American jobs and this trend will only be accelerated if the raw material for shoes is exported in such extraordinary quantities.

The stress of this situation is reflected in a letter to the White House and the Department of Commerce from Mr. Philip G. Barach, president of the U.S. Shoe Corp. I ask unanimous consent that the letter be printed in the RECORD.

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

THE U.S. SHOE CORP.,
Cincinnati, Ohio, September 6, 1972.

HENRY CASHEN,
The White House,
Washington, D.C.
WILLIAM LETSON,
Department of Commerce,
Washington, D.C.

DEAR MESSRS. CASHEN AND LETSON: One can understand the political ramifications on the unfortunate amendment created by the farm and cattle block relative to the Department of Commerce approach to create some regulation on hide exports.

However, in the interest of good communications . . . I thought it terribly important that your offices be aware that the export of hides for July, 1972 were astronomical!!! 2.1 million hides were shipped out as compared to 1.2 million in June, 1972 . . . and only 672,000 for July, 1971.

Since we slaughter about 31 million hides per year . . . or approximately 2.6 million per month . . . obviously, using July, 1972 as a basis . . . we exported almost 80% of the slaughter.

No one can be certain if this rate will keep up . . . but certainly I trust that your offices are monitoring the situation . . . as it portends extremely dire consequences for the domestic manufacturer in terms of the price of his basic material.

In addition, the unusual figures for July vividly depict the "behind the scene" push by exporters during a period of time when the export control quota approach was being prepared.

I would assume that even the farm and cattle block would be dismayed at these figures.

With every good wish.

Sincerely,

PHILIP G. BARACH.

GRAIN SALES TO RUSSIA

Mr. CURTIS. Mr. President, as a Senator representing a wheat-producing State, I have naturally been most interested in the current controversy over the recent grain sales to Russia.

I am sure that the Senator from South Dakota will be having something to say on the floor of the Senate on this matter. In order that both sides of this issue may be fairly considered, I ask unanimous consent that two recent statements by Secretary of Agriculture Earl Butz be printed in the RECORD.

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

STATEMENT OF SECRETARY OF AGRICULTURE EARL BUTZ, SEPTEMBER 11, 1972

George McGovern's phony issue regarding the grain sale to Russia is a bald attempt to sabotage the sale. The Nixon Administration successfully negotiated a grain sale with the Soviet Union that benefits every American taxpayer, every grain farmer and members of the Maritime Unions.

The Senator knows first-hand that the Soviets backed away from a sale in 1965 when the sale became embroiled in a domestic squabble, and he is deliberately attempting to undercut this agreement. Last Saturday I asked him to retract his unfounded and inaccurate charges. He responded by repeating them. I therefore must conclude that his personal and political motives are to undercut this sale and our efforts to improve east-west relations.

Just this week the President sent Henry Kissinger to Moscow to further expand the areas of agreement reached at the Moscow Summit in May. Sale of surplus grains was one of the vital issues discussed at the Summit talks.

The American taxpayer gains from this sale by paying less to store surplus wheat. The grain farmer gains from a stronger market and higher prices. Union members gain from expanded jobs and opportunities. The economy gains from this increased activity and from a sizeable contribution to our balance of trade. Everyone gains from the bettered relations between the two nations.

The efforts of George McGovern to discount and dishonor the genuine benefits of the grain sale with inaccurate statements and innuendos is a political attempt to smear, sabotage and scuttle one of the most significant achievements for the American people in the last four years.

The grain sale is one successful step in the direction of the President's goal of a generation of Peace, not just for Americans, but for all the world.

STATEMENT OF SECRETARY OF AGRICULTURE BUTZ

Yesterday in the Midwest, Senator George McGovern flailed out with a series of wild charges against the historic sale of wheat to Russia. Among other things, Senator McGovern claimed that a grain deal was negotiated with the Soviet Union by assistant secretary Clarence Palmby and myself last April and that the facts were kept secret from farmers and the public.

I would like to report to you that Senator McGovern is wrong, as usual. Not just 1000 percent wrong. But old fashioned, 100 percent dead wrong.

I would like to invite Senator McGovern to reveal any facts he has that a grain deal was negotiated with the Soviet Union last April. If he can't do that, I invite him to make another of his retractions where he has a sudden change of mind.

The history-setting sale of grain to Russia was negotiated from June 28 to July 8, three to four weeks after Mr. Palmby left the Department of Agriculture, and the details were announced on July 8 immediately after the agreement was signed. By attacking this historic sale with wild and inaccurate charges, Senator McGovern is engaging in another political flight of fancy and is jeopardizing a trade that is of great benefit to the Nation.

This is not the first time that Senator McGovern has attempted to scuttle a beneficial sale of grain to Russia. Only a week ago, Mr. George Meany of the AFL–CIO publicly denounced on a nation-wide TV program the negative role played by Mr. McGovern in a previous grain negotiation.

President Nixon, who laid the groundwork for the sale of grain to Russia last fall, and who was instrumental in bringing about this year's record sale, has received the praise and plaudits of the American people and the American farm community.

But apparently there is something that Mr. McGovern doesn't like about a sale of grain that is good for American farmers, good for our balance of trade, good for maritime workers, good for the public, and good for better relations between these two powerful nations. What is it that Senator McGovern likes about the alternatives?

Look at what this historic sale of wheat to Russia has done:

1. It has increased the value of farmers' crops by nearly $1 billion. The alternative would be less income in farmers' pockets.

2. The sale to Russia has reduced the stocks of government-held grain and has enhanced the prospect of stronger grain prices for farmers next year. The alternative would

be larger surpluses, lower farm prices, and tighter controls on farmers.

3. The sale to Russia has reduced the cost to U.S. taxpayers so that the cost of the export equalization payments on the sales to Russia are off-set by dollar savings of about four to one. The cost of wheat in a loaf of bread has been increased by about one half cent per loaf. The alternative would be higher government tax costs, with farmers getting more of their income from the government rather than from the market.

4. The sale was conducted by private traders, which is the American way of doing business. The alternative would be state monopoly trading with the government conducting our export business.

5. The credit arrangements were negotiated and carried out by experts in the Department of Agriculture who were selected for their experience and knowledge of complicated international trade. The alternative is to have our Department of Agriculture run by political hacks who have no expertise or acceptability, in international trade negotiations.

6. The sale to Russia was made by meeting world competition with the aid of export equalization payments that have been used since 1949. The alternative would be to withdraw from wheat exports or to let United States farmers compete individually against the subsidized sale of wheat by every other exporting country in the world.

7. The agreement with the Soviet Union was deferred until Russia agreed to our regular CCC three-year credit terms at 6⅛ percent interest. This agreement came on July 8 after some U.S. farmers had sold their wheat. Our estimates indicate that by July 15 farmers had sold 330 million bushels of wheat out of a total supply of 1,958 million bushels under farmers' control. The alternative would have been to induce the Russians to sign earlier by granting them the 10-year, 2 percent interest that they first requested—which would have been better than the terms available to our long-time, established world customers and would have harmed this business.

I ask Senator McGovern, "What is it about these alternatives that you like? Why do you seemingly take a self-persecuting delight in dwelling on the bad side of most things? Why can't you rejoice in the benefits that farmers and the Nation enjoy from the largest grain deal in history?

The accusations by Senator McGovern that exporters reaped windfall profits from advance, inside information is without any substance. I invite Mr. McGovern to provide his proof, and I will offer mine. For example—

A. On July 6, two days before the signing of the Russian grain agreement on July 8, nine exporters offered to sell 7 million bushels of wheat to the CCC at 44 to 48 cents under present market prices. Do you really believe they would have done that, Mr. McGovern, if they had advance, inside information?

B. On the day before the signing of the Russian trade agreement on July 8, exporters booked 2½ million bushels of wheat for export at an equalization payment of 7 cents per bushel. Do you think, Mr. McGovern, that they would have done that if they knew that the market would strengthen so that equalization payments would go up to 47 cents in August?

C. On July 12 exporters booked 13 million bushels of wheat at a 13-cent export equalization payment; and by the end of July they had booked 153 million bushels at export equalization payments of 15 cents or less. Do you seriously think, Mr. McGovern, that our grain traders are so inept that they would have done that had they known that the market would rise to move export equalization payments up to 47 cents in August?

This historic grain sale has proven to the Soviet Union that we have the agricultural capacity and the statesmanship to trade with them permanently on a friendly and forthright commercial basis. The alternative is to retreat, let other countries gear up to supply Russia's grain needs, and launch a silly political snipe hunt by narrowly partisan office-seekers every time we do business with them.

Come home, Mr. McGovern, and discover the American people and what is good about America. Come home, Mr. McGovern, and quit chasing the butterflies of your imagination. Come home, Mr. McGovern, to learn why your staff is in rebellion, why the polls show you down in fifty states, and why your radical views are rejected by the great majority of farmers, workers, businessmen, consumers and citizens.

SEPTEMBER 9, 1972.

Hon. GEORGE S. MCGOVERN,
U.S. Senate,
Washington, D.C.:

Your statement reported from Rockford, Illinois that "the Soviet grain deal was negotiated in April by agriculture secretary Earl Butz and his assistant secretary for foreign affairs Clarence Palmby, but that the deal was not announced until July" is completely unfounded and contrary to the facts. Full announcement of the Soviet grain deal was made by President Nixon on July 8, less than two hours after the agreement has signed. Later the same day a press conference by commerce secretary Peterson and myself covered the agreement in great detail.

Your allegation that the deal was consummated three months before it was announced impugns the integrity and the creditability of myself, secretary Peterson and President Nixon.

If one of your campaign aides had made this false charge, I might have dismissed it as over zealous statement of an excited assistant. But when a patently false statement that impugns the personal integrity of me and of the President is made by a candidate for the presidency, I cannot let it go unchallenged. Therefore, I await your public retraction of the charge.

If you really want to improve the income of our farmers it would be helpful if you would stop trying to scuttle this massive sale of U.S. Grains abroad, and join in our combined efforts to expand our markets and raise real income for our farmers.

EARL L. BUTZ,
Secretary of Agriculture.

ST. JOHN'S—THE HOUSE OF GOV. CHARLES CALVERT

Mr. MATHIAS. Mr. President, there is exploration taking place in Maryland today nearly as exciting as that which took place after the first founding of the colony in 1634. I had the privilege this morning of seeing the foundation of St. John's, an early 17th-century house, which was the home of Charles Calvert, Governor of Maryland, and later Lord Baltimore and Lord Proprietor of Maryland.

This archaeological project has already told us new things about the way that America developed and about the way Americans lived. For example, the archeological team working at the site of St. John's in St. Mary's City, Md., has uncovered the only hewn-stone masonry known in a 17th-century tidewater dwelling.

All of this information literally comes to the surface at a most appropriate time. The Nation is looking ahead to a commemoration of the Bicentennial of the Founding of the Republic. In my judgment, that commemoration should be a long look at American history and not only at the events of 1776. To understand the climactic nature of 1776 it is necessary to understand fully what came before and led up to the Declaration of Independence. To understand the significance of 1776 it is necessary to consider all that has happened since and what ought to happen in the future.

The exploration of America's past in St. Mary's City by the St. Mary's City Commission will be an unusual contribution not only to the people of Maryland and the scholars of American history generally, but to the enlargement of the scope and development of the bicentennial. We are all indebted to the St. Mary's City Commission and to the grants it has received from the National Endowment for the Humanities and the Rockefeller, Donner, and France Foundations. The work also reflects the intense personal interest of some of those who are carrying it on and we also owe them a very real debt. They include: Gen. Robert Hogaboom, U.S.M.C. retired; commission director, Polly Barber; assistant commission director, Mrs. G. W. Stone; Mr. Carey Carson, and Mr. Gary Stone; and the students who worked so hard on the project during the summer.

I ask unanimous consent that historical material relating to the St. John's excavation be included in the RECORD at this point.

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

ST. JOHN'S EXCAVATIONS

The St. Mary's City Commission began this summer a generation of archaeological research with grants from the National Endowment for the Humanities and the Rockefeller, Donner, and France Foundations. In its size and importance this project is comparable to the National Park Service's excavations at Jamestown in the 1950's. Like Jamestown, St. Mary's City was one of America's earliest settlements. For 60 years it was the legislative center of Lord Baltimore's colony, then it too disappeared when the seat of government moved to Annapolis, just as Jamestown vanished when Williamsburg became Virginia's capital. Today nothing is visible of the seventeenth-century town, but underground an entire community awaits discovery—the original fort, the streets of the town that replaced it, dwellings, lawyer's lodgings, public buildings, taverns, churches, mills and shops, and outlying plantations.

The Commission, a division of Maryland's Department of Economic and Community Development, and its partners, St. Mary's College of Maryland, George Washington University, and the Smithsonian Institution, have assembled a team of archaeologists, historians, architectural historians, and anthropologists to explore the site and study the lives of the English, Dutch and African colonists who settled the southern American colonies. This summer's excavation of one of St. Mary's City's largest plantations, the home of Charles Calvert, later the third Lord Baltimore, was run as an archaeological field school. Undergraduates and graduate students in history and archaeology from all over

the United States learned the rudiments of historical archaeology.

St. John's was one of the largest and most important structures of Maryland's seventeenth-century capital. Constructed in 1638 by John Lewgar, Secretary and Surveyor General of Maryland, it was the frequent meeting place of Assembly and Provincial Court. The second known occupant was the merchant, Simon Overzee. Upon Governor Charles Calvert's arrival in the colony in 1661, he acquired the property from Overzee's widow, and for the next six years St. John's was the home of the proprietory Governor. By 1668 Calvert had moved to a Patuxent River plantation, but his St. Mary's City house continued to be used for an occasional meeting of the Council or Courts. During much of the 1670's and 1680's St. John's was leased to innkeepers who maintained a tavern there. The house was probably not occupied long after the capital moved to Annapolis. It appears to have collapsed about the beginning of the eighteenth century.

When the house collapsed the old ground level was buried with a heap of chimney brick, plaster, and roof tile. Cultivation and erosion only partly cut through this protective layer. Below the plow dirt have been found not only cobblestone and brick foundations, but also the corner of a hearth and the molds of joists complete with vertical flooring nails.

The foundations of the building reveal that it was a structure 20 x 52 feet, divided into two rooms by a huge central chimney. Under one end was a small storage cellar walled with squared blocks of a soft sedimentary rock—the only hewn stone masonry known in a seventeenth-century tidewater dwelling. Just outside of the north wall is a rectangular pit with steps now buried under the footings of the house, possibly traces of a wing containing a milk house, torn down before the rest of the structure collapsed.

The excavations have yielded other clues about the appearance of Governor Charles Calvert's home. It was a frame structure, probably covered with clapboard. Thousands of rusty nails have been found, but no evidence of brick or wattle walling. At least part of the interior was plastered over split lath, and the roof was covered with large curved tile. Fragments of glass found in a construction ditch suggest the location of one of the leaded windows, but whether the house was one story or two is unknown.

In comparison with an English manor house Charles Calvert's home was modest indeed. Calvert only exaggerated a little when, in the 1670's, he wrote that the houses in St. Mary's City were like the "meanest" of English farmhouses. In the seventeenth century "farmhouse" meant the dwelling of the farm owner or manager and not the cottage of a tenant or laborer. For the colonies, however, St. John's was a large and comfortable dwelling. Its center chimney plan was modern for the period, and in size it was almost identical to the dwelling of Virginian Samuel Mathews, member of the Royal Council and one of the wealthiest men in early Virginia.

Although much remains to be done to complete the excavation of the house, already one element of its landscaping has been located—the construction ditch of a paling or "picket" fence. Next summer the excavation will be expanded to search for other yard features, outbuildings, and trash pits. After the excavation is completed the ruins of the house will be restored, and exhibits and interpretive signs will be constructed to explain the site to visitors.

THE PROPERTY

In December 1639 John Lewgar, Secretary of Maryland and Surveyor General, claimed 300 acres of town land at St. Mary's. One hundred acres he was to have by special warrant from the Proprietor, 200 by assignment from Captain Cornwaleys. Two months later, in mid-February, the survey and patent he had obtained under this first demand were ordered cancelled and a new warrant, survey, and patent set aside 200 acres. One hundred acres on the north side of St. John's Creek, included in the first grant, were excluded from this one, and the remaining boundaries were altered to fit better the facts of geography in the area.

Lewgar sold "St. John's Freehold," plus "800 acres of land more adjoyning," to Richard Bennett, Esqr. "for sattisfaction of a debt." Both men then assigned the land to John Lewgar, Jr., sometime before November 20, 1651. On that date, Lewgar, Jr. sold the land to Henry Fox and the following February 11, Bennett's attorney agreed to the sale on condition that half the purchase price went to Bennett. The rent roll of 1659 says that Philip Land was co-owner with Fox and that the two men sold to Symon Overzee. Overzee seems to have been in occupation at least by 1656. He died diseised in fee of this land in February 1659/60. His widow lived there a year. The property then escheated to the Proprietor, she being compensated for her dower rights by a 20-year lease for other lands. In 1665 Lord Baltimore sent instructions that Governor Charles Calvert, his son, should have a formal grant of the "mansion house" and the 1000 acres attached to it, plus adjacent land to make up 6000 acres. There is no record that this grant was made, but when Charles became the Second Proprietor in 1675, he must have acquired "St. John's Freehold" by inheritance.

THE HOUSE

A house on St. John's Freehold was standing by February 11, 1638/9, when elections to the Assembly were ordered to be held there. The house was at that time occupied by Secretary John Lewgar, who a few months later took out a patent for the land. The Assembly met in the house off and on until early 1648, and again in 1661. The Provincial Court was also held here during the 1640's. These facts suggest that the house was sizeable from the beginning.

John Lewgar, Jr. may have occupied the house briefly after his father's permanent departure for England in 1649, but the next certain occupant was the merchant Simon Overzee. He may have added to the house, although the work for Overzee referred to by John Crabree may have been done on buildings on other Overzee properties. Augustine Herman visited Overzee at St. John's as ambassador from New Netherlands in September–October 1659.

"Reaching Mr. Calvert's plantation early in the afternoon, we sent two of our people in advance to announce our approach and that we could not forbear paying him our respects, requesting passage across his creek to Mr. Overzee's, with whom we proposed to lodge."

The following February Overzee died unexpectedly and intestate, and unfortunately no inventory of his estate survives. There does survive, however, a gruesome account of theft in 1658 by his servants and midwife, Mary Clocker, of valuable linens and laces after his first wife lay dead in childbirth. The items stolen are listed in the indictment.

Overzee remarried before his death, and his second wife, Elizabeth, lived at St. John's for a year after her husband's death. She then gave up her dower rights in the property to Governor Charles Calvert in return for a 20-year lease on one of Overzee's other properties.

Calvert lived in the house, where by 1663 his cousin Anne Calvert, daughter of Leonard, "has the care of my household affaires, as yet noe good match does present, but I hope in a short time she may find one to her owne content. . . ." In 1666 Calvert married Jane Sewall, the widow of Secretary Henry Sewall, and by February 8, 1667/8 he seems to have been living at the house he then built on Mattapany-Sewall property he acquired via this marriage. Thereafter the Council did not meet at St. John's, as it had been wont to do, although the construction of the second state house in 1666 may also have affected the location of Council meetings.

The Governor may have further extended the house during the years he lived there, but there is nothing to tell us he did so. From his correspondence with his father we know a little about the materials and seeds he imported, including stones and fittings for a mill, but none of this equipment need have been used at St. John's. We do know that in 1663 there was an orchard near the house.

Calvert evidently continued to make some use of St. John's, at least through February 1674/5, when the Assembly voted him 30,000 pounds of tobacco "towards the defraying his Charge by keeping his house at St. Johns and entertaining the Members of the Upper house there." About the same time, however, the inhabitants of the "city" offered him 100,000 pounds of tobacco towards construction of a dwelling on West St. Mary's Manor, across the river, to occupy when in attendance at the capital. By then St. John's must have been too small or too decayed to provide a comfortable proprietary residence.

From 1679 through at least early 1681 Henry Exon, innkeeper, kept an inn at St. John's, but it is not altogether clear that he kept it in the same building. In November of 1681 the trial of Josias Fendall was held at St. John's, and on May 7, 1687 the Council met there once more. From that time mention of the house disappears from the records.

CHARLES CALVERT

Charles Calvert was born August 27, 1637 in England. In 1656 he married Mary Darnall, daughter of Ralph Darnall of Loughton, Herefordshire. He came to Maryland in 1661 as Governor, bringing his wife with him. By September 1662, he lived on St. John's tract, probably where Mary Calvert died in childbirth before September 1663. In 1666 Calvert married Jane Sewall, the widow of Col. Henry Sewall, former Secretary of the Province, and daughter of Vincent Lowe of Denby, Derbyshire. By March 19, 1666/7 Calvert had moved to his wife's "Mattapany Sewall Manor." Jane Calvert had five children by her first marriage, and bore Calvert five more, his only offspring. The Lord Proprietor died November 30, 1675, and Charles Calvert proclaimed his succession March 4, 1675/6. He left the Province for England in June 1676, but governed in person from April 1679 to May 1684. Calvert died February 21, 1714/5.

On his first arrival in 1661, Calvert apparently desired the St. John's tract where Simon Overzee's widow resided. Land escheated to the Proprietor for want of heirs, so Calvert offered Mrs. Overzee a 20-year lease on land in Charles County in lieu of her thirds in St. John's. Calvert lived on St. John's by September 1662. Proprietary instructions were issued September 20, 1665 to grant Calvert St. John's, but no grant was found. Even after he moved to his wife's residence, "Mattapany Sewall", he kept St. John's and entertained members of the Upper House of the Assembly there at the expense of the Province. He continued to hold meetings of the Council and sessions of the Provincial Court there.

On his St. John's plantation, Calvert experimented with fruit trees, crops, and other plants, and with the care of livestock. Apparently he planned a water mill; he patented 150 acres called "The Mill" and 270 acres called "The Mill Damm" in 1665, but whether he ever built the mill is unclear.

JOHN LEWGAR

John Lewgar was born about 1602. He first became acquainted with Cecil Calvert at Trinity College, Oxford. Originally Protes-

tant, he became an Anglican Rector in Somersetshire, then left his living in 1634 to enter the Catholic Church. After his conversion he renewed his acquaintance with Calvert. Calvert sent Lewgar to Maryland with a commission for a new provincial government (April 15, 1637).

Lewgar arrived November 28, 1637 with his wife Ann, and a nine-year-old son, John. Ann Lewgar died several years after her arrival. Lewgar lived on St. John's until 1647 or 1648, when he returned to England. Lewgar sought entrance into the Jesuits in 1647, but was refused. He became chaplain in Lord Baltimore's house on Wilde-Street, near London, where he died of plague in 1665. He left no will in Maryland, but was survived at least by his son John, who had remained in Maryland after his father's departure.

Lewgar did not share in the original trading monopoly with the Lord Proprietor, Thomas Cornwaleys, and other wealthy adventurers. As Collector and Receivor of the Rents and Revenues, and often as the Proprietor's legal representative, Lewgar handled proprietary financial affairs in the Province. He operated a plantation on St. John's tract. He kept some of the Proprietor's livestock at St. John's and owned hogs and cattle himself. He also kept various tools and goods at St. John's for the Proprietor's use and carried out business deals on the Proprietor's behalf. Lewgar participated in smaller kinds of trade, as with skins, and he owned a ketch which he hired out at a per diem rate. Many settlers were indebted to him.

In 1638 Governor Leonard Calvert wrote of John Lewgar to his brother Cecil, that he was a "very serviceable and diligent man in his secretaries place," and "a faithful and able assistant" to Leonard Calvert. This seems to be an accurate description of Lewgar; as a Provincial official he seems to have been loyal and dutiful to the Proprietor, as well as fair in his activities. In a letter to Calvert (January 5, 1638/9), he stated that he did not understand the dissension and disfavor among governing officials and settlers. In a case involving one angry Catholic and several angry Protestants, he appears to have been particularly level-headed and objective in his decision. His turn to England and the priesthood indicates, perhaps, a weariness of politics and dissension in the Province.

SIMON OVERZEE

Simon Overzee, successful merchant and planter, was born in England about 1628. He was active in Virginia before transporting his wife and son to Maryland in 1650. He moved back and forth from Virginia to Maryland in the 1650's. From at least 1656, he lived in St. John's and may have extended the House there.

His first wife, Sarah, was the daughter of Sarah and Adam Thoroughgood of Lynhaven, Virginia. Sarah died at St. John's in childbirth. Mary Clocker, midwife, was nursing the newborn child after Sarah's death, according to testimony given on November 1, 1658. Mary Glocker was giving testimony since she, Thomas Courtney (her stepson), and Mary and John Williams were being tried for theft of goods valued at £50 sterling. The goods, including gold and silver laces and other finery, were stolen from chests and trunks at St. John's. Depositions of November 1, 1658 suggest that Mary Glocker nourished malice in her feelings towards Overzee. Mary Williams tells that when she commented to Mary Glocker:

"That these things could not be used here but they would of known, and that Clocker answered hang him (as she conceaves Mr. Overzee) rather than ever he shall have them, I will burne them, and further sayd shee would bury them in a case in the Ground."

All the defendants plead not guilty. The verdict found the Williamses guilty as principals and Mary Clocker and her step-son guilty as accessories.

By February 1659 Overzee had remarried. His second wife, Elizabeth Willoughby, outlived Overzee, who died intestate in March 1660. He left no living heirs to claim his 1950 acres.

It has been suggested that Simon Overzee was ruthless, callous, and shrewd.

WOMEN'S LIBERATION AT ST. JOHN'S

On January 17, 1648 the assembly met at St. John's. At this session Mistress Margaret Brent, the administratrix of Leonard Calvert's estate, applied to the assembly demanding, "to have vote; and voyce allso in the howse for her selfe." She called attention to the fact that as she was already "looked upon and received as his Lordship's (Lord Baltimore's) attorney," it seemed only fair that she should have some say in matters concerning the government of the colony. This was refused peremptorily by Governor Greene, and the lady "protested in form against all proceedings of that assembly, unless she might be present and vote as aforesaid."

ELIMINATION OF LOCAL ELECTIONS THROUGHOUT SOUTH VIETNAM

Mr. MONDALE. Mr. President, with the decision of the Saigon government last month to eliminate local elections throughout South Vietnam, the curtain fell on another act in the unending tragedy that is Vietnam.

This was a minor act, to be sure. It gave us the drama of democracy created in Vietnam but cast in our own image: A democracy of free elections, separation of legislative and executive functions, an independent judiciary, individual rights, and a free press. In the enthusiasm and innocence of an earlier era, the American people were told, and to a great and understandable degree believed, that the imposition of American democracy on an Indochinese society was at hand.

In the past several years, however, the course of the drama has changed. We have been witnesses to innumerable arbitrary arrests, the suppression of free speech, countless instances of judicial and legislative irregularities. But the facade of democracy has been played out, much like a sideshow at the circus, while the principal action—the murder, destruction, and mutilation caused by the war—has occupied the center stage.

Almost as an after-thought, President Thieu has now rung down the final curtain on the tragi-comedy of democracy in South Vietnam. His little publicized decree led to trenchant and moving editorial comment recently in the Minneapolis Tribute and the New York Times.

These editorials are fitting epitaph to the betrayal of our most basic principles, aspirations, hopes, and dreams in Vietnam. They deserve to be read thoughtfully by all Americans.

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

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

VIETNAMIZING DEMOCRACY

The abolition of popular elections in South Vietnam's 10,775 hamlets by the stroke of an executive order from Saigon once again underscores the futility of the war and the fatuousness—in today's context—of professed American war aims. The blood of hundreds of thousands of Vietnamese and American soldiers and the suffering of millions of civilians has been rationalized by lofty commitments to assure for the South Vietnamese people the right to democratic self-government. In explaining his war policy, President Nixon has insisted that when the United States leaves Vietnam, it must be "in a way that gives the South Vietnamese a reasonable chance to survive as a free people."

The immediate result of the new decree is that President Thieu will determine who is to be in charge of local government, from province chiefs to the officials of the smallest village. The extraordinary lesson in democracy thus continues. President Thieu, having demonstrated that it takes only one candidate to stage a democratic election, has more recently indicated through stringent rules controlling the press that in his version of democracy the right to know is as unnecessary as free political choice—in Saigon no less than in Hanoi.

If the experiment in popular government without the ballot works out to Mr. Thieu's satisfaction in the local communities, he will undoubtedly "recommend" it for the national level as well, further emulating the democracy to the North. The fact that the abolition of local elections in the South is to be accomplished within two months indicates that Vietnamization is working more smoothly in politics than in defense.

NO MORE "RICE-ROOTS DEMOCRACY"

In January 1968, the U.S. Department of State used the term "rice-roots democracy" processes in South Vietnam. The American people had been told that we were engaged in a great nation-building effort in Vietnam, a nation in which democratic processes would have a vital place—a nation modeled after our own, with free elections, an independent judiciary, a free press and separate legislative and executive branches. Developments in recent years under President Thieu made a sham of most of this effort, so it is not surprising that when the Thieu government last month abolished local elections it did so without publicity.

Ambassador Bunker in Saigon has cited self-determination for the South Vietnamese people and the development of democratic institutions as two of the most important U.S. objectives in Vietnam. These were an important rationale for our presence in Vietnam during the Kennedy and Johnson administrations, and President Nixon has emphasized the importance of self-determination.

Today "rice-roots democracy" is no more in Vietnam, though probably many Americans have forgotten how this rationale was once to justify the American war effort. Or another rationale of halting the expansion of Communist China—a rationale that somehow disappeared, in good measure, when President Nixon took his historic steps toward improved China-America relations.

A Minneapolis journalist recalled the other day that he had first visited Vietnam in 1963, and he reflected on how much time has passed since then, with the end of the war still not in sight. In this context, Scott Long's cartoon today also is pertinent. America has been in the valley of Vietnam death so long that many of us have forgotten what some of the mountains looked like—those mountains to stop Peking, those mountains on which to build a new democracy. And many of us, without the large weekly death lists of young Americans, have forgotten—or at least have tried to forget—the valley of death in which we stand. The valley is still there.

A TRIBUTE TO GORDON F. HARRISON

Mr. STEVENS. Mr. President, on June 30 of this year, Gordon F. Harrison retired from his position as staff director

and chief counsel of the Committee on Rules and Administration.

It is not necessary to go into great detail on Gordon's outstanding service to this country, except to remind the Senate of his outstanding service as former Senator Theodore Green's legislative assistant prior to World War II. During the war, Gordon served with distinction in the U.S. Navy, retiring with the rank of captain. He then served under the direction of Warren E. Burger in the Department of Justice, and in January of 1955 he was appointed to the position of chief counsel and staff director of the Rules Committee by the late Senator Green.

I know that I speak for many Senators and their staffs when I say that Gordon will be sorely missed. As a member of the Rules Committee, I came to know and rely on Gordon's wisdom and sure hand not only in handling the various problems faced by the committee, but also by helping this body solve its day-to-day administrative problems.

Not only was it a pleasure to work with Mr. Harrison; it was also a pleasure to be his neighbor for almost 2 years. Our offices being across the hall from each other, we would see each other frequently and enjoyed passing the time of day for a short spell. We who have come to know Gordon have come to appreciate him. We will indeed miss his gentle but firm hand in the Senate. He has had a long and distinguished career, and he deserves our gratitude and best wishes for a well deserved retirement.

NO GENERATION GAP AT HENNEPIN STATE JUNIOR COLLEGE, BROOKLYN PARK, MINN.

Mr. MONDALE. Mr. President, at North Hennepin State Junior College in Brooklyn Park, Minn., there is no such thing as a generation gap. Of the 2,600 students enrolled last spring, almost one-quarter were senior citizens.

The North Hennepin experiment began as a conventional seminar sponsored by the college on services for the elderly. It developed first into a special tuition-free program for senior citizens, then led to their enrollment in regular college courses.

This happy mixture of younger and older Americans was described in a lively profile in the September 10, 1972, edition of Parade magazine.

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

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

HAPPY SCHOOLMATES—A COLLEGE WHERE THE YOUNG AND GRANDPARENTS LEARN FROM EACH OTHER

(By John G. Rogers)

BROOKLYN PARK, MINN.—Dick Heesen, a student at North Hennepin State Junior College, emerged from a math class the other day and encountered a smiling coed. "Hi there, Dick," she said. And Dick replied, "Good morning, grandmother. How are you today?"

Sure enough, the smiling coed was Dick's 74-year-old grandmother, Harriett Heesen, headed for her class in creative writing. And Harriett Heesen is not a novelty on this campus. Under a program aided by federal funds, North Hennepin State recruits elderly students by the hundreds.

In the last spring semester 600 of the 2600 enrollment were oldsters, and in the summer session, the avid grayheads outnumbered the college-age kids 700 to 500.

"None of that rocking chair stuff for me," says 79-year-old Earl Scott. "It's more fun being a college boy. I wasn't able to finish high school more than 60 years ago because my parents were poor and I had to go to work. But now I've got my high school equivalency diploma from the college and I'm out for more classwork. Just by going to school I feel younger."

"I could easily let myself go and become a vegetable," says 74-year-old Evelyn Sandusky, "but thank heaven I heard about the college wanting us on campus and I just love it. I wish I had time to take every course they have. And I also feel good about being able to contribute. I used to be active in a laundry workers' union and the college assigned me to lecture to some business management classes on the inside operation of a labor union."

And how do the kids like mixing with the old folks in classes and corridors?

Says pretty Diane Swanson, 19, a sophomore. "They're great. I get a real kick out of their enthusiasm. And most of us agree that we feel closer to them than we do to our parents' generation. As a group, they feel sort of bypassed by government and society in general, just as many of us do."

RICHER EXPERIENCE

One young student speaks warmly of "the fellowship of the young and old" and says it has added a whole new dimension to his college experience. The elders are equally sensitive. Says one: "Just to have a place to go several times a week, where there's hustle and bustle and people to talk to, makes the difference between living and just aging."

The concept of lots of senior students on campus in this St. Paul-Minneapolis suburb was born out of a seminar on services for the elderly sponsored by the college and hosted by Bruce Bauer, the school's director of community relations. The expected participants were social workers and nursing home directors but a great number of just plain folks turned out also.

EXPANDING PROGRAM

Up to this point, the college felt it was discharging its responsibility to the older people in the community by giving them such events as free movies and concerts. But at the seminar they were so intensely interested in the college and the young students, so poignant in lamenting the lack of meaningful programs for themselves, that John Helling, the college president, asked Bauer to study the possibilities of organizing college courses for people over 55. Bauer called a meeting and some 400 of them attended. He asked them what they wanted. "Educational opportunities, just like anybody else," said Ollie Pacquet from a wheelchair. And a 73-year-old widow added, "I had to quit school in the sixth grade. Now I've got time to improve myself but I need help, somewhere to go."

Impressed by this chance for community service, Helling authorized Bauer to set up a tuition-free program of senior students' classes. It began modestly but expanded into such areas as psychology for daily living, high school equivalency diploma, nature study, swimming, public speaking, painting, lipreading, home budget making, cooking and gardening. These courses were simply for personal enrichment. But some elderly students almost immediately asked to be admitted to courses carrying college credit.

There was apprehension on both sides. An instructor recalls: "I thought the college-age kids might resent them as offbeat intruders. I also was afraid they'd be slow learners and hold back class progress."

And Sy Halls, a 77-year-old Scandinavian immigrant, remembers: "My wife and I thought maybe young people would tease us. But they were nice to us. We have fun and learn good."

Some students feel that they "learn too good." Observes a girl freshman: "Most of them take only one or two courses and their enthusiasm is out of this world. And since they don't have anything to do but study, they make some of the grades on our papers look pretty pedestrian."

One of the provocative byproducts of the mixing of young and old is periodic rap sessions at which both groups sit around a table and pour out their hearts. Says Loretta Sundquist, an elderly woman who takes public speaking and other courses as a togetherness thing with her husband, Dan:

"Many of the kids complain that their parents are too materialistic, too devoted to money and possessions and always trying to get more of these. One girl was particularly unhappy over this. Well, my husband and I have worked all our lives and I asked the girl, 'Why do you suppose your family has such a nice home and two cars and you can easily afford to be in college? Those advantages don't just happen by magic. Somebody had to work for them.' I tried to get her to see that whether your aim is idealistic or materialistic, you have to work for it. That girl and I have become good friends."

DISCUSSION LIVELY

Mike Nagell, a 20-year-old sophomore, sees the rapping from the youth side: "We do a lot of arguing but we never get sore at each other. None of them, for instance, likes the idea of a guy and a girl living together before marriage. But there is agreement on the war—all against it. Overall, we find that you can learn things from those old people. They've been through the mill."

In education circles, North Hennepin's educational love affair with the elderly is gaining more and more outside attention. In a typical recent week, Bruce Bauer received letters of inquiry from colleges and universities in Michigan, Texas, Iowa, California, Missouri and Florida.

One of the things he tells the inquirers is that old people are very interested in and suspicious, of the federal government because they feel it has an inordinate influence on their lives and their incomes. Many of them are talking about trying to organize a power bloc of the aged and some say a campus such as North Hennepin, which brings them together, might be a good place to start.

PRACTICAL PURSUITS

Says Brus von Ende, 19, a sophomore and member of the old-young advisory board that helps plan future senior student courses: "They really are hipped on government. Some who take public speaking say they want to be able to make a better case of complaint at City Hall. And some who take creative writing—they don't want to write fiction; they just want to write better angry letters to their Congressmen. But, they have other interests, too. In fact, they're a pretty peppy bunch. They're now asking the college to put in a course called 'Sex after 65.' You can't get much peppier than that."

WYOMING PEOPLE ANSWER QUESTIONNAIRE

Mr. HANSEN. Mr. President, Wyoming people like to have an opportunity to express their opinions on important issues to their representatives in the Congress. Many people, of course, routinely write their representative about matters

concerning them, and in Wyoming where the population is small and it is possible to work on a personal basis with many citizens, I am able to talk with people about their thinking on issues before Congress. But there are those who have not the time or inclination to write a special letter and who are not contacted by their Congressional representatives, but who will make known their views about certain issues if they are asked to do so.

Several weeks ago, in an effort to enhance communication with my constituents, I wrote to more than 63,000 Wyoming people, enclosing a questionnaire which I asked them to answer and return. The responses have now been received and the comments tabulated. I wish to express my thanks to all in Wyoming who took the time to read my letter, study the questions asked, and submit their personal thoughts about the questions.

Also, I wish to share with the Senate the views of my constituents on some issues which are important, and which have been and are being discussed in the Senate.

Mr. President, among those in Wyoming who received my questionnaire were some 20,000 eligible first-time voters. I was particularly interested in contacting these newly enfranchised persons, both to establish a line of communication with them and to gain some idea of their views on key issues.

About 10 percent of the first-time voters who were contacted responded to the questionnaire. Many took time to write letters to accompany their replies, further elaborating on their views and mentioning additional issues they believe to be important.

A great deal has been said by the news media and by so-called experts on voter habits about the philosophy of 18- to 21-year-olds, who they will support, and to what extent they will influence traditional politics in various parts of the country.

Although the opinion survey I conducted in Wyoming was not scientifically or professionally perfect, it does offer some insight into the views of young voters on the issues included in the questionnaire, and when the responses of the young voters who replied are compared with those of voters over 21 who responded, there is a similarity in their reaction to the questions asked.

Some general conclusions can be drawn from the results of the questionnaire. For example, one can conclude that the respondents are most concerned about economic considerations—inflation and unemployment, to be specific. It is obvious that a majority of those who answered the questionnaire does not believe steps taken by the administration to dampen the fires of inflation have been successful. And, even though Wyoming has one of the lowest unemployment rates in the country, it is equally obvious that a majority of the respondents in both the first-time voter and non-first-time voter categories feels unemployment is a major concern.

An issue of importance to Wyomingites is the proposed wagon wheel project—an atomic stimulation project which, if carried out, could free deep natural gas deposits in Sublette County, Wyo., by means of a series of underground nuclear explosions. Because this proposed project is extremely technical and complicated, and because it is still under study and a great deal of information about its effect is not yet available, it is not surprising that a significant percentage of those who responded indicate they have no opinion as to whether the project should move forward or not.

With regard to the question about establishing additional wilderness areas in Wyoming, a majority of first-time voters favors the wilderness concept over the multiple use concept, while non-first-time voters prefer multiple use to establishment of new wilderness areas.

The questionnaire results indicate that newly enfranchised voters, like non-first-voters, do not favor amnesty for draft evaders or military deserters; do not favor legalization of marihuana, though some favor reduced penalties; and do not support the guaranteed income approach suggested as an alternative to welfare.

A significant majority of all who responded to the questionnaire believe the President should have the authority to arbitrate a labor strike after all negotiations have failed, and oppose the abolition of the death penalty.

Mr. President, I ask unanimous consent that the tabulated results of the questionnaire be printed in the RECORD.

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

Question	Responses					
	1st-time voters	Percent	Non-1st-time voters	Percent	Total	Percent
1. Do you agree that President Nixon's visits to the People's Republic of China and to Russia will aid the goal of world peace?						
Yes	1,557	81.1	5,910	86.5	7,467	85.3
No	363	18.9	925	13.5	1,288	14.7
2. Do you approve of the way the President is ending our Vietnam involvement?						
Yes	1,223	63.9	5,445	79.0	6,668	75.7
No	692	36.1	1,445	21.0	2,137	24.3
3. Do you generally approve of President Nixon's handling of American foreign policy?						
Yes	1,271	67.6	5,362	79.2	6,633	76.7
No	608	32.4	1,406	20.8	2,014	23.3
4. How do you rate President Nixon's overall performance in office?						
Good	850	43.9	3,940	55.3	4,790	52.9
Fair	771	39.8	2,510	35.2	3,281	36.2
Poor	238	12.3	596	8.4	834	9.2
No opinion	77	4.0	81	1.1	158	1.7
5. Do you agree that recent Government actions affecting our economy have helped reduce inflation? Unemployment?						
Inflation:						
Yes	724	39.1	2,570	41.7	3,294	41.1
No	1,127	60.9	3,591	58.3	4,718	58.9
Unemployment:						
Yes	320	27.0	981	30.1	1,301	29.8
No	863	73.0	2,280	69.9	3,143	70.2
6. Under supervision of the Atomic Energy Commission, a program called the "Wagon Wheel Project" may be undertaken in Sublette County involving underground nuclear explosions to free natural gas deposits to alleviate a gas shortage. Would you favor this project?						
Yes	719	37.3	3,048	43.2	3,767	42.0
No	856	44.4	2,571	36.5	3,427	38.2
No opinion	352	18.3	1,428	20.3	1,780	19.8
7. Do you believe the penalties for possession or use of marihuana should be:						
(a) Increased	754	38.8	3,857	55.1	4,611	51.6
(b) Kept as they are	320	16.5	1,630	23.3	1,950	21.8
(c) Reduced	375	19.4	1,003	14.3	1,378	15.4
(d) Removed	486	25.3	507	7.3	993	11.2
8. Classifying land as a "wilderness area" means prohibiting timbering, road building, construction, vehicular traffic and other uses. Generally, would you favor:						
(a) Designating more Wyoming land as wilderness areas	1,234	64.7	3,088	44.4	4,322	48.8
(b) "Multiple-use" land management, permit more kinds of public use than in a wilderness area?	672	35.3	3,873	55.6	4,545	51.2
9. Do you favor amnesty for draft evaders or military deserters?						
Yes	502	26.4	620	9.0	1,122	12.9
No	1,399	73.6	6,263	91.0	7,662	87.1
10. Would you favor the Government paying all or part of the premium for health insurance for the poor?						
Yes	883	49.1	2,845	42.4	3,728	43.8
No	914	50.9	3,866	57.6	4,780	56.2
11. Do you favor a Federally guaranteed minimum income for every American whether he or she is willing to work or not?						
Yes	132	6.9	189	2.8	321	3.7
No	1,784	93.1	6,558	97.2	8,342	96.3
12. Would you favor a bill authorizing the President to settle a labor strike by compulsory arbitration after all negotiations had failed?						
Yes	1,506	74.5	5,917	84.3	7,423	83.3
No	381	25.5	1,105	15.7	1,486	16.7
13. Do you feel the death penalty should be abolished?						
Yes	536	28.2	1,004	14.3	1,540	17.4
No	1,365	71.8	5,930	85.7	7,295	82.6
Approximate total number of respondents	2,000	10.0	7,000	16.2	9,000	14.3
Approximate total number of persons contacted	20,000	.....	43,000	.....	63,000	.....

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

REVENUE SHARING ACT OF 1972

The ACTING PRESIDENT pro tempore (Mr. STEVENSON). Under the previous order the Chair now lays before the Senate H.R. 14370, which the clerk will state.

The assistant legislative clerk read as follows:

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 ACTING PRESIDENT pro tempore. Under the previous order the unfinished business, Senate Joint Resolution 241, will be temporarily laid aside and remain in a laid aside status until the disposition of H.R. 14370 or until the close of business today, whichever is earlier.

AMENDMENT NO. 1487

Mr. ROTH. Mr. President, I call up my amendment No. 1478.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

The ACTING PRESIDENT pro tempore. Without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

At the end of the Act add the following new title:

TITLE IV—PARTIAL FEDERAL INCOME TAX CREDIT FOR STATE AND LOCAL INCOME TAX PAYMENTS

SEC. 401. STATE AND LOCAL TAX CREDIT.

(a) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended (1) by renumbering section 42 as 43; and (2) by inserting after section 41 the following new section:

"SEC. 42. STATE AND LOCAL INCOME TAXES.

"(a) ALLOWANCE OF CREDIT.—If an individual chooses to have the benefits of this section, there shall be allowed to such individual as credit against the tax imposed by this chapter for any taxable year beginning after December 31, 1976, an amount equal to 40 percent of the State and local income taxes paid or accrued for such taxable year.

"(b) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) STATE AND LOCAL INCOME TAXES.—The term 'State and local income tax' means only—

"(A) a tax imposed upon the income of the taxpayer, after the deduction of an amount for personal exemptions and dependents allowances or the subtraction of a tax credit or credits equivalent in amount to the amount allowed for this purpose under part V of subchapter B of chapter 1 (relating to deductions for personal exemptions);

"(B) the taxpayer's distributive share of a tax imposed upon the income of a partnership of which the taxpayer is a member; and

"(C) the taxpayer's pro rata share of a tax imposed upon the income of an electing small business corporation (as defined in section 1371(b)) of which the taxpayer is a shareholder, by a State or any political subdivision thereof. In the case of a separate return by a married individual, the amount of State and local income taxes imposed upon the income of such individual shall be determined under regulations prescribed by the Secretary or his delegate.

"(2) CHANGE OF ELECTION.—The choice as to whether an individual shall elect to have the benefits of this section may be made or changed at any time before the expiration of the period prescribed for making a claim for credit or refund of the tax imposed by this chapter for the taxable year with respect to which such State or local income tax was paid or accrued.

"(3) ADJUSTMENTS ON PAYMENT OF ACCRUED TAXES.—If accrued taxes when paid differ from the amounts used by an individual as the basis for claiming a credit under this section, or if any tax paid is refunded, in whole or in part, such individual shall notify the Secretary or his delegate, who shall redetermine the amount of the credit for the year or years affected. The amount of tax due on such redetermination, if any, shall be paid by such individual on notice and demand by the Secretary or his delegate, and the amount of tax overpaid, if any, shall be credited or refunded to the individual in accordance with subchapter B of chapter 66 (section 6511 and following). In the case of a State or local income tax accrued but not paid, but used as the basis for claiming a credit under this section, the Secretary or his delegate, as a condition precedent to the allowance of such credit may require such individual to give a bond, with sureties satisfactory to and to be approved by the Secretary or his delegate, in such sum as the Secretary or his delegate may require, conditioned on the payment by the individual of any amount of tax found due on any such redetermination; and the bond herein prescribed shall contain such further conditions as the Secretary or his delegate may require. In such redetermination by the Secretary or his delegate of the amount of tax due from such individual for the year or years affected by a refund, the amount of the taxes refunded with respect to which credit has been allowed under this section shall be reduced by the amount of any State or local income tax imposed with respect to such refund; but no credit under this section, and no deduction under section 164 (relating to deduction for taxes), shall be allowed for any taxable year with respect to such State or local income tax imposed on the refund. No interest shall be assessed or collected on any amount of tax due on any redetermination by the Secretary, or his delegate, resulting from a refund to the individual, for any period before the receipt of such refund, except to the extent interest was paid on such refund, by the State or local government for such period.

"(4) TAX IMPOSED BY THIS CHAPTER.—The tax imposed by this chapter for any taxable year does not include the tax imposed by section 56 (relating to minimum tax for tax preferences).

"(c) CROSS-REFERENCES.—

"(1) For deductions of State and local income taxes, see sections 161 and 275.

"(2) For right of each partner to make election under this section, see section 703(b)."

(b) DISALLOWANCE OF DEDUCTION.—Section 275(a) of such Code (relating to certain taxes not deductible) is amended by adding at the end thereof the following new paragraph:

"(6) State and local income taxes, if the individual chooses to take to any extent the benefits of section 42 (relating to State and local income taxes)."

SEC. 302. TECHNICAL AMENDMENTS.

(a) The table of sections for subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 is amended by striking out the item relating to section 42 and inserting in lieu thereof the following:

"Sec. 42. State and local income taxes.
"Sec. 43. Overpayments of tax."

(b) Section 37(a) of such Code (relating to retirement income) is amended by striking out "and section 35 (relating to partially tax-exempt interest)" and inserting in lieu thereof "section 35 (relating to partially tax-exempt interest), and section 42 (relating to State and local income taxes)".

(c) Section 46(a)(3) of such Code (relating to amount of credit) is amended—

(1) by striking out "and" in subparagraph (B);

(2) by striking out the period at the end of subparagraph (C) and inserting in lieu thereof a semicolon and the word "and"; and

(3) by adding after subparagraph (c) the following new subparagraph:

"(D) section 42 (relating to State and local income taxes)."

(d) Section 703 of such Code (relating to partnership computations) is amended—

(1) by relettering subparagraphs (D), (E), and (F) of subsection (a)(2) as subparagraphs (E), (F), and (G);

(2) by inserting after subparagraph (C) of paragraph (2) the following new subparagraph:

"(D) the deduction for taxes provided in section 164(a) with respect to State and local income taxes;" and

(3) by amending subsection (b) to read as follows:

"(b) ELECTIONS OF THE PARTNERSHIP.—Any election affecting the computation of taxable income derived from a partnership shall be made by the partnership, except that the election under section 42 (relating to State and local income taxes) and 901 (relating to taxes of foreign countries and of possessions of the United States), and any election under section 615 (relating to pre-1970 exploration expenditures) or under section 617 (relating to deduction and recapture of certain mining exploration expenditures), under section 57(c) (relating to definition of net lease), or under section 163(d) (relating to limitation on interest on investment indebtedness), shall be made by each partner separately."

SEC. 403. REPORT BY THE SECRETARY.

The Secretary shall report to the Congress not later than March 1, 1980, on the operation of the provisions of this title for the preceding 3 calendar years. This report shall include estimates of the amount of Federal revenue foregone and of the amount of additional State and local revenue derived from the provisions of this title. This report may also contain any recommendations on the part of the Secretary for additional legislation.

Mr. ROTH. Mr. President, today I am offering amendment No. 1478 to H.R. 14370, the State and Local Fiscal Assistance Act of 1972. This, of course, is the Senate Finance Committee revenue-sharing bill. My amendment would make it possible for citizens to credit 40 percent of their State and local personal income taxes against their Federal tax bill once revenue sharing terminated after 5 years. It is my expectation that such a credit would provide an incentive for the wider use of the more efficient and equitable personal income tax, by States and localities.

I have long associated myself with the concept of revenue sharing. At the time of my first congressional campaign of 1966, I endorsed this concept. During the 91st Congress, I introduced H.R. 13353, the House version of the Muskie-Goodell revenue-sharing proposal. Further, I am cosponsor of S. 680, the President's measure, and S. 3651, the Senate companion to the Ways and Means Committee bill.

Despite my endorsement of revenue

sharing as a temporary answer to State-local fiscal crisis, I have been unable to find in it a permanent solution to the financial imbalance within our federal system. Mr. President, I feel this way because revenue sharing in itself does little to increase the ability of non-Federal governments to produce their own revenues to finance their appropriate functions. If our system of decentralized federalism is to remain a reality, and not just a formality, States and their communities cannot continue to come to Washington for larger and larger portions of their budgets. The vast, complex, and often irrational system of Federal grants-in-aid we have erected has certainly not proven to be a really adequate means by which to maintain federalism.

In addition to my concern that revenue sharing is only a short-term approach, I, like many others, hesitate to bring about the permanent separation within our intergovernmental apparatus of the taxing and spending powers. Given this uneasiness, it is likely that general revenue-sharing funds would soon become burdened with the same sort of "strings" now attached to categorical assistance.

Because I have had some reservations about all of the prominent revenue sharing proposals, I, along with the distinguished senior Senator from Delaware (Mr. BOGGS), have introduced during this Congress the Intergovernmental Revenue Adjustment Act of 1971 (S. 2080). The House companion to S. 2080 is H.R. 9347, introduced by Representative JERRY PETTIS of California.

I am pleased to note that the Ways and Means bill in the form which it passed the House met a number of the objectives of S. 2080. H.R. 14370 provided for a closeout date for revenue sharing after 5 years; it provided an incentive for wider use of personal income taxes; it permitted the Internal Revenue Service to collect on behalf of the States individual income taxes tailored after the Federal income tax; and it provided a formula of distribution relatively more favorable to the large urban States and their major cities.

Unfortunately the version of H.R. 14370, as reported by the distinguished Committee on Finance, omits several positive elements found in the House bill. I am especially concerned about the alterations made in the formula for allocating funds among the States. The elimination of factors giving weight to urbanized population and State income taxes, if allowed to stand, would greatly lessen the positive impact which revenue sharing could have. The revised distribution of funds, compared to the Ways and Means Committee version, would provide less aid to our urban States, where the most serious fiscal crisis exists.

This pattern of distribution further gives no incentive for the wider use of income taxes on the State and local level. I feel that such an incentive within the revenue sharing formula, as well as through tax credits, is important. Only measures such as these will help our non-Federal governments develop the independent fiscal capacity necessary to perform their appropriate responsibilities without Federal money and the regulations which usually accompany it.

The amendment which I am offering to H.R. 14370 today would allow taxpayers a credit on their Federal personal income taxes of 40 percent of State and local income taxes after December 31, 1976, the termination date for Federal assistance under H.R. 14370. My Intergovernmental Revenue Adjustment Act provided for such a phasein of tax credits. This combination meets an immediate fiscal need through revenue sharing and provides a long-term incentive to the strengthening of State and local tax-gathering ability.

States and localities which are presently unable, for constitutional or administrative reasons, to levy income taxes would have 5 years to prepare themselves to do so. Additionally, a tax credit provision and H.R. 14370's title authorizing Federal collection of State income taxes would complement one another.

I by no means intend to suggest that our State and local governments are lying down on the job. The expenditures of these non-Federal governments increased from $70 billion in 1960 to $131.3 billion in 1970—an increase of about 88 percent.[1] Similarly the number of persons employed by these governments has increased from over 6 million to in excess of 10 million during this same period.[2] While State and local revenues from own sources have increased by 112 percent between 1960 and 1969, from $53.3 billion to $113 billion, State-local debts have risen almost 91 percent from $70 billion to $133.5 billion.[3] During the same decade the national debt rose by approximately 26 percent, from $290.9 billion to $367.1 billion.[4]

These statistics make it clear that States and localities are making a strong effort to fulfill the ever-expanding roles given them by their residents. To help finance these undertakings they have had increasingly to turn to deficit financing and dependence on Federal grants-in-aid. Much of the tax money raised by these entities to meet this challenge is derived from taxes which are not as responsive to growth in the economy and are less equitable than the Federal personal income tax.

According to the Advisory Commission on Intergovernmental Relations, in 1970 State governments derived 19.1 percent of their tax collections from personal income taxes, as compared to 29.6 percent resulting from general sales taxes.[5] When State and local general revenues are combined only 8.2 percent of revenues from own sources were derived from income taxes—over one-third of local revenues still coming from property taxes.[6]

While we are all aware of the recent adoption of State income taxes, between 1960 and 1969 this source of revenue grew as a portion of State tax collections by less than 6 percent.[7] The proportion of revenue from sales taxes grew at about the same rate. A number of States, including several large ones, are still without an income tax. The decade of the 1960's saw individual income taxes increase as a portion of local revenues derived from our sources from 0.9 to 2.6 percent.[8]

I do not intend to argue that the revenue modes widely used by non-Federal governments have nothing to be said in their favor or that they should not continue to play a major role in taxation at these levels of government. My real point is that State and local legislators would put their governments in a stronger financial situation, if they more frequently turned to individual income taxes.

Property, sales, and corporate income taxes do not usually increase at the same rate at which the GNP and our need for public services grow whereby personal income taxes grow 1.5 to 1.8 percent for every 1-percent increase in the GNP.[9] While the National Government can to a considerable extent depend on economic growth to provide greater revenues, State and local officials are continuously forced to seek increases in their tax rates through legislation or public referendum.

This is one way in which Washington obtains considerable advantage over other governments in the intergovernmental competition for revenues. We at the center simply make use of a tax which is normally a more efficient revenue producer than those upon which other governments depend. Further, we must remember that to some extent we in Washington have preempted personal income taxes as a source of revenue. Income taxes must come out of the same pockets, regardless of what level of government levies the tax. A credit of State and local income taxes against Federal payments would help release a part of this superior revenue source to our noncentral political units.

Besides being inefficient revenue-producers, many nonpersonal income taxes are inequitable in terms of the distribution of their burden among individual taxpayer or among social groups. This fact, of course, can add to their unpopularity with voters. Additionally some of the taxes widely used at the State and local level, particularly the real property tax, may have harmful impact on urban growth and business patterns. Individual income taxes further offer advantages over some other modes of revenue in their ease of collection.

The tax credit scheme which my amendment authorizes was originally

---

[1] Tax Foundation, Inc., "Facts and Figures on Government Finance," 1971, p. 130; and Advisory Commission on Intergovernmental Relations, "State-Local Finances: Significant Features and Suggested Legislation," 1972 edition, p. 122.

[2] ACIR, *op. cit.*, p. 126.

[3] Tax Foundation, *op. cit.*, p. 127.

[4] Computed from statistics in the "Special Analyses of the Budget, 1973," p. 34.

[5] ACIR, *op. cit.*, p. 20.

[6] *Ibid.*, pp. 25 and 29.

[7] Tax Foundation, *op. cit.*, p. 173.

[8] Ibid., p. 233.

[9] ACIR, Fiscal Balance in the American Federal System, vol. I, p. 114.

presented as title II of the Intergovernmental Revenue Act of 1969, introduced by Senators MUSKIE and Goodell in the Senate and by myself in the House. This bill was the result of excellent staff work by the Advisory Commission on Intergovernmental Relations.

If my proposal were to become law, taxpayers would have a choice between making use of the present deduction for State and local income taxes or crediting 40 percent of State-local personal income tax payments against their Federal tax bills. The current deduction, of course, applies to a wide variety of State and local levies while the 40-percent credit would be usable only for individual income taxes. These income taxes, to be creditable, would have to permit deductions for personal exemptions and dependents, or credits equivalent to those allowed against the Federal income tax. Thus, the credit would provide an incentive for income taxes which are minimally progressive.

The addition of a tax credit alternative would provide relief from State and local tax burdens to more taxpayers since the deduction is available only to those who itemize their returns. In 1970 less than half of the returns submitted to the Internal Revenue Service were itemized.[10] It is estimated that by 1973, as a result of the Tax Reform Act of 1969, this proportion will decline to about 27 percent.[11] It is especially those in the lower and middle income categories, who would stand to gain by the introduction of the 40-percent credit.

It is my assumption that once this tax credit is in effect, State and local legislators could more frequently turn to personal income taxes in their search for new revenues. They could justify such a wider use of this more efficient and equitable mode of taxation by pointing out to their constituents that 40 percent of each new tax dollar could be credited against their Federal income tax bill. Once these new sources of financial support were obtained. State and local bodies could determine their use free of Federal requirements. Unlike revenue sharing funds, money resulting from a tax credit, would be raised and spent at the same governmental level.

Besides their use as an incentive in promoting the utilization of personal income taxes, tax credits can serve as a means of lessening interstate and intrastate competition for revenues. A State which wished to raise its income taxes would not need to be so concerned about lower rates elsewhere since its citizens would be relieved of 40 percent of this new levy. There would be a tendency for all States to move toward some uniformity by adjusting their income tax rates to obtain the full advantage of the Federal credit.

What is such an innovation likely to offer States and localities in increased revenues and cost the National Government in revenues foregone? In 1969 the Advisory Commission on Intergovernmental Relations estimated that such a 40-percent credit would during the first year of effectiveness generate $2.1 billion in additional State-local income tax revenues at a cost of $2.5 billion foregone in Federal tax dollars. By the third year of operation, the ACIR forecast a gain of $7.2 billion with $5.1 billion foregone. At 1973 income levels, the Treasury Department foresees a possible $2 billion loss to the Federal Government during the first year of effectiveness. The staff of the Joint Committee on Internal Revenue Taxation arrived at a very similar figure of $2.1 billion at 1971 income levels under tax laws prevailing in 1972.

Individual income tax credits as a constructive device in intergovernmental fiscal relations has received the endorsement of numerous governmental and academic figures over the years. During the present session of Congress the distinguished senior Senator from Indiana (Mr. HARTKE), Representative JOHN BYRNES, and Representative OMAR BURLESON, along with others have introduced tax credit measures. In the past support for this concept has come from such diverse sources as Prof. Walter W. Heller, Prof. Morton Grodzins, former Agriculture Secretary Orville Freeman, President George Meany of the AFL–CIO, John W. Gardner, the American Farm Bureau Federation, the Advisory Commission on Intergovernmental Relations, and the Committee for Economic Development.

In summary, Mr. President, I would urge the adoption of my amendment to H.R. 14370, the State and Local Fiscal Assistance Act of 1972. I feel very strongly that it offers us the opportunity to help return fiscal balance to our federal system. Greater State-local revenue capacity made possible by Federal tax credits for income taxes paid at the non-Federal level would contribute to such a development. This in my opinion is a long-term means of revitalizing our decentralized government, which should reasonably be put to use once revenue sharing terminates in 5 years.

Mr. LONG. Mr. President, the Senator's suggestion is certainly worth being considered when the revenue-sharing bill approaches its terminal date. However, prior to that time I do not think we should commit ourselves to it, and I believe it was the judgment of the Senate committee that we should see what experience will demonstrate under revenue sharing. With the experience of the next few years, we will be in a better position to determine whether we should consider substituting the Federal income tax credit approach for revenue sharing. Prior to that time, I would be willing to study it and accumulate information on the subject. I do not think we should commit ourselves to it at this time.

Therefore, I hope the amendment will not be agreed to.

Mr. BENNETT. Mr. President, I think the record should show that if this amendment were adopted at this time, we could look forward to an increase of at least $2 billion above estimated outlays for revenue sharing the first year. Since it is not to go into effect until approximately 4 years from now, many States that do not now have income taxes would be under substantial incentive to adopt them, so that the cost, as compared with the present revenue sharing, might be $5 billion or even $10 billion more than under the present system.

I agree with the chairman that it would be wise, first, to get experience with revenue sharing, rather than to commit ourselves now to change the basic method of financing revenue sharing at this time.

I hope the amendment will be defeated.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Delaware.

Mr. ROTH. Mr. President, I would like to point out that this particular program would, of course, cost no additional funds during the first year, because it would not go into effect until 1976. My reason for proposing it at this stage—and I do not expect that it will be adopted today—is that I think it is necessary that we begin thinking along these lines. I feel that if members of the Finance Committee and other interested bodies in Congress do not give this approach some consideration, we shall find that at the end of 5 years we shall merely continue in effect a revenue sharing program probably pretty much along the same lines as finally adopted this year, except with increased funds.

I do not intend, Mr. President, to ask for a vote on this particular amendment, but before withdrawing it I would like to urge the members of the Finance Committee and others who are interested in a viable federalism to give this approach favorable consideration. I think there are many advantages, as I have pointed out, to a tax credit, primarily because it places the responsibility on the same level of government that will be spending the funds. Over the long range, I think history will show it makes no sense to divorce responsibility or accountability for those who decide what the program of spending should be.

A number of prominent Americans, as I mentioned earlier, have prompted similar amendments. I should like just to review what the distinguished ranking Republican member of the House Ways and Means Committee (Mr. JOHN W. BYRNES) has to say about tax credits. He points out:

> General revenue sharing *does not* provide a relevant response to the problem of financing our State and local governments.

He says:

> *First*, under tax credits, states and localities will raise their own revenues as they have historically done under our federal system, rather than being dependent upon appropriations from the federal government. States and localities will "pay the fiddler and call their own tune." Tax credits provide state and local governments with greater access to the income tax, with its desirable characteristics of elasticity, broadly distributed burden, and efficient collection.

Representative BYRNES points out that:

> *Second*, tax credits provide a positive incentive, concurrent with fiscal relief, for states and localities making little or no use of the individual income tax to improve their tax structure. . .
>
> *Third*, tax credits retain the important

[10] Data provided by the Joint Committee on Internal Revenue Taxation.

[11] *Ibid.*

nexus between dispensing benefits and imposing tax burdens. . . .

Fourth, tax credits provide additional taxing latitude to the states consistent with our constitutional system.

Mr. President, as I say, I think the tax credit, from the long-range point of view, provides a far better answer to maintaining the viability of federalism than revenue sharing. I do not say, necessarily, that the formula I have in my amendment is the best, but I would hope that the Finance Committee would not wait 5 years before looking into other approaches. I would urge and ask that consideration be given at an early date to the possibilities of tax credits, which, for the reasons I have already set forth, I believe offer a better solution than revenue sharing.

Mr. President, with these remarks I withdraw my amendment.

The ACTING PRESIDENT pro tempore. The amendment is withdrawn. The bill is open to further amendment.

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

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

The second assistant legislative clerk proceeded to call the roll.

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

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

PRIVILEGE OF THE FLOOR

Mr. NELSON. Mr. President, I ask unanimous consent that Mr. Richard Fay of my staff be permitted the privilege of the floor during the course of debate on the amendments to the Revenue Sharing Act.

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

AMENDMENT NO. 1495

Mr. CHURCH. Mr. President, I call up my amendment No. 1495 and ask that it be stated.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The legislative clerk read as follows:

At the end of the bill insert the following:

TITLE IV—INTERNAL REVENUE CODE AMENDMENTS

SEC. 401. REPEAL OF ASSET DEPRECIATION RANGE SYSTEM.

(a) Section 167(m) of the Internal Revenue Code of 1954 (relating to the Asset Depreciation Range System) is repealed.

(b) Section 167(a) of such Code (relating to a reasonable allowance for depreciation) is amended by adding at the end thereof the following: "Such reasonable allowance shall be computed, subject to the provisions of Revenue Procedure 62-21 (except for the provisions for the reserve ratio test) as in effect on January 1, 1971, on the basis of the expected useful life of property in the hands of the taxpayer."

(c) The amendment made by subsection (a) shall apply to property placed in service after December 31, 1971. The amendment made by subsection (b) shall apply to taxable years ending after December 31, 1971, but shall not apply to property placed in service by the taxpayer during the calendar year 1971 if an election has been made to have the provisions of section 167(m) of the Internal Revenue Code of 1954 apply to such property.

Mr. CHURCH. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

WE CANNOT SHARE WHAT WE DO NOT HAVE

Mr. CHURCH. Mr. President, Will Rogers once remarked, during the great depression, that the United States may be the only nation ever to go to the poorhouse in an automobile.

Forty years later, the remark still seems apropos, particularly in view of the financial hemorrhage afflicting the Federal budget and our spiraling national debt.

The Senate is on the verge of passing a $35 billion revenue-sharing measure without raising a dime to pay for it. In the face of a national debt that will have skyrocketed up more than $100 billion during the 4 short years President Nixon has occupied the White House, the Senate is about to acquiesce in the Nixon request that the Federal Government assume added expenditures of more than $35 billion, over the next 5 years, without raising any money whatever to pay for the program.

Just because the administration has abandoned all sense of fiscal responsibility, the Senate is not absolved of its duty to keep the Federal Government solvent. One can sympathize with the plight of many a Governor or mayor strapped for extra funds. It is understandable that they would prefer to obtain these funds from the Federal Treasury, rather than raise the money on their own. But someone has to raise it. What sense does it make to add billions more to the national public debt, in order to give away the borrowed money to State and local governments?

Can anyone doubt that Federal spending is already running wild? The national debt is leaping upward on a rising curve.

When President Truman left office, the Federal debt stood at $259.2 billion, only one-tenth of a billion above its level at the end of World War II. In the 8 years that followed under President Dwight D. Eisenhower, the debt grew by $27.3 billion; in the next 8 Kennedy-Johnson years, $61.6 billion was added. But in the 3 completed years of the Nixon Presidency, not counting the present fiscal year, a whopping $86.4 billion has been added to the national debt. Thus, in 3 short years under President Nixon, the debt has increased almost as much as the accumulated increase in the preceding 16 years.

The projected deficit for the current fiscal year is estimated by the most conservative measurement at 25 billion, which means that the Federal debt will reach 459.5 billion by the time the books are closed on Richard Nixon's first term. Put another way, the debt will have increased by a far greater amount during President Nixon's one term, than during the combined terms of our four previous Presidents, Truman, Eisenhower, Kennedy, and Johnson.

I acknowledge that the American people are sublimely unaware of these startling facts. The practice of politics has given way to the art of obfuscation; this administration is carefully costumed and masked by the Madison Avenue image-makers. The fiction is hammered home that this is a "conservative" administration, a "businessman's" administration, an administration of "fiscal responsibility."

These self-serving labels are so persistently applied, with such consummate professional skill, that the truth is concealed from the people.

I am no match for the image-makers. Neither is the penniless Democratic Party, nor its embattled candidate for President, GEORGE MCGOVERN. Public opinion has been spoon-fed too long. Why bother about the facts, when the people have already made up their minds. Tell them that this is the most spendthrift, deficit-ridden administration since the end of the Second World War, and they will shake their heads in disbelief. Show them the figures, and they will say: "It cannot be President Nixon's fault; it must be the fault of Congress."

Yet we know that President Nixon has actually asked for more money than Congress has been willing to give. During the 3 fiscal years completed since Mr. Nixon took office, Congress has appropriated $3.8 billion less than the President requested. The truth is that, as between a Republican administration and a Democratic Congress, it is Congress that has shown the most restraint, when it comes to runaway spending.

Mr. President, I ask unanimous consent to have a comparison printed in the RECORD in order to illustrate my point:

There being no objection, the comparison was ordered to be printed in the

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

COMPARISON OF APPROPRIATIONS REQUESTED BY PRESIDENT NIXON AND APPROPRIATIONS ENACTED BY CONGRESS IN FISCAL YEARS 1970-72

[In billions of dollars]

	Appropriations requested	Appropriations enacted	Difference
Fiscal year:			
1970	137.2	134.2	[1] 2.9
1971	151.9	153.1	[2] 1.2
1972	158.7	156.6	[3] 2.1
Total	447.8	444.0	3.8

[1] Less than requested.
[2] Above request.
[3] Less than requested by the Nixon administration.
Source: Congressional Research Service, Library of Congress.

Mr. CHURCH. Still, this is a record in which we can take scant pride. Along with President Nixon, Congress must bear its part of the responsibility for rising deficits. If the President has led us down the seductive path of "Spend now, pay later," it was a path we were not obliged to follow. Congress could have said, "No, Mr. President, we refuse to fund mushroom spending with borrowed money. We refuse to plunge further into debt."

Congress could have done that.

But it did not.

Instead, Congress found it easier just to go along, trimming off a little bit here or there, but, for the most part, approving the Nixon budgets, while winking at

the mounting debt. The rules of the game were implicitly understood on both sides of the aisle: "Yes, one day we will have to raise more money, after the elections."

No wonder the American people have developed such a distaste for politics. They are made the pawns of the game, to whom the moves ahead are left unrevealed. Indeed, spokesmen for this administration declared to the press last week that no new taxes were planned after the election.

One must ask, then, what is planned? Obviously, President Nixon does not plan to cut spending. He is calling instead for bigger spending, bigger defense spending, up from $80 to $100 billion in the next 3 years; bigger welfare spending in the guise of welfare reform; and bigger allocations to State and local governments in the form of this costly revenue-sharing measure now pending before us.

Does anybody believe we can pile on all this additional spending without raising the money to pay for it? Does anybody think we can keep on going ever more deeply into debt? The interest on the present debt has reached $22.7 billion a year. Only last month, the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.) reminded us that out of every income tax dollar now collected by the Federal Government, 17 cents must go to pay the interest on the existing debt. If we keep following President Nixon's lead, it will not be long before a full fourth of the Government's income will be consumed in servicing the national debt.

Every Senator knows this spending binge is fiscal folly; that we must either cut Federal spending drastically or raise a great deal more money to pay for it. Yes, every Senator—and President Nixon as well—knows this. But the rules of the political game call for keeping the truth from the people until after the election.

To his everlasting credit, GEORGE MCGOVERN refuses to play the political game this way. He alone is telling the people precisely how he proposes to cut spending by trimming billions off our bloated military budget. He alone is telling the people how he would raise over $20 billion in new revenues, not by jacking up the rates on the average taxpayer, but by plugging the loopholes in our present Swiss cheese tax system. And for his trouble, we are told, he will be overwhelmingly defeated.

If this proves true, then the people will have only themselves to blame for the way the political game is played. If they keep on reelecting politicians who withhold the hard truth from them at election time, telling them what they want to hear instead, then they should expect to get reamed afterwards. If they believe the cynical disclaimers of this administration to the effect that no new taxes are intended after the election, then they are in store for a rude awakening.

Given the spiraling national debt and the Nixon programs for still higher spending, tax increases are inevitable. When pressed, administration spokesmen will admit in the fine print that a "value added" tax is under consideration, a less abrasive name for what we usually call a sales tax. The scheme is to raise the money in the most regressive way, by taxing rich and poor alike at the same rate, so that the heaviest burden will fall once more on the working people.

This revenue-sharing measure now before us presents the Senate with a singular opportunity to start playing straight with the American people. I have my doubts about the wisdom of revenue sharing.

It typifies the hypocrisy so fashionable in our politics these days that the President should call for the enactment of revenue sharing in the name of strengthening State and local governments. For the program can only have the opposite effect, making State and local government all the more dependent on the Federal Treasury, subject to the many "strings" being attached to this, and susequent, bills. Revenue sharing is not a transfer of authority or responsibility; it is a handout of money which will further reduce a citizen's control over his State and local government.

Nevertheless, in light of the pressing need, I would be willing to give revenue sharing the benefit of my doubts, and vote in favor of the program, if the Senate would be willing to pay for the program.

The argument for the two revenue-producing amendments Senator NELSON and I are offering can be summed up in a very few words:

> Revenue-sharing? Then, raise the revenue to be shared. We can't share what we don't have.

The prestigious Brookings Institution puts forward the same proposition in its publication, "Setting National Priorities: The 1972 Budget," in which appears the following:

> It should be obvious that revenue sharing, like any other government program, is not free. Taxes would have to be increased or other Federal expenditures reduced to provide the necessary funds.

Why belabor the obvious? Our two amendments would help pay for this revenue-sharing measure through tax reform. They would raise nearly $4 billion during the first year they are in effect, according to the best estimates we can obtain.

Moreover, the two amendments are familiar to the Senate. One would strengthen the minimum tax on income derived from tax preferences, a weak version of which was adopted by Congress in 1969. The second would repeal the "Asset Depreciation Range System"—ADR—which, when added on top of the 7-percent investment credit, has become a pointless "windfall."

Indeed, one could go further, and argue that neither the accelerated depreciation nor the 7-percent investment tax credit has stimulated economic growth. But taken together, they surely represent "overkill." My witness is none other than Mr. John Connally who, when speaking to the U.S. Chamber of Commerce as Secretary of the Treasury in January 1972, said pointedly:

> You got it [i.e., ADR and the 7 percent investment credit]. What have you done with it? Nothing.

Our amendment would repeal the ADR, while leaving the 7-percent investment credit intact, thereby returning to the depreciation system that existed prior to 1971.

I ask unanimous consent that a more detailed explanation of the two amendments, together with the approximate income generated by each, may be printed here in the RECORD.

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

AMENDMENTS OFFERED BY SENATORS CHURCH AND NELSON

1. Strengthen the provisions of the Minimum Tax:

Although the Tax Reform Act of 1969 adopted a minimum tax on income derived from tax preference provisions, it has many shortcomings. As a result, it is still possible for the very rich to pay little or no tax. The minimum tax is defective because it contains unnecessary exemptions and because its tax rate of 10 percent is unreasonably low. The proposed amendment would make three major changes in the tax treatment of the four major tax preference items—stock options, bad debts, depletion, and capital gain—of the minimum tax. First, it would repeal the provision of existing law that allows regular income taxes to be deducted from these tax preference items. Second, it would lower the present $30,000 exemption to $12,000. Finally, it would increase the minimum tax rate from 10 percent to 50 percent of the regular income tax rate that would otherwise apply. The tax treatment of the other items of tax preference in the minimum tax provision would not be changed. Yield: *$1.9-billion* (est.).

2. Repeal the Asset Depreciation Range System (ADR) allowing for a 20 percent increase in depreciation allowance enacted in 1971:

As a result of tax changes approved in 1971, businessmen can now take depreciation on their plant and equipment at a rate of 20 percent faster than before, without regard to the actual useful lives of their assets. This tax change, which the Administration first attempted to achieve by quietly changing tax regulations, will cost the Treasury 27.5 billion during the decade of the 1970's. Before 1971, the tax laws already provided for generous accelerated depreciation allowance. Also, in 1971, Congress restored the much enacted 7 percent investment tax credit to stimulate investment. The ADR system was, therefore, a costly and unnecessary tax windfall to businesses using depreciable assets. Originally, ADR was justified on the grounds that it would stimulate the economy. ADR has been in effect for over a year and the evidence does not support such a conclusion. Yield: *$1.8-billion* (est.).

Mr. CHURCH. Mr. President, in his campaign for the Presidency, Senator MCGOVERN has repeatedly stressed the theme that America must "come home" again, home from a war in Southeast Asia that makes no sense, and home to confront the long-neglected problems that afflict our own people. He would agree that we must also "come home" to fiscal responsibility.

I say that, not as one who believes in parsimonious government, but as one who recognizes the necessity for solvent government. Only a few months ago, I sponsored the amendment which raised social security benefits by 20 percent, in order to give some measure of relief to the elderly, half of whom were living in or near poverty. It was to the credit of

Congress that the amendment passed, despite the resistance of the Nixon administration, in view of the desperate need of so many of our senior citizens.

But my amendment increasing social security benefits contained the tax adjustments needed to pay for it. The amendment was solidly based upon the principle of fiscal responsibility. What Congress did in the case of social security, it should do again in the case of revenue sharing.

By approving these two amendments, Congress would advance a double-pronged objective: We would adopt a financially viable revenue-sharing program and make a start on the reform of an unfair Federal income tax system which disburses some $77 billion a year in tax advantages, some legitimate, but many indefensible. At present, 394 Americans with adjusted gross incomes above $100,000 a year, pay no income tax at all. More than 1,300 Americans with adjusted gross incomes of over $50,000, pay no tax. Out of a total personal income of approximately $860 billion a year, only 47 percent, or about $405 billion, is presently reached by the Federal income tax law.

Congressional acknowledgment of the need for far-reaching tax reform would be achieved by the adoption of these two amendments. They would set the stage for a thorough tax review next year.

Better still, Congress would put the President on noice that the political game of "Spend Now, Pay Later" is over. As the custodian of the public purse under the Constitution, Congress would begin to regain the stature it once enjoyed as a coequal branch of the Federal Government. The American people would say of us, "At last, Congress is displaying some commonsense."

The PRESIDING OFFICER. Who yields time?

Mr. CHURCH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CHURCH. Mr. President, we are not operating under a unanimous-consent agreement. Is that correct?

Mr. TALMADGE. We are not. There is no time limit.

Does the Senator from Wisconsin desire to proceed at this time?

Mr. NELSON. If the Senator from Idaho has completed his remarks.

Mr. CHURCH. I have for the moment. If there is an argument I will participate in it, but I have completed my initial presentation.

Mr. NELSON. Mr. President, we are not under a time limitation?

The PRESIDING OFFICER. We are not.

Mr. NELSON. Mr. President, I have joined with the Senator from Idaho in sponsoring this amendment to repeal the asset depreciation range. This proposal has been debated at length on the floor on more than one occasion.

Mr. President, this amendment would repeal the asset depreciation range—ADR.

In January 1971, the Treasury issued new regulations governing the depreciation of plant and equipment. The major change was a 20-percent shortening of guidelines lives. Thus, an asset which previously had a guideline life for 10 years could now be depreciated over 8 years.

This amendment would repeal the 20-percent speedup in guideline lives.

It would save the Federal Treasury $1.8 billion in 1973 and $26 billion between now and 1980; over the next 5 years the saving would be $15 billion—about one-half the amount needed to finance revenue sharing over the next 5 years. The savings to the Treasury in each of the next 8 years would be as follows:

Savings to Treasury

1973	$1.8
1974	2.5
1975	3.0
1976	3.7
1977	4.0
1978	3.8
1979	3.6
1980	3.6

Mr. President, revenue sharing will cost $30 billion over the next 5 years. It comes before the Senate at a time when we are experiencing the largest deficits in our history—$24 billion in fiscal year 1972, an estimated $27–$35 billion in fiscal year 1973, and total deficits for the last 4 years of about $90 billion. Moreover, the recent Brookings Institution study of the Federal budget concludes that we will experience a $17 billion deficit in 1975 even if the economy is at full employment. Obviously, the Federal Government has no revenues to share.

To begin this new program without raising the money to fund it would set a bad precedent. It would also be costly. It has been estimated that the interest cost involved in financing this program by borrowing would total more than $5 billion over the next 5 years. This cost can be avoided if the pending amendment is adopted.

The ADR system became law last December as part of the Revenue Act of 1971. At that time, its proponents argued that it was needed to stimulate investment. This argument made little sense then, and it makes even less sense now.

On the floor of the Senate, I pointed out that most economists and many businessmen thought ADR would have little effect on investment in the near-term. With industry operating at 73 percent of capacity, businessmen had little incentive to expand plant and equipment. I quoted Chairman John Roche of General Motors:

> It should be understood that most companies of any size determine their purchases of equipment by the needs of the business and not by any short-term tax advantages.

Mr. Roche went on to say that what mattered was consumer spending:

> It must be noted that the tax credit and accelerated depreciation applies only after equipment is purchased and put to use. This like the other elements of the program, means very little unless we can achieve the improved economy the President has called for.

Today there is overwhelming evidence that the Nixon investment incentives—and particularly the ADR—have had little or no impact on investment. According to the Commerce Department's Survey of Current Business, June 1972:

> There is some evidence that capital spending this year is stimulated by the liberalized depreciation rules and the new investment tax credit enacted last December. According to a survey of spending plans taken by McGraw Hill Publications Company in March and April, businessmen reported that their expected 1972 outlays are $3/4 billion higher than they would have been in the absence of these two stimulants. Roughly $500 million of that amount was attributed to the investment tax credit and $250 million to liberalized depreciation.

The ADR and the Investment Tax Credit are costing the Treasury about $5.3 billion in 1972 and $6.3 billion in 1973. Yet here is an official organ of the Nixon administration reporting evidence that the effect on investment is negligible—less than 15 percent of the cost to the Treasury.

Of course, some people may have some doubts about the McGraw-Hill estimate. To satisfy any such doubts, we quote another source which should certainly be biased in favor of the Nixon investment incentives—Dr. Pierre Rinfret, President Nixon's principal economic spokesman for the 1972 campaign.

According to press reports, Dr. Rinfret conducted a comprehensive survey of major businesses, and concluded that if the investment credit, the ADR, and the oil depletion allowance were all repealed, investment would be cut by about 5.5 percent or $5 billion in 1973. These three tax provisions will cost the Treasury well over $7 billion in 1973 according to Dr. Rinfret.

This very point came up last Thursday at Secretary Shultz' press conference on the McGovern tax program:

> Question: Pierre Rinfret, the Administration's official spokesman on economic matters during this campaign, referring to Evans and Novak, conducted a survey among business investment among companies concerning their investment decisions, indicated that if you repeal ADR and investment tax credit, that investment would drop by about 5½ percent next year.
>
> Well, if you lower business investment by about 5½ percent, wouldn't that come awfully close to equalling, in dollar amounts, just about what you're losing in revenue because of ADR and investment credit?
>
> In other words, my question is this, is it a bargain when you would get about an additional dollar of investment for a dollar of revenue loss
>
> Secretary SHULTZ. Well, I think the main point of it is to have our tax structure be one that stimulates the economy, that leads it to be more productive, that invites investment in better tools for the American worker to use so that, as I said, he is competitive in world markets and is able to produce a rising standard of living here at home. I think that is the main point about it.

The reporter's point gets to the heart of the matter:

> Is it a bargain when you would get an additional dollar of investment for a dollar of revenue loss?

Secretary Shultz' response suggests strongly that he has no answer to this argument.

In any event, whether one accepts the three-quarter billion dollar figure from the McGraw-Hill Survey, or Dr. Renfret's figure of $5 billion, it is clear that the effect on investment is relatively

small—at least when compared to the cost.

True, investment has been increasing in the recent period. Nonresidential fixed investment in the second quarter of 1972 was running at an annual rate of $84.4 billion—in 1958 dollars—or about 9 percent above the 1970 level. According to the Commerce Department's survey, capital spending in the second quarter was running at $87.1 billion, also about 9 percent above the 1970 level.

Mr. President, I ask unanimous consent that a tabulation on this subject be printed in the RECORD at this point.

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

[In billions of dollars]

	Nonresidential fixed investment GNP accounts (1958 dollars)	Capital spending (Commerce Department survey)
1970	77.6	79.7
1971	76.8	81.2
1972, 1st quarter	82.2	86.8
1972, 2d quarter	84.4	87.1

Mr. NELSON. But this growth in investment was relatively modest; and it was hardly unexpected, since the economy as a whole was expanding throughout this period.

Much more dramatic was the growth in corporate profits and depreciation. In the second quarter, after-tax corporate profits were at an annual rate of $52.4 billion—or 30 percent above the 1970 level; and corporate depreciation was running over 23 percent above the 1970 level. The net result was a 26-percent jump in corporate cash in hand from 1970 to the second quarter of this year.

One other administration argument should be mentioned: that these tax subsidies to investment are needed to preserve the international competitiveness of American firms.

In his testimony before the Senate Finance Committee last fall, Secretary Connally presented data showing the effect of income taxes on the cost of capital goods in the major industrial countries. The United States was at the top of the list. The Secretary concluded that the U.S. tax structure is biased against capital.

However, the Treasury table failed to show any relationship between the Connally capital cost index and GNP growth or the growth of exports. Indeed, the United Kingdom, which had the lowest capital cost figure, also had the lowest GNP growth rate and the slowest growth of exports.

The fact is that the tax treatment of capital plays a minor role in determining a country's competitive position. Other factors—such as inflation and technological change—are much more significant.

Nor is U.S. tax policy unfavorable to business. Thus, if we compare the effective corporate tax rates in the major industrialized nations—table III—taking into account such special provisions of the tax laws as accelerated depreciation, percentage depletion and the like—the U.S. rate is not out of line with those elsewhere. Indeed, it is lower than that in Italy, Canada, Germany, and France.

I ask unanimous consent that a table showing the estimated effort of corporate tax rates in major industrialized countries (1966) be printed at this point in the RECORD.

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

TABLE III

Estimated effective corporate tax rates in major industrialized countries (1966)

	Percent
Italy	44.0
Canada	43.5
Germany	43.3
France	42.2
U.S.	42.1
U.K.	35.0
Netherlands	25.6
Japan	24.0

Mr. NELSON. The new depreciation rules—ADR—should be repealed. The investment credit and the ADR together represent an excessive corporate tax cut. Most of the witnesses in last year's hearings on the New Economic Policy before the Joint Economic Committee took this position. Senator PROXMIRE, chairman of the committee, summarized their testimony as follows:

> They (the witnesses) agreed that if there is to be an investment credit, then the ADR should be withdrawn. Even Pierre Rinfret, now President Nixon's top campaign economic advisor, took a similar position. In testimony before the House Ways and Means Committee on September 14, 1971, he said: Liberalized depreciation should not be allowed together with the use of the investment credit. Corporations should be given an either/or choice. If they opt for the investment credit, they cannot take liberalized depreciation, or vice-versa.

The issue is one of priorities. The investment credit and the ADR together represent a corporate tax cut of more than 15 percent. These—and other measures have brought about a major shift away from the corporate income tax. Thus, in 1960, the Federal Government raised 35 percent of its revenues from the income tax on corporations; today, the figure is under 27 percent.

We must now recognize one fact: the ADR is simply not working. For every $1 of increased investment, the Federal Government is losing over $2 in revenues.

We cannot afford this waste, particularly at a time of such staggering budget deficits. Efficiency in Government, as well as fiscal responsibility require that the ADR be repealed.

I yield the floor.

Mr. TALMADGE. Mr. President, this amendment is not germane to the revenue-sharing bill. It is a major revenue-raising amendment. It is a major change in the tax laws of our country. Under the House rules it would be considered nongermane, and even if the Senate approved the amendment, the conferees on the part of the House would not even consider it. So, if the Senate does approve the amendment, it would be a futile gesture insofar as the conferees on the part of the House are concerned.

Less than a year ago—in fact, in December of last year—the Congress of the United States approved our present asset depreciation range. It was approved at that time because our country was in a major recession. Employees were being laid off. Profits of corporations were going down. Our country was in a major noncompetitive position vis-a-vis foreign countries. The Congress of the United States thought it was imperative to do something if we were to avoid a major recession and get our country back on the road of economic recovery.

When the Congress approved the asset depreciation range at that time, it cut back, in the first year, the Treasury's recommendations by some $2 billion. So the Congress has, indeed, reduced what the Treasury provided in its recommendations on the asset depreciation range by $2 million in this year alone. Therefore, the Congress made a major change from what the Treasury itself provided in its regulations.

Mr. President, capital investment in the United States is recouped far less rapidly than in any other major industrial power on the face of the earth. The depreciation allowances we give, even with ADR and investment credit, are noncompetitive with Japan, are noncompetitive with Great Britain, are noncompetitive with Germany, are noncompetitive with France, and yet we are expected to compete with them in world trade.

That is one of the reasons why we have been noncompetitive with major trading powers throughout the world, and it is one of the reasons why in our balance of payments, we are operating at a huge deficit. Our balance-of-payments deficit with Japan ran at an annual rate of $3.8 billion in the last quarter, and, on an annualized basis, our loss on the balance of payments with all the other countries was $13 billion the first quarter and $3 billion the second quarter. If this amendment is approved, it will worsen our competitive position and make it much worse than it is at the present time.

One of the reasons why Congress passed this asset depreciation range system—ADR—last year was that our economy was lagging in capital investment. From that time last year when we passed the ADR system, our total plant and equipment expenditures increased by more than $10 billion. That is one of the major reasons why we have been able to employ 2 million more people this year than were employed at this time last year. So apparently the action taken by Congress is working.

Here is a comparison, Mr. President, using the United States as a base under present law prior to ADR and without any regard to subsequent changes in the law, and taking the after-tax cost to the United States as $100. The aftertax cost of the same equipment in Great Britain is $79. I am not talking about differences in price. I am talking about differences created by the differences in taxes. In Japan it is $81. In Italy it is $82. In West Germany it is $83. In Sweden it is $83.

With the 7-percent investment tax credit alone, without ADR, the aftertax cost to the United States would be $90.50. The other countries are still far below us.

The Revenue Act of 1971, with ADR plus the 7-percent tax credit, we reduced the cost in the United States to $87.

So even after the action taken by the Congress last year in approving ADR and the 7-percent investment credit, we still recover our capital investment at a far less rapid rate than most other major industrial nations on the face of the earth.

Finally, this amendment is a major revenue change in the law. It would mean that the Senate, since last December, would reverse its field 180 degrees, without any hearings, without any opportunity for the Treasury Department to testify, without any opportunity for representatives of business and industry to testify, without any opportunity at all for hearings to examine carefully how this amendment would affect the economy of this country.

I do not believe that we ought to spring an amendment of this far-reaching scope suddenly on the floor of the Senate, without any notice, without any hearings, without any opportunity for the pros and cons to be heard, and without an opportunity for the tax-writing committees of Congress to examine carefully the witnesses to see what the amendment would do.

So in due course, after Senators have had an opportunity to state their case, on behalf of the Committee on Finance, I shall move to lay the amendment on the table.

Mr. BENNETT. Mr. President, as a member of the Finance Committee, I agree completely with the Senator from Georgia.

I do not know why some of our colleagues feel that it is so easy to amend the tax laws just by changing a figure here or a date there, without any consideration of the effect of such changes on individual industries as well as on the economy as a whole.

The business of writing tax legislation is probably the most complicated business in which the Senate and the House of Representatives are involved. To blandly wipe out all the effort of all the two committees by a simple amendment, it seems to me, is to greatly oversimplify the legislative process, and I am sure it would create more problems than it would solve.

It looks like an easy way to get money, because corporations do not vote; but corporations employ voters, and, as the Senator from Georgia has pointed out, the effect of this law has been to make possible the employment of some 2 million or more Americans, who presumably might find their jobs in jeopardy, or whose friends in the years immediately ahead might not be able to find jobs as a result of it.

How people can argue problems like this without relating investment to jobs has always been beyond me. I agree that this amendment is not germane. I agree that if we took it to conference, the House, under its rules, would have to reject it. Therefore, I think it is an exercise in futility. I agree with the Senator from Georgia that a motion to lay on the table should be made, and when it is made I shall support it.

Mr. LONG. Mr. President, I think that the very persuasive and cogent statement of the Senator from Georgia, seconded by that of the Senator from Utah, states the case that a tax measure should not be added to this bill.

I would point out, Mr. President, that the expenditures under this bill are within the budget that the President submitted to Congress. They are every bit as much a part of the President's budget as the appropriation bills that went through the Appropriations Committee.

As a matter of fact, compared to the President's budget this bill is a revenue saver, since it limits Federal funds for the social services programs. The $1 billion increase we have provided in the authorization for revenue sharing, in recognition of the limit on social services funds, costs far less than maintaining the present runaway social services program without change. The committee bill would close down an item that threatens to cost the Federal Government billions of dollars.

Pending further discussion of this matter, I withhold further comment at this time.

Mr. CHURCH. Mr. President, the reason that the distinguished Senator from Wisconsin (Mr. NELSON) and I chose these two particular amendments is because they are both familiar to the Senate. They have both been argued and considered before. The arguments, pro and con, are well known. So these two proposals do not come freshly to the Senate floor.

Therefore, I think the argument that they must go the normal route and be taken up again by the appropriate committees lacks the force it would otherwise have, were the subject matter not so familiar. We have plowed and replowed the same ground many times before. The major issue, it seems to me, is being overlooked—something we do very easily in this Chamber.

The major issue is, if we want revenue sharing, how are we going to raise the revenue to pay for it? The fact is that we have no revenue now to share. We have only mounting deficits. The fact is that no economist—or no bookkeeper, for that matter—can possibly justify going further into debt, borrowing money to give away to State and local governments.

The distinguished Senator from Georgia mentioned our competitive problems with certain other countries in the world. But those competitive problems are the direct result of the American inflation, which constantly prices us out of the market. Yet, I do not know of an economist, liberal or conservative, who would disagree that continuous deficit spending is one of the chief stimulants to the inflation. We are arguing in circles. The truth is that we do not want to raise the money to pay for this measure, particularly before an election.

Even the administration's own people are now admitting to the calamity of the Federal deficits. There is a fiscal hemorrhage occurring of unprecedented proportion, and when we find the administration experts themselves agreeing that this is the case, then the matter certainly has risen above purely partisan levels, and the argument in favor of these amendments ought to attract the attention of both sides of the aisle.

I quote, for example, from an article published in the business and financial section of the Washington Post yesterday, entitled, "Deficit: White House Ducks Issue," written by Hobart Rowan. I shall propose to put the entire text of the article into the RECORD, Mr. President, but I think these particular quotations should be extracted and emphasized in this debate:

First of all, a quotation from Raymond J. Saulnier, the former chairman of the Council of Economic Advisers at the end of the Eisenhower years. This week, Mr. Saulnier told the annual meeting of the National Association of Business Economists that:

> It is an enormous hazard to operate with a succession of deficits in the neighborhood of $30 billion to $35 billion. And the risk is amplified when upwards of $60 billion of short-term liabilities is owed to foreigners.

Mr. Rowan continues:

> If you discount Saulnier as a rather conservative Republican economist, listen then to Murray L. Weidenbaum, until this year an Assistant Secretary of the Treasury, usually rated a liberal Republican economist.

Mr. Weidenbaum is quoted in the article as saying:

> To put it simply but accurately, the federal budget is heading the wrong way . . . I am worried now. . . . We have a growing deficit, in the neighborhood of $35 billion. Whether you are a practitioner of the New Economics, the Old Economics, or whatever, that just does not make sense.

To quote further from the article, Mr. Rowan writes:

> The Nixon administration used to fend off talk about rising budget deficits by directing attention to the "full employment" budget. The goal, Mr. Nixon used to say, is a full employment balance which would limit spending to the level of receipts that would accrue if the economy were operating merrily at a 4 per cent unemployment rate.
>
> But a $35 billion deficit in the regular budget this year translates to a full employment deficit of $12 or $13 billion. "There are enough potential new spending pressures on the horizon to make it unlikely that the so-called "full employment budget" will be close to balance anytime during the first half of this decade—unless taxes are raised.

Mr. President, I ask unanimous consent that the entire article entitled "Deficit: White House Ducks Issue," written by Hobart Rowan and published in the Washington Post of Sunday, September 10, 1972, be printed in the RECORD at this point.

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

DEFICIT: WHITE HOUSE DUCKS ISSUE

(By Hobart Rowan)

This is the season for the "early morning line" on economic prospects for 1973. And despite the sometimes confusing rhetoric of the election campaign, there already is a fairly remarkable unanimity among the forecasters on the outlook.

In summary, most economists look for another year of solid gains next year—but with inflation still enough of a factor to require continued wage and price controls and a

tough monetary policy. Some respected analysts, in fact, are talking about another credit "crunch" with a jump to an 8 per cent corporate bond yield by late 1973.

For example, the Wharton school, which has had a good record of predictions, says the economy will enjoy a $114 billion gain in Gross National Product next year to $1,267 billion, but with growth slowing down after mid-year and the rate of inflation moving up from 3.5 per cent to 4 per cent.

The Wharton economists see the 5.5 per cent wage standard crumbling "under pressure of a tighter labor market, high capacity operations, and a large gamut of expiring contracts." This raises the question of the probable need for tighter controls, for (as the Wharton economists say) "the whole configuration of the economic accounts looks better with the stiffer inflation controls."

There are variations on the Wharton theme, as various "models" are turned out of the mounting numbers of computers. The University of Michigan, for example, has a GNP figure of $1,270 billion.

All see some progress—but not spectacular gains—on the unemployment front, with the overall-rate moving down from 5.6 per cent in 1972 to 4.6 per cent in 1973. Many forecasters, however, do not see an unemployment rate below 5 per cent until the final few months of 1973.

The thread that runs through all of the forecasts is the possibility that costs and prices will again accelerate, especially toward the end of 1973. And in large part, this is based on the staggering federal deficit, which instead of narrowing with the approach of recovery, is getting bigger.

Raymond J. Saulnier, former Chairman of the Council of Economic Advisers at the end of the Eisenhower years, this week told the annual meeting of the National Association of Business Economists that "it is an enormous hazard to operate with a succession of deficits in the neighborhood of $30 billion to $35 billion. And the risk is amplified when upwards of $60 billion of short-term liabilities is owed to foreigners."

If you discount Saulnier as a rather conservative Republican economist, listen then to Murray L. Weidenbaum, until this year an Assistant Secretary of the Treasury, usually rated a liberal Republican economist.

"To put it simply but accurately, the federal budget is heading the wrong way . . . I am worried now . . . We have a growing deficit, in the neighborhood of $35 billion. Whether you are a practitioner of the New Economics, the Old Economics, or whatever, that just does not make sense."

The Nixon administration used to fend off talk about rising budget deficits by directing attention to the "full employment" budget. The goal, Mr. Nixon used to say, is a full employment balance which would limit spending to the level of receipts that would accrue if the economy were operating merrily at a 4 per cent unemployment rate.

But a $35 billion deficit in the regular budget this year translates to a full employment deficit of $12 or $13 billion. "There are enough potential new spending pressures on the horizon to make it unlikely that the so-called 'full employment budget' will be close to balance anytime during the first half of this decade—unless taxes are raised," Weidenbaum observes.

That's the prospect that the administration won't face up to Treasury Secretary George Shultz and more recently White House aide John Ehrlichman have been taking turns obfuscating this key issue.

Ehrlichman told reporters on Thursday that "the President will not ask for any increase in federal taxes at all." But then he said that this pledge was "dependent on" congressional willingness not to exceed the President's budget proposals, and further on a formal ceiling on expenditures.

And when Elizabeth Drew, on a public television interview asked Ehrlichman if the President's tax plans shouldn't be made public before the election, Ehrlichman said:

". . . the election date is really an arbitrary date, in terms of this work. . . . It would be a real mistake to accelerate . . . this . . . simply for the sake of rushing out with some kind of a campaign slogan."

The suspicion here is that the administration can read the tax handwriting-on-the-wall as well as anyone, but he has ordered no one to talk about it in a meaningful way until after the election. But Congress—whatever its complexion next year—won't be rushing to raise total taxes, which means that the deficit will continue, the Federal Reserve Board will be pressured into a tighter money policy—and that we won't see the end of wage-price controls for a long time.

Mr. CHURCH. Mr. President, here we have the administration's own spokesmen calling attention to our spiraling deficits, unprecedented since the end of the Second World War, and warning the American people that this kind of reckless spending cannot go on—themselves admitting that we must either drastically cut Federal expenditures or raise new revenue.

That is all we are trying to do in this case. We are asking the Senate to recognize its responsibility to keep this Government solvent. If we want to start giving away money to the State and local governments, we ought to have the gumption to raise the money. We do not have it now. All we have are mounting deficits, spiraling out of control.

I submit, Mr. President, that it is not fair to the American people. It is not dealing with them honestly to pass this kind of program to add still further to the debt and then put over until after the elections whatever consideration is to be given to raising the revenues with which to finance this measure and with which to reduce the growing debt.

Thus, the argument for the adoption of the amendments comes down to the basic principle of fiscal responsibility, and whether or not the Senate is willing to face up to it.

Mr. NELSON. Mr. President, as a member of the Committee on Finance, I commend the chairman of the committee, Mr. LONG, the senior minority member, Mr. BENNETT, and the other members of the committee and the staff for the exceptional and conscientious way in which they addressed themselves to the revenue-sharing measure which was requested by the President of the United States. There are, of course, members of the Finance Committee who worked and who helped send the bill to the Senate floor because it was part of the President's program, but who were in fact not enchanted by the concept of revenue sharing.

In any event, I wish to make clear that I think they improved quite dramatically the measure as originally recommended by the administration. It contains a number of very sound and creative features and is a much better bill than what was sent to Congress. Those on the committee who worked so hard on it deserve credit for their creative additions to this bill.

I have been interested in revenue sharing for many years, because for a long time I have hoped that it might be a device for assisting States and the municipalities with their difficult fiscal problems, while at the same time strengthening States and the municipalities without eroding their power.

Nevertheless, I think there are two weaknesses in this measure. One is there is no provision for funding. It is one to argue that, as a matter of national economic policy, it is necessary to have unbalanced budget from time to time. It is quite another matter to launch a large, novel, brandnew program in which, for the first time in the history of the country, general revenues are going to be shared with States and municipalities.

I think it is critically important from the standpoint of the relationship between the States and the Federal Government that, if and when revenue sharing is adopted, we be careful to establish the principle that whatever amount of money is shared with the municipalities, a provision must be made to fund it. I happen to have grave reservations about sharing federally raised and appropriated funds directly with States and municipalities. I would much prefer the concept that we cede some jurisdiction to the States in one tax field or another, preferably the income tax, and that they be compelled to participate in the raising of these funds.

There is no doubt whatever that once we follow the procedure of directly appropriating Federal funds to be sent directly to the States and municipalities, we have opened Pandora's box. Next year the request will be for $8 billion or $10 billion, then $15 billion, then $20 billion, and then you have created a situation in which the States and municipalities have become directly dependent upon the largesse coming from funds at the Federal level.

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

Mr. NELSON. I yield.

Mr. CHURCH. I commend the Senator for his argument, because it seems to me perfectly evident that once we establish revenue sharing, not only will pressures be on us to keep increasing the amount we allocate to State and local government, but also, as this amount increases, State and local governments will become more and more dependent upon the Federal Treasury.

I regard it as a paradox that those who advocate revenue sharing are doing so in the name of strengthening State and local governments, when in fact it can only have the opposite effect.

Does the Senator agree?

Mr. NELSON. I agree with the Senator from Idaho. This is one reason why I have had reservations about it.

Once you decide that the funds are going to be raised directly at the Federal level, we create a situation in which the spender of the funds has no obligation to levy the taxes to pay for them. That bothers me. I do not say that it is a situation impossible to handle. But I do not think it has been adequately explored.

The amount of money being appropriated here—depending upon the State, depending upon the municipality, depending upon how it fits into the formula that has been developed for distribution—the amount of money that will go

into the general treasury of cities and States, will amount to about 5 percent on the average of the revenue they raise from their own sources.

That will not solve the desperate fiscal problems of some of the major cities where it is the most serious. We can see the development of a political competition here in which every Congressman and every Member of the Senate will be back in his constituencies, and the demand will be made from mayors, members of the city council, the Governors, and the local taxpayers that the amount of the revenue sharing be increased at the local level so that the responsibility will not fall on them to raise the money. There will be no end once that begins. This explains my great reservation. That is why I have said it seems to me we should put this aside and attempt to evaluate more carefully the pitfalls and the alternatives.

I am not against the concept of revenue sharing per se. In fact, I spoke on behalf of the concept of revenue sharing at least 10 years ago. Almost 6 years ago, on January 12, 1967, I introduced a bill on the floor of the Senate to create a National Committee on Sharing Federal Revenues because I thought the concept was not well enough understood and that the issues and pitfalls had not been carefully enough evaluated. In my statement, I said that we were not going to have revenue sharing in 1967 or 1968 anyway, that we would not have it until we ended the Vietnam war in any event, and therefore, let us spend the time carefully evaluating the whole concept of revenue sharing, so that then, after the national commission had made a careful study, it could come to Congress with recommendations. Unfortunately, that was almost 6 years ago and the bill was not passed.

Then all of a sudden, without any study having been made, a proposal is made to Congress. At each step of the way, the proposal has been improved over what the administration sent to Congress. A better bill was passed by the House than came to it from the administration. A better bill came from the Senate than came from the House.

Nevertheless, we have not adequately evaluated the question of how we should share the revenues. The question of whether we should simply cede to the States a certain amount of the income tax jurisdiction and allow them to levy it has not been explored. We have not settled the question of how much money it should be.

So it seems to me that we should send this proposal back to the drawing board and should, in fact, establish a commission on revenue sharing with instructions to report to Congress in 12 months. After all the efforts we have put into it in 12 months, I think they can come up with a proposal that would be practical and that would meet the problems we seek to meet. That would be a better way to do it. But once we start this way, I fear there will be no way substantially to change it or to improve it.

Mr. CHURCH. Mr. President, will the Senator from Wisconsin yield to me again.

Mr. NELSON. I yield.

Mr. CHURCH. I could not agree more with the Senator's position when he points out that the pressures will be on Congress to increase the allotment once the bill is passed. Already those very pressures have moved this bill through the two Houses of Congress. It is clear that the enactment of this one proposal, selected out of a host of proposals the President made at the beginning of this session, is indicative of how potent the pressures are.

I remember that when President Nixon first made his proposal, he said there would be no strings attached, that this was going to be money set aside for the States and cities, without Federal control over how it might be spent. The only exception, in the President's first message, was the constitutional requirement respecting nondiscrimination between the races.

But look at what we have already done. In the legislative process, we have already begun to attach strings to the money. In subsequent bills, more and more conditions will be added. It is natural that Congress should want to impose conditions on the spending, where Congress is handing out the money. There is no way of avoiding the accumulation of restrictions and limitations written in by Congress, as time passes.

So here again is the paradox, a President who says, "I want revenue sharing in the name of strengthening State and local governments," and before the first bill is even passed by Congress, strings are being tied to the money as quickly, almost, as we can think of them. And this is only the start.

So I suggest to the Senator that he is well advised to question the principle at issue here. The evidence is already before us that this measure may not strengthen State and local governments at all, but make them more dependent on the Federal Treasury instead, and more subject to Federal restraints and Federal restrictions, with respect to the spending of the money.

I therefore question whether this is a measure that should be enacted at all. But because I know of the dire straits of many a city and State for adequate revenue, I am willing to resolve the doubts in favor of revenue sharing, if the Senate is willing to raise the revenue to share. But I cannot possibly vote for this bill if we propose to borrow the money and go still further into debt in order to give the money away to State and local governments. That is the height of fiscal irresponsibility, and we all know it. But it is more convenient not to face up to it at this time.

Therefore, I return to the basic argument that we should pass this amendment and the other one that the Senator from Wisconsin (Mr. NELSON) and I are offering, just to make certain the principle is established that the revenue we will share with the State and local governments will be raised, not borrowed.

The Senator is also correct in his observation that one of the unfortunate effects of revenue sharing is that it divorces the privilege of spending the money from the responsibility for raising it. Once we begin to eliminate the responsibility for raising the money at the local level, we reduce the power that the voting taxpayer has to discipline spending. Thus, the end result is further to reduce the effective control of the people over State and local government.

I am afraid, in the end, that Congress will be the goat. Once we enact this program, we will then be faced with the problem each year of raising more money through Federal means to give away to State and local governments who will no longer have to tax their own people for the pleasure of spending it.

We will wonder why we ever started the process. One day we may very well live to regret it. But, if we start it without financing it, then I think we greatly compound the error. For this reason, I could not be party to the enactment of this legislation, unless we are prepared to raise the money to pay for it.

Mr. NELSON. I thank the distinguished Senator from Idaho very much. Let me say that I share the Senator's concern over the serious fiscal problems faced in particular by the major cities in America. Even though I do not like the principle of establishing a program in which we are going to share directly raised Federal taxes with the municipalities and States, because of the serious problem I am prepared to support a 2-year program on revenue sharing if we raise the taxes to pay the cost of the program and if in the interim we are prepared to create a national commission on revenue sharing to evaluate all of the still unanswered questions and have them come back to Congress and submit a report 12 months from now.

I think it is worth mentioning the nature and kind of politics that will develop in this country if Congress is to raise the money by taxes, or deficit spending as this bill proposes, and send the money back to the municipalities.

In the executive session of the Finance Committee a question was raised as to whether we ought to make the program retroactive to January 1, or effective July 1. This occurred just 2 or 3 weeks ago. I argued in executive session that, whereas it would be nice to make it retroactive, the 6 months was already over with and it would cost more than $2 billion of money that we do not have to make it retroactive therefore we should not do so.

We did not vote on that question because, I believe, only seven members were present. We just had a show of hands. It was in executive session and no one was there but the staff. It was a matter that we were going to have to settle a day or two after that. Within 24 hours my phone was busy. I heard from governors and mayors. I got telegrams from city councilmen saying, "We desperately need that money, vote to make it retroactive". All that suggests is that the League of Cities and the Conference of Mayors and the lobby here is very well organized and that every time the issue is presented there will be political pressure put on Congress to give more money back to the municipalities, where the people have no responsibility for the raising of funds.

I am not critical of their desire. Some councilmen have sent me telegrams and

said they were in desperate need. The mayors said they are in desperate need. And the State is in desperate need. I do not quarrel with that. If I were to hold such a position and had that problem, I suppose I would be petitioning the Congress of the United States, too. However, this is the nature and the character of the politics that will develop if we go this route. And I think that there are very grave dangers in it.

Mr. President, as I have mentioned a couple of times, this matter needs further study. And there is time in which to do it. We could get around to resolving this major problem in another 12 months.

I raised several questions when I introduced this bill on January 12, 1967. I would like to read, before I conclude, an excerpt or two from my remarks at that time, almost 6 years ago.

Mr. President, at that time I said:

It is also possible that local level governments will be even more dependent upon Washington instead of becoming stronger and more self-reliant. It is also feared that Federal power will be enlarged rather than diminished by giving further aid to these governing bodies.

Rather than doling out public funds, some feel that any surplus funds should be used to reduce the national debt.

There is also strong opinion by other high Federal officials that the funds can be better spent on Federal programs such as mass transit, cancer research, welfare programs, and so forth, and that these programs should not be sacrificed for the sake of aiding State and local governments.

The main controversy, in any case, will revolve around just how much Federal control and supervision shall be exercised over the disbursement of these funds.

TAX SHARING RAISES MANY QUESTIONS

Why not simply cut taxes and let the State and local governments raise their own taxes as necessary to produce the same amount of new revenue?

Even though most plans do not advocate that Federal string, how can we be sure that asking for modernization is not really a string after all—or that the greater share going to less prosperous States is not a qualification at the outset?

Once such a program is begun, how can it ever be changed? Since each Federal legislator is affected, will this not become a giant boondoggle and porkbarrel? Would not it become as unworkable and as ungainly as some of the giant grant-in-aid programs we now have?

How can we say that the Federal programs which may suffer cuts as the result of the return of money to the States are less valuable than those which the States will spend money on?

And how will the States ever know how much is going to be allocated to them during each succeeding year of Congress? How will they ever know how to budget wisely?

Is it not possible that putting States on the Federal payroll instead of letting them raise their own revenues for their own needs might weaken States even further rather than strengthening them and might this not shift even more power to Washington?

Mr. President, these are some of the questions that I raised at that time and that other people were also raising. I stated further at that time:

If an equitable tax sharing plan can be developed that strengthens the States and does not expand the Federal bureaucracy, then we should do it. But any such new program requires the extensive and expert study which only a blue ribbon commission can give.

We can get the answers to these problems, which we do not have now, and we can do it within the next year if we proceed in that fashion.

Mr. President, I ask unanimous consent that the full text of the remarks, as well as the proposal I made on January 12, 1967, be printed in full in the RECORD at the conclusion of my remarks.

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

A NATIONAL COMMISSION ON TAX SHARING

Mr. NELSON. Mr. President, I introduce for appropriate reference a bill, on behalf of myself and the Senator from Maine (Mr. MUSKIE), which will enable us to accomplish what many people seem to agree is an urgently necessity—a system of Federal-State tax sharing.

As the 90th Congress convenes, it seems that the sharing of Federal revenues with the States is just about the most popular issue of all.

All across the Nation, Democratic and Republican leaders are vigorously enunciating plans to solve State and local fiscal problems by sharing Federal revenues. A multiplicity of proposals already have been made, and many more are on the way. A monumental partisan contest is looming to see which political party gets the credit for helping the States and cities the most.

There are serious reasons for this national phenomenon. The needs of State and local government are growing faster than their revenues. Meanwhile, the yield of the Federal income tax is growing more rapidly and it is possible to look forward to the day when the Federal Government will enjoy a surplus. It is sensible to consider using this money to meet the needs of the States.

However, I do not think we should kid ourselves. The hard fact of the matter is that talk of passing a tax sharing measure this year is just political window dressing.

Federal-State tax sharing is incredibly complicated and it would be irresponsible for Congress to rush a plan through without exhaustive consideration. Furthermore, the war in Vietnam puts such a strain on the Federal budget that there is no likelihood whatever that Congress would choose this year as the one in which to begin sharing revenues with the States.

The real question is, What can we do in 1967 to set this important new tax-sharing proposal in motion so that it can be accomplished in the near future?

In my opinion, the answer is to create a blue ribbon National Commission on Tax Sharing to work out the details of such a plan and report back to Congress in 1969.

THE STATES' PROBLEM

When I was Governor of Wisconsin from 1959 to 1963, I was made constantly aware of the fact that State and local governments have increasing difficulty in raising necessary revenues.

This experience made me fully aware of the need for some kind of sharing of tax dollars between the huge and powerful Federal Government, with its growing revenue sources, and the State units of government.

It is next to impossible many times for the legislatures, city councils and county boards to face up squarely to the need to raise taxes to pay for vital State services, especially in the fields of education, health, and welfare.

Too often, Governors, State legislatures, mayors, and city councils, facing the choice of a tax increase or a cut in vital programs, must choose the latter alternative. As a result, local and State governments sometimes are unable to meet their responsibilities.

What is the answer to this problem? I do not believe any one person knows precisely—nor does any one group of economists, nor any one political party, nor does any group of Federal or State officials.

The riddle of the financing of State and local governments has no simple answer.

But this does not mean that we should not look at the problem of revenue sharing. It convinces me, however, that no plan we will see or hear about in the opening months of this Congress will be the ultimate plan we will want to approve.

BASIC CONCEPTS OF TAX SHARING

Generally speaking, all proponents of revenue sharing favor some kind of plan which returns money to the States after it has been collected by the Federal Government.

Block grants were first used in 1836 during the Jackson administration and represented even then a radical departure from the conventional method of disbursing Federal aid. The disbursement of $28 million to the States under the terms of the Surplus Distribution Act of 1836 represents the only instance in U.S. history when Federal funds have been granted to the States without conditions governing the use of the funds.

There are a few instances now where some Federal funds are returned directly to a few States for education and road aids. These are derived to begin with from those same States in the form of sale of public lands and the sharing of grazing receipts.

Since 1836, therefore, this country has made no move to enact any other method of tax sharing as we are now defining the term.

In 1960 Walter Heller, then chairman of the Department of Economics of the University of Minnesota, proposed that rising Federal revenues be distributed to State and local governments with little or no strings attached.

This recommendation did not get serious attention until the spring of 1964, but other pressing matters of fiscal nature prevented this proposal from receiving congressional consideration. The tax reduction bill of that year was one important roadblock, and also because the Federal budget had been running chronic deficits since 1960. Heller based his plan on the supposition that the budget would have surpluses for the next 2 years and would, therefore, make the proposal possible.

The Democratic platform of 1964 also stated that its candidates would further "development of fiscal policies which could provide revenue sources to hard-pressed State and local governments to assist them with their responsibilities."

The Republican candidate for President in 1964 also embraced this idea by recommending that a portion of Federal income taxes be returned to the States and that these governments be given a larger share of revenues derived from inheritance taxes.

In a statement issued on October 28, 1964, President Johnson declared the intention of the administration to carry out the pledge of the Democratic Party. He proposed that the Federal Government should make available to State and local governments "some part of our great and growing Federal tax revenues—over and above existing aids."

President Johnson then appointed a task force composed of individuals from government and business and headed by the distinguished Joseph A. Pechman, director of economics at Brookings Institution, to study the possibility of setting aside a fixed percentage of Federal revenues each year in a trust fund for distribution to State and local governments.

TWO BASIC CONSIDERATIONS ARE INVOLVED

First, when this plan was suggested in 1964, the rapid growth of the gross national

product and the closing down of military bases prompted thoughts of budgetary surplus by the end of fiscal year 1966. It was feared that a surplus before full employment of manpower and resources had been achieved would cause "fiscal drag." This in turn would retard the then current high rate of business expansion.

The second factor, and still the most important one, is that State and local governments are badly in need of new revenue sources for their ever growing needs in schools, colleges, health services, and welfare problems.

State and local expenditures are still growing at an expanded rate.

During the 10-year period from 1954 to 1963, the expenditures of these governments more than doubled, increasing from $36.6 to $74.9 billion. State and local indebtedness increased even more rapidly during the same period—from $38.9 to $86.4 billion. Expenditures by State and local governments increased at an average rate of 7½ percent a year between 1958 and 1963. During that period net indebtedness increased by 43 percent. More recent figures obtained from the Library of Congress obtained from the Census Bureau show that in 1965, the State and local units expenditures were $87 billion while their indebtedness climbed to $99.5 billion.

According to recent figures attributed to Mr. Pechman, of Brookings Institution, by 1970 these expenditures should reach about $103 billion. And I have read that some sources indicate this figure is conservative. One hundred twenty billion dollars might be the more accurate amount, according to one study done for CED.

Most States have tax systems which place heavy emphasis on sales taxes, fees, and property taxes rather than progressive income taxes. Naturally, local governments find it difficult to support rising costs of necessary programs.

Nearly one-third of State and local revenue is derived from real property taxes. Almost one-half is raised through sales taxes and fees. Income taxes provide only a little more than 7 percent of the total.

Therefore, even if the difference between revenues and expenditures of some $20 to $30 billion a year could be raised from this existing State and local revenue system, the largest amount of the money would have to be derived from the highly regressive sales taxes and property taxes. Besides the fact that this penalizes the obvious groups of poor and older citizens, this would also discourage homeownership and accelerate the trend of deterioration of property in our already troubled cities.

Nearly 80 percent of this money will be spent for health, education, and welfare—areas in which States not only have maintained but should maintain principal responsibility.

Where is this money going to come from? These expenses can hardly be deferred.

EXAMPLE OF STATE TAXATION SYSTEM

Since I am most familiar with my own State of Wisconsin, let me bring the facts closer to home by citing some examples from figures compiled by the nonpartisan Wisconsin Taxpayers' Alliance. This group states that Wisconsin State and local tax collections in the last decade have grown much faster than the Federal collections—in 1954 State and local collections equaled 30 percent of all taxes collected. By 1964 they had grown to 39 percent of all taxes collected. This appears to be the average for other States as well.

Total State and local taxes raised in Wisconsin increased from $265 million in 1944 to $1,246 million in 1964. This represents an increase of 500 percent. The Federal tax collections for the same period increased from $822 million to $1,959 million or slightly more than twice.

Meanwhile, the percentage of money expended by the State of Wisconsin on education for the 5-year period ending 1964 rose from 22 to 26 percent of all money spent. Every 2 years the State must provide for approximately 100,000 more pupils than in the previous 2 years. Each biennium must provide for college classroom space equal to the entire pre-World War II enrollment at the University of Wisconsin.

Wisconsin, of necessity, had to resort to almost every possibility in order to raise the necessary revenues; the broadly based and progressive income tax, corporate and personal, a 3-percent sales tax, high property taxes in local communities, borrowing by local units to finance capital expenditures, gasoline taxes, sportsmen's licenses, tuition, and license fees.

But, after all these taxes are raised, the State only keeps about 11 percent with which to finance its operations. Eighty-three percent of the taxes collected by the State, about $1 billion total collected—were spent by the local units of government. Six percent went into the highway fund by law, leaving the State to spend the final 11 percent for all the functions of the State and government.

UTILIZATION OF REVENUES

If Federal tax revenues continue to grow as expected, these courses of action would be open to the Congress:

First. Expansion of the Federal budget to use the full increase in revenue;

Second. Tax reduction;

Third. Retirement of national debt;

Fourth. Expansion of Federal spending through grants-in-aid for specific programs. This latter method has been used more and more in increasing amounts.

In 1934, 18 grant-in-aid programs were in existence to send money back to State and local governments for specific purposes. By 1964 there were 68 programs for State and local governments plus 60 more programs for disbursement of funds to individuals and institutions. As of this year some 140—depending on how you count them—programs exist in the grant-in-aid field.

In terms of dollars expended, $126 million was spent for Federal grants-in-aid in 1934 and this had risen to $10,060 million in 1964 a rise of eightyfold. Average expenditure per program for Federal grants-in-aid increased in the same period of time from $7 million to $148 million. In 1965 the figure was $10.9 billion. By 1966, according to the Bureau of the Budget, $13.3 billion was being spent through grants-in-aid programs.

Naturally, along with the increase in the programs more and more strings have been attached and a growth in the Federal bureaucracy has been the direct result. This may or may not have resulted in some weakening of the State and local governments.

STATE GOVERNMENTS ARE AN EFFICIENT UNIT

The simple fact is that the State governments are more important to our system of government today than at any time since the founding days of the Republic. Their function has evolved into one of greater responsibility than ever before, especially in the fields of education, hospitalization of the sick and mentally incapacitated, law enforcement, the control of traffic and safety, the system of highways, regulation of utilities, insurance, and conservation of our natural resources.

We should lend more emphasis, not less, to the role of the State governments. They should be made stronger, not weaker. The State unit is the most efficient unit and the most rational form of a government dealing with regional problems of any other in existence today. They should be given ever-increasing responsibilities and nurtured so they grow in an orderly and logical fashion.

Nevertheless, State governments have a tough role ahead for them. They should modernize and reorganize their ancient way of administering their far-flung operations. In many cases they are still in the horse-and-buggy stage, still trying to serve an industrial society with a system that was designed around an agrarian economy.

The modern State government must develop, therefore, intensive plans and guidelines which will chart their future course through the expansion of our private enterprise economy, bearing in mind, of necessity, that the local governments must be made a partner in this development.

State governments should evaluate their present situation and develop comprehensive plans, projecting needs for the next half century in State facilities, recreation, land use, the State's economy, intercity and mass transportation, population growth and migration, and recreation resources and needs.

To do these things, both in the planning and in the implementation stages, States need money. And that is what all of these tax-sharing plans are designed to do—to get back to the State and local units of government, money which will enable them to do all of these things and more.

PROPOSALS EXAMINED BRIEFLY

The newspapers have been filled with ideas coming from all sides, many of them with great merit, at first glance.

The best known, of course, is the Heller-Peckman plan, which basically is a return of 2 percent of the Federal income tax base, returned to the States on a per capita basis. In 1966 this would have involved the sum of $5.6 billion based on total taxable income returned with no strings attached. I recently read that Mr. Pechman said that there was no reason why the States should not be compelled to turn over a fixed portion of such income to the cities. I believe Mr. Heller, on the other hand, feels that reapportionment of the State legislatures in time would mitigate the possible problems of rural legislatures refusing to share funds with urban centers.

HENRY REUSS, Representative from Wisconsin, has also embraced the idea of revenue sharing with his own plan, but he gets a good deal more specific and does attach a few strings. He would like to provide $25 billion over a 5-year period to States which would take steps to modernize State and local governments. He would also like to see regional coordinating committees for each of four regions set up. His plan, as I understand it, would allocate money on the basis of population with no State receiving less than $500,000. The formula also apportions funds according to total population per State with up to 20 percent of the total set aside for supplements to States with low per capita income, or a high incidence of poverty, dependency, or urbanization.

The Senator from New York (Mr. JAVITS) also introduced a plan some time ago in this House, which was designed to establish in the Federal Treasury an amount equal to 1 percent per year of all total individual income taxes. In 1965 this would have amounted to $2.65 billion. Roughly, this was to be shared by means of a formula which tied the total population of the State to its revenue-raising efforts in comparison to the rest of the States. About 85 percent to 90 percent of the total fund would be divided up in that manner. In addition, about 10 percent to 15 percent of the total fund would be distributed in an income redistribution formula. Simply stated, the State which is lowest on the list of the 50 in terms of per capita national average income would receive more than the State next higher on the list and so on, until the more affluent States would receive none. Here again a string was attached, however, because all money returned would have to be spent for health, education, or welfare programs, State pay-

ments in lieu of property taxes, debt service, or disaster relief.

The plan which the distinguished Representative from Wisconsin, MELVIN LAIRD, has suggested is that of merely returning a flat percentage of Federal taxes collected from each State to that State with no strings attached. He cites precedence in the Wisconsin plan for tax sharing. In Wisconsin all income taxes collected by the State are shared to the extent that 50 percent goes back to the community from which it was collected, 10 percent to the county, and 40 percent is retained by the State. Representative LAIRD does suggest that some kind of equalization formula similar to Wisconsin's formula applied throughout the country would insure that poorer States would receive a greater percentage of the funds they collect because of their greater need for assistance.

In addition, this plan is designed to partially supplant rather than to supplement some Federal grants-in-aid programs.

Representative GOODELL, of New York, on the other hand, would like to make specific allotments to local communities. He would distribute 50 percent for State purposes with 45 percent to be distributed by the State to local governments and 5 percent to strengthen the executive and management functions of the State.

Several foreign governments have also engaged in tax-sharing plans with some varying degree of success. You will find that most of them are rather complicated. Germany, Canada, Australia, and Argentina all have plans which cannot be explained in a few sentences. The formulas are extremely complex. I ask unanimous consent that the documents from the Library of Congress relating to these plans be inserted in the RECORD at the close of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

(See exhibit 1.)

ARGUMENTS FOR THESE PROPOSALS

Mr. NELSON. In an expanding economy based on 1965 tax rates Federal revenues increased on the average by about $6 billion per year. Economists fear that additional taxes would siphon off too much money from the private sector of the economy. A Federal surplus would thus result before full employment of manpower and resources is achieved. Such a surplus has the effect of retarding economic growth, and in time, the forces of recession set in. It is believed that enactment of a sharing proposal would avert this so-called fiscal drag which such surpluses may exert upon the national economy. Naturally, 1966–67 expenditures for defense and Vietnam will preclude this possibility.

Tax reduction measures would also counteract the restrictive effects a budget-surplus would produce. Tax reduction bills usually take too long to get through Congress, however, and recessions can take effect faster than legislation. By making excess revenues available to State and local governments automatically, action would get underway immediately to offset the contractive effect of such surplus.

It is apparent that the largest area of unmet needs lies in the services provided by State and local governments.

State and local governments have been increasing their outlays much more rapidly than the Federal Government during the past several years in attempts to meet mounting obligations.

As I said, in 1963 they spent about $75 billion. The Library of Congress reports projected expenditures for 1972 of amounts varying from $103 to $120 billion. On the other hand, Federal spending has increased less drastically. Fiscal year 1965 showed a total of $98 billion spent, and if one disregards expenditures for Vietnam, the projected amount for 1972 is $110 to $115 billion.

Representative HENRY REUSS suggests that State and local governments may not use these Federal funds wisely if they are granted nor will they increase their own taxes and expenditures for necessary programs. Past experience, I feel, proves these fears groundless and that this would not be the case. A large proportion of total State and local outlays over the past years have been used for educational, health, and welfare purposes—an indication that they are cognizant of the needs of their people in these areas and are attempting to meet them.

As a matter of fact, of the $39 billion increase in State and local government expenditures between 1954 and 1963, 41 percent went into education; another 14 percent into health and welfare; 16 percent to highways, and 8 percent for police, fire, and sanitation—a rather good division I would venture to say.

The argument is made that grants made to State and local governments should be on a "no strings attached" basis, that these groups should be allowed to operate without tight supervision and restrictions—free from Federal control. The argument continues that the spread of "growing bureaucracy" will be halted. State and local governments will then be in a stronger financial position, and a better fiscal balance can be achieved between all three levels of government.

Other arguments for the scheme encompass the idea that unconditional grants will free Federal Government from much redtape and overhead currently necessitated under Federal programs. Present aid programs are becoming so numerous, diverse, and complex that it is difficult for the less sophisticated, governmental bodies to take advantage of them. It has been pointed out that more Federal listings appear in some phone books than do State listings.

During fiscal year 1963 the Treasury Department itemized some 66 programs of direct aid to State and local governments. These do not include numerous other programs of assistance disbursed directly to individuals and institutions within the States. During the past 10 years, direct payments to State and local governments have almost tripled—from $3.8 billion in fiscal year 1956 to $10.9 billion in fiscal year 1965. In 1965 alone, Congress added some 10 to 30 programs, depending upon how one considers a separate program. Despite the talk of "creative Federalism" and "local responsibility" every one of those dollars h : a string attached—and sometimes even hawsers and cables.

Making additional revenues available, the case goes, would enable Federal officials to devote more time and energy to more pressing problems of national defense, international relations, and so forth. Loosening restrictive Federal controls would relieve Congress of overseeing the programs. The Congress would also be freed from constant pressuring of lobby groups seeking special projects or benefits for their particular districts.

And, there are arguments which say that unconditional grants will be a boon to low-income cities and States. Stringent matching requirements currently imposed on numerous programs make it difficult for some units to take advantage of some grants-in-aid, or if they do, some of their own programs must suffer. If, as some spokesmen recommend, Federal revenues are shared on the basis of population, rather than on the amount of Federal taxes paid, poorer States might be the principal beneficiaries.

ARGUMENTS AGAINST THE PROPOSALS

In 1965, the plan Heller proposed presumed continued prosperity and Federal budget surpluses. Even though we still do have prosperity, some of which is based on a war economy, the surplus is nowhere in sight right now. Between 1961 and 1965 there was a full expansion of economic activity but a full utilization of industrial capacity and full employment was not attained. Budget surpluses have always been the exception rather than the rule in the past 30 years—only six times as a matter of fact. Thus, with budget surplus a literal uncertainty the local government would have a difficult time in trying to determine their projected Federal share. Such uncertainties would certainly preclude them from projecting intelligent budgets. This would be an undesirable hardship. And once they receive a tax share, it would be difficult or impossible to cut back or cut out the program in years of budget deficits. It would not be fair to make these distributions, therefore, based on surplusage. Indeed, Congress can control its own deficits and surpluses based on the amount of spending it wants to engage in. Thus, the Heller argument for sharing based on the Federal budget surplus poses some serious problems.

Critics of tax sharing fear that without Federal supervision and control, the local governments will not use the funds in the right way. These local units may be tempted to reduce their own taxes and curtail vital programs. This has been evidenced in some sections of the country which are gearing up their economy through low local taxes, designed to attract industry and meanwhile waiting for Federal programs to help them with basic programs such as sewer and water, industrial parks, and the like.

There is apprehension that rural dominated legislatures will make allocations of funds which will not be in the best interest of the majority of the citizens. County leaders are fearful that money may never trickle down to the local level from the State level. Similarly, civil rights leaders fear that funds will be spent to support segregated schools, housing, and other facilities. Failure of the Federal Government to control the actual distribution of funds below the State level undoubtedly will cause bitter controversy among State, county, and city leaders as to just how these funds will be spent.

It is also possible that local level governments will be even more dependent upon Washington instead of becoming stronger and more self-reliant. It is also feared that Federal power will be enlarged rather than diminished by giving further aid to these governing bodies.

Rather than doling out public funds, some feel that any surplus funds should be used to reduce the national debt.

There is also strong opinion by other high Federal officials that the funds can be better spent on Federal programs such as mass transit, cancer research, welfare programs, and so forth, and that these programs should not be sacrificed for the sake of aiding State and local governments.

The main controversy, in any case, will revolve around just how much Federal control and supervision shall be exercised over the disbursement of these funds.

TAX SHARING RAISES MANY QUESTIONS

Why not simply cut taxes and let the State and local governments raise their own taxes as necessary to produce the same amount of new revenue?

Even though most plans do not advocate that Federal string, how can we be sure that asking for modernization is not really a string after all—or that the greater share going to less prosperous States is not a qualification at the outset?

Once such a program is begun, how can it ever be changed? Since each Federal legislator is affected, will this not become a giant boondoggle and pork-barrel? Would not it become as unworkable and as ungainly as some of the giant grant-in-aid programs we now have?

How can we say that the Federal programs which may suffer cuts as the result of the

return of money to the States are less valuable than those which the States will spend money on?

And how will the States ever know how much is going to be allocated to them during each succeeding year of Congress? How will they ever know how to budget wisely?

Is it not possible that putting States on the Federal payroll instead of letting them raise their own revenues for their own needs might weaken States even further rather than strengthening them and might this not shift even more power to Washington?

Some officials admit to the haunting fear of tax sharing on other grounds. Many existing Federal programs are open end—that is, the cost to the U.S. Government is limited only by the ability and the willingness of the States to come up with matching funds. What would happen if the States used their tax-sharing money to match Federal grants under old programs? At least one Federal official believes that the States could bleed the Federal Treasury with its own money.

CONGRESS NOT THE PLACE TO DRAFT THE BEST PLAN

The complexities involved in tax sharing are so great, and the disparities in the plans already offered are so broad, that it seems obvious that we need a thorough examination of this subject by a blue-ribbon commission. The Congress and its own committees will still have to give a thorough review of the commission's recommendations, but at least we will have the benefit of extensive considerations and we will have a broadly acceptable proposal to use as a starting point for congressional action.

I happen to disagree with those people who suggest that we should automatically plow back 1, 2, or 5 percent of the personal income taxes to the States, with or without strings, by whatever formula they have devised thus far. This is too great a departure from the usual method of expenditure to start on a program of this sort quickly. All the ramifications should be studied in a yearlong recital of fact and opinion. With the state of our economy now being controlled to a great extent by the Vietnam crisis, this is no time to begin this program. We can afford to buy the time now.

Furthermore, I am not prepared to automatically agree that a program of this kind should supplant rather than supplement the Federal aid programs.

I think that both the urgency for haste and arguments for gradually replacing the grants-in-aid program may be politically motivated, designed to embarrass rather than to be constructive. I urge a "go slow" attitude at this juncture.

Mr. President, I am sending to the desk a measure which will provide for a commission to study the possibilities of sharing Federal revenues with the States and local governments. This commission is designed to examine the entire issue by a cross section of the country's leading authorities; including economic leaders of the Congress, the Executive, business, labor, academicians, and the general public. In addition, a Federal interagency committee is authorized which will provide information, liaison, cooperation and coordination for the commission. The bill further provides for an executive group which will provide continuity, staff, and technicians to administer and conduct the day-to-day operations of the commission. The cost is limited to $1 million and it is to report back by January 1, 1969.

I urge again that now is the time to make haste slowly.

The war in Vietnam almost certainly precludes the possibility of enacting any kind of a revenue sharing plan in this session, at least.

There are many plans being formulated, all based on different premises, all designed to accomplish different goals, and all involving different sums of money.

The complex nature of the concept, and the somewhat radical departure from our previous way of doing business calls for a comprehensive study.

If an equitable tax sharing plan can be developed that strengthens the States and does not expand the Federal bureaucracy, then we should do it. But any such new program requires the extensive and expert study which only a blue ribbon commission can give.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD, and further, that the bill lie on the desk for 10 days, for additional cosponsors.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD, and held at the desk, as requested by the Senator from Wisconsin.

The bill (S. 92) to establish a National Commission on Federal Tax Sharing, introduced by Mr. NELSON, was received, read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows.

S. 92

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

(a) that in recent years there has been an ever-increasing growth in the needs for State and local governmental services in areas of traditional State-local responsibility; and

(b) that the rising demands for spending by State and local governments have strained their ability to meet all their revenue needs; and

(c) that there are now being suggested several legislative proposals under which the Federal Government would assist the States and local governments in meeting their financial problems by sharing with them certain portions of the Federal tax revenues; and

(d) that the problem of the financing of State and local governments is of great complexity and the proposals for its solution represent a radical departure from accepted methods of providing Federal financial assistance; and

(e) that there is an urgent need for a thorough study and appraisal of all questions raised by revenue sharing proposals in order to enable the Congress to determine which of the available proposals or possible alternatives are best designed to provide financial assistance to the State and local governments and meet the needs of their citizens for essential public services; and

(f) that such a study and appraisal can best be carried out by a high level commission comprised of public and private members representative of a cross-section of the economy and the citizenry of our Nation.

SEC. 3. (a) The Commission shall be composed of twenty-seven members as follows:

(1) The Secretary of the Treasury, or his designee;

(2) The Director of the Bureau of the Budget, or his designee;

(3) The Chairman of the Council of Economic Advisers, or his designee;

(4) The Chairman of the Committee on Finance of the Senate, or his designee;

(5) The Chairman of the Ways and Means Committee of the House of Representatives, or his designee;

(6) The Chairman of the Joint Economic Committee of the Congress, or his designee;

(7) Fifteen members to be appointed by the President, by and with the advice and consent of the Senate, from among persons outside the Government, of whom three shall be drawn from labor, three shall be drawn from management, three shall be drawn from farmers' organizations, three shall be drawn from the academic profession, and three shall be drawn from among other private persons with a competency in the areas of study of the Commission.

(8) Three members to be appointed by the President from a panel of at least six persons designated by the United States Conference of Governors from among its members; and

(9) Three members to be appointed by the President from among a panel of at least six persons designated by the National League of Cities from among the Mayors of our Nation.

(b) The President shall designate a Chairman of the Commission.

(c) Fourteen members of the Commission shall constitute a quorum.

(d) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

SEC. 3. The Commission shall conduct a comprehensive and impartial study and appraisal of all proposals to establish a system for the sharing of a portion of the Federal tax revenues with the States and local governments, including, but not limited to, making a determination of the following:

(a) The total amount of Federal revenues which might be available annually for sharing with the States and local governments;

(b) The portion of such revenues which should be allotted to each State and the extent to which each State should be required to distribute any of such revenues received by it to its local governments;

(c) The best manner of achieving an equitable allotment of any shared revenues among the States while helping to equalize the public services available to citizens in the different States;

(d) The extent of Federal control and supervision which should be exercised over the disbursement of any shared revenues to the States and local governments and the uses to which such revenues may be applied;

(e) The effect which the operation of any such system of revenue sharing might have upon the viability of the States as members of our Federal system;

(f) The extent to which any such system for the disbursing of Federal revenues should supplement or supplant alternative methods for the utilization of such revenues, such as specific grant-in-aid programs, direct Federal spending programs, tax reduction, and retirement of national debt; and

(g) Any ramifications which might accompany the establishment of such a revenue sharing system not otherwise considered pursuant to a determination of the preceding questions.

SEC. 4. The Commission may transmit to the President and the Congress such interim reports as it deems advisable concerning its findings and recommendations and shall transmit a final report to the President and the Congress not later than January 1, 1969. Such final report shall contain a detailed statement of the findings and conclusions of the Commission together with its recommendations for such legislation as it deems appropriate. The Commission shall cease to exist thirty days after transmitting its final report.

SEC. 5. (a) A member of the Commission who is a Member of Congress, in the executive branch of the Government, a governor of a State, or a mayor shall serve without compensation in addition to that received in his regular public employment, but shall be entitled to reimbursement for travel, subsistence, and other necessary expenses incurred in the performance of duties vested in the Commission.

(b) A member of the Commission who is from private life shall receive compensation at the rate of $100 per diem while engaged

in the actual performance of duties vested in the Commission and shall be entitled to reimbursement for travel, subsistence, and other necessary expenses incurred in the performance of such duties.

SEC. 6. (a) The Commission shall have power to appoint and fix the compensation of such personnel as it deems advisable, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates. In addition, the Commission may procure temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the Act of August 2, 1946 (60 Stat. 810), but at rates not to exceed $75 per diem for individuals.

(b) The President is authorized to appoint, by and with the consent of the Senate, an executive secretary to oversee the work of the staff of the Commission under the general direction of the Commission. The executive secretary may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and General Schedule pay rates.

SEC. 7. The Department of the Treasury shall provide for the Commission necessary administrative services (including those related to budgeting, accounting, financial reporting, personnel, and procurement) for which payment shall be made in advance, or by reimbursement, from funds of the Commission in such amounts as may be agreed upon by the Commission and the Secretary of the Treasury.

SEC. 8. (a) The Commission is authorized to negotiate and enter into contracts with private firms, institutions, and individuals to carry out such studies and to prepare such reports as the Commission determines to be necessary to the discharge of its duties.

(b) The Commission is authorized to secure directly from any executive department, agency, or independent instrumentality of the Government any information it deems necessary to carry out its functions under this Act; and each such department, agency, and instrumentality is authorized and directed to cooperate with the Commission and, to the extent permitted by law, to furnish such information to the Commission, upon request made by the Chairman.

SEC. 9. The Commission, or any subcommittee or panel thereof as authorized by the Commission, may, for the purpose of carrying out its functions and duties, hold such hearings and sit and act at such times and places as the Commission or such subcommittee or panel may deem advisable.

SEC. 10. There is hereby established an interagency committee to be known as the Advisory Committee on Tax Sharing, consisting of the heads of any departments, agencies and independent instrumentalities of the Federal Government (or their designees) concerned with or interested in any areas of study considered by the Commission, to advise the Commission and to maintain effective liaison with the resources of such departments, agencies, and instrumentalities. Such committee shall elect a Chairman, from among its members.

SEC. 11. There are hereby authorized to be appropriated to the Commission, out of any money in the Treasury not otherwise appropriated, such sums, not to exceed $1,000,000, as may be necessary to carry out the provisions of this Act.

Mr. LONG. Mr. President, I move that the amendment be laid on the table.

Mr. CHURCH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CHURCH. Mr. President, inasmuch as the yeas and nays have been ordered on the amendment, does it follow that the yeas and nays will be ordered on the motion, or is it necessary to make such a specific request?

The PRESIDING OFFICER. It is necessary to especially make such a request.

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

The yeas and nays were not ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

Mr. LONG. Mr. President, I ask for the yeas and nays on the motion to lay on the table.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table amendment No. 1495. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Michigan (Mr. HART), the Senator from Minnesota (Mr. HUMPHREY), the Senator from North Carolina (Mr. JORDAN), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Washington (Mr. MAGNUSON), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PELL), the Senator from Alabama (Mr. SPARKMAN), and the Senator from Virginia (Mr. SPONG), are necessarily absent.

On this vote, the Senator from Virginia (Mr. SPONG) is paired with the Senator from Minnesota (Mr. HUMPHREY). If present and voting, the Senator from Virginia would vote "yea" and the Senator from Minnesota would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Wyoming (Mr. HANSEN), and the Senator from Iowa (Mr. MILLER) are necessarily absent.

The Senator from Arizona (Mr. GOLDWATER) is necessarily absent because of death in his family.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from New Hampshire (Mr. COTTON) and the Senator from Maryland (Mr. MATHIAS) are detained on official business.

If present and voting, the Senator from Colorado (Mr. ALLOTT) and the Senator from Iowa (Mr. MILLER) would each vote "yea."

The result was announced—yeas 56, nays 21, as follows:

[No. 410 Leg.]

YEAS—56

Aiken	Eastland	Percy
Allen	Edwards	Randolph
Anderson	Ervin	Ribicoff
Beall	Fannin	Roth
Bennett	Fong	Saxbe
Bible	Gambrell	Schweiker
Boggs	Gurney	Scott
Brock	Hartke	Smith
Brooke	Hatfield	Stafford
Buckley	Hruska	Stennis
Byrd, Harry F., Jr.	Inouye	Stevens
Byrd, Robert C.	Javits	Taft
Case	Jordan, Idaho	Talmadge
Cook	Long	Thurmond
Cooper	McClellan	Tower
Curtis	Montoya	Tunney
Dole	Packwood	Weicker
Dominick	Pastore	Williams
	Pearson	Young

NAYS—21

Bayh	Fulbright	Metcalf
Bentsen	Griffin	Mondale
Burdick	Hollings	Moss
Cannon	Hughes	Nelson
Chiles	Jackson	Proxmire
Church	Mansfield	Stevenson
Eagleton	McIntyre	Symington

NOT VOTING—23

Allott	Harris	McGovern
Baker	Hart	Miller
Bellmon	Humphrey	Mundt
Cotton	Jordan, N.C.	Muskie
Cranston	Kennedy	Pell
Goldwater	Magnuson	Sparkman
Gravel	Mathias	Spong
Hansen	McGee	

So Mr. LONG's motion to lay Mr. CHURCH's amendment (No. 1495) on the table was agreed to.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills:

H.R. 2. An act to establish a Uniformed Services University of the Health Sciences and to provide scholarships to selected persons for education in medicine, dentistry, and other health professions, and for other purposes; and

S. 2969. An act to declare title to certain Federal lands in the State of Oregon to be in the United States in trust for the use and benefit of the Confederated Tribes of the Warm Springs Reservation of Oregon.

Subsequently, the enrolled bills were signed by the President pro tempore.

MESSAGES FROM THE PRESIDENT

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

REPORT OF THE FEDERAL OCEAN PROGRAM—MESSAGE FROM THE PRESIDENT (H. DOC. 92-353)

The PRESIDING OFFICER (Mr. TUNNEY) laid before the Senate the following message from the President of the United States, which was referred to the Committee on Commerce.

To the Congress of the United States:

It is with pleasure that I transmit today the report of the Federal Ocean Program. It has been a year of significant accomplishments and continued evolution of new directions to know, conserve, and use the sea.

A most important characteristic of our maturing ocean program is that we are increasingly viewing our efforts in the marine environment from the fresh perspectives illuminated by our need for its abundant resources and by the necessity to search carefully into the consequences of our actions in its development. We must insure the proper balance of these thorough measures which are compatible with the long-term maintenance of a healthy marine environment.

During 1971, strong emphasis was placed on improvements in the management of our marine living and nonliving resources, on easing pressures which threaten certain species with extinction, and on enforcement of measures to prevent environmental pollution and degradation. We have stepped up our studies of the ways in which we must manage our coastal zones to protect our fisheries, to make them available for marine transportation, to minimize pollution, and to enhance their recreational values. I have recommended legislation to establish national land use policy programs which include priority provisions for coastal zone management.

Further, in view of our increasing concern with energy supplies to sustain the Nation's economic growth and the health and well-being of our people, the Federal Ocean Program moved to explore the geophysical and geological character of our continental shelves. It should be recorded that 1971 was the year in which the Federal Government began to move vigorously to map and chart these promising submerged lands and their resource potential.

A major share of the Federal Ocean Program continued to support vital national defense objectives related to operations in the marine environment. Nevertheless, the major program increases of the past few years and those for the coming year are in the civil sector. Among the important accomplishments have been the increasing momentum to provide the operational capability for man to do useful work beneath the sea through application of research submersibles and laboratory habitats; the development of a system for the assessment of the abundance and distribution of harvestable living marine resources; and the designation of the first four Sea Grant Colleges.

Our efforts to explore the marine environment have been increasingly characterized by the trend toward major large-scale studies conducted by Federal agencies in national programs such as the Marine Ecosystems Analysis study of the New York Bight, and with other nations in international programs, such as the International Field Year for the Great Lakes and the International Decade of Ocean Exploration. In these, we are moving out to the ocean "laboratories" with arrays of ships, specially designed buoys, aircraft, earth-orbiting satellites, and submersibles to apply collective efforts to solve special problems and to advance knowledge and understanding.

I am pleased to report, also, the continued strengthening of Federal ties, both in scope and level of activity, with industry, state and local governments, and universities. I consider this a most essential aspect underlying our marine programs. As I have stated in the past, private industry, state and local governments, scientific and other institutions must increase their own efforts if we are to continue our headway toward solving the myriad of marine problems.

My budget request for the Fiscal Year 1973 provides $672 million in support of our programs in marine science, engineering, and services, an increase of more than $60 million over last year's request. This budget will enable us to continue our advances in all areas of importance to our vital and increasing national interest in the seas.

RICHARD NIXON.

THE WHITE HOUSE, *September 11, 1972.*

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

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

ORDER OF BUSINESS

Mr. NELSON. Mr. President, I ask unanimous consent that I may yield briefly to the distinguished Senator from Kentucky (Mr. COOPER) without losing my right to the floor.

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

Mr. COOPER. I thank the Senator from Wisconsin.

VISIT TO THE SENATE BY MEMBERS OF THE PARLIAMENT OF BELGIUM

Mr. COOPER. Mr. President, Members of the Senate, we are honored to have with us in the Senate today 15 members of the Parliament of Belgium—all of whom are members of their Committees on National Defense.

The six members of the Senate of Belgium are: M. De Vlies, M. Vangronsveld, M. Souwens, M. Thomas, M. Lambiotte, and M. Verleysen.

The nine Members of the Chamber of Deputies are: M. Tanghé, who is the Vice Chairman of the Committee on National Defense; M. Herbage, H. Magnee, M. Mattheyssens, M. Laloux, M. Geysen, Madame Lahaye-Duclos, M. Carpels, and M. Ramacle.

This distinguished group has visited the Lockheed Aircraft plant in Marietta, Ga.; the Little Rock Air Force Base in Arkansas; and Cape Kennedy in Florida.

I would like to say to our guests and fellow parliamentarians that we are delighted to greet you as our guests in the Senate today.

(Applause, Senators rising.)

RECESS FOR 3 MINUTES

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate stand in recess for 3 minutes.

The motion was agreed to; and at 12:39 p.m. the Senate took a recess until 12:42 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. TUNNEY).

REVENUE SHARING ACT OF 1972

The Senate continued with 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.

AMENDMENT NO. 1496

Mr. NELSON. Mr. President, I call up amendment No. 1496, offered on behalf of myself and the distinguished Senator from Idaho (Mr. CHURCH).

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read the amendment (No. 1496) as follows:

TITLE IV—INTERNAL REVENUE CODE AMENDMENTS

SEC. 401. MINIMUM TAX FOR TAX PREFERENCES.

(a) Section 45 of the Internal Revenue Code of 1954 (relating to imposition of the minimum tax for tax preferences) is amended by redesignating subsections (b) and (c) as (d) and (e), respectively, and by striking out subsection (a) and inserting in lieu thereof the following new subsections:

"(a) IN GENERAL.—In addition to the other taxes imposed by this chapter, there is hereby imposed for each taxable year, with respect to the income of each person, a tax equal to the sum of—

"(1) the tax on such person's category I tax preference income (computed under subsection (b)), and

"(2) the tax on such person's category II tax preference income (computed under subsection (c)).

"(b) CATEGORY I TAX PREFERENCE TAX.—For purposes of subsection (a)(1), the tax on a person's category I tax preference income is 10 percent of the amount (if any) by which—

"(1) the sum of the items of tax preference set forth in paragraphs (2), (3), (4), (5), and (10) of section 57(a) in excess of the category I exemption, is greater than

"(2) the sum of—

"(A) the taxes imposed by this chapter for the taxable year (computed without regard to this part and without regard to the taxes imposed by sections 531 and 541) reduced by the sum of the credits allowable under—

"(i) section 33 (relating to foreign tax credit),

"(ii) section 37 (relating to retirement income),

"(iii) section 38 (relating to investment credit),

"(iv) section 40 (relating to expenses of work incentive program), and

"(v) section 41 (relating to contributions to candidates for public office); and

"(B) the tax carryovers to the taxable year.

For purposes of this subsection, the category I exemption is $30,000 minus the amount of the category II exemption that the taxpayer elects to use.

"(c) CATEGORY II TAX PREFERENCE TAX.—

For purposes of subsection (a)(2), the tax on a person's category II tax preference income is—

"(1) in the case of a corporation, 24 percent of the amount (if any) by which the sum of the items of tax preference set forth in paragraphs (6), (7), (8), and (9) of section 57(a) exceeds the taxpayer's category II exemption, and

"(2) in the case of a taxpayer other than a corporation, a tax on the amount (if any) by which the sum of the items of tax preference set forth in paragraphs (6), (7), (8), and (9) of section 57(a) exceeds the taxpayer's category II exemption equal to one-half of the tax which would be imposed under section 1 by treating the amount of such excess as the taxable income for the taxable year.

For purposes of this subsection, the category II exemption is the amount, not exceeding $12,000, that the taxpayer elects (at such time and in such manner as the Secretary or his delegate prescribes by regulations) to use for the taxable year."

(b) Section 56(d) of such Code, as redesignated by subsection (a) (relating to deferral of tax liability in case of certain net operating losses), is amended to read as follows:

"(d) DEFERRAL OF TAX LIABILITY IN CASE OF CERTAIN NET OPERATING LOSSES.—

"(1) IN GENERAL.—If for any taxable year a person—

"(A) has a net operating loss any portion of which (under section 172) remains as a net operating loss carryover to a succeeding taxable year, and

"(B) has items of tax preference taxable under subsection (b) or (c) for the taxable year,

then an amount equal to the lesser of the tax imposed by subsection (a) or 10 percent (or such percent as may be determined under regulations prescribed by the Secretary or his delegate) of the amount of the net operating loss carryover described in subparagraph (A) shall be treated as tax liability not imposed for the taxable year, but as imposed for the succeeding taxable year or years pursuant to paragraph (2).

"(2) YEAR OF LIABILITY.—In any taxable year in which any portion of the net operating loss carryover attributable to the items of tax preference described in paragraph (1)(B) reduces taxable income, the amount of tax liability described in paragraph (1) shall be treated as tax liability imposed in such taxable year in an amount equal to 10 percent (or such percent as may be determined under regulations prescribed by the Secretary or his delegate) of such reduction.

"(3) PRIORITY OF APPLICATION.—For purposes of paragraph (2), if any portion of the net operating loss carryover described in paragraph (1)(A) is not attributable to the items of tax preference described in paragraph (1)(B), such portion shall be considered as being applied in reducing taxable income before such other portion."

(c) Section 56(e) of such Code, as redesignated by subsection (a) (relating to tax carryovers) is amended—

(1) by striking out paragraph (2) and inserting in lieu thereof the following:

"(2) the sum of the items of tax preference set forth in paragraphs (2), (3), (4), (5), and (10) of section 57(a) in excess of the category I exemption for the taxable year,"; and

(2) by striking out "subsection (a)" in the last sentence and inserting in lieu thereof "subsection (b)".

(d) Section 58 of such Code (relating to rules for application of the minimum tax) is amended—

(1) by striking out "$30,000 amount specified in section 56 shall be $15,000" in subsection (a) and inserting in lieu thereof "$30,000 and $12,000 amounts specified in section 56 shall be $15,000 and $6,000, respectively";

(2) by striking out "30,000 amount" in subsections (b) and (c) and inserting in lieu thereof "$30,000 and $12,000 amounts";

(3) by striking "$30,000" in subsection (c) and inserting in lieu thereof "$30,000 or $12,000, as the case may be,";

(4) by striking out subsection (g); and

(5) by adding at the end thereof the following new subsection:

"(h) ELECTION NOT TO CLAIM TAX PREFERENCES.—In the case of an item of tax preference which is a deduction from gross income, the taxpayer may elect to waive the deduction of all or part of such item, and the amount so waived shall not be taken into account for purpose of this part. In the case of an item of tax preference described in section 57(a)(9), the taxpayer may elect to treat all or part of any capital gain as gain from the sale or exchange of property which is neither a capital asset nor property described in section 1231, and the amount treated as such gain shall not be taken into account for purposes of this part. An election under this subsection shall be made only at such time and in such manner as is prescribed in regulations promulgated by the Secretary or his delegate, and the making of such election shall constitute a consent to all terms and conditions as may be set forth in the regulations as to the effect of such election for purposes of this title."

(e) The amendments made by this section shall apply to taxable years beginning after December 31, 1971.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. NELSON. Mr. President, I ask unanimous consent that a memorandum which explains the present minimum tax provision and the changes we propose be printed in the RECORD at this point.

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

MEMORANDUM

A. PRESENT MINIMUM TAX PROVISION

The Tax Reform Act of 1969 provided a special minimum tax for certain special deductions or tax favored income, called preference income. The present minimum tax is levied on nine areas of preference income. The taxpayer is allowed a deduction of $30,000 plus any regular income tax paid, and the tax is levied at the rate of 10 percent.

The following tax preference income is subject to the minimum tax: (1) accelerated depreciation on personal property subject to a net lease. Straight line depreciation means that deductions for depreciation are taken in equal amounts over the useful life of the property. Taxpayers have the option of using methods of accelerated depreciation which may allow a larger portion of depreciation to be deducted in the earlier years than in later years. The excess of these larger deductions in earlier years over the amounts that would be deducted under straight line depreciation is preference income subject to the minimum income tax. The provision only applies to individuals, estates, trusts, Subchapter S Corporations (which may elect to be taxed as partnerships), and personal holding companies; they do not apply to other corporations. Personal property of a taxpayer, which is leased with a guarantee of a specific return or a whole or partial guarantee against loss of income, is personal property subject to a net lease eligible for this treatment.

(2) Accelerated depreciation on real property. Similarly, for real property (such as buildings) the excess deductions taken in any year under an accelerated method of depreciation over those which would be taken under the straight line method are subject to the minimum tax. In addition, depreciation deductions for rehabilitation expenditures on low and moderate income housing may be taken in equal yearly installments over a five-year period. This provision allows the deductions to be taken over a shorter time than the useful life of the improvement. The excess of these deductions in any one year over the deduction which would be taken if the expenditure were depreciated over the entire useful life of the property under straight line depreciation is subject to the minimum tax. These provisions are applicable to all taxpayers.

(3) Amortization of on-the-job training and child care facilities. Under present law, expenditures for on-the-job training and child care facilities can be deducted in equal amounts over a period of five years. The excess of these deductions over the deductions which would be taken under allowable depreciation methods (including accelerated depreciation) is preference income subject to the minimum tax.

(4) Amortization of pollution control facilities. Under present law, deductions for the costs of certified pollution control facilities attributable to the first 15 years of useful life can be taken in equal yearly installments over a five-year period. The excess deductions taken under this method over allowable methods of depreciation (including accelerated depreciation methods) are subject to the minimum tax. This provision is applicable to all taxpayers.

(5) Amortization for certain railroad rolling stock. Under present law, the deduction for the cost of certain railroad rolling stock may be taken in equal installments over a period of five years. The excess deductions under this provision over allowable depreciation deductions (including accelerated depreciation methods) are subject to the minimum tax. This provision applies to all taxpayers.

(6) Tax benefits from stock options. Stock options are often granted which allow employees to buy stock at some time in the future for a stated price regardless of the market price. The difference between the option price and the market price at the time the option is exercised, which is not considered taxable income until the stock is eventually sold, is subject to the minimum tax.

(7) Depletion allowances. Present law allows a method of percentage depletion, for recovering the cost of developing a well or mine, which is based on production rather than cost. Deductions for depletion may exceed the actual costs. The excess of the depletion allowance for the year over the adjusted basis of the property at the end of the year is subject to the minimum tax.

(8) Bad debt deductions of financial institutions. Financial institutions are allowed to deduct from their taxable income, reserves against bad debts. These reserves are generally higher than actual bad debt losses. The amount by which deductions for the purpose of adding to bad debt reserves exceed the amount which would have been allowed if a bank were to maintain its reserves on the basis of actual experience is preference income subject to the minimum tax.

(9) Capital gains. Long term capital gains are treated somewhat differently for individuals and corporations. For individuals, one half of net long term capital gains (to the extent they exceed net short term capital losses) are excluded from regular tax. This income is now subject to the minimum tax. For corporations, all net long term capital gains (to the extent they exceed net short term capital losses) may be taxed at the rate of 30 percent instead of the regular corporate rate of 48 percent. Long term gains considered as preference income for a corporation are determined by multiplying total long term gains by a fraction whose numerator is the regular rate minus the alternative 30 percent rate (or 18 percent) and whose denominator is the regular rate (or 48 percent). Thus, 18/48ths of corporate long term

capital gains—the difference between the tax at the regular rate and the tax at the lower rate—is subject to the minimum tax.

B. PRESENT MINIMUM TAX INEFFECTIVE

Under the present minimum income tax, it is very easy for a taxpayer to avoid paying any minimum tax or to pay a very small amount of minimum tax. For example, a taxpayer filing a joint return with a regular income of $100,000 and preference capital gains income of $50,000, who happens to have itemized deductions of 15 percent and two exemptions, would pay no tax on his preference income. If his preference income were $100,000 he would pay a tax of $3,463 on that $100,000 of income. To take another example, a financial institution with taxable income of $500,000 and preference income of $250,000 of excess bad debt deductions would pay no tax on that preference income.

C. PROPOSED NELSON/CHURCH AMENDMENT

The proposed amendment would set up two categories of preference income. Category I income—excess depreciation and amortization for real property, personal property subject to a net lease, pollution control facilities, rolling stock and on-the-job training and child care facilities—would continue to be treated as they are under present law. Category II income—preferences due to stock options, bad debt reserves, depletion and capital gains—would be treated differently. For Category II income no deduction for regular income tax would be taken and the exemption would be $12,000 rather than $30,000. The $30,000 exemption for Category I income would be reduced by the amount of the exemption taken for Category II income in the case of a taxpayer who had both types of preference income.

The rates which apply to Category II income would also be changed. In the case of corporations, the rate would be 24 percent or half of the regular corporation tax of 48 percent (normal tax plus surtax). In the case of individuals, the tax on Category II income would be equal to one-half of the tax which would be due if the preference income were considered to be regular taxable income, that is to say, one-half of the applicable marginal rates.

Mr. NELSON. The enactment of the Tax Reform Act of 1969 should not result in complacency. It was merely the beginning—and a rather poor beginning—of meaningful tax reform. Our tax code, a document of mind-numbing complexity, still enshrines inequities and injustices. It still unduly rewards the rich and punishes the poor.

Perhaps the main reason why a modicum of tax reform was finally achieved in 1969 was the public's rightful outrage when it learned that many wealthy people were paying little or no income taxes. When Secretary of Treasury Joseph Barr disclosed that in 1967 155 Americans with income of over 200,000 paid no Federal income tax and, in fact, 21 of them made incomes of over $1 million each and still paid no taxes it was clear that something had to be done. Unfortunately, what was done was not done well. Although the Tax Reform Act of 1969 adopted a minimum tax on income derived from tax preference provisions it is still possible for the very rich to pay little or no tax. In 1970, 106 individuals with incomes of $200,000 or more paid no Federal income tax. Incredibly, three taxpayers with adjusted gross income of more than $1 million each pay no income tax at all.

As startling as these figure are, they understate the number of wealthy people who, through tax loopholes, escape paying any Federal income tax at all. These figures include only individuals who file Federal income tax returns showing adjusted gross incomes in excess of the $200,000 and $1 million levels. Important tax preferences in the present Internal Revenue Code exclude certain classes of income from the definition of "gross income" altogether. More important than the tax preferences excluding income items from "gross income" are those which result in reduction of a taxpayer's "adjusted gross income" by means of special deductions.

The deductions permitted by the percentage depletion allowance is an example of such a deduction. Because deductions of this kind reduce taxpayers' adjusted gross income—the figure upon which the Treasury statistics are based—they can prevent the statistics from including many individuals who in fact have large real incomes but pay no tax.

The fact that a millionaire can escape paying any Federal income tax at all captures our attention but the problem is much more serious and widespread. For every wealthy person who pays no Federal income tax there are many more who do not pay a fair share of their income in tax. In fact, the tax rate on these wealthy peoples' income is much less than the tax rate on the income of the average American worker.

The statutory rate schedule for the individual income tax has a sharply progressive structure. The tax rates rise from 14 percent to 70 percent. For married taxpayers filing joint returns, the 14 percent bracket applies only to the first $1,000 of taxable income; the 70 percent bracket applies to all taxable income in excess of $200,000.

Data on the rates of tax which taxpayers really pay manifests a marked departure from the statutory rates. Statistics disclosed by the Treasury Department in 1969 indicate that, at 1969 income levels, 28.2 percent of the tax returns showing "amended taxable income" between $500,000 and $1 million paid tax at effective rates of no more than 25 percent; 58.5 percent of the taxpayers in this income range paid tax at effective rates of no more than 30 percent—substantially less than half the top statutory rate. Of taxpayers having amended taxable income of $1 million and over, 62.8 percent paid tax at effective rates of no more than 30 percent.

Comparable data is not yet available for the first year after the Tax Reform Act of 1969 became effective. However, analysis of the data in light of the specific reforms contained in the 1969 act suggests that post-1969 statistics would not show substantial deviations from the figures set forth above.

A study recently completed by Joseph Pechman and Benjamin Okner of Brookings affords additional evidence for the conclusion that the upper ranges of the individual income tax system possess very little real progressivity.

Computing the Federal income tax paid under existing law by all classes of individuals as a percentage of so-called "expanded adjusted gross income," the study finds effective tax rates rising from 0.5 percent—for the first $3,000 of income—to 29.5 percent—for expanded AGI from $100,000 to $500,000—30.4 percent—for expanded AGI of $500,000 to $1 million—and 32.1 percent—for expanded AGI of $1 million and over. This data is based upon projections of 1972 income levels and computations of tax under the law as amended both by the Tax Reform Act of 1969 and by the Revenue Act of 1971. Here again, one finds clear evidence that the 1969 act did little to improve the progressivity of the upper ranges of the individual income tax. To put the matter somewhat differently, the fundamental goal of the income tax system—to correlate taxes paid with ability to pay—remains unrealized despite the 1969 act.

The Treasury Tax Reform Studies and Proposals, published in early 1969 and providing much of the background material for the 1969 Tax Reform Act, described 11 specific cases of high income individual taxpayers who were making use of the preferential provisions of the Internal Revenue Code to pay little or no Federal income tax. The minor effect of the 1969 act can be seen by comparing the results of the post-1969 law in these cases with that of the pre-1969 law.

One of the Treasury cases concerned a taxpayer with income of $935,781, consisting largely of capital gains, dividends, and interest. Under the pre-1969 law this individual paid tax at an effective rate of 14.7 percent. Under the post-1969 law he would pay tax at 17.5 percent—bringing him to an effective tax rate 0.5 percent less than the rate applicable to persons with incomes of from $20,000 to $50,000 in 1966.

A second Treasury case concerned an individual with income of $1,284,718, composed almost entirely of capital gains. Under the pre-1969 law, his effective rate of tax was 0.03 percent. Under the law applicable to 1971, his effective tax rate would be 8.5 percent—hardly a dramatic increase if one bears in mind that persons having income of less than $5,000 in 1966 paid tax at an average effective rate of 7.4 percent.

A third case described in the Treasury studies concerned a taxpayer with $1,469,179 of income from oil and gas, $673,390 of long-term capital gains, and $118,393 of dividends, interest, and miscellaneous income. Under the pre-1969 law, he paid to Federal income tax. Under the post-1969 law, the effective tax rate on his $2,260,962 total income would be 6.7 percent. That rate is less than half of the 14 percent rate which applies to the first $1,000 of the average workingman's taxable income.

One should note that, if anything, these illustrations understate the tax avoidance possibilities which remain in the post-1969 income tax law. The computations here assume continuation of the same investment patterns which the taxpayers had chosen under pre-1969 law. The 1969 act made some of the tax preferences outlined here less advantageous, but it left a number of other tax preferences untouched; it opened several new loopholes; and the Revenue Act of 1971 opened still others. Presumably, sophisticated upper-bracket investors will

shift their investment patterns to take advantage of these new possibilities—and thereby avoid or reduce the effect which the computations above suggest for the 1969 act.

Two hypothetical examples are useful to make clear the tax avoidance possibilities which remain in the law after the 1969 act.

X has $1 million of tax-exempt interest, $200,000 of dividend income, $100,000 of deductible charitable contributions and other personal deductions including interest, of $100,000. Under the present Internal Revenue Code—including the 1969 amendments—X will pay no Federal income tax or minimum tax on his total income of $1,260,000.

Y is a married taxpayer with $300,000 of long-term capital gains, $100,000 of dividends, $50,000 of salary, $50,000 of tax-exempt interest, $200,000 of income from oil and gas production, $100,000 of percentage depletion in excess of cost, $250,000 of intangible drilling and development costs, $100,000 of real estate losses attributable to accelerated depreciation, $25,000 of deductible charitable contributions—including $10,000 of untaxed appreciation—and $25,000 of other personal deductions. Under the present income tax law, Y will have no taxable income. He will pay a minimum tax of $32,000, making his effective Federal income tax rate 4.5 percent on total real income of $710,000.

A different class of evidence further demonstrates the subsisting need for reform of the income tax system. An active and vigorous market in tax shelters—devices by which high-income individuals shield their incomes from tax—continues despite the 1969 act. Corporate executives, doctors, lawyers, other high income individuals, and their tax and financial advisers are bombarded by a steady stream of sales literature advertising tax shelter arrangements. The advertisements are attractively packaged, with colorful illustrations and glossy paper; and their tax advice is, unfortunately, largely sound.

One such brochure, addressed to "Mr. and Mrs. Fortunate Participant" and prefaced with the observation that its information will be of interest only to persons in the 50 percent or higher tax brackets, tells the reader that he may "convert a portion of—his—tax burden into an investment which will provide potential income and the creation of a capital asset." It proceeds to describe, in clinical detail, how high-income individuals can utilize cattle feeding, oil and gas, cattle breeding, and real estate investments to avoid tax.

A second pamphlet urges investors to "Put tax dollars to work for you" by investing in an oil and gas drilling program. It explains:

> Individuals in high tax brackets can utilize the Drilling Fund to shelter part of their income from taxes, starting in the year of investment and continuing as long as oil and gas income is received. Much of their investment in the program is made with dollars that would otherwise be paid in taxes to state and Federal governments. Higher income tax brackets enable Limited Partners to enjoy greater tax savings than would be possible in lower tax brackets.

An advertisement for a tape cassette entitled "The Big, New Tax Benefits of the Revenue Act of 1971" helpfully addresses itself to such topics as "The Revolutionary, New 'Class Life' Depreciation System That Pumps Extra-$$$ Back Into Your Business"; and "How To Create a 'Domestic International Sales Corporation' (DISC) and Cash in on This New Tax Shelter for Export Profits." A summary explains:

> With this quick-listening cassette you'll cut straight to the core of great new tax benefits. You'll see how you can profit from brand-new tax credits and shelters . . . get the most out of increased deductions and exemptions . . . make powerful, new tax moves to put yourself $$$ ahead in 1972.

An advertisement for a program on "Tax-Sheltered Investments," held in New York, San Francisco, and Houston this year, explains that the program's objective is "to explore and evaluate the numerous investment opportunities which offer the investor reduced or deferred tax liabilities under current Internal Revenue Service regulations." Noting that "Tax-sheltered investments are by definition complicated," the brochure points out that a special "faculty of tax, legal, accounting, investing, and operating management experts will work with you to clarify the possibilities for profitable participation in this field."

The examples could be multiplied almost without limit. The lesson is clear: brokers and dealers in tax shelters are thoroughly aware of the tax avoidance devices which remain available after the 1969 act, and they are doing all they can to bring that information to the attention of high income taxpayers.

The departure of our income tax system from the measurement of taxes according to ability to pay is not confined to the individual income tax. It extends also to the corporate income tax.

The 1969 Tax Reform Studies and Proposals contained statistics, based on 1965 data, comparing the effective tax rates of various industries.

In comparison with the average effective tax rate of 43.3 percent paid by manufacturing industries generally, the petroleum industry paid 21.1 percent, other extractive mineral industries paid 24.3 percent, the lumber industry paid 29.5 percent, commercial banks paid 24.4 percent, mutual savings banks paid 5.3 percent, and savings and loan associations paid 14.5 percent.

Although the Tax Reform Act lowered the percentage depletion deduction from 27.5 percent to 22 percent and restricted certain other corporate tax preferences, it did nothing to the exploration and development deduction, the deduction for intangible drilling and development expenditures, tax-exempt interest, and the Western Hemisphere Trade Corporation deduction; and its only change affecting the capital gains treatment for timber was the modest general elevation of the corporate capital gains rate to 30 percent. Furthermore, the investment credit was reenacted in 1971, and the 1969 act reforms for accelerated depreciation on residential rental property were quite minor. Accordingly, while the industry effective rate percentages described above may have increased slightly for the petroleum industry, the effective rates for 1962 should reflect approximately the same industry-to-industry variances which were present before the 1969 act.

The situation hardly seems improved when the U.S. Treasury can report that for 1970, 40 percent of all U.S. corporations paid no Federal income taxes. This was true before ADR and the investment tax credit went into effect, we therefore can anticipate even greater reduction in the effective tax rate for corporations.

In the light of such facts is it unreasonable to ask Congress to act?

The introduction of the minimum tax in the Tax Reform Act of 1969 was an attempt to obtain some tax contribution from wealthy individuals who had previously escaped income tax on all or most of their income. The facts I have previously mentioned reveal how far we have yet to go to achieve that goal.

The minimum tax is levied at a 10 percent rate on a selected list of preference incomes to the extent that income from all the items exceed, first, a $30,000 exemption and second, the regular income tax for that year or prior years. The most important preference incomes in the minimum tax base are capital gains. the 50 percent of long-term capital gains excluded from taxable income for individuals, and the difference between the tax at the regular rate—48 percent—and the lower capital gain rate of 30 percent for corporations; depletion deductions in excess of the amount that would be allowed on the basis of cost; the value of a stock option given to an employee at the time the option is exercised and bad debt deductions of financial institutions.

The amendment which Senator CHURCH and I am proposing would change the tax treatment of these four items of the minimum tax. For these items no deduction for regular income tax would be taken and the exemption would be $12,000 rather than $30,000. The rate which applies to these items would also be changed. In the case of corporations, the rate would be 24 percent or half of the regular corporation tax of 48 percent—normal tax plus surtax—in the case of individuals the tax would be equal to one-half of the tax which would be due if the preference incomes were considered to be regular taxable income, that is to say, one-half of the applicable marginal rates.

Mr. President, Congress enacted the minimum tax provision in 1969 to achieve the rather simple principle of tax equity that every wealthy person should pay some Federal income tax. It is becoming painfully clear that we failed to achieve that goal. I proposed that we try to finish the job. Acceptance of this amendment will not end the need for more thorough tax reform. On the other hand, acceptance of this amendment should not have to wait for a more comprehensive tax reform proposal. The minimum tax provision is by its very nature not an attempt to reform the entire tax code. It merely tries to insure that everyone, who can, pays some percentage of his income in taxes. The amendment I am proposing today has been the subject of extensive debate in recent years. It received detailed hearings in Congress

during the Tax Reform Act of 1969. There is no excuse for not doing at least this much this year.

Mr. CHURCH. Mr. President, I join the distinguished Senator from Wisconsin in offering this amendment.

Again, our purpose is the same as it was before: To undertake to raise the revenue we propose to give away to State and local governments and avoid thrusting the National Government more deeply into debt.

Senator NELSON and I have prepared a chart which we have distributed to Members of the Senate, illustrating the dramatic increase in the growth of the debt. Since the end of Harry Truman's administration, the debt has increased by $200 billion, and half of that increase will have occurred in the fiscal years 1970, 1971, 1972, and 1973—that is, the 4 years of the Nixon administration.

Is there any wonder, then, why it is repeatedly charged that the Federal budget has gone totally out of control? Is there any way we can avoid the responsibility for raising the money we propose to share? To be sure, we can avoid doing it now, before the election, but one day we must face up to it. It is far more honest to face up to it now and advise the American people that there is no free revenue to share; that there is no way to manufacture the money to give away to State and local governments; that the Federal Government cannot keep going ever more deeply into debt.

With this amendment, we propose to raise the revenue through tax reform to do the very thing that so cries out for the doing. We are very close to a tax revolt in this country. The people know that the present system is grossly unfair.

The manager of the bill, the distinguished Senator from Louisiana (Mr. LONG), in making one of the finest statements concerning the need for this reform, had this to say about the present tax system, when speaking on the floor of the Senate on November 24, 1969:

> As the members of the Senate well know, there is a great demand for tax reform. Throughout the country, our people are paying high tax rates and bearing heavy tax burdens. They want to make sure that their taxes are fair. They are willing to pay their share of the tax burden, but they do not want to bear someone else's tax burdens. There is nothing that makes a man so angry and discouraged as the feeling that other people are not paying their taxes and are putting their tax burdens on his back .
>
> I think there is a widespread feeling throughout the country that our tax system is now not as fair as it should be. Joe Barr, when he was Secretary of the Treasury, pointed out the nature of the problem that faces us when he cited 154 individuals with incomes of $200,000 or more in 1966 who paid no income taxes. There were even 21 individuals with incomes of $1,000,000 or more in that year paid no tax.

Mr. President, I agree heartily with the distinguished chairman of the Committee on Finance. We do need tax reform. It has become a major issue in this election. Nowhere is the need more glaring than when it comes to those at the very top of the tax brackets who are paying little or no tax at all.

I take it that 2 years ago, when Congress acted to pass a minimum tax, it intended to reach these people. Yet, the provisions of that minimum tax are so weak that, after 2 years of experience with it, we know that it must be strengthened if it is to do the job we intended.

The record is clear. The evidence is before us. It is just a question of whether we blink at the evidence and postpone tax reform until another, more convenient time, or whether we undertake to now raise the money we propose to give away to State and local governments. It is a question of whether we continue to be irresponsible or whether we at last act as serious custodians of the Public Treasury.

I am sure that the question will be settled, if one may judge from the previous vote, in favor of more irresponsibility. Nonetheless, it is difficult to argue that this minimum tax ought not be strengthened in face of the data now available.

In 1970, for example, the minimum tax raised only $117 million from 18,646 individuals on a total of $2.85 billion in preference income. This represents an effective 4-percent tax rate, not the 10 percent we had intended, which was little enough—only 4 percent, a rate far below the tax rate paid by the average working man or woman.

The 1970 figures also show that it is possible to have very large amounts of loophole income, while still paying little or nothing under the minimum tax. In 1970, a total of 3,140 individuals showed no adjusted gross income in the aggregate—in fact, they showed a loss—but they had a total amount of tax preference income of $197 million.

There is no way this can be justified. The proof is in that the minimum tax has failed even to achieve the standards set by Congress when it enacted it. We are not receiving 10 percent from these people, though we tax the workingman at a much higher rate. We are receiving 4 percent. Is there any wonder that people are so angry at the tax system and the men who perpetuate it?

In this connection, Mr. President, a very informative article demonstrating the failure of the present minimum tax to achieve its objectives, written by Eileen Shanahan, was published in the New York Times. I ask unanimous consent that the full text of the article, giving all the particulars, be printed at this point in the RECORD.

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

NEW MINIMUM TAX NET $117 MILLION; BUT 18,000 WEALTHY PERSONS PAY AVERAGE 4 PERCENT LEVY

(By Eileen Shanahan)

WASHINGTON, March 26.—The major reform of the 1969 Tax Reform Act cost some 18,000 wealthy individuals a total of nearly $117-million in additional taxes last year, but the tax that they paid under the reform provision averaged only 4 per cent.

All taxpayers taken together, regardless of income bracket, paid an average 13.8 per cent of their income in Federal income taxes.

Statistics showing the effect of the reform act on 1970 personal income taxes have just been released by the Internal Revenue Service in its annual publication, Statistics of Income.

The pamphlet (I.R.S. Publication 198-2-72) gives for the first time an analysis of what has happened under what is known as the "minimum tax," a provision of the 1969 law that was aimed at preventing individuals with large income from escaping all Federal income tax.

The minimum tax imposes a special tax at a flat rate of 10 per cent on income that is tax-free under other provisions of the tax law, provided that tax-free income exceeds $30,000 plus whatever tax the individual paid on his other income. Thus, the actual tax rate paid under the minimum tax will always be less than 10 per cent.

FALLS SHORT OF GOAL

The minimum tax did not entirely succeed in its basic purpose of making sure that all persons with income in excess of $30,000 paid at least some Federal income tax, the I.R.S. figures showed.

A total of 3,314 persons with incomes of $30,000 or more paid no income tax in 1970. Of these, 1,338 had incomes in excess of $50,000; 394 had incomes in excess of $100,000; 22 had incomes of excess of $500,000, and three had incomes in excess of $1-million.

Criticism of the operation of the minimum tax came immediately from Representative Henry S. Reuss, Democrat of Wisconsin, who has become one of the leading advocates of tax reform in the House.

He said that even if the well-to-do-persons subject to the minimum tax were paying the tax at an average 7 per cent rate—instead of the 4 per cent that a simple averaging of the figures would indicate—that is the same overall percentage of Federal income tax payments that is made by a person with an income of only $6,500.

"As things stand now," Mr. Reuss said, "the minimum tax administers just a small love pat to wealthy tax avoiders. They can continue to use tax loopholes if they will just pay a small admission fee for the privilege."

Mr. Reuss said that, at the very least, the 10 per cent rate of the minimum tax should be increased.

PREFERRED ITEMS LISTED

The number of taxpayers who were subject to the minimum tax in 1970 was 18,646. They paid $116,875,000 in minimum tax on a total of $2,845,207,000 of income that is given preferential treatment—either untaxed or lightly taxed—under other provisions of the tax law.

Items of tax-preferred income that are subject to the minimum tax include accelerated depreciation deductions, income subject to depletion allowance and the tax-free half of capital gains.

Some other items of tax-preferred income are not included in the list. Among these are income from state and local government bonds and income subject to the special deduction for oil and gas well drilling expenses.

Mr. Reuss said that the way the tax law works, some income that receives preferential tax treatment is subtracted before the taxpayer reaches the point on his tax return that says "adjusted gross income." All of the statistics on how much tax is paid—or avoided—by persons in each income bracket are based on adjusted gross income.

ESCAPE STATISTICIANS

Thus, Mr. Reuss said, the figures showing the number of high-income persons who pay little or no tax are misleadingly low.

"It is possible to have very large amounts of tax loophole income, while at the same time having little or no adjusted gross income," he said. "These people are not only escaping the tax collectors, they're escaping the statisticians as well."

An example of what Mr. Reuss had in mind could be found in the Internal Revenue figures showing that there were 3,140 individuals who showed no adjusted gross income—in the aggregate, in fact, they showed

a loss—but who had a total amount of tax preference income of $197,245,000.

Mr. CHURCH. Mr. President, I ask unanimous consent that an editorial published in the Idaho Statesman, captioned "Revenue Sharing," which supports the proposition that we ought to raise the revenue we now propose to give to State and local governments under this measure, be printed at this point in the RECORD.

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

REVENUE SHARING

Senators Church and Jordan have considerable logic on their side in their positions on the Senate's revenue-sharing bill. Jordan opposes it and Church said he will support it only if it is accompanied by legislation to raise $5 billion to pay for it.

That is the best approach—to pass revenue sharing and to raise the $5 billion to pay for it. That amount could easily be raised by closing a few tax "loopholes."

The Senate bill would give Idaho's state government $7.9 million the first year. State and local governments would receive $15.7 million, a total of $23.6 million.

With that $23.6 million Idaho could reverse the trend of rising property taxes. Property taxes should go down substantially. The schools would benefit. Growing areas, like Ada and Canyon counties, would find it easier to keep up with rising costs.

By pre-empting so much money through the federal income tax, the federal government tends to starve state and local governments. People can't resist federal taxes very effectively, but they can resist taxes at the state and local level.

Yet the greater needs are not for more federal projects, for higher federal salaries, for bigger federal buildings, but for such bread and butter local services as schools, roads, sewers and parks.

There is work to be done. There are jobs to be created. Some of it isn't done now because local government has no place to turn but to the property tax.

The trouble with revenue-sharing this year is that the federal government is heading for a deficit of more than $25 billion. Revenue sharing will really be debt sharing.

Raising the $5 billion to pay for revenue-sharing would be a good starting place for a more responsible fiscal policy. It would help curb the deficit.

Senator Jordan favors another alternative to the revenue-sharing bill as written, diverting to states a share of federal income tax revenue collected in the states.

There is a danger, as he notes, that state and local government will become too dependent on revenue sharing. Unless Congress and the executive branch practice more restraint than in the last few years, it could get out of hand.

On the other hand, there is no evidence that the executive and Congress will be any less extravagant with revenue sharing than without it. At least with it state and local government, and local taxpayers, would be better off.

Revenue sharing would be approved, but as Senator Church suggests, with a $5 billion revenue-raising measure to accompany it. Or Congress should follow its passage with a $5 billion cut in federal spending.

Mr. CHURCH. Mr. President, an excellent statement of the general need for tax reform, one of the most detailed and objective statements I have seen, was published in the August 12, 1972, edition of Business Week. It sets out the inequities in the present system and discusses, pro and con, the various proposals for tax reform. In the hope and expectation that Congress, following the elections, will address itself to this question and undertake to raise some revenue to close the tremendous deficit gap, I ask unanimous consent that the full text be printed here in the RECORD.

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

TAX REFORM

Never in modern U.S. economic history has there been tax reform without an accompanying tax cut to soften the blow. But the odds are that no matter who occupies the White House in 1973, Congress will seek tax reform as part of—or instead of—a hefty tax increase.

Two forces are working to break tradition: The federal budget has skyrocketed, with this year's deficit running at more than $30-billion. According to the Brookings Institution, the country is headed for a $17-billion full-employment budget defict in fiscal 1975, unless current tax and spending plans are altered. Administration officials blame Congress, but that will not solve the dilemma. Economists, warning that the mid-1970s could bring an inflationary boom like that of the mid-1960s, say that bigger taxes are inevitable. Noble Prize winner Paul Samuelson told a recent hearing of the Joint Economic Committee that "no matter who wins the election, Congress will find itself legislating higher taxes next year."

The public distrusts and resents the way in which the federal tax system imposes its load. Voters are increasingly uphappy with tax laws that they think hit the average man too hard and the rich and the corporation too softly. This dissatisfaction surfaced during the Democratic Presidential primaries. Both South Dakota's Senator George McGovern and Alabama's Governor George Wallace repeatedly attacked what they called the unfair federal tax system that lets the rich and powerful pay less than their fair share. Although the charge was never spelled out in much detail, voters responded enthusiastically.

It could be that Wallace and McGovern were merely giving listeners a target for their general unhappiness with successive governments that brought them the war in Vietnam, inflation, recession, rising expectations, and rising frustration. But whatever its true origin, the taxpayers' revolt, which Congress tried to stifle with the Tax Reform Act of 1969, is back on the march. Says Walter W. Heller, President Kennedy's chairman of the Council of Economic Advisers: "We have got to get this equity question straightened out before we get the tax increase."

PRESSURE ON THE WHITE HOUSE

Congress has gotten the message. Tax reform is fast becoming a fashionable cause in the Capitol. The thin ranks of old-time reformers—including Representative Henry S. Reuss (D-Wis.), Charles A. Vanik (D-Ohio), James C. Corman (D-Calif.), and Senator Gaylord Nelson (D-Wis.)—have been joined by new recruits. In the vanguard: Democratic Presidential nominee McGovern.

This fall a group of reform enthusiasts may start the ball rolling by placing a quickie, $6-billion reform rider on the Administration's debt ceiling bill. Procedural problems will probably stymie the move, but not the spirit, behind the drive for reform.

Ways & Means Committee Chairman Wilbur D. Mills, the godfather of Congressional tax legislation, has also seen the handwriting on the wall. The wily Arkansas legislator has not been a champion of reform in the past. But during his brief run for the Presidential nomination this year, he tried to outdo opponents by proposing a massive repeal bill that would have wiped out 54 special tax provisions unless Congress took specific action to retain them. Noncandidate Mills has backed off from the sweeping proposal, but he is pledged to hold tax reform hearings early next year—on exactly what, he will not say.

President Nixon, too, has tested the water and announced that the Treasury is working on a plan for tax reform—albeit a "secret plan" that will not be unwrapped until after the November elections. The White House likes to point to the Tax Reform Act of 1969 as evidence of its reforming zeal, but Congressional observers scoff at this claim. The view from the Hill is that Congress forced reform on Nixon not vice versa, and that may happen again. In 1969, Congress was armed with a giant study of tax reform proposals prepared by outgoing Democratic Assistant Treasury Secretary Stanley Surrey. "Nixon," says one Hill staffer, "had to run to catch up." Neither Nixon nor Congress, however, ran very hard, and the 1969 bill wound up with more tax reduction than reform.

Yet the President has promised localities some kind of relief next year for heavy property taxes, perhaps through a new federal value-added tax. Nixon would have a tough time pushing this controversial form of national sales tax through a Democratic Congress without some accompanying reforms to increase taxes on the rich.

What is causing the reformers' dismay is buried in 1,856 pages of the Internal Revenue Code and in over 4,000 pages of Treasury regulations. This mountain of legalese describes how the federal government will pick some $220-billion out of American pockets this year. More than half the money (table, page 85) will come from income taxes, personal and corporate, that were designed to be progressive—to take more from the rich man's dollar than from the poor man's, more from the giant corporations' profits than from little businesses: Estate and gift taxes, levied for the privilege of transferring money before and after death, will bring in only about $4.3-billion a year. These two taxes are designed to hit the rich harder, on the theory that they have a greater ability to pay. The rest of the federal booty comes from regressive taxes—where the poor pay more—such as payroll levies and excises.

GOOD TAXES, BAD TAXES

Reformers note the federal government's increasing reliance on the "bad taxes," the regressive ones. Washington now collects more revenue from payrolls than from corporate income taxes—a turnabout from the 1950s. Economists argue about who ultimately pays the corporate tax—consumers through higher prices, or stockholders through lower profits. But most experts agree that the tax is at least moderately progressive—and certainly more so than payroll taxes, half of which come straight out of labor's pocket.

To make matters worse for poorer Americans, in recent years state and local governments have been upping their demands, too, even faster than has Uncle Sam. The tax take at these lower levels rose from 45% to 52% of the federal total between 1950 and 1969. Most of the money comes from regressive excise, sales, and property taxes.

The upshot, according to a study by economists Lester C. Thurow and Robert E. B. Lucas, is that the "bad" has canceled out the "good", leaving the U.S. with a proportional tax system that hits the rich and the poor with about the same clout. Thus, taxes do virtually nothing to alter income distribution, which has remained unchanged since 1947. The poorest fifth of families receives about 5% of the total family income—before and after taxes—while the top fifth gets 42%. The tax system's turn toward regressivity does not mean of course, that the taxpayer is overloaded. He is not—at least compared to his European counterpart. Taxes in the U.S. add up to about 32% of gross national prod-

uct—roughly on a par with Italy, Canada, and Belgium. Harder hit are residents of Sweden, Norway, and Great Britain, where taxes take 48%, 43% and 39% respectively of the GNP.

Moreover, taxes tell only part of the story of the government's financial impact on various citizens. A fuller picture comes from looking at what the government gives as well as what it takes. On this basis (table, page 85), the U.S. seems to have a progressive system that on balance reduces the income of the rich and increases the income of the poor.

FAILING THE FAIRNESS TEST

This bird'e eye view, however, misses the point of the taxpayers' revolt. Most Americans do not really know very much about what taxes are today in Sweden, or what some Census Bureau experts think about progressivity of the U.S. tax-transfer mix. What they do know is that, because of inflation and higher taxes, the value of their paychecks did not grow between 1965 and 1971. And they know that people on salary do not get many breaks from the Internal Revenue Service. They see the tax system losing its grip—but not on them. For example:

Some 112 Americans with annual incomes of more than $200,000 in 1970 paid federal income taxes of zero—despite the much-heralded tax reform of 1969 and the new minimum income tax of 10% imposed at that time (page 85).

Taxpayers with incomes of $20,000 to $50,000 pay an effective rate of 20% to 30%. But people 20 times that rich, with incomes from $500,000 to $1-million, pay the same effective rate—not the 70% IRS maximum for this bracket.

Corporations paid an estimated average effective tax rate of 37% on profits in 1969, according to a recent study by Representative Vanik. The top 100 companies managed to reduce the toll to 26.9%, a far cry from the 48% tax legislated by Congress. (Although corporate tax figures are not public, Congress may soon demand that they be published.)

Conservatives tend to view such discrepancies as a matter of incentive for investment; liberals are more likely to view them as "loopholes." For the average man, the problem seems to boil down to equity, something that Adam Smith 200 years ago said that every tax system ought to have.

Unfortunately, Smith did not leave his modern counterparts much advice about achieving tax equity. And today's public finance experts have not done much better than their master. Their rules and logic run as follows:

Taxpayers who are economically equal should be taxed equally. This is called horizontal equity.

Thus, it follows that taxpayers who are not equal should not be taxed equally.

Since the U.S. espouses a progressive tax system, rich Americans should pay a larger share of their incomes into the pot than low-income individuals. This is vertical equity.

On its face, the U.S. system—built on the base of a personal income tax with rates ranging up to 70% in the top brackets—seems to meet all three measures of fairness. The charge of inequity arises because over the years Congress has written into the revenue code a long list of exemptions and provisions for special treatment of certain kinds of income and expenses. Many of these originally were intended to achieve greater equality in treatment of taxpayers. Others were designed to promote activities deemed necessary for the economy. The result has been to offer alert tax avoiders a wide range of choices:

Deductions for certain kinds of spending—charitable contributions, interest payments, local taxes, for example—shrink the income base to which taxes apply.

Exemption of certain kinds of income—interest on state and local bonds, part of capital gains, interest earned on premiums paid for life insurance, payments into pension funds by employers—put huge slices of income beyond the reach of the tax collector.

Special credits—notably the 7% investment tax credit—cut taxes of corporations that undertake spending programs that the government wants to encourage.

In the late 1960s, Stanley Surrey put together the first comprehensive tabulation of so-called tax expenditures or tax subsidies—revenues foregone by the government as a result of exemptions, deductions, and credits. Part of Surrey's table, updated by the Treasury at the request of the JEC, is shown on page 89. This is the battlefield map for the tax reformers.

Surrey, now back teaching law at Harvard, would like to see federal departments submit their budgets with tax expenditures included. This, he argues, would present a more realistic picture of what resources the government is putting into each activity. In 1969, for example, the table shows that Washington put roughly $8-billion of regular outlays into commerce and transport but "spent" about twice that, $16-billion, in taxes not collected.

Treating tax concessions as budget items would give Congress a chance to weigh each item in term of what it is costing and what it is producing. But it is unlikely that tax reform will proceed along any such logical line. Instead, Congress and the White House are likely to pick their way cautiously through Surrey's list.

WHAT THE CRITICS PROPOSE

Extreme reformers such as the Brookings Institution's Joseph Pechman would like to do away with every tax break on the list and then some—achieving the ultimate in horizontal equity, at least as far as figures can show equity. Pechman's version of a comprehensive personal income tax would erase special treatment for homeowners, married couples, and even Social Security beneficiaries.

This sweeping reform, given current tax rates, would net the government an additional $77-billion in 1972, according to Pechman and his research partner at Brookings, Benjamin Okner. It would be so effective, in fact, that Pechman and Okner estimate that it could be accompanied by a major cut in the rate schedule. If the government chose to give the whole $77-billion back to the taxpayer, it could reduce marginal tax rates as part of the scheme, bringing the levy on the top bracket down to 44% on incomes above $100,000.

However, Pechman, who is now an adviser to the McGovern camp, is realistic about the prospects of any such drastic move. "I could visualize a world in which you had rates like that," he says, "but I never kid myself that we are poised for that bold new era."

Instead, tax reform in 1973 will follow the more traditional route—tightening up here, pulling back there, cutting but not obliterating the more obvious preferences. This approach is typified by several proposals already before Congress. Some 25 representatives have endorsed a blockbuster bill by California's Corman that would chip away at dozens of tax preferences and net an estimated $19-billion when it took full effect in 1980. Another package of roughly the same size was tossed to the Senate by Wisconsin Democrat Nelson and a dozen other liberals.

The basic barrier to reform is the simple fact that one man's loophole is another man's salvation. The beleaguered homeowner does not think of his deduction for interest and local taxes as a special privilege. He sees it as the only thing that stands between him and foreclosure.

Economists—and the politicians who listen to them—also worry about the impact that heavy-handed tax reform might have on economic growth. Most of the tax preferences that business enjoys were granted originally on the ground that they would stimulate expansion or offset a handicap. The nagging questions that any tax reformer must answer are whether hitting the rich will shrink the flow of funds for investment and whether tightening up on corporations will reduce the number of jobholders as well as the number of fat cats.

At least on the Democratic side of the fence, the worry is not enough to dampen the enthusiasm for tax reform. Says Walter Heller, who was chief architect of the 1964 tax cut: "There must be a balance between the fair shares consideration and the need for full use of resources and economic growth. But the optimal mix between distribution and growth should be struck to the left of where it now is."

Inevitably, tax reform will take its coloration from the man who sits in the White House next year. Nixon would be cautious about upsetting business and the investment markets. McGovern would be rougher on higher incomes and corporations—though his recent statements indicate that he would try to achieve full employment first.

THE 12 TARGETS FOR REFORM

Of course, forcing rich Americans to pay more will do little to lower the tax burden of middle-income earners, particularly if the move is part of a push to raise taxes generally. But the object of tax reform today is to answer the complaint that the system is unfair and to make the rich pay more even if the effect on the total government budget is nominal.

This means that in 1973, Congress will be looking hardest at the 12 areas that have established themselves in the popular mind as places where the rich are getting away with something:

Estate and gift taxes

Under the present estate tax regulations, based essentially on a 1916 law and virtually ignored by Congress since 1942, most wealth can be passed from generation to generation untouched by Uncle Sam. Each year, only 4% of the estates of adults who die and 25% of the total wealth of the decedents is subject to the tax. The take comes to less than 2% of all federal revenues.

The federal estate tax alone—above the current exemption level of $60,000, rises progressively to a maximum of 77% at $10-million. Gift taxes on money or property given away during an individual's life time run at roughly three-fourths the estate rate. It would seem that a wise man would prefer to give his wealth away, rather than to take it with him. But the records show that the richest Americans prefer to retain the bulk of their wealth until death, then pass it on in elaborate trusts that can be devised to avoid estate taxes for two or more generations.

The very rich have the best of it. "These laws have helped create an aristocracy of wealth," says reformer Thomas Field, a former Treasury lawyer who now heads a public interest group called Tax Analysts & Advocates.

Tax experts of all political stripes agree that estate and gift taxes are in dire need of overhaul, if for no other reason than to update the rates and exemptions. It takes a lot more money now to support widows and orphans than it did 30 years ago. But the concentration of wealth—and the power that goes with it—are the chief targets of the economists in McGovern's camp. Their ultimate aim is to redistribute wealth in such a way as to break down artificial barriers to class mobility; revenue-raising is secondary.

Although some conservative critics oppose any kind of estate taxation as a disincentive to individual achievement, some of America's richest men disagree. Andrew Carnegie, for one, called estate taxes the nation's "wisest" levy. A father who leaves his son enormous wealth tempts him to "lead a less useful and less worthy life," Carnegie wrote.

The debate in Congress next year will revolve around modern Carnegies, who think the current rules have too many escape clauses, and their opponents, who want to keep E&G taxes loose enough to maintain the traditional American entrepreneurial spirit.

One major change, suggested by Surrey's Treasury study, would lump gift and estate levies into a single, progressive lifetime tax. This would be simpler than present rules, and would eliminate the option of trading off one progressive tax system against the other.

Another reform would aim at the generation-skipping trusts. As the 1968 Treasury study said: "The enjoyment of the property by each successive generation is not skipped; it's only the estate tax that is being skipped."

Under McGovern's present plan, the estate tax would be dumped in favor of a federal inheritance tax, with a top rate of 77% on $500,000 or more. If the current estate tax law is only modified, a very rich man with one child would probably be able to leave him very rich. An inheritance tax, which would be levied progressively on the heir on all legacies received in his lifetime, would cut into his wealth much more sharply.

Ways & Means ran out of time—or patience—to consider Surrey's estate and gift tax proposals. Mills promised to do the job as soon as possible, and could end up spending most of the next session on this part of the tax code. The Administration's chief tax man, Treasury Under Secretary Edwin Cohen, says he is ready to act. too.

Special treatment for capital gains

In 1913, when personal income taxes were authorized by the 16th Amendment to the Constitution, capital gains were not exempted. Congress was given power to tax "incomes, from whatever source derived," and income from capital gains was lumped along with the rest. Some economists—Pechman of Brookings, for one—wish that the system had stayed that way, but Congress began to spoon in the preferences and exemptions starting in 1918.

Today, only half of long-term capital gains is taxed, at a maximum rate of 25% in most cases, and never at more than 36.5%. The theory: Capital investment is an engine of growth that should be encouraged.

This special status for capital gains has been a double-edged sword. Along with encouraging growth, spurring the stock market, and enabling many hot-shot businessmen to accumulate fortunes, the preferences have sent Americans and their tax lawyers on a merry chase for ways to convert regular income into capital gains.

Congress has obliged by chipping away at the income tax to extend preferential treatment to income from livestock and timber production; royalties on patents, coal, and iron ore; and real estate investment. Economists do not agree that the result is a net plus for growth, though the incentives certainly have lured investment money into the favored sectors.

Furthermore, the Treasury estimates that the capital gains allowances cost Washington about $6-billion a year. Pechman and economist Gerard Brannon, who recently retired from the Treasury after nine years in the Office of Tax Analysis, put the figure somewhat higher.

Beyond cost, there is an equity argument. Reformers assert that the preferences allow very wealthy Americans, who derive the bulk of their income from stockholdings, to avoid taxes unfairly. Wilbur Mills has said that he cannot see why a dollar earned by the sweat of one's brow should be taxed more heavily than a dollar earned on capital appreciation.

Yet Congress is not about to strike out any of the individual preferences, for the forces arrayed against such moves are powerful. This spring, several tax studies done for the JEC concluded that specific tax preferences, such as the timber allowance, miss the mark, are not worth the Treasury's revenue loss, and might better be handled by direct government subsidies. But chances of change are slim, according to economist Jerry Jasinowski, the JEC staffer who organized the subsidy hearings for Chairman William Proxmire (D-Wis.).

"It's like being a rat in a maze," say Jasinowski. "No matter which way you turn, your're stuck. The JEC get one study done. The industry involved could get 17 written against it."

Nevertheless, reformers next year may take two swipes at capital gains. One reform would stretch the definition of long term from the current six months to 12 months. The other assault will be against capital gains that are unrealized at death, and thus untaxed.

Tax experts are hard-pressed to explain the estate loophole. Says one: "I think they just forgot about this money—it got lost between the income tax and the estate and gift taxes." The result: Some $20-billion of appreciation slips away every year through the kind of escape hatch that former Senator Paul Douglas used to call a "truckhole."

This escape route is the top reform priority for Heller and Brannon. "If Congress spent the whole year working out how to tax capital gains at death—and did nothing else—it would be a very good year for tax reform," says Brannon, who now teaches and works for Thomas Field's tax group. Mills says that he is willing to go after this loophole, but only as part of a total revision of gift and estate taxes.

Action on the death-tax angle is a high priority for reformers, however. For persons who are not rich, the rule tends to lock in assets as death approaches; people cannot afford to realize their gains during their lifetimes and reduce their estate. Furthermore, Congress cannot really raise capital gains taxes during life without shutting off the death escape. Higher rates would merely encourage more people to freeze their assets until death.

For equity reasons, any change would hit only capital gains that occur after the rules are altered. Lumping of the gains in one tax year could be avoided by averaging.

Stock option provisions

The reforms of 1964, plus Wall Street's depressed performance in the last few years, have taken some of the glow off the stock option. Nevertheless, corporations still use this shelter for executives. Taxes on the spread between the option price and the final selling price are taxed as capital gains—rather than at higher regular rates—if the stock is held at least three years before sale.

Liberal Democrats are teaming up to trim away some of this preference. They want to treat the difference between the option price and the stock's market value as regular income, and tax it when the option is exercised. Senator Nelson argues that this would discourage corporate use of the option and protect stockholders from dilution of ownership.

Tax-free interest on State and local bonds

From the start, Washington has kept hands off the interest paid by State and local governments on the bonds they issue. Congress did not want to tangle with the question of whether it is constitutional to interfere with the States this way.

The legal question still has not been settled, but the exemption has come under increasing fire. Like the capital gains preference, this break is heavily skewed in favor of the rich, the chief buyers of tax-exempts and the chief beneficiaries of the allowance (page 85). Moreover, economists have begun to challenge the provision as inefficient for Washington, the economy, and even the localities that depend on the exemption to enable them to compete with private industry for much-needed investment dollars.

According to a new study made for the JEC, the Treasury's revenue loss on such debt issued in 1969 alone was about $2.6-billion over the life time of the municipals. Interest costs saved by the state and local governments, however, total only $1.9-billion. Thus, it seems, Washington could tax the rich on their interest, directly subsidize the governments involved, and still come out ahead.

The direct subsidy on interest, a kind of revenue-sharing, would also eliminate distortions in capital flows caused by the tax break, reformers argue. According to economists David and Attiat Ott, 25% of the money that went into tax-exempts in 1969 would have headed into other forms of investment and savings if the special tax provision for increasing after-tax income did not exist.

Even the state and local governments are hurt by reliance on tax-exempts, the Otts say. Their treasuries have been left vulnerable to swings in monetary policy. Banks, major buyers of tax-exempts when money is easy, flee this market when the Federal Reserve Board tightens up and interest rates elsewhere become more attractive. Presumably a direct federal subsidy would prove less fickle.

In 1969, the House passed a bill that offered states and cities the option of a Treasury subsidy worth up to 40% on interest. But mayors and governors, fearing too much federal control, lobbied away the provision in the Senate.

Now, local resistance appears to be waning—as long as the subsidy remains optional and the door stays open for selling tax-exempts. Only new issues would be affected, since taxing old debt would not be fair to investors who bought tax-exempts under the old law.

The minimum tax

The revelation in early 1969 that a few hundred wealthy citizens legally had paid no federal income taxes touched off an uproar. As a result, the Tax Reform Act of 1969 contained a new provision: a minimum tax to be applied even though a taxpayer could claim preferences that would have produced a lower result. The taxpayer must now add up a list of certain preference incomes—including half of capital gains, accelerated depreciation, and depletion allowances. If the total exceeds his regular income tax plus an exemption of $30,000, he must pay 10% on the difference.

The minimum tax has cut the list of rich nontaxpayers, but it has not eliminated the category. Congress still has to explain to the voters why there are hundreds of wealthy income recipients who pay no taxes (page 85). The answer is that certain tax preferences—notably interest on state and local bonds—are not included in the minimum-tax list.

The Treasury insists, however, that most wealthy Americans pay "heavy amounts of tax." It cites figures to show that in 1970 the average effective rate for those with an adjusted gross income of more than $200,000 was 44.1%. For those of more than $1-million, the rate was 46.4%.

The Treasury's AGI figures do not suit the tax reformers, as Representative Reuss pointed out to Treasury Under Secretary Cohen during JEC hearings this month. The AGI, said Reuss, omits billions of nontaxable dollars, the very preferences that make it possible for a rich man to pay no taxes or to pay a very low effective tax rate.

The no-pay issue is unimportant from a budget standpoint, but it is perhaps the sor-

est point of all in popular criticism of the system. Congress is eager to include a tougher minimum rule in any tax reform package. It might tack one onto this fall's debt ceiling bill as a quickie reform rider. Changes would run in two directions: (1) a lower exemption and a higher tax rate, perhaps $12,000 and 20%; (2) coverage of a broader list of preferences. Municipal bond interest would be the main addition.

McGovern seems to favor folding the minimum tax into a comprehensive requirement that would make any person pay 75% of what his taxes would be without preferences.

The personal exemption

Born with the income tax in 1913, the personal exemption was originally intended to keep low-income Americans off the tax rolls. Since then, the preference has tumbled in real value. Today's $750 would do little to shelter the poor from IRS without the added low-income allowance adopted in the 1969 reforms.

Critics of the exemption now want to transform it to a tax credit worth the same amount for everyone. They argue that the exemption is an upside-down tax preference, bringing a $525 tax saving to a man in the top tax bracket, but only $107 for someone slugging along on the bottom of the income scale.

A similar argument can be made for progressivity of the personal deductions. They too are worth more to the rich than to the poor. Some congressmen are devising a plan to substitute a variable credit for deductions on charity, medical expenses, nonbusiness interest, and the like. A credit of 25% would leave the Treasury's revenue unchanged, but result in a net gain for lower income tax payers.

Most likely: Turning the exemption into a $150 credit to help taxpayers under $12,000, at no cost to Treasury.

Charity deductions

Full deduction of charity contributions from taxable income long has been a tempting target for tax reformers. They charge that much of the upper-bracket giving is pure tax avoidance, and they argue that it results in a distorted deployment of the nation's resources, with sentimental old ladies giving to homes for stray cats instead of contributing revenue to support government.

In recent years, Congress has tried to chip away at contributions motivated by tax avoidance. In 1969, it set a ceiling of 50% of AGI on charitable deductions (effective in 1975). Even that, however, produced a frightened protest from foundations, colleges, and other groups that qualify under the contributions heading on Form 1040.

This year, the reformers are taking another tack. They would like to put a floor under the personal charity deduction so that only taxpayers who give more than, say, 3% of adjusted gross income can claim deductions. Backers of the proposal argue that the deduction is intended to encourage extra giving, not to exempt donations that the taxpayer would make in any case. Small givers, who put less than 3% of their AGI into various collection plates, get no benefit from the deduction anyhow, because they do not itemize.

A 3% floor under the charitable deduction would bring in roughly $1.9-billion a year. Almost all of it would come from the upper bracket. Charities might be more inclined to buy the floor than the ceiling, but strong opposition will come from middle-bracket taxpayers who itemize.

Oil and mineral preferences

In the public imagination, the 54-year-old oil and mineral preferences loom large. That is why, despite a notable lack of leadership from President Johnson's otherwise reform-minded Treasury, Congress decided to trim the oil depletion allowance from 27½% to 22% in the reforms passed in 1969.

The case for tax help to mineral producers has been a subject of hot debate almost since corporate income taxes were first levied in 1909. The first extra depletion allowance for minerals was granted in 1918.

Arguments in favor of the preferences usually center on national defense and the peril of an energy crisis. Both demands would require a reliable and growing supply of oil and gas. And a parallel is drawn between depreciation for machinery and depletion allowances: Both investments eventually are exhausted. Thus, the argument runs, deductions must be allowed.

However, mineral depletion allowances are far more attractive than depreciation write-offs—even accelerated depreciation. Oil and gas extractors can deduct 22% of receipts for depletion every year, up to a ceiling of 50% of net income, and without a time limit on taking down the allowance. The Treasury estimates that oil operators recover their costs 19 times over, before the well runs dry.

The other big break—this one exclusively for oil and gas producers—allows an immediate write-off for so-called intangible drilling expenses, the money spent on wages, fuel, repairs, hauling, and other necessities that have no later salvage value. In other industries, these costs are capitalized and recovered gradually by depreciation.

Economists have tried in vain to estimate whether these preferences are worth the well over $1-billion a year they cost the Treasury. It is difficult to evaluate the amount of national defense that the tax subsidy produces. Critics think it may be cheaper to use a direct budget outlay or lift import quotas to get the same results. But they do not know what the "echo effect" would be on the price of gasoline, for example, if the preferences were dropped.

Still, sentiment on the Hill is growing for another move against the minerals industry. This time, it will probably be a push to require that intangible costs be capitalized—except for a dry well, which can be written off immediately. The Nelson bill figures on a potential federal revenue gain of $300-million a year, after an extra big take of $750-million in the first year.

Asset depreciation

The Nixon Administration persuaded a somewhat reluctant Congress to approve broad liberalization of depreciation rules last year mainly because it predicted that the action would help U.S. businessmen expand their investment programs and sharpen their competitive teeth in international trade. In effect, the asset depreciation range (ADR) gives industry the option of writing off its investment in plant and equipment at a rate 20% faster than under the old rules. The estimated long-run cost: $3.5 billion a year.

Business economists argue that the ADR does not represent a tax cut, but only tax deferral. Once the equipment is written off, the taxpayer will have used up his deductions and will be liable for full rate on any income the equipment generates. Consumerists, however, have attacked the plan as a permanent subsidy to industries that maintain their investment programs year after year.

The ADR has not been in effect long enough for economists to assess its effectiveness. Something certainly has been stimulating investment in the past year, but it is hard to say how much the big jump in capital spending is attributable to ADR and how much to the tax credit.

Complete repeal is on the reform list of virtually every Democratic liberal. However, Ways & Means Chairman Mills and the Republicans want to keep the ADR as it is. They argue that it has generated a big cash flow for investment. It also has permitted companies to make investment decisions on the basis of a short payout time, thus encouraging risk-taking.

The battle over the ADR could be a hot one. Paradoxically, the bigger the boom in investment, the more willing Congress may be to apply brakes. The ADR could be tightened up precisely because it has done what the White House said it would do.

Tax deferral for foreign subsidies

One of the key questions in any income tax is: When is the income received? In the case of foreign subsidiaries of U.S. corporations, the Treasury originally took the attitude that earnings were not realized until the parent brought them home. In 1961, it tried for the first time to tax such earnings on a current rather than a deferred basis. The result was a labyrinthian 1962 law that tried clumsily to restrict the use of the deferral privilege to establish tax havens.

Deferral continues virtually unabated, however. Until a U.S. corporation actually brings the profits home in the form of dividends paid to it by its foreign subsidiaries, there is no U.S. tax. Since much of this money is reinvested overseas, the exemption is likely to become permanent.

Economist Peggy Musgrave, who studied this subject for the joint committee, recently reported that "deferral clearly introduces a nonneutral incentive to invest abroad and is difficult to defend on both equity and efficiency grounds."

This, in fact, seems to be one issue where academic economists join forces with the protectionists who favor the Hartke-Burke bill. The mounting threat of balance-of-payments deficits puts extra push behind the move to tax undistributed earnings of foreign subsidiaries on the same basis as domestic earnings. Net yield to the Treasury would be only about $165-million, but the impact on incentives to invest abroad could be large.

Domestic international sales corporations

The DISC program, which cost the Treasury $170-million in lost revenues this year and is expected to cost more later, was devised by Congress in 1971 to encourage exports by domestic concerns and to offset the tax advantages offered to U.S. subsidiaries abroad. It offers tax deferrals and profit-shifting advantages for U.S. companies that set up special export sales subsidiaries at home. The hope is to keep jobs in the U.S. and to improve the balance of payments.

Reformers such as Representative Reuss point to this legislation as a classic case of erosion of the tax system—"correcting one loophole by creating another." Their preferred solution: Cancel both and they will try.

Earnings and conventions abroad

The good life is about to get less good—for those who work and play abroad. In 1926, when the government first decided to exclude from taxes income earned by Americans living in foreign lands, the intention was to lure Americans away from this country to help stimulate foreign trade. The exclusion also had an international equity goal: Foreign governments did not tax their nationals on foreign income sources. After World War II, the exclusion was juiced up to entice technicians to work in less-developed countries.

No one is sure how much foreign trade all this produced. But quite clearly the tax breaks have proved an enticing incentive for Americans who prefer Rio to Reading. For citizens who work overseas 17 out of 18 months, the exclusion amounts to $20,000 a year. If the citizen is a bona fide foreign resident—three-years' living over "there"—the exclusion totals $25,000. The tax cost is $50-million a year.

Taxpayers at home do not see much equity in a huge exclusion for living on the Left Bank in Paris. Most likely change: U.S. income taxes will be applied to foreign earnings, with a credit for foreign taxes paid.

Another foreign tax preference may also be slapped down: the business expense deduction for attending conventions overseas.

The American Bar Assn.'s 1971 convention in London seems to have riled some congressmen. If they get their way, a San Francisco convention will continue to qualify as business, with deductions allowed for the trip, meals, and lodging. But when an American organization decides to convene in foggy, London, that will be counted as pleasure, with no deductions.

THE PRICE OF A TAX BOOST

Although the cost of tax preferences runs ino boxcar figures—$77 billion according to Pechman's calculations—tax reform does not pormise to be a big money-raiser for the federal government, especially in the first few years after it is enacted. Reform strategists think that something like $10-billion in extra revenue is the most they could possibly get, and that would not be realized until some years after the bill had passed.

Some of the biggest preferences have too much solid support among the voters to be tampered with. The income-splitting provision for husbands and wives, for instance, costs the Treasury $21-billion a year in lost revenue, but since there are more husbands and wives than any other kind of people, income-splitting is here to stay.

Other big preferences will survive intact simply because it would cause too much economic disruption to change them. Deduction of homeowners' interest and property tax payments costs the government $5.1-billion a year. But millions of homeowners are locked into long-term mortgages. To change the law would ruin many. And to allow a "grandfather clause" for present homeowners would mean that the man who bought his house last year would get the preference, while his next-door neighbor who bought in 1973 would not. No congressman would care to explain that one to the constituent who just missed getting under the wire.

Confronted with problems like these, Congress is likely to nibble gingerly at the big tax preferences if it touches them at all. Even capital gains will get relatively gentle treatment for fear of throwing the stock market into a panic. Still, the emphasis will be on increasing the effective rate for the high-bracket taxpayers.

None of this will do much to cope with the huge budget deficit that will face the next Administration. Yet Clark MacGregor, head of the Committee to Reelect the President, said his week that the Nixon Administration would not ask for any tax increases in "the foreseeable future"—meaning the next two years. Instead, the Republicans would balance the budget by pruning Great Society programs and tapping increased revenues.

It is highly unlikely that Congress will undertake such massive budget-slashing. The consensus is that Congress will soon be required to raise taxes; the asking price will be strong reforms. The shape of these reforms may depend on the kind of revenue measure the next President seeks.

One money-raiser Nixon seems to favor is a value-added tax, essentially a national sales tax levied at each stage of production. Nixon says he will only sponsor VAT if it can be made "nonretrogressive." But a recent Brookings study indicates that there is no such animal; even with tax credits for the poor, VAT would lose its progressivity at high income levels, since wealthier people spend less of their money on consumption. The reformers' price for this kind of tax would be especially high.

An alternative to VAT would be a 1968-style surcharge on income taxes, which Brookings rates as the most progressive way to boost revenues with the current tax code. This by itself would increase equity and might take some of the steam out of Congress' drive for fairness through reform.

In the end, Congress will make its judgments on what its constituents think—not on what the economists and accountants tell it. Congress is more responsive to political vibrations than to statistical evidence. Right now, the vibrations tell congressmen to do something about tax reform.

WHAT SPECIAL TAX TREATMENT COSTS THE GOVERNMENT

[Calendar year 1971—Millions of dollars]

Commerce and economic development	
Capital gains	5,980
Investment credit	3,300
$25,000 corporate surtax exemption	2,300
Exclusion of interest on life insurance savings	1,100
Asset depreciation range (ADR)	700
Expensing R&D spending	545
Excess depreciation on buildings [non-rental]	480
Individual dividend exclusion	300
Education	
Additional exemption for students	550
Contributions to educational institutions	275
Housing	
Property tax deduction on owner-occupied homes	2,700
Interest deduction on owner-occupied homes	2,400
Excess depreciation on rental housing	500
Rehabilitation of low-income housing	25
International trade	
Deferral of foreign subsidiary income	165
Exemption of income earned abroad by U.S. citizens	50
Medical care	
Medical insurance premiums and medical care fringe benefits	2,000
Medical expense deductions	1,900
Natural resources	
Excess of percentage over cost depletion	985
Expensing mineral exploitation costs	800
Capital gains treatment of timber cutting	175
Pollution control amortization	15
Capital gains treatment of coal and iron royalties	5
Other	
Net exclusion of employee pension contributions	3,650
Charity deductions	3,200
Tax-free interest on state and local bonds	2,600
Expensing and capital gains for farming	840
Group life insurance premium exclusion	500

Mr. LONG. Mr. President, it was in 1969 that the Finance Committee undertook to consider all the so-called tax reform recommendations of Senators and Representatives, the administration, as well as those from various groups who study the tax system. We looked into all the items that would be involved in the amendment before us, such as, accelerated depreciation, depreciation of personal property, such as, net leases, amortization of pollution control equipment, amortization of rolling stock, amortization of mine safety equipment, stock options, capital gains, and so forth, which would increase taxes, on those we regarded as favored taxpayers, by about $7 billion. That bill would—and did—reduce taxes for the rank-and-file taxpayer—half of it to be achieved by raising the personal exemptions—by about $9 billion a year. There was an overall shift of the income tax burden to the tune of about $16 billion, chiefly for the benefit of the masses who, in our judgment, were paying altogether too much and at the expense of those who, we felt, were probably getting the best of the tax laws at the time. We would strike at those who, we thought, were getting the greatest depreciation. We would strike at those who were getting extra oil depletion allowances, extra capital gains, stock options, and excessive bad debt reserves. We put a tax on foundations which I thought should be a part of it. We incorporated a feature I had advocated for some time, the minimum income tax. The latter feature, the minimum income tax, is what this pending amendment would seek to increase.

According to those with views like the Senator, he would increase it in a way which would increase the amount of money that is achieved by that tax from about $535 million a year up to the estimate of $2.4 billion—an increase of $1.9 billion. In other words, the tax would raise five times as much money as it raises now by making it apply to income to which it does not presently apply. This could be achieved by eliminating the deduction from the tax already paid by the taxpayer to the Federal Government. Then, by taxing more heavily in the rates. Those who look at the——

Mr. CHURCH. Mr. President, will the Senator from Louisiana yield at that point for a question?

Mr. LONG. I yield.

Mr. CHURCH. If it is true that the present effective tax rate for those who enjoy tax preference shelter is only 4 percent, why should not the Senate take immediate action to strengthen the minimum tax? Even if our amendment were to enlarge the minimum tax bite by fivefold, that would still be an effective tax rate of only 20 percent, which is still low for those in the high-income brackets.

Mr. LONG. Well, what is wrong with the tax and what is wrong with the amendment, in my judgment, I would say, is a defect in the tax which the amendment would make worse.

Let us take a situation where property has been held by a taxpayer for many years. During that period of time, let us assume for the sake of argument, the property in terms of dollars doubled in value, although over that same period of time the dollar has depreciated in value by more than 50 percent. So, in the last analysis, when the taxpayer sells that piece of property, perhaps because of pressure of adverse business in other areas down through the years which might have depleted his resources to where he must dispose of something he has held for many years, in terms of constant dollars, he is making no profit at all.

The Senator knows, as do all of us, that in that situation, that person must, nevertheless, pay a capital gains tax, which was increased by the Tax Reform Act of 1969. So he would have to pay a capital gains tax of up to 35 percent on a theoretical gain. For the sake of argument, let us say that the property started off being worth $200,000 and now is worth

$400,000, but depreciation in the value of currency accounted for the whole thing.

So, in the last analysis, that person, in terms of real income of real value, and in terms of constant dolars, has made no gain at all. He has only made a gain in terms of dollars but inflation has depreciated the value of this purchasing power.

So in a situation like that, what we have really done is to sock a penalty to that fellow because the Federal Government failed to maintain the value of the purchasing power of the dollar.

If we could look at the minimum tax and apply it to a situation like that, where even the capital gains tax was putting a penalty on the taxpayer because the Federal Government has failed to maintain the value of the dollar, and then proceed to place a minimum tax on him, we could not be too badly upset about that, if it proved to be an unfair tax, because this was a low rate. When we raise that rate from a low rate of 10 percent, and then change the law to deny him credit for the tax he has already paid, and proceed to raise that rate, we have doubled the rate the man will pay, and so we are taxing him more. We are doubling the rate at which we are taxing him. In the general pattern of this amendment, we will hit him with a five-fold tax rate increase, and I fear we are slugging him in a situation, in a real sense, where he did not make any profit to begin with.

Mr. RIBICOFF. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. RIBICOFF. Is there any question in the chairman's mind that tax reform will have a prime position in the next Congress?

Mr. LONG. If I have anything to say about it and the Democrats are in control of Congress and the Senator from Louisiana should be chosen by the Democrats to continue as chairman of the Finance Committee, I would certainly advocate that this should be one of the principal items that we would look into. It would be a priority matter. Chairman MILLS of the House Ways and Means Committee indicated he feels the same way. It is important that the House should concur in that view because revenue measures, of course, must originate there.

Mr. RIBICOFF. Is there any question in the chairman's mind that when we consider tax reform legislation the problem of the minimum tax will have a high priority?

Mr. LONG. I think it should be definitely considered. I believe that we would be justified in increasing the minimum tax. That is my offhand impression. But I also think that we would be better advised carefully to study how we would work it out, and what it has done to various groups of taxpayers, and accord the taxpayers the opportunity to make their complaints. The Senator knows that we in the Finance Committee do not have to take the taxpayer's word for it. We have it within our capacity, if we wish to do so, to send for their tax returns and even to have an audit made of them and see exactly the extent to which they might be favored taxpayers, even now.

Mr. RIBICOFF. Mr. President, if our distinguished friends, the Senators from Idaho and Wisconsin are correct—and I do not question their figures—the net cost of having a minimum tax of 4 percent would seem to have a different effect than that which we have contemplated when we changed the tax law.

Mr. LONG. Mr. President, my understanding is that, while there is only a 4-percent rate on preference income, the regular tax on the adjusted gross income of these same taxpayers equals a tax rate of 38 percent. But I think that we should take a look at this to see in what area people are getting the best of it.

I cited an instance in which a person is not being taxed fairly to begin with, which would be not at all difficult to find. We will find situations where taxpayers could be made to pay more than they are paying in terms of an increase in the income tax and with respect to some other things. One of the items touched on is the bad debt reserves of the financial institutions. As the Senator has suggested, these are matters that we ought to be studying next year. We do not have time to study them now.

Mr. RIBICOFF. Mr. President, I am aware of the dilemma the Senate finds itself in. It is one thing if the effective minimum income tax is 4 percent, and it is another if it becomes 38 percent. I, for one, am most pleased that the distinguished Senator from Wisconsin is now a member of the Finance Committee. I look forward to next year when subjects such as this will be very deeply explored.

In talking to many people who benefit from these tax preferences, I get the feeling that they believe there should be an effective minimum tax and they would be willing to pay it. They take advantage of what the law now affords them. However, people have guilty consciences over the fact that there are so many tax loopholes which allow them to take advantage of the law.

I do believe that the Senator from Wisconsin and the Senator from Idaho have called the attention of the Senate to a real problem. However, I cannot support them at this time because of my uncertainty over the real statistics.

Mr. LONG. Mr. President, the 38-percent figure is the regular tax that these people who pay a minimum tax are already paying on their adjusted gross income.

Mr. RIBICOFF. I understand that. The question that comes to mind is what total tax is being paid by people in the country. And I think that we have to take a look at the tax revenue.

We cannot say that they are paying taxes on the 4-percent rate if, in fact, on their overall income they are paying 38 percent. There is a difference.

What bothers me is the differential. We ought to know this and we should be able to have these cases before us to determine what is actually being paid in this country. I believe that the American people and the Congress of the United States deserve to have this factual information.

Mr. LONG. Mr. President, the Senator is suggesting that this requires study. I should think that next year, assuming that we have a Democratic Congress and that the Democrats are in a position to call the signals in this area, we will definitely be requesting a study by the Treasury.

Mr. President, incidentally, we raised taxes so much in 1969 that we had to repeal some of them to get the country moving again. For example, one of the largest items in the so-called tax reform was the repeal of the investment tax credit. There is no doubt in my mind, and I believe the figures reflect it, that that was a factor in the economic slowdown that occurred thereafter and which caused the President to ask the Congress to reinstate the investment tax credit. It also caused the Secretary of the Treasury to give a more generous depreciation allowance to business.

We actually hit so hard in this area of tax reform, including many in the Treasury who advocated the bill, that we had to go back to the bill to repeal part of it to get the economy moving. I think it speaks for itself that it necessarily played a part in the economic slowdown that occurred thereafter.

Mr. RIBICOFF. I would hope that our distinguished chairman would not wait for answers from the Treasury Department. In Dr. Woodworth we have one of the most able men in the country, a man who has the respect of the entire Congress and certainly of the members of the Finance Committee. We should look into these items independently.

I would hope that our distinguished chairman would have the staff make a request of the Treasury concerning those items in dispute and especially the question raised by the Senator from Wisconsin and the Senator from Idaho.

There is no reason why we have to wait to try to find out whether it was 4 percent or 38 percent until next February, March, or April.

We will have an intervening 3 or 4 month period, and the sooner we have the facts, the greater will be the opportunity for those of us on the Finance Committee who are concerned to look at these figures and try to come at an understanding of what the situation actually is.

Mr. LONG. Mr. President, we do not have to wait to find that out. Thirty-eight percent is the rate which they pay on their regular income. Four percent is the preference rate they pay on their preference income. In 1970, they had a $2.8 billion preference income and paid 4 percent on it.

Mr. RIBICOFF. Mr. President, the problem that concerns me, as I see it, is knowing all of the taxes they are paying on their entire income. They talk about an individual having a tax preference, and we do not know the effective tax rate they pay on their income. We do not have that figure. That is why I recommend asking the staff to get those figures together, because we have to have them in order to understand what we are discussing.

Mr. LONG. Mr. President, we passed a tax reform act in 1969. I recall in the hearings the various alternatives that we studied on the minimum income tax approach. The tabulations and figures are here, so that we know that generally speaking that it was our intention that a person who was paying a minimum in-

come tax would be one whom we felt in general terms was a favored taxpayer.

If we look at the minimum income tax plus the tax that the person is already paying, the figures show that the taxpayers paying this minimum income tax also pay a rate of 38 percent measured against their adjusted gross income.

That would indicate that we did not do a bad job if we look upon those who are considered as favored taxpayers. We have them under a tax rate of 38 percent on adjusted gross income.

I realize that there are a few items that do not appear in the adjusted gross income. The committee ought to take a look at those. I am waiting simply to put together a tax reform bill, such as the Ways and Means Committee enabled us to do when they pulled out the tax returns of people they thought were getting too much the better of it and proceeded to draft a law to make those people pay a lot more taxes. If we proceed in that fashion I do not have any doubt that we will find a lot of situations where we feel a tax increase is justified.

Incidentally, the point has been made that we should be studying and getting the information before that time. As the Senator knows, we do not have enough people on the staff of the Committee of Finance to do this job and it is felt that the Joint Committee on Internal Revenue Taxation, which has many more staff members is the group which we should rely upon to do this study for us.

Dr. Woodworth informs me that the joint committee staff will be doing this work as soon as we are through with this session. As soon as we turn them loose from this revenue-sharing bill and the day-to-day questions that we Senators are asking them, they are free to carry on the studies that they do between sessions. This is what they will be working on.

Chairman MILLS has indicated he wanted that done, and they are working on his request. Dr. Woodworth pointed out that even if he had not done so, that is what they would be working on because that is what we will be asking questions about next year.

Mr. RIBICOFF. I am glad to hear that. I feel the Committee on Finance, considering the important problems it faces, is the most understaffed committee in the Senate. When one considers that next year the committee is going to be faced with the problems of trade, health insurance, welfare reform, social security, medicare and medicaid, I think the staff on the Committee on Finance should be free to assist the chairman or any member in work that needs to be done. We have a Joint Committee on Taxation which under the leadership of Dr. Woodworth has served the Senate well. But as I indicated, the Senate Finance Committee has jurisdiction over revenue sharing and there is a great responsibility on the committee to make sure it exercises the proper oversight in the months and years to come.

I hope that from the time we adjourn until we meet the chairman will call upon his aides to get some of the most able men in the country to devote themselves to the problems we are going to face if we are going to do the job we must do for the country.

Mr. LONG. I thank the Senator. There are two problems: One problem is having the personnel, but another problem is obtaining enough office space. We have had difficulty even obtaining space to permit the people we have on the Committee on Finance staff to do the job; we have had more difficulty in obtaining enough space than in getting qualified staff. But I am pleased the Senator raised the point because I will persevere in trying to provide a more adequate staff and to obtain space for them if the Senator will continue to support my efforts. I think we need more help than we have.

The Senator is the chairman of an important subcommittee. His subcommittee has the responsibility to advise the Finance Committee with regard to foreign trade. I do not think he requested that we increase our staff by a single person, and yet that is a subject area involving about $25 billion of exports, and even more than that in imports a year.

Mr. President, I am going to move to table the amendment in a moment. While a sufficient number of Senators are in the Chamber I ask for the yeas and nays on the motion to table.

The PRESIDING OFFICER. It would take unanimous consent.

Mr. LONG. Mr. President, I ask unanimous consent that I might ask that the yeas and nays be ordered even though the motion to table has not yet been made.

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

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

The yeas and nays were ordered.

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

Mr. RIBICOFF. I yield.

Mr. PASTORE. Mr. President, I have sat here this morning listening intently to this debate on tax reform. I think that while I disagreed with the amendment proposed by the Senator from Idaho I want to say this: I quite agree with the Senator from Connecticut that this matter of tax reform is going to be front and center when we come to grips with it. But the one thing that disturbed me is that I think the Senator from Wisconsin has bitten into something with quite some substance, and something needs to be done about it. There is no doubt about it. My reaction is more pragmatic than it is philosophical. I think the case ought to be made and the Senator from Wisconsin made his case and so did the Senator from Idaho. But I hope that after they have made their case that they would not put these matters up to a vote here and now.

The reason I say that is that the vote could be misunderstood. The last vote was 56 to 21. Some people might get the impression that the Senate is not interested in these loopholes. I do not want that interpretation. There are many people who believe in what the Senator from Wisconsin has put forth. But they do not think it should be put on this bill at this time. It may be for the reason suggested by the Senator from Connecticut that this matter needs to be studied further. I am not a member of the Committee on Finance. I know we have gone too far in this country in the creation of loopholes; I have been very concerned about the depletion allowance on oil and other minerals. All of that started for a reason, but I think we overpassed the reason long ago, and there should be a carryback because the former premise does not carry the weight it did when these programs were initiated.

I hope this amendment does not go down to a crashing defeat, because it is a good amendment, and under proper circumstances at the proper time it would fare well.

But if the matter is pursued now and if the motion is made to lay it on the table, and I understand the Senator from Louisiana is about to make the motion to lay it on the table, it could create the wrong impression. That is my point. I urge that Senators make their case but do not put the matter in a position where it is going to go down to overwhelming defeat.

Mr. RIBICOFF. I wish to respond to my colleague from Rhode Island, for whom I have the highest respect, that that is why I entered into this colloquy with some concern. My feeling is that next year the Senator from Wisconsin and I probably will be on the same side of the tax reform debate 90 percent of the time. What bothers me is the wide scope of his amendment. I might feel we have to change the minimum tax provisions on stock options, bad debts, and depletion allowances, but I want to look at capital gains more carefully. So there is going to be a laundry list of loopholes and tax policies which is going to need very careful study and scrutiny.

When tax reform comes up, there will be a very long debate and a deep discussion of the issue for we probably will be setting the next policy of this Nation for the next 10 to 20 years. I am somewhat concerned about trying to solve this problem as part of revenue sharing. This issue is going to be one of the most important issues that will face the 93d Congress. We should take these issues up on their own.

Mr. NELSON. Just for clarification in the RECORD, the list the distinguished Senator read including stock options and capital gains are all in the present law. We have not added any item. All we have done is simply increase the minimum tax of some of the preferred items and eliminate some of the deductions.

I appreciate the remarks of the distinguished senior Senator from Rhode Island. Actually, I would like to say to the Senator that I have been on the losing end of so many propositions in my career that I would be very uncomfortable if I began to win some rollcalls. Then I would be inclined to suspect the merit of my position. I think there is something in what the Senator from Rhode Island has said. However, this is one way, it seems to me, we can get the issues out in the public arena for discussion. I think it is worthwhile to have rollcall votes on these issues as we go along and risk whatever feelings the public might have about the concern here in Congress over tax reform.

As the Senator knows, having been in this body longer than I have, the public is entitled to be suspicious that Congress and the President are not really interested in tax reform because that issue

has been before Congress for so many years without significant reform being accomplished.

Long before I came here, as the Senator knows, the great and distinguished Senator from Illinois, Paul Douglas, waged lonely fights for years for tax reform, as had the distinguished Senator from Tennessee, Albert Gore. For years they were almost the only voices raised in behalf of tax reform.

I think it is true that the climate has changed and that many of those who have not previously been deeply concerned about tax reform are now looking more carefully at the problem. I think a climate has developed in the Congress and the country so that there is a realistic hope that we will get some significant reforms in the next few years.

Mr. PASTORE. The Senator from Wisconsin was a distinguished Governor of his State and he has been in politics most of his life. I think he understands the point I was trying to make. I am not suggesting that anyone here be denied the privilege of pursuing to a vote what he wishes. I am not arguing against that. Or course, the Senator has a perfect right to pursue this to a vote. I quite agree that the climate is changing among a large body of the Members of Congress—but not all of us. Whether or not it has changed in the White House I am not in a position to say; I doubt that very much. But the fact still remains that the vote that the Senate would have would not be an accurate barometer of that change of climate because, as the Senator from Connecticut has pointed out, and as many of us feel, this matter has not been pursued to the point where we all understand it enough to vote it intelligently up or down.

The next question arises on whether it is premature to bring it up now because of what is happening on this bill. Had this situation come about earlier, I might have felt differently than I do now, but I have seen worthwhile amendments laid on the table one after another.

All I am saying is, let us not play a game to lose. Let us play a game to win. I think timing is essential in everything you do in life, whether it is in athletics or in politics or even on amendments. There comes a certain time when it should be done. All I am suggesting is that the case be made thoroughly so the public will understand and it will be so recorded. Let us not invite something adverse, so that tomorrow we will pick up a newspaper and read one line which could say, "An amendment by Senator NELSON to do something about favoritism in our tax system went down to defeat by a vote of 56 to 20," or something like that. I do not think that would look good. And the idea deserves better.

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

Mr. NELSON. I yield.

Mr. RIBICOFF. I sympathize with the Senator's pessimistic view of what may happen, and perhaps the Senator from Wisconsin is thinking along the line of welfare reform, which has been before us for years and has never really emerged from the Finance Committee. Perhaps the Senator from Wisconsin is concerned that if we start with tax reform, it may go on for years and that nothing will come out of the Finance Committee. Perhaps that is what is worrying the Senator from Wisconsin.

Mr. NELSON. That is worrying me, but the Senator commented on a very important point, welfare reform. As the Senator knows better than anyone here, the President sent his representatives to Miami and they put a plank in their platform repudiating the President's welfare reform proposal. They said they did not want any program that called for income maintenance or a guaranteed annual income. The very essence of the President's proposal is the provision for a guaranteed annual income. We have conducted hearings in the Finance Committee on the President's proposal for months. Then suddenly the President sends his representatives to Miami and attacks the most fundamental part of his own program, which provides for a $2,400 guaranteed annual income for a family of four. This is what the President was denouncing Congress for not passing in the last 2 years. Yet his own representatives in Miami denounced his own proposal. I though this was an appropriate place to make the point.

Mr. RIBICOFF. I would like to ask the distinguished chairman and the ranking minority member of the Finance Committee a question. Do they think there is a possibility that welfare reform will ever see the light of day before adjournment? We have only a few weeks left. The President has said welfare reform is something Congress should pass, and some of the flagellations Congress has been receiving are based on its failure to pass welfare reform. I am wondering whether our ranking minority member can enlighten the U.S. Senate as to whether welfare reform will ever come before this body in this session of Congress.

Mr. LONG. Mr. President, if the Senator will yield, it definitely will be brought to the floor.

Mr. RIBICOFF. Will the distinguished chairman give us a date on the calendar when he anticipates it will be before us?

Mr. LONG. I am confident that within a week after we dispose of the revenue sharing bill—and I am saying a week because I want to be on the safe side—I would think the bill would be before the Senate for debate.

Mr. RIBICOFF. In other words, the Senator feels now that, while he is not the majority leader or the minority leader, the prospects of getting out of here September 30 are a mirage and we probably ought to start admitting that we are going to go right through election day and maybe through Christmas. I imagine the Senator has that in mind, too?

Mr. LONG. As far as the welfare bill is concerned, as the Senator knows, we already have a proposed committee report and a proposed committee draft bill. There are a few changes that will have to be made in the bill, and most of them can be done very quickly. To report the bill in the form it ought to be, we ought to know what the new minimum wage law is going to be, and, if we can, we ought to try to conform the welfare proposal to the minimum wage law. That is the one $64 question we would like to know the answer to in order to report the bill. But I would think that it would be safe to say we will have the welfare reform bill here within a week after we have disposed of the revenue sharing bill.

I am thinking in terms of a week after we finally dispose of the conference report on the revenue-sharing bill, just to be on the safe side, because senior members of the Finance Committee will have to participate in that conference until we can reach an agreement. However, I think it would be safe to say we could have the welfare bill out here within a week of the time that the Congress has disposed of the revenue-sharing bill, and maybe sooner than that.

Mr. RIBICOFF. And does the chairman anticipate that he will have the enthusiastic support of the President of the United States for welfare reform?

Mr. LONG. Well, now, that is an entirely different matter. I can speak for one person, and I think sometimes I can say what I think the Finance Committee will do, within some limitations. But I must say this welfare bill (H.R. 1) has upset all my plans and time schedules, and I am sure those of the Senator from Connecticut, as well as those of other people.

Mr. RIBICOFF. In other words, the Senator is not sure whether this orphan that is floating around the Congress of the United States will ever find a father?

Mr. LONG. Well, I am satisfied that we will have a chance to vote on H.R. 1. I am satisfied we will have it out here in time for the Senate to act on it this session.

Several Senators addressed the chair.

Mr. NELSON. Mr. President, I still have the floor. I would ask the distinguished chairman of the Finance Committee if he could respond to a question, now that we have the national chairman of the Republican Party (Mr. DOLE) here: If the newspapers are correct that the White House, as one would expect—President Johnson did the same thing—dictated the platform—may I have the attention of the chairman of the committee? In view of the fact that the platform was dictated from the White House, as the newspapers reported, and as one would expect, since he is the incumbent President, and in view of the fact that the platform repudiated H.R. 1—specifically, absolutely, unequivocally repudiated the idea of a guaranteed annual income in explicit language—does the Senator think we ought to take up the time of the Senate on the President's welfare bill H.R. 1 without the chairman first inquiring of the White House to find out whether the President will repudiate the platform and sign his welfare bill if we pass it, or whether, after we go through all this exercise, he will veto it in compliance with the platform plank dictated by the White House? I do not think we ought to, due to the lateness of the hour, spend all that time and then have the President veto his own proposal.

That happened to me on the OEO. He vetoed child care, and he vetoed Manpower. Not a single Cabinet member could tell us what the President was going to do, and we spent endless time trying to accommodate the White House and then, bang, after all of our effort and

cooperation the President vetoed the bill and denounced us for our effort. We could not get the White House to tell us whether or not he would sign the bill for extension of the OEO; they just would not tell us.

I do not think we ought to spend the time down here, in view of the fact that the White House has repudiated the President's proposal, and then have the President veto and denounce it as a give-away welfare scheme, as he did in his speech in Miami. I say to the chairman, in all due respect, I think he ought to quietly call the White House and say, "Are you going to veto this bill and denounce us, or will you sign it despite what you had put into the platform in Miami?"

I think it is an important thing to get clear; we are being deceived by speeches on both sides of the issue and platform stands on both sides of the issue, and attacks by the President and White House staffers. I think we ought to have just a simple, straight, honest, decent answer from the White House; otherwise I would not give them 2 minutes on that welfare bill.

Mr. LONG. Mr. President, there is no way the Senator from Louisiana can predict what the President would do with the bill.

Mr. NELSON. Would the Senator ask him?

Mr. LONG. Well, there is no way this Senator can predict what the bill is going to look like by the time it gets to the White House. There is a big difference, as the Senator knows, between the bill recommended by the House of Representatives and the bill being recommended by the Senate Finance Committee. There is no way that this Senator can be sure in what form the bill would reach the White House. I do not see how I could ask the President whether he would veto the bill, when I do not know just how the bill is going to look when it goes to him.

There is no doubt in my mind that the bill that the House sent us was a guaranteed annual income bill. The bill that we are proposing to report out of the Finance Committee is not a guaranteed annual income bill, however, and if the Finance Committee views prevail in the Senate, it might be that the bill that goes to the President's desk might be completely consistent with the Republican platform as well as the President's declaration.

Mr. NELSON. Well, it will be a guaranteed annual income for anyone who is willing to work, or for anyone who is unable to work and his dependents. I think the point to be asked the White House is, if we preserve the principle of a guaranteed annual wage, which the President recommended to Congress in this bill, will he sign it, in spite of the platform that they drafted in the White House repudiating it, or will he veto it?

You see, they are on both sides now, and the President made both decisions.

Mr. LONG. Mr. President, I honestly do not know what the President is going to do if and when the welfare bill reaches him, but I do not see that it is necessary to know that in order to act on the revenue sharing bill. It seems to me we could act on this bill regardless of what the President might or might not do about the welfare bill.

Mr. NELSON. Let me to say to the Senator that I am not even sure about that. Several times the President has denounced Congress as irresponsible spenders. He vetoed the HEW bill because it had a little over a billion dollars for medical research and other health programs. He denounced us as big spenders; and yet the President's revenue sharing bill has $6.3 billion in it, and not a single penny of taxes to pay for it. So I am not so sure but that the Senator ought to find out how much more time we ought to spend on this one, because if the President runs true to form, even if he signs the bill, he is going to have to denounce Congress and himself for fiscal irresponsibility.

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

Mr. NELSON. I want to finish my statement.

Mr. DOLE. I just wanted to give the Senator some information, if I might.

Mr. NELSON. I do not trust Greeks bearing gifts, especially my distinguished friend from Kansas.

Send over a note, and I will take a look at it. (Laughter.)

Mr. President, I wish to state for the record some statistics.

On the question that was raised by the distinguished Senator from Connecticut on effective tax rates for preferred income, I think the record should show that the minimum tax was paid by 18,646 individuals in the past year. Those 18,646 individuals had a total preferred income of $2.85 billion. They paid a total of $117 million in taxes on $2.85 billion in preferred income. That is an effective rate of 4 percent. When you include all the taxes they paid on their preferred income and the taxes they paid on their regular income, they paid at an effective tax rate of 21.6 percent.

It also should be noted that the minimum tax did not get at all kinds of income in this country that ought to be taxed. For example, in 1970 there were 3,140 individuals in the country with preference income of $197,245,000, and, because of deductions, they did not even have an adjusted gross income on which to pay any tax. So we had a situation in which 3,140 People in this country—which breaks out at an average income of approximately $60,000 per individual—did not even have an adjusted gross income on which to pay any tax.

This is the kind of inequity we are trying to get at in this amendment to increase the amount of the minimum tax.

Mr. President, I yield the floor.

Mr. LONG. Mr. President, I move to lay the amendment on the table.

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

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from Oklahoma (Mr. HARRIS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PELL), the Senator from Alabama (Mr. SPARKMAN), and the Senator from Virginia (Mr. SPONG) are necessarily absent.

On this vote, the Senator from Virginia (Mr. SPONG) is paired with the Senator from Minnesota (Mr. HUMPHREY).

If present and voting, the Senator from Virginia would vote "yea" and the Senator from Minnesota would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Wyoming (Mr. HANSEN), and the Senator from Iowa (Mr. MILLER) are necessarily absent.

The Senator from Arizona (Mr. GOLDWATER) is necessarily absent because of death in his family.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Vermont (Mr. STAFFORD) is detained on official business.

If present and voting, the Senator from Colorado (Mr. ALLOTT), the Senator from Iowa (Mr. MILLER), and the Senator from Vermont (Mr. STAFFORD) would each vote "yea."

The result was announced—yeas 60, nays 23, as follows:

[No. 411 Leg.]

YEAS—60

Aiken	Eastland	Pastore
Allen	Edwards	Pearson
Anderson	Ervin	Percy
Beall	Fannin	Randolph
Bennett	Fong	Ribicoff
Bentsen	Fulbright	Roth
Bible	Gambrell	Saxbe
Boggs	Gurney	Schweiker
Brock	Hartke	Scott
Brooke	Hatfield	Smith
Buckley	Hruska	Stennis
Burdick	Inouye	Stevens
Byrd, Harry F., Jr.	Javits	Taft
Byrd, Robert C.	Jordan, N.C.	Talmadge
Case	Jordan, Idaho	Thurmond
Cooper	Long	Tower
Cotton	Mathias	Weicker
Curtis	McClellan	Williams
Dole	McGee	Young
Dominick	Montoya	
	Packwood	

NAYS—23

Bayh	Hart	Mondale
Cannon	Hollings	Moss
Chiles	Hughes	Nelson
Church	Jackson	Proxmire
Cook	Magnuson	Stevenson
Eagleton	Mansfield	Symington
Gravel	McIntyre	Tunney
Griffin	Metcalf	

NOT VOTING—17

Allott	Harris	Muskie
Baker	Humphrey	Pell
Bellmon	Kennedy	Sparkman
Cranston	McGovern	Spong
Goldwater	Miller	Stafford
Hansen	Mundt	

So Mr. LONG's motion to lay Mr. NELSON's amendment (No. 1496) on the table was agreed to.

AMENDMENT NO. 1485, AS MODIFIED

Mr. GURNEY. Mr. President, I call up my amendment No. 1485, as modified. The modification is at the desk.

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

The assistant legislative clerk proceeded to read the amendment.

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

The PRESIDING OFFICER. Without objection, it is so ordered, and the amendment will be printed in the RECORD.

SUBTITLE D—LOCAL PROPERTY TAX REFORM

SEC. 151. DETERMINATION OF THE PROPERTY TAX FAIRNESS FACTOR.

(a) Prior to December 31 of every even numbered year beginning with 1974 the chief executive officer of each local assessment authority receiving funds under this title shall report to the Secretary the local assessment ratio, the projected property market value, and the sum of all real property tax assessments for his local assessment authority.

(b) The Secretary shall determine and publish the property tax fairness factor for each local assessment authority.

SEC. 152.

If the Secretary determines that the property tax fairness factor for any local assessment authority is less than .85, or if he determines that any local assessment authority has failed to comply substantially with any provision of this subtitle, he shall notify the chief executive officer of that local assessment authority that if it fails to take corrective action within 90 days from the date of receipt of such notification further payments to it shall be withheld for the remainder of the entitlement period and for any subsequent entitlement period until such time as the Secretary is satisfied that appropriate corrective action has been taken and that there will no longer be any failure to comply. Until he is satisfied, the Secretary shall make no further payments of such amounts.

SEC. 153. DEFINITIONS.

(a) For purposes of this subtitle, the term "local assessment authority" means any unit of local government which is legally responsible for assessing real property for tax purposes.

(b) For purposes of this subtitle, the term "local property sales sample" means the sum of the fair market values, as determined by a qualified appraiser, of a representative sample of real properties within the jurisdiction of a local assessment authority.

(c) For the purposes of this subtitle, the term "local property assessment sample" means the sum of the assessed values recorded by a local assessment authority for the properties included in a corresponding local property sales sample.

(d) For the purposes of this subtitle, the term "local assessment ratio" means the ratio determined by dividing a local property assessment sample by the corresponding local property sales sample.

(e) For the purposes of this subtitle, the term "projected property market value" means the result obtained by dividing the sum of all real property tax assessments for a local assessment authority by the local assessment ratio for the same local assessment authority.

(f) For the purposes of this subtitle, the term "State assessment ratio" means the ratio determined by dividing the sum of all real property assessments reported to the Secretary by the local assessment authorities within a State by the sum of the projected property market values for the corresponding local assessment authorities.

(g) For the purposes of this subtitle the term "property tax fairness factor" means the result obtained by dividing the local assessment ratio of a local assessment authority by the State assessment ratio for its respective State.

The text of the amendment, as modified, is as follows:

At the end of Subsection 151(a), add the following words:

"Local Assessment Authorities within states which by law provide different standards of assessment for different classes of property shall report separately for each such class of property the Local Assessment Ratio, the Projected Property Market Value and the sum of all real property tax assessments."

At the end of Subsection 151(b), add the following words:

"A separate Property Tax Fairness Factor for each class of property shall be determined and published for those Local Assessment Authorities within states which by law provide different standards of assessment for different classes of property."

In the first sentence of Section 152, following the words "determines that", strike the word "the" and insert the word "any".

Mr. TALMADGE. Mr. President, will the Senator from Florida yield for a question?

Mr. GURNEY. I yield.

Mr. TALMADGE. Would the Senator object to a time limit on this particular amendment?

Mr. GURNEY. No, I have no objection.

Mr. TALMADGE. How long a time would the Senator desire?

Mr. GURNEY. I would suggest 40 minutes, 20 minutes to a side.

Mr. TALMADGE. Mr. President, I ask unanimous consent, on the pending amendment of the Senator from Florida, that there be a 40-minute time limitation, with 20 minutes to the Senator from Florida and 20 minutes to the acting manager of the bill, to be equally divided, and in the event an amendment is offered to the amendment, that there be 10 minutes to each side.

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

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

The yeas and nays were ordered.

Mr. NELSON. Mr. President, will the Senator from Florida yield?

Mr. GURNEY. I yield.

Mr. NELSON. Will the distinguished Senator from Florida yield to me for 4 minutes, with the understanding that the 4 minutes, if he will yield it to me, will not be taken out of his time?

Mr. GURNEY. I would be delighted to yield to the Senator from Wisconsin.

First, I ask unanimous consent that Mr. George Beal of my staff be accorded the privilege of the floor during consideration of this amendment.

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

Mr. President, I now yield 4 minutes to the Senator from Wisconsin.

Mr. NELSON. Mr. President, I thank the Senator from Florida.

I ask unanimous consent that the time yielded to me not be taken out of either side of this amendment.

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

Mr. NELSON. Mr. President, I regret that I am unable to support this revenue-sharing bill much as I had hoped it would be possible to do so. Along with other members of the Finance Committee I have spent more than a year evaluating and reevaluating this proposal in the hope that I could honestly conclude that this bill as presently designed is a sound step forward and does in fact serve the best long-term interests of the Nation.

I have reluctantly concluded that it does not and, therefore, in good conscience I cannot support it.

While we ought to lay this measure aside for further deliberation next year I have no illusions about it—the bill is going to pass.

The broad support and tremendous political pressure generated for it make it unrealistic to suppose that the President and the Congress will delay action beyond election day.

The President has repeatedly pressured Congress in behalf of the bill because he believes it is good politics. A nationwide coalition of Governors, Mayors, and other elected officials have organized powerful support for it because they hope it will be an important step toward solving their fiscal problems. Public employees support it because they hope it will provide funds for a much needed salary increase. And, finally, hard pressed local taxpayers lighten their tax burden at home.

There is a little bit of truth in all of these hopes but unfortunately the bill promises more than it can produce.

The two fatal weaknesses in the bill, it seems to me, involve the failure to finance it with the necessary tax levies and the method of sharing—not the formula.

Since the President opposes the levy of any taxes to pay for revenue sharing it is unrealistic to expect that Congress will make any serious attempt to override him.

We come now then to the real gut question that no one wants to talk about—Where in the hell do we get the money to pay for it? For months that question has been bandied about the White House and the Congress and the only truthful answer I have heard is that "we are going to pay for it out of the deficit."

That may be good election year strategy but it is fiscally irresponsible.

While deficit spending can be defended from time to time as a matter of national economic policy it is dangerous and irresponsible to launch a major program of deficit spending to supply Federal aid to State and local governments.

This bill alone will add $30 billion to the Federal deficit in the next 5 years. Before we go into a permanent—and it will be permanent—revenue-sharing program it is crucial that we establish the principal that all shared funds must be paid for out of current revenues, not deficits.

I have grave reservations about using federally raised and appropriated funds for revenue sharing. It would be far preferable to design a program in which the Federal Government gave us some area of spending jurisdiction such as part of the income tax and permitted the States to raise funds at their own option within that area. This would place the responsibility where it belongs. Those who spend the money ought to have the responsibility of raising the taxes.

Our problem at this stage in history is that we have not made a comprehensive study of all the ramifications of revenue sharing. We have not explored all the possible methods and problems involved. Consequently we are now legislating without having explored all possible alternatives and without having considered all of the dangerous pitfalls.

For over a decade I have been inclined to the view that revenue sharing could be a useful and constructive device to strengthen State and local governments. I still think it may be possible to design such a measure if we go back to the drawing board and work at it for another year or two.

It seems to me any revenue sharing proposal must meet two fundamental criteria: First, it must be fiscally sound and second, it must not compromise our Federal system of government. This bill fails on both counts. It is not fiscally sound and, I fear, it plants the seeds that will grow and corrode the power and independence of State and local government.

Almost 6 years ago—January 12, 1967—I introduced a bill to establish a National Commission on Federal Tax Sharing. The purpose was to create a commission that would make a comprehensive study which would be used as a basis for designing a revenue-sharing plan. Unfortunately the bill never passed and the study was never made. Consequently we have been compelled to legislate upon an incredibly complicated matter without adequate research or advanced study. Such a commission should be created at this time to make further studies and report to the Congress 1 year from now. We would then, I think, be in a position to respond intelligently to the major problems raised by this bill.

My comments on this bill are in no way to be interpreted as a criticism of the Finance Committee. As a member of the committee I am aware of the tremendous amount of time and energy put into this bill. The chairman of the committee, Mr. LONG, the members, and staff have put forth a monumental effort to design a good bill. It is, by any standard of measurement, a vast improvement over the proposal recommended to Congress by the President. Under all of the circumstances the committee has responded to the President's request for a revenue-sharing bill with exceptional diligence and dedication to the job at hand. Though many Members do not even endorse the "concept" of revenue sharing they have been willing to send a bill to the Senate for its consideration.

Mr. HARRY F. BYRD, JR. Mr. President, would the distinguished Senator from Florida yield me 1 minute?

Mr. GURNEY. I yield 1 minute to the Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I commend the distinguished and able Senator from Wisconsin on the statement he has just made.

It was a well-reasoned statement. It is a statement with which the Senator from Virginia can associate himself wholeheartedly. I think that the Senator from Wisconsin brought out points that need to be emphasized to the Senate and to the Congress and to the American people.

I commend the Senator on his excellent statement.

Mr. ROBERT C. BYRD. Mr. President, will the Senator from Florida yield me 1 minute?

Mr. GURNEY. Mr. President, I yield 1 minute to the Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time yielded to me not be charged against the time of either side on the pending amendment.

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

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, upon the disposition of the Gurney amendment, the distinguished Senator from Florida (Mr. CHILES) be recognized to call up his amendment.

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

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the disposition of the Chiles amendment, the distinguished Senator from New York (Mr. JAVITS) be recognized to call up his amendment.

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

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on the Javits amendment there be a time limitation of 2 hours, to be equally divided between the mover of the amendment and the manager of the bill, and that the time on any amendment, debatable motion, or appeal related thereto, be limited to 30 minutes, to be equally divided between the mover of such and the manager of the bill.

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

Mr. ROBERT C. BYRD. Mr. President, I thank the Senator from Florida.

Mr. GURNEY. Mr. President, we should require all of the State tax assessors in the cities and counties and other tax assessing units to bring their tax assessments up to an average within 15 percent of the average statewide assessment level.

Incidentally, the technical amendments I have offered to the bill address themselves to situations where, within a State, certain classes of property are treated separately. For example, agricultural land may be treated separately from residential and business property. The technical amendments provide that where there are separate classes of property, the accounting figures are to be handled separately insofar as those different classes are concerned. It does not otherwise affect the amendment.

Mr. President, the property tax throughout all of our tax jurisdictions is dominant in State and local taxes. For example, over two-fifths of all the tax revenues for State and local governments combined come from property taxes. In municipalities, two-thirds of the revenues come from property taxes. In county areas, 88 percent of the revenues come from real property taxes. It is 92 percent in townships, and in school districts it is 98 percent.

I mention this, of course, to emphasize that what we are doing here, as has been said time and again during the course of this debate, is giving money back to the State and local governments—money that the Federal Government has collected in revenues—in order to help them with their tax problems. When we help them with their tax problems, we are really helping them primarily in the area of property taxes.

Therefore, it seems to me that the property tax area ought to receive a little corrective attention from the different primary jurisdictions themselves. Yet we find that property tax assessments throughout the United States, in jurisdiction after jurisdiction, whether it be city, county, township, or school district, have extremely wide variations and discrepancies.

To put it simply and solidly, the tax assessment rolls in this country are not in good shape.

There have been many studies made of this situation and many observations made about this. I could spend a long time here this afternoon reading facts and figures, but I shall only refer to a couple of sources to emphasize my point. One is an editorial from the Washington Post of 2 years ago. This editorial was written in the Washington Post at a time when tax assessors were meeting in Washington. At that time leading people from the League of Cities and the U.S. Conference of Mayors, the International Association of Assessing Officers, and other municipal groups spent 2 days discussing the matter of tax assessments. This is what one of their papers stated, and I quote from the Washington Post editorial:

> Today the sad fact is that almost nobody realizes how bad property tax asessments are apt to be, almost nobody understands how many urban problems and housing problems are made worse by bad assessments, and (worst of all) almost nobody seems to care except to hope his own property will get in on the right side of a bad assessment instead of on the wrong side.

I would like to also refer to a study which was made by the Committee on Government Operations, the Subcommittee on Intergovernmental Relations. This published report is dated February 24, 1971. I might say that the Subcommittee on Integovernmental Relations, under the able leadership of the Senator from Maine (Mr. MUSKIE), has gone into this matter of tax assessment at great length. I think that under his leadership the committee has made a great contribution in showing how bad the situation is, and that something should be done about it.

In the publication to which I have referred, there is printed on page 30 a chart. In reference to the chart the text of the report discusses the fact that the chart shows that 47 percent of the assessment areas across the country have a coefficient of dispersion of 20 percent or more. That means the tax assessment variation, as measured by the coefficient of dispersion, exceeds 20 percent in almost one-half of our taxing jurisdiction assessments rolls.

Almost 75 percent, or three-fourths of the areas have coefficients of dispersion of more than 15 percent. The report shows eight States with a coefficient of 40 percent or more.

The report also shows that these eight States include four of the most populous States. I will not mention them by name. I do not want to point a finger at

some of the States of my colleagues. These figures indicate that we have problems. We are overlooking a great source of revenue within the States themselves because we are not equalizing the tax rolls.

One of the reasons I am particularly interested in this problem is that my previous government experience, prior to coming to Congress, was the 8 years I spent in local government as a city commissioner and later as a mayor. I coped with the problem of tax rolls and equalization all during those 8 years. I had enough experience to make me realize that here is a great place for reform if we are going to provide proper revenues for local and State governments.

My State of Florida has made a lot of progress in this direction. Beginning several years ago we passed a State law which, in effect, said that all of our taxing units would have to equalize their tax rolls. This has been done over the years and we have almost completed the job. What we are doing down there with reassessments and the reexamination of our rolls is making certain that tax assessments are equal and that everyone carries a fair share of the tax load.

There is an old equity saying among lawyers that he who seeks equity must come into court with clean hands. I think that is the situation here. We have received a tremendous amount of communications from all over the country, from city comissioners, county commissioners. Governors, and all kinds of local officials who want us to pass a revenue-sharing bill. It seems to me that the least we can expect them to do is to put their tax house in order and to make sure their assessment rolls are up to date and equitable or, as I stated in this amendment, within 15 percent of their respective State's average.

This principle runs through a lot of other revenue sharing in which the Federal Government engages. For example, we put money in the Federal highways. In interstate highways it is 90 percent of the money used in building roads, and it is 50 percent in connection with other roads. Although the States do the planning, decide where the roads are going and have supervision, it is still true that the Federal Government sees to it that the money is well spent and that the highways are built as they should be.

My amendment does not say anything requiring State or local governments to enact this kind of tax or that kind of tax. It does not say they have to raise a certain amount of dollars or that they have to tax at 50 percent, 20 percent, or 90 percent of market value; all it states is that whatever the property taxes are, they have to be based on assessment rolls which are in good shape, and within 15 percent of the State average. It does not even require them to make a reassessment. However, it does require them to report what they have done and to show they are within 15 percent of the State average. If they are not within 15 percent of the State average, the amendment intends to require them to do their job and bring the tax rolls into line. By requiring this, it seems to me that the tax assessors will have to pay more attention to what shape their rolls are in and will have to bring them up to date so that all taxpayers are treated fairly.

I think this amendment makes all kinds of good sense. I do not understand why we should embark on a whole new program of giving billions of dollars back to State and local governments—and I support the concept of revenue sharing—without requiring proper tax management. We would be derelict if we did not require local governments to bring their assessment rolls into good shape and to conduct their business as it should be conducted.

I hope the committee will endorse this amendment and accept it. If they do not, I hope that my colleagues support the amendment and make some small effort toward doing something about this problem, which we know exists everywhere in the country. We know that tax assessment rolls are out of date, have wide discrepancies, and in some cases reflect negligence enough for one to believe they are dishonest rolls.

Tax reform is overdue. I do not think we should give billions of dollars back to State and local governments unless we insist on proper tax management.

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

Mr. TALMADGE. Mr. President, I rise in behalf of the Committee on Finance to oppose the amendment.

Just last week in connection with an amendment offered by the distinguished junior Senator from Minnesota, the managers of the bill and the Senate voted to request and direct the staff of the Joint Committee on Internal Revenue Taxation to make a study of property taxes throughout the entire United States.

There is no one thing in our country that is more complex or controversial than what is a fair property tax assessment on local real estate. We have 38,000 units of general purpose local government in the United States, Mr. President, not including special districts such as school districts. These local units of government are charged with the responsibility of determining a fair valuation on local real estate and determining the assessment therefor. The assessments may vary from local subdivision to local subdivision of government as the necessity for revenue may warrant.

In my own State we have some 159 counties. It is the duty and the responsibility of the executive officers of those particular counties to determine their needs for a particular fiscal year, and in accordance with those needs, they determine what is the assessed valuation and then they levy the property taxes accordingly. The property tax may be different in each of the 159 counties—that is, not the valuation, but the rate that is levied for the purpose of carrying out the functions of that local government. The same thing is true of the municipalities.

Imagine what a burden it would be to try to thrust onto the Secretary of the Treasury the responsibility for determining what is a fair market value for farmland in Echols County, Ga., and what is a fair market value for the Chrysler Building in the City of New York. Yet the amendment offered by the distinguished Senator from Florida would put that burden on him.

In addition to that, it would authorize him to cut off every dime of revenue-sharing funds that would go to any county or to any municipal government if the Secretary of the Treasury determined that, from his standpoint, the local government was not fairly valuating or correctly assessing property within its jurisdiction.

I do not think we ought to make the Secretary of the Treasury a czar on local taxation in 38,000 or more local subdivisions of government in this country.

It was the thought of the Finance Committee, when this bill got to us, to make it free of strings, so that the money could go to the States, the counties, and the municipalities to be utilized for any normal function of government in accordance with their regular budgetary procedures and laws for them to correct their greatest problems and meet their highest priorities. That is the way the bill now reads, but if we agree to the amendment of the Senator from Florida, it will do just the opposite of that. It will put the greatest strain of all on the Secretary. It will vest in the Secretary of the Treasury the power to control the property taxes throughout the United States, the fair assessment on property throughout the United States of America, and the right to cut off every dime that goes to local governments out of this more than $3 billion that we are authorizing over a 5-year period.

I do not believe the Senate wants to do that. I urge it to reject the amendment.

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

Mr. TALMADGE. I am delighted to yield to the Senator from Utah, the ranking minority member of the committee.

Mr. BENNETT. Is it not true that we have instructed the staff of the Joint Committee on Internal Revenue Taxation to study this problem and bring us a report next year?

Mr. TALMADGE. The Senator is correct.

Mr. BENNETT. We recognize the problem, and we have set the machinery in motion to prepare an orderly solution for it. I do not think it would be wise today to undercut that decision and try to provide an apparently simple solution that may in fact create far more problems than it would solve because of the difficulties in complying with it.

Mr. TALMADGE. I agree. There is nothing in America that is more controversial than what is a fair evaluation when there is no buyer. In recent elections they have cleaned out courthouse after courthouse all around me on that very question.

Under the law that exists at the present time virtually every State in the Union has some officer in the State government to see that property values are adjusted on an equitable basis, that what is done in one county must be done in another, so that there is a uniform level of assessments and valuations. I cannot think of anything that would be

more controversial than to delegate to the Secretary of the Treasury the power and authority to establish the fair market value of every acre of real estate in America, and then authorize him, in the final analysis, if he is not satisfied with what the local people have done, to consider this matter, appoint assessors, appoint arbiters, and litigate it in the courts. The measure would empower the Secretary of the Treasury to say the assessment ratio is not fair, to say "You have got to do it my way; you cannot do it any other way or we will cut off all your money."

Mr. GURNEY. Mr. President, as I understand the argument in opposition to the amendment—and I have listened carefully to the manager of the bill, the senior Senator from Georgia, as well as the distinguished ranking minority member of the committee—two points have been made against the amendment.

One is that the property assessment rolls are so bad in the United States that the Joint Committee on Taxation has been urged to do something about it. All I say is that that completely buttresses the argument I have made for the amendment and the reason why we ought to do something about it now. We ought to do something before giving $30 billion, using the figure of the manager of the bill, for State and local governments to spend without any reins or strings. I do not think we should go as far as telling them how to spend the money, but I certainly think that strings ought to be tied to the money they get to see that local tax assessors are doing the proper job back home.

It is argued that Congress is going to make a long, delayed study. This supports the argument that we ought to do something about it now.

The other argument I sensed is that the Secretary of the Treasury is going to be given some authority here to determine the fair market values of all property in 30,000 or more taxing districts. I hasten to say that the measure does not say anything about that at all. All it says is that the local people themselves have to make some determinations and send those figures to the Secretary. Those figures, which the local tax people themselves determine, must show that the tax assessments are made within 15 percent of the statewide average. The Secretary is authorized to require them to bring the property tax assessment to within 15 percent of the statewide average.

All the Secretary would do is determine whether the tax assessment rolls in an area are within 15 percent of the statewide average, and the raw figures involved are generated within each particular district.

So we are not putting anybody in jeopardy and we are not thrusting upon the Secretary of the Treasury, as I see it, anywhere near the responsibility the Secretary already has in the bill. He already has the authority to determine whether the money spent under this bill has been spent in accordance with the bill's provisions. The bill already requires that. My amendment would require that information be sent forward based on the figures on the particular tax rolls, and if the assessment ratio is not within 15 percent of the statewide average, the Secretary would tell them to make it within 15 percent of the statewide average.

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

Mr. GURNEY. How much time does the Senator need?

Mr. TALMADGE. Mr. President, I yield 3 minutes to the Senator.

Mr. BENNETT. Reading from the amendment:

> If the Secretary determines that the property tax fairness factor for any local assessment authority is less than .85—

That is fairly simple, but I go on:

> Or if he determines that any local assessment authority has failed to comply substantially with any provision of this subtitle . . .

That puts on him the responsibility to analyze the figures of the local assessing authority from every point of view in the subtitle, and then he has no discretion. He must—he shall—notify the chief executive officer of that local assessment authority, and so on. And if he does so notify him, until he is satisfied, the Secretary shall make no further payments of such amounts. So he is not only involved in the 15 percent; he is involved with the whole question of substantial compliance with all the factors of the amendment, and then he is left with the responsibility of making no further payments. So it seems to me that we have involved the Secretary directly in all of these 38,000 tax assessing units of general government.

He not only must look at the arithmetic, he must look at the method of compliance, and whether or not it is substantially in accordance with the provisions of the act.

Mr. COOPER. Mr. President, may I ask a question of someone?

Mr. GURNEY. Mr. President, if I may reply very quickly: It is true that the Secretary is involved to the extent of analyzing these determinations of percentages that are set up by the local tax assessor, to see if he has complied by bringing his roll within 15 percent of the State average.

The language the Senator has read from the bill does require that. But it does not in any way, as I said before, require the Secretary to make any determinations of value himself by sending his own appraisers out. That is all done at the local level.

If I may say so to the distinguished Senator, I did spend some time in local government. In this particular area, I spent 8 years. There is no particular secret involved in bringing tax rolls into good shape. It does require a tax assessor who has some brains and enough honesty to put his tax rolls in shape; aside from that, it is an easy job.

All this amendment does is focus upon the question of whether or not the local tax assessor has brought his roll into the same general picture as the average for his State. I think that is a simple requirement, and it seems to me it is a very small, little step in the direction of putting the tax assessors' rolls in better shape.

The PRESIDING OFFICER. Who yields time?

Mr. BENNETT. Mr. President, if you assume that all the Secretary is going to do is check the mathematics, then this amendment is not particularly necessary; but as I read it, the Secretary of the Treasury has got to be in a position to send an individual into a county if some taxpayers in that county challenge the assessment of the tax assessor. He has got to make sure that the local assessment authority has complied substantially with every provision of the subtitle. So I can see the Secretary with the obligation to send representatives all over the United States to analyze the manner in which the assessments are made, and probably to hear complaints from taxpayers who say, "Well, our taxes were not assessed in accordance with this proper method."

In my State, we have a State tax commission that has equalization authority. Now it is proposed to put the Secretary of the Treasury on top of them, in an attempt to decide whether or not the provisions of this subtitle have been complied with, because the Secretary is mandated to withhold the money if they have not been. He cannot afford to take the chance of withholding the money unless he has been able to satisfy himself completely that the local government is not in compliance, and that decision could be challenged by any taxpayer under the circumstances.

So I think it is not only very dangerous but very difficult and very expensive, and I hope the amendment will be rejected.

Mr. GURNEY. Mr. President, if I may reply again to the distinguished Senator from Utah, the words "substantial compliance" are actually language taken from the rest of the bill concerning compliance by the local authority with all the other provisions of this rather substantial bill. It is simply language we used before.

The only thing the Secretary would have to check here to monitor compliance, other than the mathematics which a first-year student in arithmetic could figure out, is whether or not the taxing authority did employ a qualified assessor every 2 years to take a sample of the properties on his roll, in order to determine the figures submitted to the Secretary. The Secretary would merely crank those figures into the determination of whether the tax roll is within 15 percent of the State average. I do not think that is any great degree of supervision, and I do not think the Secretary would have to employ an army of skilled people to do it, either. It is a rather simple requirement.

The PRESIDING OFFICER. The Senator's time has expired. Who yields time?

Mr. BENNETT. How much time have the opponents of the amendment remaining?

The PRESIDING OFFICER. The opposition has 9 minutes remaining.

Mr. BENNETT. The Senator from Kentucky wanted to ask a question.

Mr. COOPER. He may not have time to answer.

Mr. BENNETT. Mr. President, I yield 3 minutes to the Senator from Florida, so that he may answer the question.

Mr. COOPER. Mr. President, I want to know where in the title is the language which states that the local assessment ratio must equal what I thought the Senator stated was the State assessment ratio, the average. Is this dependent upon local assessments, authority by authority, or is it a comparison of the local to the State assessment ratio?

Mr. GURNEY. It is the latter.

Mr. COOPER. Where is the language?

Mr. GURNEY. The language is in section 152, and it is also in the definitions.

Mr. COOPER. I know the Senator is very familiar with his amendment, but I regret that I cannot find that.

I recall to mind what the Senator from Georgia said, where a local assessment ratio, say, in X county's roll, was at a certain level, and one in Y county was much higher, and yet you would have X county deprived of revenue, and Y county receiving revenue, in the same State. They both might be low.

Mr. GURNEY. If I may reply to the Senator, the assessment ratios here are set out in the definitions in section 153, and those definitions indicate how to arrive at the local assessment ratio and the State assessment ratio. A comparison of the local ratio with the State ratio shows whether or not the variation exceeds 15 percent. It is a matter of mathematics, under the definition.

Mr. COOPER. Well, assessments in Kentucky have changed; the local supervisors of assessments now are examined by the State, and the State attempts to get an average of assessments throughout the State. I really thought, on reading the amendment, that under the Senator's amendment this would not be done, but he could have different ratios throughout the State with different counties, and they could be very inequitable between the counties.

Mr. GURNEY. If I understand the Senator's question, that is exactly what the amendment is designed to do, to bring the ratios of units in the State to within reasonably fair equality, as compared to each other. A fair amount is within 15 percent of the State overage. That is a principle fairly generally recognized, that you have to give a certain leeway when assessing property, so that competently assessed rolls will not be thrown out. You cannot make them exactly perfect.

I might say also that some States are enforcing this kind of law, to determine the ratios in different jurisdictions within the States. Florida has had a law on the books for some time that does require local jurisdictions to upgrade their tax rolls, and it is working. So all these matters have been tried before, and all the amendment would necessitate would be that they be done in some places where it is not now being done.

Mr. TALMADGE. Mr. President, if the estimation given by the Senator from Florida with reference to the amendment is correct, the amendment is meaningless, and amounts to nothing except so much language on a piece of paper. I do not accept that view. I think the view of the Senator from Utah and the view I have accepted is correct: this amendment would make the Secretary of the Treasury the tax assessor for 38,000 or more political subdivisions of Government in the United States.

I read, on page 2 of the amendment, line 16:

Until he is satisfied—

Now, who is he? The Secretary of the Treasury:

The Secretary shall make no further payments of such amounts.

That means that if the Secretary is not satisfied, he can cut out every dime of the money and then, of course, the triggering language is in the earlier lines there, too.

So this amendment makes the Secretary of the Treasury the tax assessor for the more than 38,000 units of local government in this country, and I think it ought to be rejected overwhelmingly.

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

The PRESIDING OFFICER. All time on the amendment has been yielded back.

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

The legislative clerk called the role.

Mr. ROBERT C. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from Oklahoma (Mr. HARRIS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PELL), the Senator from Alabama (Mr. SPARKMAN) and the Senator from Virginia (Mr. SPONG) are necessarily absent.

I further announce that, if present and voting, the Senator from Virginia (Mr. SPONG) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Wyoming (Mr. HANSEN), and the Senator from Iowa (Mr. MILLER) are necessarily absent.

The Senator from Arizona (Mr. GOLDWATER) is necessarily absent because of death in his family.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Tennessee (Mr. BROCK) is detained on official business.

If present and voting, the Senator from Colorado (Mr. ALLOTT) and the Senator from Iowa (Mr. MILLER) would each vote "nay."

The result was announced—yeas 8, nays 75, as follows:

[No. 412 Leg.]

YEAS—8

Beall	Cotton	Packwood
Chiles	Dole	Percy
Cook	Gurney	

NAYS—75

Aiken	Fulbright	Nelson
Allen	Gambrell	Pastore
Anderson	Gravel	Pearson
Bayh	Griffin	Proxmire
Bennett	Hart	Randolph
Bentsen	Hartke	Ribicoff
Bible	Hatfield	Roth
Boggs	Hollings	Saxbe
Brooke	Hruska	Schweiker
Buckley	Hughes	Scott
Burdick	Inouye	Smith
Byrd, Harry F., Jr.	Jackson	Stafford
Byrd, Robert C.	Javits	Stennis
Cannon	Jordan, N.C.	Stevens
Case	Jordan, Idaho	Stevenson
Church	Long	Symington
Cooper	Magnuson	Taft
Curtis	Mansfield	Talmadge
Dominick	Mathias	Thurmond
Eagleton	McClellan	Tower
Eastland	McGee	Tunney
Edwards	McIntyre	Weicker
Ervin	Metcalf	Williams
Fannin	Mondale	Young
Fong	Montoya	
	Moss	

NOT VOTING—17

Allott	Hansen	Mundt
Baker	Harris	Muskie
Bellmon	Humphrey	Pell
Brock	Kennedy	Sparkman
Cranston	McGovern	Spong
Goldwater	Miller	

So Mr. GURNEY's amendment (No. 1485), as modified, was rejected.

The PRESIDING OFFICER (Mr. BEALL). Under the previous order, the distinguished Senator from Florida (Mr. CHILES) is now recognized.

AMENDMENT NO. 1504

Mr. CHILES. Mr. President, I call up Amendment No. 1504 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 63, beginning with line 17, strike out through line 23 on page 66.

On page 67, line 1, strike "Subtitle C" and insert "Subtitle B".

On page 67, line 2, strike "SEC. 141" and insert "SEC. 121".

On page 69, line 7, strike "SEC. 142" and insert "SEC. 122".

On page 69, line 16, strike "SEC. 143" and insert "SEC. 123".

On page 71, line 7, strike "SEC. 144" and insert "SEC. 124".

On page 100, beginning with line 1, strike out through line 15 on page 112.

Mr. COOK. Mr. President, if the Senator from Florida will yield me 30 seconds I ask unanimous consent that Mary McAuliffe of my staff be accorded the privilege of the floor during consideration of the pending bill.

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

Mr. CHILES. Mr. President, I ask unanimous consent that Mr. George Patten and Margaret Maruschak be accorded the privilege of the floor during the consideration of the pending bill.

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

Mr. CHILES. Mr. President, I ask unanimous consent that the name of the

distinguished Senator from Georgia (Mr. GAMBRELL) be added as a cosponsor of the amendment.

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

Mr. JAVITS. Mr. President, will the distinguished Senator from Florida kindly add me as a cosponsor of his amendment?

Mr. CHILES. I am very happy to do so. Mr. President, I ask unanimous consent that the name of the distinguished Senator from New York (Mr. JAVITS) be added as a cosponsor of the amendment.

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

Mr. CHILES. Mr. President, this amendment would strike from the sections of the general revenue sharing bill those portions having to do with social services, including the $1 billion "sweetener."

The reason for striking this portion from the bill is to instruct the Finance Committee to make a thorough study of the problem of social services and come up with a realistic cap as to what kind of cap should be placed on social services.

My feeling is that the bill attempts to mix apples with oranges. Social services have no direct relationship to general revenue sharing. But the pending bill attempts to lump the subjects together and consider them at the same time, deleting certain social services but recognizing and leaving with an open-end provision other social services.

During the past 2 years, the States have made many uses of the lack of limits on social services under the Social Security Act's open-ended 75-percent matching fund, to be used for a wide variety of social services, some good and some bad, such as, employment services, health-related services, rehabilitation for alcoholics, rehabilitation for narcotics users, homemaker services, protective services for adults, special services for the blind, information services, chore services, day care services for adults, educational services, home delivered or congregate meals, homemanagement and other functional educational services, legal services, transportation services, housing improvements, and others.

Mr. President, many of the services are certainly valuable to the concept that Congress set up when it provided for matching funds for social services in an attempt to keep many of our citizens off welfare and off of the welfare rolls. Certainly, in addition to that, there have been many States that have abused the program and some of the funding. They have attempted to use it under these circumstances.

The Finance Committee version of the revenue-sharing bill allows the open-ended services for child care and family planning. All of the services are knocked out of the bill. And, as I understand it, they could be taken care of with the funds that are added, the $1 billion sweetener, if the States and local governments and sharing units care to use those funds for that purpose.

These services are even further defined as only those needed to enable a member of the family to work or to take job training or to provide necessary supervision for a child whose mother is dead or incapacitated.

Mr. President, I enclosed a chart with my "dear colleague" letter which gives some indication of what States stand to lose in social service funds with the Finance Committee version of the bill.

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

Mr. CHILES. I yield.

Mr. JAVITS. Mr. President, my office has prepared a chart which the Senator may find very useful. Would the Senator mind if I told him what the chart contains?

Mr. CHILES. No; I would be delighted if the Senator were to do so.

Mr. JAVITS. Mr. President, this is a very interesting chart. It shows how the $1 billion would be divided. It shows that 26 States according to this chart lose more than they actually spend, which was roughly $1.5 billion in the preceding fiscal year. And even after we take the scare headlines which we saw in May of 1972, even on that basis $1.759 billion was spent, and not any $4.5 billion figure.

The loss is very high. And the chart adjusts the figures for the two items remaining, child care and family planning. Also it shows that over half of the States, and by far the most populous States, lose on this $1 billion basis. This makes it crystal clear as to the absolute necessity of supporting the Senator's amendment.

Does the Senator mind if I have the chart printed in the RECORD?

Mr. CHILES. I would be delighted if the Senator from New York were to do so.

Mr. JAVITS. Mr. President, I ask unanimous consent to have the chart to which I have referred printed at this point in the RECORD.

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

REVENUE SHARING, SOCIAL SERVICES GRANTS—COMMITTEE DISTRIBUTION VERSUS ACTUAL AND PROPOSED SPENDING

[In millions]

	Col. 1—Finance Committee distribution	Col. 2—Projected spending for fiscal year 1973, based on May estimates (excluding child care and family planning)	Col. 3—Actual spending for fiscal year 1972. (For some jurisdictions, 4th quarter figures are estimates)
Alabama	10.6	13.5	8.0
Alaska	0.8	18.5	7.4
Arizona	9.6	4.1	2.6
Arkansas	4.8	2.4	7.9
California	134.0	236.1	181.4
Colorado	11.8	16.4	15.5
Connecticut	17.4	12.3	6.8
Delaware	2.9	32.9	13.4
District of Columbia	6.3	9.3	8.4
Florida	34.3	98.2	58.5
Georgia	15.7	19.3	20.1
Hawaii	3.7	1.7	1.0
Idaho	1.8	2.2	1.4
Illinois	65.4	135.6	171.9
Indiana	19.9	6.0	5.8
Iowa	7.0	12.4	9.5
Kansas	6.5	7.3	6.2
Kentucky	9.3	13.1	6.4
Louisiana	14.1	13.5	28.5
Maine	2.5	6.4	5.6
Maryland	21.5	19.5	17.5
Massachusetts	36.0	13.9	46.4
Michigan	47.0	67.5	19.8
Minnesota	15.6	21.5	22.9
Mississippi	5.5	4.9	1.3
Missouri	21.4	15.9	12.7
Montana	1.7	2.8	2.5
Nebraska	4.9	10.7	5.8
Nevada	2.8	1.9	1.5
New Hampshire	1.4	2.1	1.8
New Jersey	50.4	37.0	29.7
New Mexico	2.5	4.6	10.1
New York	118.0	532.0	442.4
North Carolina	12.7	33.2	17.0
North Dakota	1.5	3.6	3.0
Ohio	55.1	21.1	17.0
Oklahoma	8.7	8.6	23.0
Oregon	8.2	18.6	20.0
Pennsylvania	57.4	68.3	23.6
Rhode Island	6.2	5.5	4.5
South Carolina	6.4	8.3	5.2
South Dakota	1.7	2.3	1.7
Tennessee	12.4	19.4	8.6
Texas	57.4	32.0	51.2
Utah	6.1	4.0	3.4
Vermont	1.1	1.9	1.6
Virginia	19.9	16.9	14.0
Washington	15.5	54.6	26.6
West Virginia	4.3	7.5	7.1
Wisconsin	17.1	53.2	31.8
Wyoming	.8	.6	.0
Total	1,000.0	1,759.3	1,449.8

Note: Details may not add to totals because of rounding.

Sources: Department of Health, Education and Welfare. Senate Committee on Finance.

Mr. CHILES. Mr. President, as the Senator knows, there are all kinds of different figures and all kinds of different charts that are available. Many of them are greatly exaggerated and greatly misleading. However, I think that really all that these figures point up is the need for the Finance Committee to take a look at this and try with the staff of the committee to sift through some of these figures and get to the hard truth of the matter here. This should be done.

I have heard a lot about the abuses of the program. We know that there certainly have been some abuses. However, I have not heard much, and I do not think that the Finance Committee took any testimony about this, about some of the good things about the program. It was defined by Congress as an effort to reduce the welfare rolls. I wonder if any State has been given an opportunity to testify about some of the benefits of the program and some of the good things about it.

I can tell the Senate that in my State we have turned over all social services to the State level. We have reduced the cost of operation. It is a computerized operation. We can tell where every dollar for services are spent.

I do not think that we have any frills in the program. We have been able to start in the program and adopt a mean-

ingful alcoholic rehabilitation program and a meaningful program that does something about providing services to senior citizens.

It is truly keeping many people off the welfare rolls that would be on the welfare rolls and that would be a part of the escalation of welfare if we did not have a social services program. Where will we be left by the Finance Committee version of the bill? We will lose a tremendous sum of the money we are now using in what I think—and we can prove it before any committee—are sound programs, soundly managed and with no frills. However, with the quickener or sweetener money, it will be divided one-third to the State, one-third to the local unit, and one-third to other units of government. And that money will not then provide the social services.

Those programs will be administered at the State level. And the cities and counties will say, "We look to the State to provide those services." Two-thirds of those funds will be unavailable for the services. They will be used to build buildings or build roads or to match some other funds. They will be completely lost for the provisions that Congress set out.

This is something that the Finance Committee ought to look at and try to determine when they are trying to determine what kind of rules and regulations the committee should prepare. Certainly the fact that the Department has failed up to now to put on some meaningful guidelines and rules and regulations cannot be ignored. We cannot allow it to stay open ended. There are abuses. And those abuses must be brought under control. The HEW themselves say that they now have their rules and regulations that they are ready to come forward with.

I think the committee should try to see what they are and consider them and see whether Congress needs to write guidelines and rules as to what funds should be available for social services.

Mr. President, with one fell swoop, however, to knock out all social services except child care and family planning and then say that we are putting in this $1 billion sweetener and they can make their own decisions on how to spend it fails to look back to the decision Congress made when it said that there are some services the State should look to so as to see how to reduce the welfare rolls. That is an important thing.

I have a hard time in my mind ranking drug treatment behind child care and alcoholic rehabilitation behind family planning. What makes one more important? We leave it open ended and knock out the money for the other and say to them that they can take the sweetener fund and use it for these purposes. I have a difficult time in making that decision in my mind.

Mr. LONG. Mr. President, would the Senator be willing to consider a unanimous-consent agreement on the limitation of debate on his amendment?

Mr. CHILES. Mr. President, I think there should certainly be a stage in the debate at which I would be willing to do so. However, at the present time I do not know what would be an adequate time limitation on my amendment. I would therefore like to wait until we discuss the issue a little more before we do that.

We are operating under an almost complete lack of information on where or how our money is being spent. The committee report states that their trimming of social services is due to the fact that:

> Under present administrative guidelines—or perhaps more correctly lack of guidelines—States have succeeded in financing almost any government activity under this provision.

The committee report goes on to say that—

> It appears that the Secretary of Health, Education, and Welfare, estopped by his past actions in approving State plans, is now incapable of taking any effective steps which will restore fiscal responsibility.

I think we have to look at the rules and regulations that the HEW now says they are ready to issue to determine whether that is true or whether Congress has to get into the picture and write some meaningful rules and regulations.

The bill as presently drawn virtually eliminates those services that I feel are necessary, effective, and successful in preventing welfare dependency in many States.

I mentioned alcoholic rehabilitation and drug rehabilitation, services for the elderly, employment services, hot meals for the elderly. I think these are certainly as important in reducing the welfare rolls in my State, and I think in every other State, as any other feature we could consider in the bill.

I know many Senators are talking about a "cap." They are talking about what a cap is and what should be the proper cap. This is something the committee should look for under the present bill as drawn by the Committee on Finance. There is no cap on the services that will be in the bill. Perhaps Congress should decide on what the cap should be. This is something the committee should look into.

The committee in its report, and I think that portion of the report is certainly laudable, seeks to tighten up on social services and it points out spending has gone the wrong route, but instead of encouraging better administration and accountability for spending and efficiency, and demanding a look at the program and the individual merits, they have simply backed away and cut across and hacked off the portion of funding itself instead of responsibly looking at the programs and determining if they are doing the job, and if there are abuses, how to get to them.

The bill as presently drawn would have us express the national policy of the United States to be one that does not encourage preventive social services, does not reward States for efficient administration, does not examine programs on merit, and selectively prune and regulate, but rather blatantly strikes at the core, the funding center, so that nearly all States suffer because of isolated cases of abuse.

The only aspect of this program that has gotten any publicity so far has been the abuse that has occurred in some instances. The well-running programs just are not newsworthy I suppose. But programs across the country bringing hot meals to the elderly, helping rehabilitate narcotics and alcoholics, providing day care and chore service for the elderly and many other services, are working—and working well in accomplishing the goal Congress set—the prevention of welfare dependency.

I hope Congress will not turn its back on a program that it adopted, and which was sound at the time, but vote for this amendment to strike the sections dealing with social services from the bill, urging the Committee on Finance to give this issue separate, complete, and early consideration. At present we are operating under an almost complete lack of information, juggling figures that are fictional, and devising formulas whose implications we cannot hope to fully understand in such hasty consideration. At present no one on the floor of the Senate is in a good position to know the ramifications of any of the formulas being offered as far as his own State is concerned. There is much confusion everywhere. My amendment offers the reasoned, logical approach of saying, "Let us give this important issue the consideration it deserves as a separate question from revenue sharing, not lumped with revenue services. But let us take the time to find out the needs and how they are being met, and what we need to do to continue to meet them, and how we can continue with a program that is sound in reasoning but which has been misinterpreted and misused by some States, and by the Department in its failure to set proper guidelines.

Mr. COTTON. Mr. President, I have listened to the presentation of the Senator from Florida in connection with his amendment. Among other things he said the Committee on Finance had not held hearings on this matter. That can be answered by the members of the Committee on Finance and not me. I would like to direct the attention of the Senator and the Senate to the fact that there is a committee that has been grappling with this problem for the last 4 years. That is the Subcommittee on Health, Education, and Welfare of the Committee on Appropriations, of which the distinguished Senator from Washington (Mr. MAGNUSON) is chairman, and on which I serve as the ranking minority member.

This money does not go to the receipients, the old people, or the underprivileged, or the retarded children, or any of the recipients. This money is used for administration. For every dollar the States choose to put in hiring social workers and hiring various administrators, the Federal Government is obligated to match with $3. We pay 75 percent.

It has been my experience for nearly 20 years in this body that every time we

establish a program in which we agree to pay more than 50–50 we find ourselves running into trouble and find the money leaking out as if there were a hole in the bottom of the ship. That was true in connection with the Interstate Highway System, which we set up when I was a freshman Senator and serving on the Committee on Public Works. That was 90 percent and in no time at all States were spending unheard-of money to buy rights-of-way.

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

Mr. COTTON. I yield.

Mr. LONG. Mr. President, I wanted to make clear that if anyone said here that the Committee on Finance has not held hearings on this matter of social services, that is in error. I am sure the Committee on Appropriations has been struggling with this matter as long as the Committee on Finance, but we, like the Committee on Appropriations, are aware that as of now this open-ended 3-for-1 Federal matching for so-called social services takes the cake as being the most irresponsible, wide-open Federal expenditure to do things no one in Congress ever intended, beyond any per adventure of doubt.

For example, in New York City they had a program to help drug addicts. They took the money for drug addiction and they call it a social service and they get 75 cents in Federal funds for every $1 they spend. We were dismayed to find that they had a long waiting list for drug addict treatment programs in New York City, and that welfare payments were being made to these addicts while they received no treatment for their addiction. In view of the fact that there were so many people on the waiting list, the indications were that more than half of those addicts on welfare were simply using the money to buy more heroin.

We found all sorts of things were being called social services that never were intended to be funded under the social services program.

I have here one of the pamphlets prepared by our staff in connection with our deliberations on social services. Here is a quotation from Representative MICHEL of Illinois, a member of the House Subcommittee on Health, Education, and Welfare Appropriations. This is what he said in the House:

> It is possible now for the States to finance almost anything under this system. For example, did you know that one State financed a half million dollar TV documentary with social services money?
>
> In another State, social service funds have gone into the State highway department.
>
> Did you know that in one State program funds are going for advice on personal grooming to potential parolees from the State prisons?
>
> Another State is financing a prekindergarten education program with these funds.
>
> And the list goes on and on. In many States as much as 80 percent of their Federal funding under this program is going for refinancing of what were formerly State-financed services. State welfare departments, who are supposed to exercise control over these expenditures, are becoming little more than fiscal conduits. Some States have even gone so far as to formally appropriate private funds—like UGF, and so forth—so they will qualify for Federal matching money.

Let me explain that last item. Money donated to the United Givers Fund, or what is called in some places the Community Chest, would be run through the State or local government for the sole purpose of having it matched with three times as much Federal money. Through this device, the State gets three Federal dollars for every dollar put into it.

Some people who contributed to the United Givers Fund or the Community Chest are in the 70 percent tax bracket. Then the United Givers uses the social services device to multiply the funds 3-to-1. Then, Mr. President, the State agency contracts back to the United Givers Fund to provide the service. So they take the Community Chest money, pass it to the State, then the State picks up Federal matching and gives it back.

This is actually going on in this country. I am quoting from Representative MITCHELL, and he is right about this:

> A big part of the problem, too, is that there is no formula for insuring an equitable distribution of social services money among the States.

For example, California managed to exploit the program early in the game. Illinois heard about it and hired some consultants to advise them on how they could get the maximum number of dollars by shifting money they were putting up for other programs into so-called social services. So Illinois increased their Federal grant tremendously.

Down in my part of the country, the States were being told this kind of thing could not be done. But it was done, for example, in New York, to the tune of an estimate $850 million in the current fiscal year. Now Mississippi is working hard trying to catch up. Mississippi people do not like to look like pikers, even though they might seem to be so from the island of Manhattan. Now they are trying to get $464 million matching for Mississippi.

Maryland is aiming for $418 million. If this thing is done on the scale that Mississippi and Maryland are trying to do it, it will cost $20 billion at the Federal level alone.

Practically all of this was unintended. When this provision went into the law to begin with, the estimate was given to us that it would cost $40 million. How does $20 billion relate to $40 million? I think it would work out to be 500 times beyond what it was originally estimated to cost.

There was a fine gentleman from Florida, Mr. Bax. I think he is a very fine and sincere young man, and he was enthusiastic about administering the program under President Nixon. He is no longer in HEW, but he did his best to administer the program. His estimate to me was that the social services programs would cost $4 billion this year and $7 billion next year. That is a conservative estimate, based on the way the estimates are coming in right now.

The ridiculous thing about the situation is that the money is taken from high-priority items among the States and put into low-priority items which are then called social services. For example, a State will have a medicaid program for medical care for the needy under which it might receive 50-percent matching to provide medical care to a welfare recipient. Yet any program that can be fit under the social services heading, no matter how low its priority, will receive 3-to-1 Federal matching, even if it means cutting back on medical care for the needy. That may sound ridiculous, but it happens.

The large growth in Federal social service funds just means that the States have been reprograming money. It means they have taken money away from some program and have reprogramed it into another program where there is 75–25 matching.

This problem is something that the Appropriations Committee tried to bring within reason, and it was unable to persuade the House to go along, but the Senate at least did support the Appropriations Committee in its efforts.

We on the Finance Committee were a little late in realizing how bad this matter had become. The Appropriations Committee was trying to get it under control even before we did. Having seen this example of probably the most flagrant abuse of an open-ended spending program in the Nation's history, we felt it was our duty to do what we could to try to bring it under control. We realize that the House might not be willing to agree to the Finance Committee approach, but we would like to hope, at least, to enter negotiations with the House with our approach as the starting point.

I appreciate what the Senator from New Hampshire has had to say, because he has worked in that field, and he and the others on the Appropriations Committee tried to bring this matter under control. He is indubitably correct. We in the Finance Committee tried to cooperate in bringing this matter into control. We appreciate their efforts to bring this open-ended spending program into some reasonable context.

Mr. COTTON. I thank the Senator. We on the Appropriations Committee are appreciative of the fact that the Finance Committee had grappled with this problem and has suggested at least a partial solution.

I would like to make two or three points clear, and I shall be very brief about it. We have lived with this matter for more than 4 years. In the first year, as the distinguished Senator said, the amount was $40 million. Very soon it was $500 million. Then it jumped from $500 million to $1 billion. Then it jumped from $1 billion so that last May, when the 51 States—and, of course, I include the District of Columbia as a State—came up with estimates of what they required—again, I emphasis, for the administration of these social services—it came to more than $2.1 billion.

Mr. JAVITS. Mr. President, will the Senator yield for a question of fact?

Mr. COTTON. For a question, yes.

Mr. JAVITS. Just a question of fact.

Mr. COTTON. I yield.

Mr. JAVITS. Is it not a fact that the Senator has omitted what they actually were spending?

Mr. COTTON. I am coming to what they actually were spending in just a moment.

Mr. JAVITS. That was at the rate of $1.759 billion.

Mr. COTTON. I think the Senator from New York will be satisfied when I get a chance to finish what I have to say, if I have that opportunity.

Mr. JAVITS. I am sorry.

Mr. COTTON. Last year, we on the Appropriations Committee tried vainly—the Department of Health, Education, and Welfare was most anxious that there should be a limitation, and we tried to put on a percentage limitation. Health, Education, and Welfare suggested that no State, on these administration funds, on this 3-to-1 business, should have more than 110 percent of what they had in the preceding year, in other words to hold the increase to 10 percent.

We soon discovered that we did not have a prayer—not a prayer—of doing that in the Senate, because if that was put on, certain States had already obligated themselves beyond that.

So we tried for 120 percent, and we were defeated on the floor of the Senate. That was last year.

So this year, after the May estimates came in totaling $2.1 billion, the Health, Education, and Welfare Appropriations Subcommittee decided to put a dollar limit on and that dollar limit would be $2.5 billion. We thought that we were giving leeway. We found out that we were not, and I shall come to that in just a moment.

Now, mind you, this is for administration of the social services. In the meantime, only a few months ago, the President of the United States came out with a bill—which I voted against, incidentally—an emergency employment bill to appropriate, I believe, $1 billion to go to States, cities, counties, and subdivisions to augment their working forces. To me, it did not seem to be satisfying the kind of unemployment we wanted to satisfy. It seemed to me that that was going to aid States and subdivisions to build up bureaucracies by having $1 billion to put ward healers, political hacks, and everybody else on the payroll. But the fact remains that the States had that $1 billion in addition to the moneys they were already using on this open-end program. We came into the Senate, and we prevailed, and the Senate by a fairly substantial vote, voted to keep that $2.5 billion limitation into the bill.

We went to conference. Now, in justice to some of these States, and in justice to the point that was about to be raised by the distinguished Senator from New York—of which I am keenly aware—in the meantime the States had run up bills for fiscal 1972 that exceeded considerably the amounts of the estimates they had previously given for 1973. The House conferees said, "Well, we will not try to write in any limit this year; we will put some language into the bill and warn the States that we are watching them, and that next year or some subsequent year we are going to put a stop to this leakage" which was like a sieve.

Mr. President, what I am now about to say will not be agreed to, I am sure, by the distinguished manager of the bill, the chairman of the Finance Committee.

We are not satisfied with what is in this bill. The bill, still allows an open end authorization for child care, which I assume means for day care centers and family planning. If you follow the history of this thing, you will realize that if you leave this loophole, the States will go on and employ all of these people, most of them, ostensibly working for child care and family planning, but they will still be running the whole gamut of social services.

So later on this afternoon, as soon as we get an opportunity, an amendment will be offered by the distinguished Senator from Delaware (Mr. ROTH). The distinguished Senator from Washington (Mr. MAGNUSON) and myself are cosponsors of that amendment which will close up the loopholes in the bill brought in here by the Finance Committee. This amendment will put on a real lid on these services. We want that lid high enough, and it will be high enough, as not to hurt no State, New York or any other State, that has in fiscal 1972 run far beyond the limitations that we were putting on before. It will not hurt any State in this Union, unless it hurts a State that wants an increase of 4,000 percent, like one of the States referred to by my friend from Louisiana. It is my ardent hope, first, that the amendment of the distinguished Senator from Florida will not be adopted, and that we will not strike this whole thing out. But I think that what is in the bill deals with this matter inadequately, and I hope the Senate will give careful consideration to the very broad limitation and very high ceiling, but very definite and all-inclusive ceiling, that will be offered in the so-called Roth amendment, cosponsored by the Senator from Washington and myself.

I just wanted to give notice that we were going to do that; and when the Senator from New York sees that amendment—or perhaps he already has it before him—I think that he will find that his situation is taken care of.

Mr. President, I yield the floor.

Mr. ERVIN. Mr. President, according to an old story, this event occurred in the British Parliament many years ago:

A member of the House of Commons introduced a bill which proposed that the British Government should forthwith issue and sell enormous quantities of bonds, that the proceeds of the sale of the bonds should be immediately spent to finance existing temporary programs, and that no payment should be made on the principal of the bonds until 50 years had elapsed. Another member, whose economic views were similar to mine, denounced the bill on the ground that it was unfair to posterity. The author of the bill replied:

> Posterity has not done anything for me, and I'm not going to do anything for posterity. Besides, posterity can't vote in the next election.

This old story ought to induce sorrow rather than merriment among us. This is so because it points up the fiscal folly which has prevailed in the Federal Government for almost half a century.

For more than 40 years, occupants of the White House and congressional seats have emulated ostriches, and buried their heads in political sands to hide from themselves these unalterable economic truths: First, persistent deficit spending fuels the fires of inflation, and robs the past of its savings, the present of its earnings, and the future of its hopes; and, second, any institution, private or governmental, whose disbursements constantly exceed its receipts is doomed to fall into a financial abyss.

For more than 40 years, occupants of the White House and congressional seats, who won election by promising to balance the Federal budget, have ignored their promises, and heeded the pleas of politically powerful groups, who, like the horseleach's daughters, cry for more and more and more money out of an empty Federal treasury.

As a consequence, they have piled deficit on deficit year after year, and thus imposed upon the American people a national debt of $450 billion, a national debt which surpasses the combined national debts of all the other nations of earth by far more than 100 billion dollars.

Strange to say, all of this national debt has not been accumulated in financing obligations the Constitution imposes upon the Federal Government. Indeed, much of it has resulted from chronic foreign aid programs under which the Federal Government borrowed money and gave it to foreign nations because of the delusion of those who have ruled in Washington that they can promote the general welfare of Americans by taking their patrimony from them and bestowing it upon the rulers and people of other lands.

I digress to observe that if an individual should indulge in the unspeakable folly of borrowing money to give it away, his family and friends would institute an inquisition in lunacy against him, and the court would put his estate in guardianship on the ground that he is mentally incompetent to manage his own affairs.

President Nixon won the Presidency by promising that he would restore financial sanity to the Federal Government, stop the deficit-financing of its activities, and balance its budget.

His performances in office do not match his promises as a candidate. The most enormous deficits in the peacetime history of our country have occurred during his administration.

In attempting to excuse or justify these

deficits the President proves his prowess as a semantic acrobat. In one breath, he proclaims that the deficits are the inevitable results of his wise "full-employment budgets," which require the employment of deficit-financing; and in the next breath, he charges that an iniquitous Congress is solely responsible for the deficits.

The inescapable truth is that President Nixon and Congress are jointly responsible for the deficits. Under the Constitution, Congress cannot appropriate a single penny without the approval of the President unless it overrides the President's veto of an appropriation bill by a two-thirds vote in both the Senate and the House. Congress has not been accustomed to override presidential vetoes since President Nixon was inaugurated.

The President expects his full employment budgets or an iniquitous Congress to cause further deficits during his administration. This is made obvious by his constant demands that Congress legalize further deficits by repeatedly raising to unprecedented heights that hypocritical restraint on Federal spending, the national debt limit.

President Nixon is urging Congress to extract $33.5 billion from an empty Federal treasury by the legerdemain of deficit financing and give it over a 5-year period to the States, with the biggest shares going to a few big States who are notorious for their extravagant welfare and unemployment insurance programs. To delude themselves into believing this fiscal year folly to be righteous, the President and the sponsors of his proposal euphemistically call the legislation which is to authorize it a revenue sharing bill.

They remind me of a story. In some rural areas of North Carolina, those whose relatives were buried in small country churchyards gather together annually in the churchyards and undertake to beautify them cooperatively by removing briars and weeds from the graves and planting flowers beside them. On one occasion the people had assembled in a certain churchyard to perform their yearly labor of love. One of them, who was somewhat lazy physically, hired George to accompany him and perform his physical tasks for him. George got down on his knees beside a grave and began to pull up the weeds growing on it. Suddenly George burst into laughter. His employer asked: "George, why are you laughing?" George replied: "It's them funny words that are writ on this grave stone," as he pointed to an epitaph which said: "Not dead, but sleeping." George's employer said: "I don't see anything funny in that." George replied: "Boss, he ain't fooling nobody but himself."

The President and the sponsors of the revenue sharing bill are not fooling anybody but themselves.

As everybody else knows, the Federal Government does not have a single diluted copper cent to share with anybody. On the contrary, all it has of a financial nature is a deficit which now amounts to $450 billion—a deficit which is constantly increasing in volume.

If the President and the sponsors of the bill wish to give $33.5 billion or any other sums to the States under a new program, they ought to exercise the political courage to insist that old taxes be raised or new taxes be imposed sufficient to cover the cost of the program; and if Congress wishes to give $33.5 billion or any other sums to the States under a new program, Congressmen ought to exercise the political courage to raise old taxes or impose new taxes sufficient to cover the cost of the program.

Anyone who expects the President and the Congress to exhibit this political courage, however, is as foolish as King Canute who commanded the ocean waves to be still.

If the Federal Government were an eleemosynary institution and its treasury were full rather than empty, a better case could be made for the proposition that Congress ought to pass the so-called revenue sharing bill.

Even apart from the tragic financial strait in which the Federal Government finds itself, there are other considerations which raise serious doubts in respect to the wisdom of enacting the revenue sharing bill. These considerations may be summarized as follows:

First. To divorce the responsibility of raising public revenues by taxation from the power to spend such revenues is exceedingly unwise. Nothing is more certain to encourage inefficiency and waste in government.

Second. To make the States, the cities, and units of local government throughout the United States dependent upon Federal handouts for defraying of general expenses will rob the States, the cities, and units of local government of their independence and self-reliance and thus impair, if not destroy, the Federal-State system which the Constitution was ordained to establish. There is nothing truer than the ancient adage, "Whose bread I eat, his songs I sing."

Third. To afford the Federal Government the opportunity to play Santa Claus, which the revenue sharing bill offers to it, will result in constantly increasing Federal gifts to the States, the cities, and units of local government, and ultimately compel the Federal Government either to impose confiscatory taxation or confess its bankruptcy. The Governors of States, the mayors of cities, and the officers of units of local government would do well to realize that any confiscatory taxes which the Federal Government imposes will be imposed upon their constituents because they are the only taxpayers this Nation has.

The temptation to vote for the revenue sharing bill is great. The needs of the States, the cities, and the units of local government are great, notwithstanding the fact that most of them are unlike the Federal Government, in that they are still solvent. Moreover, the Governors, mayors, and officers of units of local government are politically powerful. Furthermore, the overwhelming majority of Congressmen will undoubtedly support the measure. Consequently, I have been strongly tempted to disobey the injunction of Exodus 23:2, which says: "Thou shall not follow a multitude to do evil," and vote for the bill. To enable myself to do this, I had hoped that I might find a spiritual surgeon who would amputate my conscience, and permit me to vote for a politically popular bill which is fraught with great peril to the future of my country.

I have not been able to find a spiritual surgeon to amputate my conscience. For this reason, I cannot vote for the revenue sharing bill. I love my country too much to subject it to the future perils which the legislation will inevitably present.

Mr. GAMBRELL. Mr. President, I should like to address some brief remarks to the amendment offered by the Senator from Florida, but before doing so, I should like to state that I am very much persuaded by the remarks of the distinguished Senator from North Carolina (Mr. ERVIN) with reference to the bill as a whole. I congratulate him on the perceptiveness he shows in evaluating the entire proposal. It has been my position since revenue sharing was first suggested that it could be brought forward in an atmosphere of fiscal responsibility and on some basis whereby it could be financed within itself, or that the responsibility for levying any additional taxes that would be required would be transferred to the States themselves and local governments.

So I find what the Senator from North Carolina has said to be very persuasive. I have followed this debate carefully in the hope that some of the amendments would generate such responsibility.

I might say that I found the proposal of the Senator from New York (Mr. BUCKLEY) to be very interesting. I thought it was not perfect, but it was worthy of deep consideration.

The same is true of the amendment proposed by the Senator from Idaho (Mr. CHURCH) and the Senator from Wisconsin (Mr. NELSON). Although persuasive in principle, I felt it was imperfect and was persuaded by the committee's urging that we not adopt a single shot tax approach for this program.

I might say that before the debate is over, however, if we cannot see our way clear to determining what programs to give up, admitting to ourselves and to the American people that this will require a considerable tax increase, and telling the American people what taxes will be increased, I would be inclined to vote against this proposal in its final form.

In reference to the proposal of the Senator from Florida (Mr. CHILES), I have been urged by our State welfare officials, and in particular by the Governor of Georgia, to support the amendment. This might seem contrary to the comments I have just made concerning fiscal responsibility. I am going to offer for the RECORD at this time some material headed "State of Georgia's Position on Social Services" and charts indicating how the present and proposed program of the State in reference to this type of activity which have been furnished me by the State welfare officials. I ask unanimous consent that this material be printed in the RECORD.

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

STATE OF GEORGIA'S POSITION ON SOCIAL SERVICES

The 1962 and 1967 social services portions of the public assistance titles of the Social Security Act have provided increasing financing for State and local social services. These services are designed to:

(1) Remove persons from the welfare rolls or reduce welfare grants through training and job placement.

(2) Help other low income persons with problems that may, without services, result in their becoming welfare recipients.

(3) Provide protective services to children and adults.

(4) Provide community services and placement alternatives to institutionalization.

When the welfare rolls began to rise some years ago, the States, including Georgia, began to use their only instrument—social services—to control this increase. Many of these public assistance cases could not, however, be served by a single program. For example, one individual may require correctional care, mental health service, and alcohol and drug services before he can become self-supporting.

In an effort to coordinate services and to deal with multi-problem clients on a multi-service basis, Georgia began to purchase social services from many sources, concentrating on the purchase of those services which led to bringing persons out of prisons, out of high cost mental retardation institutions, and custodially-oriented mental hospital wards, and back to the community. Because other States faced the same problems, social services costs began to expand quickly—so quickly that HEW has not been able to report adequately to the Congress on the States' expanded services.

The increasing costs of the social services programs have caused considerable concern in the Congress. For the past three years the Congress has attempted to reduce the total cost of this "local response" program, mainly by asking for a ceiling on the open-end in the appropriations process.

Georgia believes that "closing the end" will control the increasing costs of the social services programs. However, further actions are necessary to guarantee that these funds are used effectively and prudently and to ensure that proven programs are continued and, in some cases, expanded.

There is no doubt that these programs have tremendously benefited the poor and indigent people of Georgia (see attachment). What is of concern to Governor Carter and the Congress is HEW's failure to issue guidelines for the purchase of social services programs and to design an internal accountability system for these funds.

The maldistribution of social services funds has resulted in the creation of three classes of states with respect to the use of these funds:

(1) States who were able to plan and implement social services programs fully

(2) States who have recently begun to make use of the social services programs, but do not have fully operational programs

(3) States who have not completed plans for an adequate social services program for their people.

Georgia falls into the second category of having planned and contracted for programs which are not fully operational. Our approach, in keeping with the intent of the Social Security Act, has been to assist the impoverished and disabled to achieve self-care and self-support.

We asked for and received the support of our Congressional delegation in FY 71 and FY 72 for an open-end funding on social services in order to have time to plan and implement a comprehensive social services system. This system is now being vigorously implemented as evidenced by the attached listing of activities and services being provided.

In addition to adhering to the original intent of the Social Security Act, the State of Georgia, as have many other States, has made a concerted effort to consistently pursue efficiency in expending the "social services" funds. Although DHEW has not devised criteria to ensure accountability and now finds itself incapable of managing these programs, this criticism cannot be justifiably made of the programs in Georgia. We have systematically monitored and accounted for our "social services" expenditures. DHEW auditors recently gave us a clean bill of health on our day care programs at the same time they were reporting to Congress that they did not know how the funds were being spent. This information not only supports the contention that the funds have *not* been spent recklessly in Georgia, but it also indicates a carefully planned approach to future activity.

The Georgia State government fully agrees with the Senate Finance Committee's position that fiscal restraint and accountability are imperative and stands ready to cooperate with the Congress to establish these requirements.

We do *not* agree, however, that this objective can be best achieved by imposing an arbitrary level on spending without regard for needs of commitment. In an attempt to only curb the rapid growth in expenditure of these funds, the Senate Finance Committee has closed off the open-ended social services program at a one billion dollar level in an amendment to the Revenue Sharing bill.

Georgia fought aggressively against the $2.5 billion ceiling placed on social services in the HEW Appropriations Act because Georgia's share of the $2.5 billion for social services would not allow us to continue our FY 72 level of spending for social services (let alone continue the services we have contracted for in FY 73).

The information provided the Senate Appropriations Committee by HEW concerning FY 72 expenditures for social services was based on an estimate conducted by HEW in April (and reported in May) which did not take into account planning activity conducted by the States during the last quarter of FY 72. Consequently, HEW grossly underestimated the amount of funds needed to carry out State commitments in social services for FY 73.

Clearly then, the Senate Finance Committee's one billion dollars in revenue sharing (in lieu of the Senate Appropriations Committee's $2.5 billion) will even more disastrously affect existing Georgia programs and plans which our Congressional delegation helped us to achieve.

Although the $2.5 billion ceiling on social services was appropriately eliminated by the conference committee, Governor Carter was pleased by the language contained in the conference committee report. This language mandated HEW to develop, in consultation with the States, "a comprehensive plan for a system of fiscal restraint and programmatic accountability in the social services program." Georgia considers the inclusion of this mandate essential to any subsequent amendments to the social services portions of the public assistance titles of the Social Security Act. Therefore, Governor Carter's position on the social services issue is clear:

(1) An adequate ceiling should be placed on social services funding which takes into account valid contracts and existing program expenditures (which we signed and began in FY 72 and that will operate in FY 73).

(2) An accountability system for the use of social services funds should be developed by HEW with guidance from the Congress and in cooperation with the States.

(3) Uniform guidelines for approval of social services programs developed in consultation with the States, should be issued by HEW and strictly enforced.

We earnestly urge our delegation, in taking action on this program, to provide Georgia with adequate amounts of funding to continue our current programs and program commitments.

PRESENT AND PROJECTED USE OF SOCIAL SERVICE FUNDS UNDER PRESENT SOCIAL SERVICE PROGRAMS

State of Georgia	State commitments in socia service funds as of (Federal dollars only)— June 30, 1972 Amount	June 30, 1972 Serving	Aug. 31, 1972 Amount	Aug. 31, 1972 Serving	June 30, 1973 Amount	June 30, 1973 Serving
I. Contract services:						
A. Title IV–A programs:						
1. Day Care for children of working mothers and those being trained for employment or homemaker skills to help them provide better child care	$15, 356, 192	12, 886	$17, 231, 219	16, 070	$19, 485, 000	25, 600
2. Extended Day Care before and after school hours for children of working mothers. Social services, counseling, tutoring, family life education and job information and referral	4, 237, 728	196, 825	4, 598, 705	209, 624	6, 450, 000	253, 644
3. Retardation Centers are training centers providing day care for mentally retarded children to help them function more adequately and to be less dependent upon others for support	3, 981, 653	1, 598	5, 856, 653	2, 500	8, 475, 000	3, 500
4. Psycho-education Center, Crisis Intervention, Half-Way Houses for the diagnosis, evaluation, and work with emotionally disturbed children including social services to families	1, 223, 599	1, 500	1, 223, 599	2, 000	1, 575, 000	7, 900
5. Family Planning is provided to assist families in health care and planning for children, including the number and spacing of children	529, 425	4, 290	529, 425	5, 290	675, 000	15, 358
6. Planning, Evaluation, information and referral services are provided to communities for the delivery of social services	834, 038	[1] 44	1, 209, 000	[1] 73	2, 340, 000	[1] 159
7. Special Services including help in securing better housing, legal services, coordination of day care services, training volunteers, specialized foster care, vocational rehabilitation and other services	23, 552, 150	40, 400	23, 793, 328	43, 000	26, 400, 000	44, 600
B. Title XVI programs:						
1. Retardation Centers are training programs providing day care for mentally retarded adults to help them function more adequately and to be less dependent upon others for support	2, 423, 678	1, 240	2, 798, 678	1, 426	4, 500, 000	2, 251
2. Aged and Disabled Adults provided health education, legal aid, meal on wheels, adult employment, counseling, consumer education, credit counseling, homemaker, day care, chore services, transportation and social services	1, 369, 966	15, 790	2, 119, 966	17, 964	5, 100, 000	23, 712
3. Offender Rehabilitation, Drug and Alcohol Treatment for adults including social services, counseling, training for employment, job information and referral, diagnosis, short term treatment and education	6, 802, 955	23, 824	7, 177, 955	24, 224	8, 625, 000	28, 736

PRESENT AND PROJECTED USE OF SOCIAL SERVICE FUNDS UNDER PRESENT SOCIAL SERVICE PROGRAMS—Continued

State of Georgia	State commitments in social service funds as of (Federal dollars only)— June 30, 1972 Amount	June 30, 1972 Serving	Aug. 31, 1972 Amount	Aug. 31, 1972 Serving	June 30, 1973 Amount	June 30, 1973 Serving
II. State services:						
A. Title IV-A programs:						
1. Social Services to Families and Children including information and referral, legal services, protective services, child care, employment services, prevention or reduction of births out of wedlock, family planning, services to meet particular needs including specialized planning, improved family living, overcoming family and housing problems, reuniting families, casework service to runaways, family counseling through casework and referral, assist in money management, consumer education, counseling in family living. Licensing services for adequate care and protection of children	17,825,000	228,563	17,825,000	228,563	17,825,000	228,563
2. Social Services and Intensive Treatment for mentally retarded and emotionally ill children. Diagnosis, counseling, prevocational training, occupational therapy, social services	7,275,000	0	7,275,000	200	7,275,000	1,200
3. Social Services in Local Communities for mentally retarded and emotionally ill children; to provide services to children in their own homes and to prevent children from being institutionalized	15,562,500	0	15,562,500	1,000	15,562,500	15,750
B. Title XVI programs:						
1. Social Services to Aged, Blind, and Disabled include information and referra', protective payments (personal representative), protective services, services to adults who remain in or return to own homes, meet health needs, self support for handicapped, legal services housing improvements and assistance services services to adults in foster care, educational services related to consumer protection and money management, assistance in obtaining recreational services, volunteer services providing them opportunities to volunteer, family planning	7,000,000	58,630	7,000,000	58,630	7,000,000	58,630
2. Diagnosis and Treatment of emotionally disturbed adults in community settings on an outpatient basis, to help parents and children to cope with problems that arise in the school and in the home. To refer adults and children to other available social services	188,667	800	188,667	850	375,000	3,975
3. Social Services and Intensive Treatment in institutional setting for mentally retarded and mentally ill adults. Services include diagnosis and evaluation, vocational training, counseling, group social and recreational activities, and release planning	65,475,000	0	65,475,000	2,700	65,475,000	47,250
4. Community Based Program for Adults with emotional problems, mental illness and mental retardation to prevent institutionalization and to provide services to adults leaving the mental institutions. Services include diagnosis, evaluation, social services, vocational rehabilitation, referral, referral job and counseling	46,687,500	0	46,687,500	8,250	46,687,500	10,800
Grand tota of all social services programs in Georgia funded under titles IV-A and XVI of the Social Security Act	220,325,051	586,346	226,522,205	622,291	243,638,667	771,469

[1] Counties

Sources: Prepared by Georgia State Department of Human Resources, Division of Family and Children Services.

Mr. GAMBRELL. Mr. President, these materials set forth, I think, very succinctly and clearly the situation which faces the State of Georgia in regard to these programs. Georgia, under a very enlightened welfare administration, in the last year or so has gone into the development of the type of programs contemplated by the term social services. I am not sure where the Senator from New York (Mr. JAVITS) got the figures shown here. However, the figures furnished by the people from Georgia, and also in the circular letter of the Senator from Florida (Mr. CHILES), indicate that Georgia's projected expenditures for these programs over the next year would be in the range of $220 million, rather than, as I understand the figure from the Senator from New York, $19 million. However, in any event an enormously enlarged program is contemplated in our State, and a great many of the commitments have already been made for the current year and for the following year. The passage of the pending bill in its present form would require the sacrifice of a great deal of planning and a great deal of the expenditures that have already been made. Our welfare people in the State of Georgia, in addition, take the position that the services are very urgently needed in our State. We know that they certainly cannot be cut off in midstream and that further consideration should be given to a determination of this type of support and whether it should be given, rather than cutting them down suddenly as is proposed.

Mr. President, I understand that the Senator from Delaware (Mr. ROTH) and others may come forward with an alternate proposal which might have the possibility of giving some relief in this respect. And I would propose to support that effort if the Chiles amendment is rejected.

It does seem to me in the present posture of the matter that it is incumbent on me as a representative of the people of my State to support the amendment. And I will vote for the Chiles amendment.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. HANSEN. Mr. President, would the Senator from New York yield to me for a moment?

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

Mr. HANSEN. Mr. President, I thank the distinguished Senator from New York. I appreciate his yielding very much.

Last Friday, when we were debating an amendment proposed by the distinguished Senator from Ohio (Mr. TAFT), he asked what percentage of the total tax collections in the State of Wyoming were represented by severance taxes. I regretted at that time that I did not have that information readily available before me. I told the Senator that I would supply it for the RECORD.

I ask unanimous consent, Mr. President, that a chart showing the total tax collections and how much is represented by the severance tax may be printed at this point in the RECORD.

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

STATE TAX COLLECTIONS IN 1971

TABLE 3.—STATE TAX REVENUE, BY TYPE OF TAX: 1971

[Dollar amounts in thousands]

State	Total	Sales and gross receipts (Table 4)	Licenses (Table 5)	Individual income	Corporation net income	Property	Death and gift	Severance	Poll	Document and stock transfer	Other
Number of States using tax	50	50	50	43	44	43	49	27	6	25	11
All States	$51,469,441	$29,538,058	$5,024,188	$10,125,954	$3,420,136	$1,126,013	$1,103,514	$733,031	$5,300	$379,958	$13,289
Alabama	710,351	498,607	53,897	92,094	33,764	24,020	2,899	2,379	(1)	2,691	(1)
Alaska	102,054	22,238	15,874	41,833	6,050	(1)	104	14,491	1,464	(1)	(1)
Arizona	523,113	316,435	32,474	73,710	26,987	65,547	7,960	(1)	(1)	(1)	(1)
Arkansas	379,810	254,587	43,003	44,243	26,384	976	1,205	4,667	(1)	(1)	4,745
California	5,675,445	3,072,951	368,023	1,266,556	533,121	244,015	188,949	1,830	(1)	(1)	(1)
Colorado	513,742	281,451	44,081	143,461	28,837	2,008	12,960	567	(1)	(1)	337
Connecticut	795,589	552,636	59,238	10,331	126,796	(1)	46,588	(1)	(1)	(1)	(1)

State	Total	Sales and gross receipts (Table 4)	Licenses (Table 5)	Individual income	Corporation net income	Property	Death and gift	Severance	Poll	Document and stock transfer	Other
Delaware	222,180	45,395	77,636	79,444	12,383	317	4,679	(1)	(1)	2,326	(1)
Florida	1,587,183	1,263,408	211,055	(1)	(1)	35,688	18,411	571	(1)	58,050	(1)
Georgia	990,951	663,527	53,110	184,954	79,971	4,057	4,342	(1)	(1)	(2)	990
Hawaii	372,712	231,757	4,517	116,233	15,296	(1)	4,428	(1)	(1)	481	(1)
Idaho	187,379	89,105	27,654	56,278	12,563	446	1,065	268	(1)	(1)	(1)
Illinois	3,142,311	1,851,246	301,148	773,610	154,984	494	58,583	(1)	(1)	2,246	(1)
Indiana	1,054,296	705,485	89,220	218,467	9,580	15,592	15,713	239	(1)	(1)	(1)
Iowa	636,838	379,793	96,305	115,344	23,896	1,511	19,139	(1)	(1)	850	(1)
Kansas	463,141	290,598	45,397	82,156	25,112	10,459	8,755	664	(1)	(1)	(1)
Kentucky	760,335	497,116	49,107	132,669	40,093	26,746	13,374	182	(1)	1,048	(1)
Louisiana	988,715	492,421	70,727	81,867	51,299	28,254	7,547	256,600	(1)	(1)	(1)
Maine	228,823	162,284	24,184	23,878	8,558	3,967	5,950	(1)	2	(1)	(1)
Maryland	1,146,255	542,052	73,111	413,976	70,260	33,541	10,705	(1)	(1)	155	2,455
Massachusetts	1,494,291	577,255	83,358	568,574	203,066	431	56,867	(1)	(1)	4,740	(1)
Michigan	2,543,856	1,447,943	330,040	475,938	164,786	90,015	33,262	933	(1)	(1)	939
Minnesota	1,099,070	507,988	90,226	370,702	79,969	6,844	21,733	18,388	(1)	3,220	(1)
Mississippi	517,290	397,376	32,659	46,003	20,083	4,114	2,570	14,458	(1)	(1)	27
Missouri	826,662	533,844	106,248	140,540	27,322	3,241	15,467	(1)	(1)	(1)	(1)
Montana	135,840	50,287	16,254	42,381	9,546	8,596	3,645	5,131	(1)	(1)	(1)
Nebraska	294,447	190,589	38,191	53,888	9,405	570	640	686	(1)	478	(1)
Nevada	172,517	150,858	16,096	(1)	(1)	4,790	(1)	3 50	(1)	485	238
New Hampshire	118,465	68,857	20,099	5,238	12,277	3,880	5,919	70	1,641	384	(1)
New Jersey	1,501,047	1,010,337	233,564	19,570	112,312	58,457	66,807	(1)	(1)	(1)	(1)
New Mexico	294,260	170,783	24,315	35,815	10,119	15,893	1,520	35,815	(1)	(1)	(1)
New York	6,248,106	2,419,806	337,057	2,530,207	572,328	13,635	130,104	(1)	(1)	244,969	(1)
North Carolina	1,296,974	710,762	122,909	301,756	116,707	25,169	19,643	(1)	(1)	(1)	28
North Dakota	142,242	91,746	20,455	16,877	7,723	1,410	865	3,166	(1)	(1)	(1)
Ohio	1,772,541	1,379,809	314,318	(1)	(1)	60,553	17,861	(1)	(1)	(1)	(1)
Oklahoma	540,918	298,402	84,566	63,648	25,207	(1)	16,708	51,280	(1)	1,107	(1)
Oregon	444,218	102,518	75,461	226,245	24,517	326	12,613	2,538	(1)	(1)	(1)
Pennsylvania	3,093,520	1,890,866	458,119	4 135,067	431,696	33,756	110,821	(1)	(1)	33,195	(1)
Rhode Island	272,085	172,499	25,019	37,625	27,647	(1)	9,002	(1)	(1)	293	(1)
South Carolina	600,478	404,912	33,297	108,429	43,579	1,893	5,024	(1)	(1)	3,344	(1)
South Dakota	121,730	102,578	15,739	(1)	3 800	(1)	2,613	(2)	(1)	(1)	(1)
Tennessee	739,920	516,503	123,724	12,383	59,499	(1)	19,815	(1)	(1)	5,915	2,081
Texas	2,188,318	1,446,317	335,318	(1)	(1)	63,837	34,921	307,924	(1)	1	(1)
Utah	268,892	157,152	17,417	61,884	11,085	13,089	3,594	4,671	(1)	(1)	(1)
Vermont	141,058	71,682	16,193	42,848	6,005	266	2,085	(1)	844	1,135	(1)
Virginia	1,040,555	539,764	85,162	312,984	64,705	14,317	12,328	325	683	10,057	230
Washington	1,126,357	903,784	79,950	(1)	(1)	116,301	25,012	(1)	(1)	1,310	(1)
West Virginia	436,235	329,966	35,646	59,102	4,927	401	4,777	(1)	666	750	(1)
Wisconsin	1,423,085	618,896	95,398	507,146	88,792	77,718	32,967	261	(1)	728	1,719
Wyoming	93,241	60,887	17,629	(1)	(1)	8,873	975	4,877	(1)	(1)	(1)

[1] Not applicable.
[2] Repealed.
[3] Estimated data.
[4] This money was collected under the original income tax law which became effective March 4, 1971, and was declared invalid on June 24, 1971. Taxpayers will receive credit for this amoun against their obligation under the new income tax law which was made retroactive to June 1, 1971.

Mr. HANSEN. Mr. President, further, for the benefit of those Senators who may not care to read through the rather detailed chart, it will be interesting to note that Wyoming's severance taxes raised only 5.2 percent of the total taxes raised in the State.

Mr. President, I thank the distinguished Senator from New York for yielding.

Mr. JAVITS. Mr. President, I support the amendment. All one needs to do at this point to support it is to invoke the argument made by the distinguished ranking minority member of the Appropriations Subcommittee of the Appropriations Committee. This is a substantive question not particularly within the purview of the Finance Committee. It relates to certain social services which, if anything, would come under either the Appropriations Committee or the Labor and Public Welfare Committee itself.

The fact is that I agree thoroughly that the matter should be completely explored, though we may disagree on the remedies. Second, I agree that the Department of HEW has been extremely laggard in not imposing the proper administrative regulations with respect to this program.

Mr. President, I support the amendment for that reason, and not because any State is profligate, because the States are too poor to be profligate in the sense that they are looking for help in these matters. Let us remember that this is not a free program. States have to put up 25 cents for every dollar that the Federal Government matches.

I know of many programs in my own State—and New York is supposed to be one of the affluent States—where they have a 10-percent matching and the State has preferred not to come up with this money because of the difficulty in finding that type of money in an extremely tight and debt-ridden budget.

My State has already cranked in the money it hopes to receive from the program. Otherwise we would have a deficit budget. In New York, that would be quite a mouthful because in New York the Democrats and Republicans alike have always prided themselves on the fact that the budget is always balanced, even in difficult times.

There is no question about the fact that HEW was far behind in the parade in not coming up with the proper regulations on this matter. This is not a free program. The Federal Government is not putting up the money. The State has to be willing to put up one-fourth of the cost.

As to the catalog of horrors stated by the Senator from Louisiana, one must understand that he gives no estimates of what States and what amounts were involved in the particular horrible example he gives. All of these horrible examples can be swept away by intelligent regulations from the HEW.

So the Senator talks about inequities of the past. We are dealing with an amendment that would take effect in the future.

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

Mr. JAVITS. I yield.

Mr. COTTON. Mr. President, I was very much interested in what the Senator from New York just said about the State's 25-percent contributions, $1 for $3.

I gather that the attitude of the Senator from New York, and I think it should be the attitude of every Senator, is that vital needs for social programs cannot be measured in dollars and cents, and should not be curtailed. The problem is where the temptation or situation is that they can get $3 for $1, and some States do not watch their priorities and see to it that the social services are those that are most vitally needed.

I would like to ask the Senator from New York, who long has been so active on the legislative committee, a question. We would not need, in my opinion, to talk about any limit on the administration of welfare programs if this were, instead of 75–25, a program of 50–50, because it would police itself. In 20 years I have discovered, whether it be highways or any other project, that when the Federal Government gets beyond that ratio abuses inevitably result.

I would like to ask the Senator from New York if in the long run it would not be his opinion to forget about putting any limit on expenditures, but to make it 50–50? I know my State and I think almost any State, would see to it, if they had to match the Federal contribution dollar for dollar, that it was only used for the most worthy programs.

Mr. JAVITS. I wish to say to the Senator that I am against a ceiling in this matter and I will explain why. I certainly have an open mind on his point and I will consider it very seriously. It needs, of

course, to be juxtaposed according to what regulations HEW will impose, because they will impose regulations, and I certainly think the Senator's suggestion is worthy of consideration.

The reason for my opposition to the ceiling is that there is no ceiling on the number of welfare recipients or the impact of the welfare program. There is no ceiling on distress. We are spending $6.6 billion on a nationwide basis on welfare. In 1972 our expenditure, the actual distribution under this program, was $1.449 billion. Even the Department's May estimates, which are to be juxtaposed with this lurid figure of $20 billion, were $1.759 billion. That is on the chart I have already placed in the RECORD.

Obviously if they tighten up even further on the regulations, that figure would go down. So until there is some kind of handle on distress, on the welfare situation, other than in terms of the regulations and the conditions, and perhaps the sharing—how much the Federal Government comes in for—I do not know how a ceiling can be imposed. That does not mean we cannot get into the fiscal part, and we should, and I will lend my interest to that.

However, we would cut off at the neck large industrial States which are heavily impacted with this problem if a ceiling as has been discussed were imposed on welfare. So in my opinion the approach should be HEW regulations and a good hard look, as the Senator from New Hampshire said, at the percentages; but not an arbitrary ceiling which takes into consideration one element of the total welfare picture and says that we are going to put a ceiling on that. We might as well put a ceiling on the sea unless you are going to further beggar the States which are already in trouble on this score.

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

Mr. JAVITS. I yield.

Mr. COTTON. In justice to HEW, the Senator from New York served on the Committee on Appropriations and we both know how many people come in and say they know what an authorization is and think we have to appropriate an authorization. But when Congress writes into law an authorization that whatever a State spends in social services the Federal Government will triple it and pay $3 for $1, does the Senator from New York believe that the Department of HEW by promulgating rules could stop that practice? If a State said, "We are going to do thus and so for a group of our people that are in need," and if we are ready to pay the money, is it the belief of the Senator from New York, who as we all know is an extremely sound lawyer, that HEW could stop that by a rule or decision?

Mr. JAVITS. The Senator from New York is unable to answer that in the affirmative in the absence of research into the total body of law dealing with the powers of the Secretary of HEW. However, I believe it was the duty of the Department to do the research and if it saw the difficulty burgeoning, as it undoubtedly did, if it found insufficient authority, to let the legislative committees with legislative oversight know. We have requests from the President himself where he did not hesitate to write to the Speaker, the President pro tempore, or the Vice President and say, "I need a bill on this." He did not do it in this case and, therefore, the States have found themselves faced with this situation. I do not think the States should be blamed. The executive branch and we did vote the authority, so if it is my fault, mea culpa; no question about that. We cannot shunt this responsibility onto the States, which already are in extreme difficulty.

Mr. COTTON. Mr. President, will the Senator yield further?

Mr. JAVITS. I yield.

Mr. COTTON. I am afraid if HEW sent word to Congress that it wanted authority to say to any State in the Union, "You must do this, and we have the power to tell you that you have to curtail what you are doing for your underprivileged or handicapped, deaf, blind, or your halt;" I do not believe Congress would pay much attention to that.

Mr. JAVITS. Every other day I am on the telephone with some department, whether it is HEW, OEO, the Department of Defense, or some other department, in a case of serious distress. They say: "We cannot do it. The law does not allow it, or our appropriations do not allow it." I do not say HEW should be lawless and make authority where it did not have it. I say we should at least have had the opportunity to act on it if they felt they had no statutory authority to deal with what was a burgeoning situation. Some ground rules should have been set, but not having been set, I think the ex post facto situation is not fair to the States.

That is the situation we face.

Mr. COTTON. I thank the Senator.

Mr. JAVITS. I thank my colleague very much.

I would like to give some of the facts, because the facts are critically important.

Again, with respect to the enormous estimate of $20 billion, or something like that, based on the May 1973 submissions, according to the best estimates we have, the States estimate that $2.162 billion will be required for this year in the Federal financing of the services here under consideration.

My own State of New York, which has probably the biggest welfare problem in the country according to its expenditures, spent at the rate of $442 million per annum based upon the record.

Let us remember, also, which is critically important, that this figure of $442 million means the State spent $110 million, and also let us remember that the figure of $442 million excludes child care and family planning which, even under the Finance Committee's idea, would be retained.

For all those reasons, I feel that that is not the wise thing to do from the point of view of the national interest, and I believe the amendment of the Senator from Florida should be agreed to. We will undoubtedly act in this matter. I have no doubt of it whatever. I am sure no State has any doubt about it. But we should not act improvidently. We should endeavor to deal with it with a scalpel, and not with a cutlass, in a matter that is as sensitive as this one, in view of the financial condition of the States. I believe that kind of legislation will come before us and that we will act on it.

The provision which Senator CHILES seeks to strike is not in the national or State interest. At the very moment, we are giving some help, which in fact they need, on revenue sharing, we are going to rob them of almost half of what we have provided. So, if we really want to help them, we should strike this provision from the bill.

Mr. LONG. Mr. President, I have here in my hand a chart prepared by the committee staff to show what the trend has been in this area. It is interesting to note, for example, that the State of New York, for fiscal year 1973, is seeking $850 million of Federal funds in this program. Just compare that to a relevant State Pennsylvania is about two-thirds the size of New York in population. Pennsylvania shares a common boundary line Pensylvania is seeking $265 million. I could understand New York's getting 50 percent more or even 100 percent more than Pennsylvania, but to see why New York would get $850 million and Pennsylvania would get $265 million is something that calls for one's imagination.

Mr. JAVITS. Mr. President, would the Senator yield?

Mr. LONG. I yield.

Mr. JAVITS. Can Pennsylvania not get as much as or more than New York if it just has the program? Is that not true?

Mr. LONG. The Senator is exactly right. If we do not bring this matter under control, it will cost $20 billion, which would be 500 times as much as the estimated cost when we first voted for it in the Finance Committee.

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

Mr. LONG. I yield.

Mr. BENNETT. We are talking about New York and the needs of New York. But in 1971 New York's need was for $88 million, and that is what it got, but New York now estimates that it will need $850 million for 1973. Is anyone going to tell me that the needs of New York have multiplied 10 times in 2 years?

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

Mr. BENNETT. The Senator from Louisiana has the floor.

Mr. JAVITS. I am asking him to yield.

Mr. LONG. I yield.

Mr. JAVITS. I am going to tell the Senator exactly that, because the State's ability to finance this very bill has been reduced by more than that. The State is really badly up against it. That is what we see reflected in the bills. We have done the utmost to pay, ourselves. We cannot pay any more. So, unless the whole thing is to be shut off, we have to go to the only source which can help us. Incidentally, that is why we are having revenue sharing.

Mr. BENNETT. The Senator from Utah has the impression that New York has as effective a group of welfare operators as there is in the country, and this tenfold increase that is disclosed does not represent a tenfold increase in need,

but rather the proliferation of the ability of its administrators to figure out how to get more Federal matching.

Mr. LONG. Mr. President, if I may just continue the point I have in mind, New York is now smaller in population than California. Keep in mind, Mr. President, that it was California that first managed to use this program and expand it in ways that nobody had ever dreamed of applying this program to. So we must credit California with the initial thrust. Mr. Veneman, now Under Secretary of HEW, and a man named Tom Joe while they were in California figured out how this program could be used to attract Federal matching in ways that the mind of man had never conceived of applying. Then efforts were successfully made to bring Mr. Veneman and Mr. Tom to work in Washington, presumably on the theory that it takes a thief to catch a thief. However, instead of getting the genie back into the bottle, the cost of the program has been going up and up.

The cost for the whole Nation was originally expected to be $40 million. By 1971 California had succeeded in getting its program up to a $210 million level.

At that time California was more than 2 to 1 ahead of New York. New York was extracting only $88 million from the Federal Treasury, while California was extracting $210 million. But the following year New York caught up and went ahead in the derby, to the point where it was $382 million for New York and only $253 million for California.

What is the next projection for fiscal 1973? California undoubtedly felt that it had to use its conscience not to go beyond demanding so much money from the Federal Government, so California said it would settle for $273 million, an increase of merely $20 million. New York bounced up and more than doubled its request over the previous year to $850 million.

The whole reason for enacting the social services program in the first place was that we would keep people off welfare rolls and out of hospitals by providing modest social services which would save some money. But let us see how much we are saving in New York. The whole cash assistance program for New York in 1973 is expected to cost $836 million in Federal funds, while New York expects to empty the Federal Treasury for so-called social services to the extent of $850 million—more for the social services than for the cash assistance program in the State.

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

Mr. LONG. I yield.

Mr. TALMADGE. Is it not true that one State has financed a half a million dollar documentary film with this social services money?

Mr. LONG. It has.

Mr. TALMADGE. Is it not also true that some of these funds go through State highway departments under the guise of social services?

Mr. LONG. Senator, just about anything that the mind of man can conceive of is being called social services to make Uncle Sam pay 3 to 1 matching.

The attraction of 3-for-1 Federal matching is so great that States are taking money away from better State services to put it in worse State services, taking it from higher priority items to put it in lower priority items, just for the sake of the matching funds.

For example, in the State of New York, they expect to spend more money for services than they spend for cash payments to needy persons. Which do you think the welfare recipient wants, social services or cash?

Mr. TALMADGE. Will the Senator yield further?

Mr. LONG. I yield.

Mr. TALMADGE. Is it not also true that some of these social service funds have gone for advice on personal grooming to potential parolees from State prisons?

Mr. LONG. Yes. There is no formula, no limitation. As a matter of fact, Mr. Bax, who used to administer this program, came to Louisiana to give us some ideas about how Louisiana might apply for more of this money.

Mr. TALMADGE. Is it not true that some States have also gone so far as to formally appropriate private funds, like the United Givers Fund, and so forth, so that they will qualify for Federal matching money?

Mr. LONG. The Senator is correct.

Mr. TALMADGE. I thank the Senator for yielding.

Mr. LONG. Mr. President, when we talk about trying to get this genie back into the bottle, there is no way we can do it equitably or fairly if we are going to maintain the existing funding levels some States have managed to get from the Federal Government.

The Senator from Texas (Mr. BENTSEN) is not present at the moment, but he has been complaining about the fact—and I do not think he would object to my making the matter public—that when the Governor of his State requested funds on the same basis as what New York had already received, what Florida had received, and what Illinois was receiving, he was told that the application could not be accepted. Perhaps HEW now is beginning to exercise some of the responsibility that they should have been exercising a long time ago. At any rate, the Senator from Texas was saying, quite resentfully: "If you are going to do something to bring this program under control, you should not permit these States that were able to distort this program and make it apply to all kinds of things to which it was never intended to apply to benefit from an initial mistake that should not have been made in the first instance."

I felt the logical way to do it would be simply to say, "All right, we will continue to fund the services we think are a very good investment." We think the services for family planning probably save the Government substantial amounts for every dollar spent.

In the area of child care, we have had great complaints that mothers would like to go to work, but that they cannot find adequate child care and therefore they cannot accept employment, which would take the family off the welfare burden of the State.

In those two areas, we have not been able to prevail upon the States to do as much as we would like for them to do, and one reason, I suppose, is that so much of this money had been going into all sorts of other items that no one ever intended to direct any of that money into. Presumably, if we had prevented them from spreading all this money all over the countryside for everything the mind of man could conceive, the States would have had enough money to provide adequately for child care and family planning, and do the job we hoped they would do and to this point have failed to do sufficiently.

Under the committee amendment, we provided in addition to funds for child care and family planning $1 billion for additional revenue sharing.

In conference we may well go to some higher figure. But we would be in a better position to start with a billion dollars in revenue sharing and the limited program for child care and family planning services that costs perhaps $600 million, which would be about the equivalent of $1.6 billion as a limitation, and leave the Senate representatives in a position to negotiate upward from there if we must, rather than to be in the position of having to go for a much higher figure.

I know that the Senator from Florida, with his interest in people, would, of course, like to see this program continued, or would like to see a higher cutoff figure, if indeed the program is to be brought under some kind of more responsible control. But I would think, Mr. President, that the question is up to the House of Representatives, to tell us at what point the House is willing to discontinue this program, or to quit expanding it, at a minimum.

The Senate offered the House a limitation of about $2.5 million, and the House was unwilling to agree to that. But that was on a bill where the Governors of these large States that are getting large amounts of money from this could call on their representatives and say, "We do not want any program of that sort," or "Do not vote for any limitation."

I think if it was an amendment on a revenue-sharing bill, which the Governors all want, we would have some leverage there to say, "Well, if you want the revenue-sharing bill, you will have to cooperate with us on bringing this spending program under control," and on that basis I think we would have a reasonably good chance of bringing this program under some kind of limitation.

Mr. President, I think it would almost enrage some Senators to see how little their States are getting for social services by comparison to the enormous amounts others are getting. But this is a prime example of a program completely out of hand, a program that should be brought under some kind of control, and I would hope that the Senate would not strike the committee amendment, but would support the committee in trying to get this program under some kind of reasonable control.

Mr. CHILES. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. CHILES. Mr. President, I shall be able to close rapidly, now that we have discussed the amendment.

I think it is interesting to hear the Senator from Louisiana say that, in the parade of horrors we have heard now twice during the debate, it was interesting to hear both times that it comes from what a representative from Illinois says, and the Senator from Louisiana says, "I think it is correct." But the Finance Committee has taken no testimony on this point. The Finance Committee has not looked at the State of Florida and its program to determine whether they think there are any abuses or any good points in the State of Florida's program, and that is the kind of thing I would like to see. I would like to see the Finance Committee study this matter.

The Senator from Louisiana said also, "The Finance Committee got into this late. We recognize that the House of Representatives is not going to take this; this is just something to start with, but this is our idea of a couple of good programs, and we like these two programs because we think they are good. We are going to knock out all the rest of them; this is where we are going to put the limit, and we will put a sweetener in, and use that as a kind of starting place."

I think that shows that we have not given the kind of attention we need to something that is running away. I will admit that this is something that needs to be curbed, something the executive branch allowed to get away, with several States getting huge funds, but a program that allowed States to come up with innovative new programs to reduce the welfare rolls. Some States have taken that to heart. I think my State has taken it to heart. To come up with designs for innovative new programs, not old programs presently financed, but to come up with new programs and to use those to reduce the welfare rolls.

I have a hard time determining how child care is more important than hot meals on wheels for senior citizens, which would keep them from being welfare recipients, which would keep them from being in a nursing home, and would allow them to stay home and enjoy the twilight years and not be a ward of the State. With respect to rehabilitation of alcoholics, we know of the costs, how alcoholics become wards of the State, and how much money we are spending.

What I am saying is that the proper committee should look into this matter and determine what the ceiling should be. We have all kinds of figures, and the question is as to whose estimate is right and whose is wrong. What kind of ceiling is proper, and what kind of controls and guidelines do we need to attack the problem in a responsible way? That is preferable to saying that this is something we had better start off with here because when we go to conference, we will work out something, and take it along on that basis.

For that reason, I think the social service portion of the bill should be stricken.

Mr. LONG. Mr. President, if Senators will look at pages 111 through 145 in the committee hearings on the revenue sharing bill, they will see this issue discussed and the considerable amount of material presented in connection with it. We also discussed social services and took testimony on it in connection with H.R. 1.

Furthermore, the Senate has discussed this matter at length and voted to try to bring this matter under control. It has been debated for hours on the floor of the Senate, and the Senate position is that this program should be brought under control, based on the recommendations of the Appropriations Committee.

I am privileged, further, to say that the administration favors the Senate committee position on this matter. The Nixon administration favors the committee amendment to bring this matter under control in this fashion.

I would think that the matter has been studied adequately by the Senate itself, as well as by two responsible Senate committees, as well as by the administration; and all believe that this is the epitome of an unrestrained, open-ended, spending program that should be brought under some kind of control.

I hope the Senate will reject the amendment, which would have the effect of leaving this matter in the sad fashion in which we now find it.

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

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. McGOVERN), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PELL), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Alabama (Mr. SPARKMAN), and the Senator from Oklahoma (Mr. HARRIS) are necessarily absent.

I further announce that, if present and voting, the Senator from Minnesota (Mr. HUMPHREY) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Iowa (Mr. MILLER), and the Senator from South Carolina (Mr. THURMOND) are necessarily absent.

The Senator from Arizona (Mr. GOLDWATER) is necessarily absent because of death in his family.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Colorado (Mr. ALLOTT), the Senator from Iowa (Mr. MILLER), and the Senator from South Carolina (Mr. THURMOND) would each vote "nay."

The result was announced—yeas 18, nays 67, as follows:

[No. 413 Leg.]

YEAS—18

Brock	Hart	Mondale
Brooke	Hughes	Packwood
Case	Inouye	Percy
Chiles	Javits	Stevens
Gambrell	Mansfield	Stevenson
Gravel	Mathias	Tunney

NAYS—67

Aiken	Eastland	Moss
Allen	Edwards	Nelson
Anderson	Ervin	Pastore
Bayh	Fannin	Pearson
Beall	Fong	Proxmire
Bennett	Fulbright	Randolph
Bentsen	Griffin	Ribicoff
Bible	Gurney	Roth
Boggs	Hansen	Saxbe
Buckley	Hartke	Schweiker
Burdick	Hatfield	Scott
Byrd, Harry F., Jr.	Hollings	Smith
Byrd, Robert C.	Hruska	Spong
Cannon	Jackson	Stafford
Church	Jordan, N.C.	Stennis
Cook	Jordan, Idaho	Symington
Cooper	Long	Taft
Cotton	Magnuson	Talmadge
Curtis	McClellan	Tower
Dole	McGee	Weicker
Dominick	McIntyre	Williams
Eagleton	Metcalf	Young
	Montoya	

NOT VOTING—15

Allott	Harris	Mundt
Baker	Humphrey	Muskie
Bellmon	Kennedy	Pell
Cranston	McGovern	Sparkman
Goldwater	Miller	Thurmond

So Mr. CHILES' amendment was rejected.

Mr. MONDALE. Mr. President, I will support a reasonable ceiling on social services spending, either on this bill or on the HEW-Labor Appropriation bill which will come before the Senate shortly.

But I cannot support the ceiling contained in the committee bill, which would force drastic cutbacks in existing programs.

The social services program, conducted under title IV(a) of the Social Security Act, provides Federal funds to support programs conducted by State and local governments which are designed to strengthen and support poor and near-poor families, and to restore the heads of those families to useful and productive work.

The pending revenue-sharing bill, as reported from committee, replaces the existing program of social services with an additional $1 billion in revenue sharing, allocated among the States on the basis of urbanized population. Social services funding would continue only for child care and family planning, and then on a severely limited basis.

Some States are perhaps taking unfair advantage this year of the open-ended provisions of the present social services law which require the Federal Government to provide 75 cents for each 25 cents supplied by State and local government. The Washington Post reports that the total national expenditures could reach $6 to $8 billion over budget estimates by the next fiscal year. There must be a stop to such irresponsible growth.

Mr. President, I ask unanimous consent that an article entitled "Back Door Revenue Sharing," from the Washington Post of August 7, may appear in the RECORD at this point in my remarks.

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

BACK DOOR REVENUE SHARING—AND ON A BIG SCALE

(By Jodie Allen)

While debate rages in the halls of the Congress and the administration over revenue sharing and welfare relief for hard-pressed states and localities, a multi-billion

dollar program of fiscal relief for states is quietly being implemented under a little noticed provision of the Federal welfare law which provides federal matching for state expenditures on "social services" for needy persons. A recent action by the Senate-House Conferees on the 1973 HEW appropriation bill on August 2 seems to assure that almost $4 billion for "social services" will be added to the President's budget with little debate and with virtually no public attention.

Program increases of this magnitude are usually front page news, particularly in an administration highly concerned over the prospect of a record-breaking budget deficit. The reason for this strange turn of events lies in the peculiar history and characteristics of the social service program.

There are three features of the social service authority which explain its unique potential for breaking the federal bank. The first is that the language of the social service provisions, as modified by a series of liberalizing amendments during the 1960s, is remarkably broad. The services covered include any "services to a family or any member thereof for the purpose of preserving, rehabilitating, reuniting or strengthening the family and such other services as will assist members of a family to attain or retain capability for the maximum self-support and personal independence." Furthermore such services may be provided not only to current welfare recipients but since 1965 to former or potential recipients as well.

Without even stretching the imagination it would seem that practically the entire gamut of services provided by state and localities for their citizens—including vocational rehabilitation, job training and counselling, child care, foster care, family planning, family counselling and referral, protective services for dependent persons, mental health and mental retardation services, community health services, homemaker services, non-formal or compensatory education, and information and referral services of all sorts—might easily be justified at least in part as deserving of federal support under the amendments. In fact the only services specifically excluded from support are public school education and institutional care and the only additional limitation appears to be a vaguely worded caveat in a HEW memorandum to the states that they must "significantly expand" not merely refund existing services. And to make it all easier, since 1967 the law has allowed the states not only to provide such services themselves but to purchase such services from other public and private agencies with federal support.

The second striking feature is that the terms of the federal support are extremely attractive. For every $25 the states or localities proffer for these services the Feds will supply another $75. The Talmadge amendments of 1971 went this one better and allowed 90 federal dollars for every 10 state or local dollars if the services provided were such as to enhance the employability of current, former or potential welfare recipients. (This largesse should be compared the relatively miserly 50 per cent matching which is all most large states can receive on actual cash grants to recipients.)

Last and best there is the "open-end" financing provision—which means exactly what it sounds like. Unlike most federal authorizations for which a fixed amount is appropriated by Congress each year, the social service fund is essentially a bottomless pit. As is the case for public assistance cash payments, whatever amount of money states and localities express willingness and ability to spend for social services in a given year, the federal government must stand ready to match at $3 or more for 1.

Given these generous provisions, the only thing that is hard to understand about the social services program is why it is not already the largest domestic program in the federal budget. In fact most states were slow to recognize the potential of the social service program. In 1964 only $75 million in federal dollars went to social services. By 1968 the federal cost had risen to the still modest level of $230 million and by 1969 even after a one year increase of 59 per cent the federal share was still only $366 million. A few sharp state officials however were beginning to catch on. One state, California, had by 1970 managed to corner almost 40 per cent of the total social service budget of $500 million for that year largely through the cleverness of a consultant to the California State Assembly, Tom Joe. In a fascinating article in the June 17, 1972, issue of the "National Journal." John Iglehart has traced the subsequent involvement of the ingenious Mr. Joe who, as part of the entourage accompanying former HEW Secretary Finch to Washington from California, has subsequently stayed on at HEW. There, in an informal capacity, he has spread the glad tidings of largesse to other less favored states—to the ultimate discomfort of the administration.

For discomforted indeed are HEW budget managers. From a sleepy little sub-billion dollar program, social services has in the last several months skyrocketed with a multi-billion dollar flare likely to eclipse in importance both the much heralded revenue sharing proposals now being debated in the Senate Finance Committee and the now beleagured welfare reform package with its promise of some $2 billion in state welfare savings.

Picking up the thread of our chronology we find that by fiscal year 1971 the federal share of social service expenditures had climbed to almost $700 million with the Congress ignoring a request by the administration in its budget for that year to impose a 10 per cent ceiling on expenditure increases over the previous year (a request repeated and again denied in the administration FY 72 budget). In FY 72 social services again surprised everyone by outstripping the original administration estimate of $838 million by at least another $450 million and, by some estimates by perhaps, as much as $750 million. In either case the federal government is thus already spending at the rate of over $1.3 billion a year on social services—an amount almost twice that expected in the previous year and already larger than the administration's $1.2 billion request for the upcoming fiscal year, 1973.

But that discrepancy must be counted as minor. For while the Congress has been considering the HEW request, the states have quietly been revising drastically their estimates of federal dollars required in FY 73. In May to the consternation of HEW officials a new estimate of $2.2 billion, almost twice the administration's 1973 budget request of $1.2 billion, was computed. The Senate Appropriations Committee, alerted to the danger added to the HEW appropriation bill a ceiling of $2.5 billion on social service expenditures. But pressure from governors and state officials anxious to cash in on the bounty proved too strong and, with virtually no public attention, the limitation was dropped in the Conference Committee despite assertions in the conference report issued on August 2 that the conferees "agreed with the basic premises of the Senate amendment: (1) to insure fiscal control over a program which is presently increasing at an alarming rate and (2) to insure that funds are disbursed prudently and effectively."

But the conferees literally didn't know the half of the matter. For by the end of June the states had set their sights far higher than a mere $2.2 billion—in fact having doubled the estimate once, they decided to do it again this time submitting a total FY 73 request of almost $5 billion, a quadrupling in expenditures over the previous year to an amount equal to the much publicized revenue sharing program. And there is unanimous agreement on the Hill and in HEW that that estimate is probably too low.

Fortunately it is not necessary to question the efficacy or relative utility of social services in order to question the desirability of this turn of events. It is fortunate in that no one seems to have any clear idea of what the money is being spent on.

But apart from the merits of social services per se three things are abundantly clear:

1. A huge sum of taxpayer money is being distributed among states in a quixotic fashion unrelated either to relative need or to the ability and willingness of states to use the money constructively.

2. It is not possible for states and local governments to achieve a four-fold expansion in services of any kind in one year (on top of a doubling the previous year) and particularly not in services of a type for which no clearly successful record of performance has yet been demonstrated, even on a modest scale.

3. Even if the money is in fact expended for the purposes intended, serious imbalances are occuring within state expenditures patterns between social service activities for low income populations and other forms of assistance and service both to this population and to other groups in the population.

To illustrate these points one need only look at a few states. In 1971 Mississippi spent about $950,000 on social services. Its estimated expenditures for 1972 increased by 88 per cent to $1.8 million. In 1973 Mississippi now estimates it will spend some $460 million on social services, over 250 times the amount it spent the previous year.

Two other comparisons are equally interesting. If Mississippi's social service benefits were spent entirely on welfare recipients, it would turn out that Mississippi would be spending some $1,625 per welfare recipient on social services, or about $6,500 per year on a family of four (a number familiar to the National Welfare Rights Organization). Apart from the striking generosity of this allotment it is interesting to compare this expenditure with the maximum welfare cash grant which such a family if it had no other income could receive in Mississippi. That amount is $720. And lastly it is interesting to observe that if, as is likely most of the $460 million in federal dollars is used simply to support existing state and local services in Mississippi, this amount alone will account for over half of the current total Mississippi state budget.

Other examples abound. Maryland's estimated expenditures will grow from a 1971 level of $15 million to an estimated level of almost $420 million in 1973. At this point Maryland will be spending some $1,650 per welfare recipient or about $6,600 for a family of four. Georgia plans to expand its program from a 1971 level of $12 million to a 1973 level of over $220 million. New York will expand from $67 million, 1971 to $850 million, Illinois from $24 million to over $180 million. Faced with an unplanned increase in the President's budget of at least $3.6 billion and the frightening potential of even more staggering increases to come (the estimates are from $6 to 8 billion in the next fiscal year) there appears to be little that the administration can or, perhaps, wants to do to stem the flowing tide. To "close the end" on social services would require legislative action and, as has already been demonstrated by the recent action of the appropriation conferees, such action is unlikely to be forthcoming, particularly in an election year, given the opposition to such a change that would be generated by enthusiastic state and local officials who have suddenly discovered that there is indeed a pot of gold at the end of the federal rainbow.

There is also the difficult problem of devising a formula which, at once, distributes the fund among the states in at least some

vague relationship to need and current fiscal effort; maintains each of the states at least at their current level of expenditures and probably allows some increase (a practical necessity to ensure acceptance of any formula); and, at the same time sets a reasonable dollar limit on the total budget.

Despite the practical and political difficulties involved, however, it is clear that something constructive must be done not simply to control a runaway program, but to insure that the monies are distributed equitably among states and that real and needed public services are produced in the process. Surely some more rational basis must exist for distributing several billion dollars of taxpayer money than one depending upon the relative ambition and ingenuity of a few state and federal officials.

Mr. MONDALE. On the other hand, the committee bill would work severe hardship on States which have made constructive use of the Federal program—and who have relied in good faith on its continued life.

In my own State of Minnesota, social services funds support child care, vocational rehabilitation, foster care, family and marriage counseling, consumer education, drug and alcohol rehabilitation programs, services for disturbed and retarded children, and a host of other important activities.

Minnesota last year received $44 million in social services funding—and under the committee bill Minnesota would receive less than $16 million this year for the same purposes. Hennepin County, for example, will suffer a net $8 million loss under the revenue-sharing bill, if the committee ceiling is retained.

Because of the very severe effects of the committee ceiling, I will support the pending amendment to strike this provision from the bill, and refer it to committee for further study.

I wish to stress, however, that I will support a reasonable ceiling, which will not harm those State and local governments which have in good faith made responsible use of the social services program.

Mr. GRAVEL. Mr. President, I wish to associate myself with the distinguished Senator from Minnesota's remarks.

Mr. COOK. Mr. President, the Federal, State, and Local Fiscal Assistance Act of 1972 represents a concept endorsed by the Nixon administration in 1969 and one which I have supported in the form of cosponsorship since coming to the Senate. I would now like to go on record in favor of the Senate Finance Committee bill, H.R. 14370, which distributes $6.3 billion to State, city, and county governments on a no-strings-attached basis effective January 1 of the present year.

As all of us know, there are very few cities left in this country which are financially sound. State governments are faring little better and it is time for the Federal Government, having greater access to revenue, to come to the rescue. Presently, most State and local governments are merely treading water in anticipation of these funds. The committee bill, presently under consideration by the Senate, would lend the necessary support to these local and State governments and, hopefully, establish the momentum to put them back in sound operating condition.

Local and State governments find themselves, in many cases, in the position of having to deny services to the public which the public is demanding in ever-increasing intensity and with greater expectation. Specifically, many cities, such as my hometown of Louisville, have had to forego the installation of sprinkler systems in hospitals; or lights in high crime areas—even parks. Police and firemen have had to be cut back or denied long-overdue pay increases—often both. Air pollution abatement systems are needed. Schools are in desperate need of money. Roads need to be repaired or built.

In order to meet these demands, city officials have had to expand the tax base or increase taxes. The result of this has been to force more and more people into the suburbs leaving those with limited income in the cities. These people cannot possibly support the financial needs. Many rural areas are also inhabited by the relatively poor and some county governments are experiencing the same problems. It is a vicious circle and the buck stops here.

The Federal Government is the most efficient revenue collector. It also serves the same constituents as local and State governments. The revenue-sharing bill would merely turn money collected at the Federal level back over to the State and local governments to use as they see fit, responding to the prevailing and priority needs in their communities. Local officials, needless to say, are best equipped to determine what these priorities are.

Previously, State and local governments have only been able to resort to Federal block grants and Federal matching funds. The difficulty here is that quite often the grants available do not correspond with the top priority needs of the community. In the case of Federal-State matching grants, the States frequently do not have the funds available to take advantage of these federally assisted programs. More often, local governments respond to these matching grants by using up available funds in areas which are not of the top priority level. Forced to reply on fluctuating revenues and the uncertainty of available funds, local and State officials have been unable to proceed into major programs with the confidence that funds could be obtained to see the programs through to completion. This is certainly a sorry state of affairs.

The Revenue-Sharing Act would guard against such a situation since city and state officials will be able to plan ahead. Revenue sharing is a 5-year funding program. When the act is enacted into law each State and local government will know exactly how much money it will receive over a 5-year period.

I would like to make some further comments on the desirability of this bill. It will not involve a tax increase because revenue sharing will use money which is already being collected by the Federal Government. Funds will also come from the conversion of a set of narrower categorical grants.

Revenue sharing is a method of decentralizing the Federal Government by placing the responsibility back on the State and local governments who are most equipped to understand and meet the needs of their constituency. For those who continuously complain about bureaucracy and redtape in the Federal Government—and I, on numerous occasions, have been one of those—this bill is a major breakthrough. It is a landmark. Hopefully, it will set precedent. After all, the same people who elect State and local officials also elect us who serve in the Federal Government. These people are qualified to elect competent officials to run their local and State governments. By supporting this bill we are respecting the confidence of the American people in their local and State officials. I see no need for the Federal Government to dictate, supervise, or intervene in the distribution of revenue-sharing funds except for the minimal accounting requirements contained in this bill.

As you are well aware, inflation has taken its toll on the financial situation in local and State governments. Since 1966 the prices paid by State and local governments for goods and services have risen about one-third.

We must create sound local and State governments so as to enhance the quality of life for Americans. We must restore sound government at the grassroots level. We have the responsibility of using the American taxpayer's dollar as best we know how.

Therefore, let us be on about our business without wasting additional time. Let us pass revenue sharing now. Let us demonstrate effective government at its best.

Mr. BUCKLEY. Mr. President, I have general revenue sharing with the most mixed feelings.

It is abundantly clear that a large number of local governments across America face today an acute fiscal crisis for reasons over which they have had little or no control. They have simply been required to handle greater responsibilities than the limited taxing powers which they have been assigned can equitably support.

A major portion of the blame for their fiscal problems, as well as for those also faced by State governments, can be laid at the door of the Federal Government. The proliferating Federal categorical grants programs have too often forced State and local governments to follow Washington's priorities rather than their own, and to divert scarce revenues from more pressing needs in order that they might qualify for Federal funding. Furthermore, it is extravagance of the Federal Government which has caused the inflation which has exacerbated the financial difficulties in which the States and localities now find themselves.

For these reasons, I find it entirely proper that the Federal Government adopt temporary measures designed to alleviate the current difficulties while basic reforms are enacted to eliminate their causes. General revenue sharing, for a limited period, clearly represents a means for providing such relief. My major concerns over the present bill are focused on my fear that it will not, in

fact, prove to be a temporary measure; but rather, that it will in time become simply an additional Federal program recycling funds collected from individual taxpayers for distribution back to the communities and States in which they live in a manner which will weaken the accountability of State and local governments to their citizens for the tax moneys which they expend, and invite still further Federal intrusion into what ought to be the exclusive responsibilities and prerogatives of other levels of government within our federal system.

It is because of these fears, Mr. President, that I have offered four amendments seeking to limit Federal restrictions on the uses to be made of shared revenues while at the same time encouraging reform and accountability at the State and local levels. Only one of my amendments has been accepted; but in the course of the debate on these amendments, as well as on others which have been submitted, I have been encouraged to believe that my concerns are far more widely shared than I had at first anticipated.

In the first place, the legislative history of the bill in the Senate and in the House makes it clear that it is being enacted essentially as an emergency measure, and that there is no present intention on the part of Congress to institutionalize it as a permanent source of Federal financing for other levels of government. Second, it is clear that a majority of the Senate appreciates the necessity to keep the general revenue-sharing bill free of the kind of federally imposed restrictions and controls which have proven so costly and inhibiting in the categorical grants programs. Finally, because of the testimony received from State and local officials in the course of hearings on the pending legislation, there now exists in the Senate a far better appreciation of the disruptive effect of too many of our categorical grant programs on the efficient functioning of State and local governments.

Mr. President, I have found it extremely difficult to balance the short-term needs for this legislation against the long-term hazards which are inherent in it. After the most careful study, I have decided to vote for the general revenue sharing bill in its present form. I will vote for it as emergency legislation which represents the only immediately available means for meeting a fiscal crisis among State and local governments which the Federal Government has been instrumental in creating. I want to make it clear, however, that I cannot and do not approve of general revenue sharing as a permanent source of supplemental financing for State and local governments. By supporting the bill at this time as a temporary emergency measure, I believe I will be in a better position to work for the necessary reforms in our chaotic system of Federal categorical grants.

At the same time, I hope that State and local governments will work with the utmost diligence to achieve a more effective and equitable distribution of governmental responsibilities and taxing powers within each State well before the term of the current legislation expires. Such action on their part is essential if we are to return to conditions which will allow each level of government within our system to reacquire its full vitality and independence.

ORDER OF BUSINESS

Mr. METCALF obtained the floor.

(The remarks that Mr. METCALF made at this point when he introduced Senate Joint Resolution 266 and the ensuing discussion are printed in the routine morning business section of the RECORD under Statements on Introduced Bills and Joint Resolutions.)

APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER (Mr. BEALL). The Chair, on behalf of the Vice President, in accordance with Public Law 85–474, appoints the following Senators to attend the Interparliamentary Union Meeting, Rome, Italy, September 21 to 29, 1972: the Senator from Rhode Island (Mr. PASTORE), the Senator from North Carolina (Mr. JORDAN), the Senator from Indiana (Mr. HARTKE), the Senator from Utah (Mr. Moss), the Senator from Indiana (Mr. BAYH), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Texas (Mr. BENTSEN), the Senator from Ohio (Mr. SAXBE), the Senator from Ohio (Mr. TAFT), and the Senator from Vermont (Mr. STAFFORD).

The Chair, on behalf of the Vice President, pursuant to the provisions of section 140(g), Public Law 92–318, appoints the following Senators to be members of the National Commission on the Financing of Postsecondary Education: the distinguished Senator from Rhode Island (Mr. PELL) and the distinguished Senator from Maryland (Mr. BEALL).

SENATE RESOLUTIONS 299 AND 304— CHANGE OF DATES

Mr. MANSFIELD. Mr. President, on behalf of the distinguished minority leader and myself, I ask unanimous consent that the date set forth in Senate Resolution 299, to conduct a study and report its findings and recommendations to the Senate by February 15, 1973, which was adopted by the Senate on August 15, 1972, be changed from February 15, 1973, to January 2, 1973; and that the date February 28, 1973, found on pages 3 and 4 of Senate Resolution 304, authorizing expenditures by the special committee on the termination of the national emergency, which was adopted by the Senate on June 23, 1972, be also changed from February 28, 1973, to January 2, 1973.

The purpose is to effect an accommodation with the Legislative Reorganization Act.

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

Mr. MANSFIELD. I yield.

Mr. JAVITS. Senate Resolution 299 is the resolution for an ad hoc committee to determine what we should do with classified matters, of which I was the author. I am advised it is impossible for leadership to go into the appointment of a committee unless the date is limited to this Congress. I also understand that the Senator from Nebraska (Mr. HRUSKA), who is the only Senator who has taken a somewhat adverse view, understands the situation and has agreed, and also has agreed to allow time for the committee to report.

We may come in immediately on the convening of the new Congress and get the same dates. I would appreciate it if the leader would confirm that.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

REVENUE SHARING ACT OF 1972

The Senate continued with 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.

Mr. JAVITS. Mr. President, on behalf of myself and Senators BROOKE, BUCKLEY, CASE, INOUYE, MATHIAS, PERCY, and TUNNEY, I call up amendment No. 1465 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 63, after line 16, insert the following:

"SUBTITLE B—ALLOCATION AND PAYMENT OF FUNDS BASED ON URBANIZED POPULATION

"SEC. 121. CREATION OF TRUST FUND

"(a) IN GENERAL.—There is created on the books of the Treasury of the United States a trust fund to be known as the Urban Dividend Trust Fund (referred to in this subtitle as the 'Trust Fund'). The Trust Fund shall consist of the amounts appropriated to it as provided in this section. There are hereby appropriated to the Trust Fund, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to—

"(1) for the fiscal year ending June 30, 1972, one-half of 1 percent of the Federal individual income taxes received in the Treasury during such fiscal year;

"(2) for the fiscal years ending June 30, 1973, June 30, 1974, June 30, 1975, and June 30, 1976, 1 percent of the Federal individual income taxes received in the Treasury during each such fiscal year; and

"(3) for the fiscal year ending June 30, 1977, one-half of 1 percent of the Federal individual income taxes received in the Treasury during such fiscal year.

The amounts appropriated by paragraphs (1), (2), and (3) shall be transferred from time to time from the general fund of the Treasury to the Trust Fund on the basis of estimates made by the Secretary of the amounts referred to in such paragraphs. Proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or were less than the amounts required to be transferred.

"(b) FEDERAL INDIVIDUAL INCOME TAXES.—For purposes of subsection (a), the term 'Federal individual income taxes' means the tax imposed by chapter 1 of the Internal Revenue Code of 1954 on the income of individuals and the tax deducted and withheld at source on wages under chapter 24 of such Code.

"(c) TRUSTEE; REPORTS TO CONGRESS.—The Secretary of the Treasury shall be the trustee of the Trust Fund, and shall report to the Congress not later than March 1 of each year

on the operation and status of the Trust Fund during the preceding fiscal year.

"(d) EXPENDITURES FROM TRUST FUND.—Except as provided in this subtitle, amounts in the Trust Fund shall be available for, and may be used only for, payments by the Secretary to State governments and units of local government under this subtitle. Such amounts shall remain available without fiscal year limitation.

"(e) TRANSFERS FROM TRUST FUND TO GENERAL FUND.—The Secretary shall from time to time transfer from the Trust Fund to the general fund of the Treasury any moneys in the Trust Fund which he determines will not be needed to make payments to State governments and units of local government under this subtitle.

"SEC. 122. PAYMENTS TO STATE AND LOCAL GOVERNMENTS

"Except as otherwise provided in this subtitle, the Secretary shall, for each entitlement period, pay out of the Trust Fund to—

"(1) each State government a total amount equal to the entitlement of such State government for the period (determined under section 123(c)), and

"(2) each unit of local government (within the meaning of section 105(d)) a total amount equal to the entitlement of such unit for the period (determined under section 123(d)).

Such payments shall be made in installments during the entitlement period but not less often than once each quarter. Such payments for any entitlement period may be initially made on the basis of estimates. Proper adjustment shall be made in the amount of any payment to a State government or a unit of local government, to the extent that the payments previously made to such government under this subtitle were in excess of or less than the amounts required to be paid.

"SEC. 123. ALLOCATION AMONG STATE AND LOCAL GOVERNMENTS.

"(a) IN GENERAL.—The Secretary shall, for each entitlement period, allocate among the States so much of the moneys appropriated to the Trust Fund for the fiscal year which includes such entitlement period as does not exceed—

"(1) $300,000,000, in the case of the entitlement period beginning on January 1, 1972,

"(2) $750,000,000, in the case of the entitlement period beginning on July 1, 1972,

"(3) $900,000,000, in the case of each of the entitlement periods beginning on July 1 of 1973, 1974, and 1975, and

"(4) $450,000,000, in the case of the en titlement period beginning on July 1, 1976.

"(b) ALLOCATION AMONG STATES.—There shall be allocated to each State for each entitlement period an amount which bears the same ratio to the total amount to be allocated for such period under subsection (a) as the urbanized population of that State bears to the urbanized population of all the States.

"(c) DIVISION BETWEEN STATE AND LOCAL GOVERNMENTS.—The State government shall be entitled to receive one-third of the amount allocated to that State for each entitlement period. The remaining portion of each State's allocation shall be allocated among the units of local government of that State as provided in subsection (d).

"(d) ALLOCATIONS TO LOCAL GOVERNMENTS.—The amount to be allocated to the units of local government within a State under subsection (c) for any entitlement period shall be allocated among such units of local government so that each unit of local government will receive an amount which bears the same ratio to the total amount to be so allocated as—

"(1) the payments to which such unit of local government is entitled under subtitle A for the same entitlement period, bears to

"(2) the aggregate payments to which all units of local government within the State are entitled under subtitle A for the same entitlement period.

Each unit of local government shall be entitled to receive the amount allocated to it under this subsection.

"(e) APPLICATION OF SUBTITLE A.—The provisions of sections 107, 108, 109, and 110 of subtitle A shall apply to the making of payments under this subtitle.

"(f) COORDINATION OF PAYMENTS.—To the maximum extent feasible, payments under this subtitle shall be made at the same time and in the same manner as payments are made under subtitle A.

"SEC. 134. DEFINITION OF URBANIZED POPULATION.

"For purposes of this subtitle, the term 'urbanized population', when used in reference to any State, means the population of each area, within such State, which consists of a central city or cities of 50,000 or more inhabitants (and of the surrounding closely settled territory for such city or cities) which is treated as an urbanized area by the Bureau of the Census for general statistical purposes. The data used for determining urbanized population under this section shall be the most recently available data provided by the Bureau of the Census, except that where the Secretary determines that the data so provided are not current enough or are not comprehensive enough to provide for equitable allocations, he may use such additional data (including data based on estimates) as may be provided for in regulations."

On page 38, strike out lines 5 through 14, and insert the following:

"(2) $5,300,000,000, in the case of the entitlement period beginning July 1, 1972,

"(3) $5,300,000,000, in the case of the entitlement period beginning July 1, 1973,

"(4) $5,300,000,000, in the case of the entitlement period beginning July 1, 1974,

"(5) $5,450,000,000, in the case of the entitlement period beginning July 1, 1975, and

"(6) $2,875,000,000, in the case of the entitlement period beginning July 1, 1976."

On page 63, line 17, strike out "B" and insert "C".

On page 63, line 19, strike out "121" and insert "131".

On page 64, line 12, strike out "122" and insert "132".

On page 66, line 5, strike out "123" and insert "133".

On page 67, line 1, strike out "C" and insert "D".

Mr. JAVITS. Mr. President, I intend to yield momentarily to Senator GRIFFIN. However, before I do I would like to state to the Senate that this is a substitute revenue-sharing amendment that is very critically important to the States which have cities in them. It concerns funds for urbanized areas. There is no question of irrelevancy or any element of social security or anything else. This is right on the beam on this bill. It highlights a very serious discrimination against States which are urbanized.

I hope that the Senate will hear my purpose. I intend to be as brief as possible. I intend to take 15 minutes.

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

The yeas and nays were ordered.

Mr. JAVITS. Mr. President, I yield to the Senator from Illinois first.

Mr. PERCY. Mr. President, I thank the Senator from New York for yielding. I have an executive committee meeting at the Kennedy Center. I appreciate the opportunity to finish my comments briefly.

Mr. President, I am a cosponsor of this amendment and I support it unequivocably.

There is a very serious flaw in the formula used by the committee to determine the distribution of revenue-sharing funds among the States. This flaw is the committee's failure to take account of the fact that the degree of a State's urbanization to a very large extent determines the degree of a State's expenses for all kinds of social and community purposes: Environmental control, police protection, drug abuse prevention, and other programs associated with our urban centers.

Senator RIBICOFF, in his statement before the Senate on September 7, cited what I believe to be the telling facts. Under the Finance Committee formula, each person in Hartford County, Conn., will receive $14.61, but each person in certain other local communities will receive $31.12. There simply can be no justification for this amount of discrimination against the urban centers.

This amendment would correct this disequilibrium. It takes into account the key factor of urbanized population, and distribute an additional $1.5 billion over the five full fiscal years of the bill to the States, and it will redistribute the incremental amounts over $5.3 billion already scheduled by the bill on the basis of this key factor.

The fact that Illinois will gain funds is of course extremely important to me. But Illinois is not the only gainer—the gainers are the millions of people who live in our country's urban centers, where the quality of life too often seems to be in serious decay. We talk frequently in this Chamber about the need for rural development as a means of helping stem the flow of people to the cities, and as a means of alleviating the burdens of the cities. We have already enacted this year a very extensive, comprehensive, and very costly new rural development program, which I very much favored, and which I know will benefit the rural constituencies represented in this Chamber. Now let these same Senators, who represent the majority of the States, the unurbanized States, give the same consideration to our problems by helping us enact a revenue sharing program that will take adequately into account the aspirations and needs of our cities.

Mr. JAVITS. Mr. President, I ask unanimous consent that I may yield to the majority and minority leaders with the understanding that I may gain the floor when the colloquy is completed.

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

PROGRAM

Mr. SCOTT. Mr. President, I thank the Senator from New York for graciously yielding.

I would like to inquire of the majority leader whether or not we are making any progress or whether there is any likelihood of passing this or any other legislation this session.

Mr. MANSFIELD. Mr. President, as the distinguished minority leader will recall, we discussed this earlier today and expressed the hope that if at all possible we would like to finish the revenue-sharing bill by tonight and that we were

prepared to stay in until the hour of 9 o'clock if that was possible. However, we have an amendment pending before the Senate at the present time on which there is a 2-hour limitation, the Javits amendment. Then I understand following that will be the Roth amendment. I understand that the distinguished Senator from Delaware (Mr. ROTH) has indicated that he would be willing to consider a 1½-hour limitation with 45 minutes to a side, if that will meet with the approval of the distinguished chairman of the committee.

Mr. LONG. Mr. President, that is agreeable.

Mr. MANSFIELD. That would take us up to 8 o'clock or 8:30 this evening. What other amendments are there?

Mr. PERCY. Mr. President, for the information of the Senate, the Senator from Maryland (Mr. MATHIAS) and I have an amendment. We would certainly agree to a time limitation. Four or five Senators have said that they want to speak on the matter. So, I would think it would take an hour or an hour and a half.

Mr. MANSFIELD. Would the Senator give consideration to an hour to be equally divided, with some of the Senators putting their speeches in the RECORD in the interest of the Senate?

Mr. PERCY. I would certainly give consideration to it. I would like to speak to the Senators who have spoken to me to see if that would be agreeable to them. Certainly an hour and a half maximum would be all right. I can agree to the hour and a half maximum now.

Mr. MANSFIELD. Would the Senator agree to an hour now with the understanding of the chairman of the committee that if more time is needed, it can be done?

Mr. PERCY. I would certainly do that, because my own statement would not take more than 10 or 12 minutes.

Mr. LONG. Mr. President, I would rather wait to see if we are going to do this tonight or tomorrow. I would be willing to agree to a limitation, however, as long as the majority leader would agree to it. I will go along with it.

Mr. JAVITS. Mr. President, I thought I would help the Senate by saying that I am very hopeful that we will not need all of the time on my amendment. As I have said, I will speak 15 minutes. I do not know what the Senator from Louisiana (Mr. LONG) has in mind. However, I have the time and I want to keep it for protection. I hope that we will be able to vote within an hour, however.

Mr. MANSFIELD. The Senator from Ohio has an amendment.

Mr. TAFT. Mr. President, I have two amendments, both of which have been printed. One of them is of a rather technical nature and will not take very long. I think the chairman of the committee is aware of that amendment. I think I told him informally that it would take 20 minutes.

The other amendment, however, I think is rather substantive. I am not ready to agree to a limitation of time on that amendment at this time.

Mr. HARTKE. Mr. President, I might say to the majority leader that I have two amendments. However, I would not like to proceed at this time until I get an indication from the chairman of the Finance Committee as to the ultimate proposal, which is whether we will really have a welfare reform proposal before the Senate in this session for its serious consideration. This will be the last opportunity to do this unless we do it on the debt limit bill. It would provide some substantial relief to the people on welfare.

The second provision relates to loopholes dealing with corporations.

The fact is that there have been no hearings scheduled on this matter in the Finance Committee. And until such time as we can make substantial progress on it, this may be the last opportunity to present this matter.

I have discussed the matter with the chairman of the Finance Committee. He has not given any indication except to say that we can have hearings next year. I would like to have pretty definite information before I forego the possibility of having a vote on this matter in this session.

Mr. LONG. Mr. President, much as I would like to expedite the vote on the bill, I am personally not prepared to agree at this point, particularly sight unseen, to agree to vote on any amendments that are not strictly, from a reasonably strict point of view, germane to the bill.

So understanding that what the majority leader is trying to arrive at is an agreement that will assure on a unanimous-consent basis a vote on the bill, I regret I do not think that is possible at this time although I think the chances are good for final passage of the bill tomorrow. I hope it will be this evening, but observing what has transpired, we have not moved as fast as the desire for adjournment would dictate.

Mr. MANSFIELD. I agree with the remarks just made by the distinguished Senator from Louisiana. It does not appear we could finish tonight. That does not mean we should not stay in and go as far as we can because, after all, we have an election and each passing day means this session of the 92d Congress is that much closer to the end.

I disagree with the distinguished Senator that we have not made progress; I think we have made excellent progress.

Mr. LONG. I believe we have. I am sorry the Senator did not quite understand. I believe we have made progress. Moving under the most expeditious rules we have been able to devise in the Committee on Finance we were able to report the bill in 5 days of executive sessions, and we might move as fast in the Senate.

Mr. MANSFIELD. I agree.

With the concurrence of the distinguished Senator from Louisiana, the distinguished Senator from Illinois, and the distinguished Senator from Utah (Mr. BENNETT), the ranking Republican member of the committee, I ask unanimous consent that the time on the Roth amendment be limited to 1½ hours, the time to be equally divided between the manager of the bill and the sponsor of the amendment, and that there be a time limitation of 30 minutes on amendments thereto, the time to be equally divided between the sponsor and the manager of the bill.

The PRESIDING OFFICER. Is there objection? The Chair hears no objection, it is so ordered.

Mr. MANSFIELD. I ask unanimous consent that on the Percy amendment there be a time limitation of 1 hour.

The PRESIDING OFFICER. Is there objection?

Mr. MATHIAS. Mr. President, reserving the right to object, is that with the understanding previously stated by the Senator from Illinois?

Mr. MANSFIELD. Yes, together with the statement made previously.

Mr. MATHIAS. I thank the Senator.

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

Mr. JAVITS. Mr. President, reserving the right to object, and I shall not object, I hope the Senator makes provision for amendments in the second degree. It is most embarrassing when it is not done.

Mr. MANSFIELD. I ask unanimous consent that there be ½ hour on amendments to amendments to be offered, the time to be divided as indicated.

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

Mr. SCOTT. Mr. President, I have been asked by some Senators to inquire if there is any possibility of reaching an agreement on time for final passage.

Mr. MANSFIELD. On the basis of what has been said tonight, the Senator from Ohio (Mr. TAFT) indicated he would be reasonable on one amendment but could not at this time make a commitment on a second amendment, the Senator from Indiana (Mr. HARTKE) has two amendments but he is not prepared to agree to a time limitation, it is my hope that if the Senate comes in at 10 a.m. or 9 a.m. tomorrow, say 9 a.m., and we get to the pending business at 9:30, I would guess we would probably come to a final vote—and we would have to make exceptions in this guess—around 1 o'clock.

Mr. SCOTT. I thank the distinguished majority leader. Senators may wish their views known to constituents and the country and may not wish to go through the rather lengthy exercise of delivering their speeches in full. I would hope that some Senators would extend their remarks in the RECORD. If they have any apprehensions, I agree with the Senator that we could designate one Senator on each side to read all the speeches between now and Christmas.

Mr. MANSFIELD. As always, I come out second best.

Mr. SCOTT. Mr. President, I would like assurance that there will be no vote on the revenue sharing bill tonight, so that Senators will be advised accordingly.

Mr. MANSFIELD. There will be no vote on final passage tonight but it would be the hope of the leadership that we would be able to dispose of the Javits amendment, on which the yeas and nays have been ordered, the Roth amendment on which there is an agreement and on which the yeas and nays have been ordered, and hopefully the Percy-Mathias amendment, on which a time

limitation has been tentatively agreed to, so I would say we will remain in session until around 8 o'clock tonight.

Mr. JAVITS. Mr. President, I yield myself 15 minutes.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. JAVITS. Mr. President, the amendment I have proposed is intended to correct a gross inequity in the bill as reported by the Committee on Finance, an inequity which did not arise in the bill sent here by the House because they did exactly what I am trying to do, at least in part, in terms of the amount of money in dealing with problems of the urban States. I will point out how heavily weighted this bill is against those urban States, not for but against them, and the grave disproportion that would result. I was treated to quite a lecture on disproportion regarding my State in connection with social services awhile ago; I am going to be able to point out the grave disproportion which States other than urbanized States are put into in this matter, whether they need it or not, whereas the real crisis which brings on revenue sharing is brought on by the urbanized States.

The States to which I refer are 27 in number. The urbanized States are 27 of the 50 States. This is a very critical matter.

The amendment I have offered——

Mr. ROBERT C. BYRD. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. JAVITS. Mr. President, the amendment I have offered answers the need I have discussed by designating an urban dividend of $600 million the first year and $900 million for each subsequent year to be divided among the States according to an urbanized population formula. The definition of urban population in the amendment is the same as the Census Bureau definition.

In speaking of the urbanized areas of the countries let us remember we are speaking of areas in which well over half of the population of the United States lives and works. That is the urban content of our population.

This urban dividend, which I have described, is financed partly out of the growth factor written in the committee bill. Specifically, the amendment deletes the $300 million annual growth factor in the committee bill for calendar years 1973, 1974, and 1975. The $300 million growth factor for 1976 has been left in.

The amendment which I have offered differs in one important respect from the amendment as I had it printed at the time when I laid it on the table just about a week ago. At that time the amendment called for $900 million the first year. I have reduced that to $600 million.

I was very encouraged by the response of my colleagues to the concept of an urbanization dividend, but as some reservations were expressed about the amendment's cost, I decided to cut that cost for the first year, as a kind of preload year, by $300 million. The cumulative cost for the entire 5-year period of the bill, if my amendment were adopted, would be $31 billion, compared to $29.5 billion for the basic Finance Committee bill.

No State would receive any less under my measure—other than the $300 million dividend—than what is provided by the Finance Committee's bill, over the 5-year period, 27 States would receive materially more.

In order to give my colleagues an accurate picture of exactly what the amendment means to each State in its first year's distribution both with and without the amendment which I have proposed, I send to the desk and ask unanimous consent that there be incorporated in my remarks an appropriate chart relating to the distribution.

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

1ST-YEAR DISTRIBUTION OF REVENUE SHARING FUNDS

[In millions]

	House bill	Finance Committee bill [1]	Committee bill with proposed amendment
Alabama	$80.2	$127.6	$134.1
Alaska	6.6	5.5	5.5
Arizona	46.1	55.1	62.5
Arkansas	38.3	60.4	62.3
California	610.8	510.4	592.2
Colorado	59.4	60.0	67.2
Connecticut	72.6	57.5	68.2
Delaware	17.3	12.9	14.7
District of Columbia	26.0	14.1	17.9
Florida	150.0	160.3	181.2
Georgia	103.4	120.7	130.2
Hawaii	25.9	22.7	25.0
Idaho	15.4	21.8	22.2
Illinois	301.8	250.9	290.8
Indiana	113.8	114.6	126.7
Iowa	67.8	84.6	88.9
Kansas	47.7	58.0	62.0
Kentucky	71.8	95.9	101.6
Louisiana	83.2	124.8	133.4
Maine	19.9	34.2	35.1
Maryland	117.5	94.8	107.9
Massachusetts	179.0	143.5	165.4
Michigan	243.7	210.9	239.6
Minnesota	114.1	108.2	117.8
Mississippi	46.0	99.6	101.2
Missouri	107.6	108.5	121.6
Montana	16.7	22.6	23.3
Nebraska	34.5	47.1	50.1
Nevada	12.4	11.9	13.6
New Hampshire	13.5	16.7	17.6
New Jersey	179.7	142.6	173.4
New Mexico	22.5	36.5	38.0
New York	649.6	507.1	579.4
North Carolina	113.0	148.8	154.9
North Dakota	12.0	21.7	22.0
Ohio	227.4	185.4	219.1
Oklahoma	52.9	65.3	70.6
Oregon	60.1	61.8	66.8
Pennsylvania	300.9	290.2	325.3
Rhode Island	25.9	23.1	26.4
South Carolina	57.9	89.5	92.8
South Dakota	13.5	27.6	28.0
Tennessee	79.3	108.1	115.6
Texas	248.3	268.6	303.7
Utah	29.0	34.5	38.2
Vermont	11.0	16.3	16.3
Virginia	115.6	109.7	121.8
Washington	79.1	92.3	101.8
West Virginia	36.4	57.5	59.2
Wisconsin	137.0	147.1	157.6
Wyoming	6.1	10.7	10.7

[1] Excluding social services grant.

Mr. JAVITS. Also, we have developed a flow chart showing the relationship of the cost of this urban dividend amendment at each stage of the bill in terms of the number of years which go by, showing how it starts in the first year and ends up in the last year, and therefore how the $300 million growth dividend is accounted for in respect of this particular urban dividend.

I ask unanimous consent to have that chart printed in the RECORD at this point.

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

CUMULATIVE COST OF URBAN DIVIDEND AMENDMENT

[In billions of dollars]

	Senate bill	Senate bill with urban dividend amendment
Calendar year:		
1972	5.3	5.9
1973	10.9	12.1
1974	16.8	18.3
1975	23.0	24.5
1976	29.5	31.0

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

Mr. JAVITS. I yield.

Mr. MATHIAS. Mr. President, I am privileged to be a cosponsor of this amendment. I salute the Senator from New York for his leadership in offering the amendment.

I rise to join the Senator from New York and the Senator from Illinois in offering this amendment to assure that this historic revenue sharing legislation is fully responsive to the needs of the great urban areas of America, which are growing so rapidly and contain the heart of so many of our Nation's domestic problems.

I am concerned that the bill as reported by the Finance Committee alters the House bill by shifting funds from the large urban States to the smaller rural States. In the case of my State of Maryland, it reduces our share of the funds from $117.5 million to $94.8 million. This massive slice leaves too little to meet the needs and expectations of the people of my State. The city of Baltimore is counting on revenue sharing to balance its budget in the coming years. Other cities and suburban areas need these funds to finance housing, transportation, education, and other services demanded by our rapidly growing population. There is a real need for all the funds allotted for Maryland under the House bill.

I know that there are many views as to how revenue sharing should be distributed among the States. It seems to me, however, that whatever formula we adopt must recognize the special problems associated with large metropolitan areas, and that one factor in the formula should be urban population. That is the purpose of the amendment which we are offering today. This amendment would establish a pool of $600 million to be apportioned among the States according to their urban population. The amount of funds in the pool would increase to $900 million during the second year of revenue sharing. The added cost of the program would be absorbed by the planned increases in the amount of funds devoted to the revenue-sharing program.

This amendment would go a long way toward correcting the weakness in the bill as reported by the committee. It would provide an additional $14.5 million for my State of Maryland, and over $19 million during the second year. This would not raise us entirely to the amount provided by the House bill during the

first year, but we would reach the same level approximately in the second year of the bill. I know these funds are needed by the urban and suburban areas of Maryland and of other States in our Nation, and therefore I urge my colleagues to support this amendment.

Mr. President, I ask unanimous consent that my testimony before the Finance Committee in favor of the bill as reported by the House be printed at this point in the RECORD.

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

STATEMENT OF SENATOR CHARLES McC. MATHIAS, JR., SUBMITTED TO THE SENATE FINANCE COMMITTEE, JULY 27, 1972

Mr. Chairman, I am deeply grateful to have the opportunity to express to your Committee my enthusiastic support for S. 3651, the State and Local Fiscal Assistance Act of 1972. As a former member of the Senate Government Operations Committee's Intergovernmental Relations Subcommittee, I am all too familiar with the fiscal plight of our State and local governments and with the various proposals for easing it. Moreover, I recently held hearings in my own State of Maryland to study alternatives to the inadequate property tax system upon which our local governments have been forced to lean. I am convinced that revenue sharing is essential, not only to the survival of the federal system as we know it, but to the solution of our most urgent public problems.

Maryland will receive $117.5 million this year if S. 3651 is enacted, bringing relief to property owners who have watched their taxes soar as local governments strive to pay for schools, police, fire protection, water and sewer lines and other public services. The $19.4 million available to Baltimore this year under revenue sharing is essential to bringing new life to the urban center of Maryland. How essential will be understood when it is realized that the current Baltimore City budget anticipates these funds and will be in default if they are not provided. A real urban crisis would follow the defeat of this bill.

I would like to address myself to one of the objections most often raised against revenue sharing—the charge that it would divorce the authority to tax from the authority to spend and thus destroy one of our most basic built-in controls over irresponsible spending. There is, it is argued, no more effective check upon such spending than the requirement that the responsibility for raising and for spending money should rest upon the same governmental shoulders. To permit a government to enjoy the power of spending money without having first to endure the pain of raising it is, we are told, to undermine the principle of public accountability.

On the face of it, Mr. Chairman, this argument would seem to have a good deal of force. But it simply does not stand up under close and careful analysis.

To begin with, revenue sharing is not the novel notion—the alien and untried idea—that some would have us think it is. In the broadest sense of the phrase, revenue sharing has been with us since the early decades of the Republic. It has, more recently, become not only a fact of federal life, but an increasingly important feature of our federal system. We have developed what Daniel Elazar has called a "cooperative system," in which "the federal government, the states, and the localities share the burden for the great domestic programs by making the larger governments primarily responsible for raising the revenues, and the smaller ones primarily responsible for administering the programs." As we all know, state and local officials have, for decades now, administered billions of dollars of federal assistance. But what is far more significant, and what we rarely seem to recognize, is the fact that for years every state in the nation has been sharing large portions of its revenues with local units of government. In fiscal 1969, the states disbursed almost $25 billion to their local governments.

The development of these state revenue sharing practices has not been merely a matter of accident or convenience, but of deliberate design. We have relied heavily, under our federal system, upon those governments and agencies closest to the people—upon local governments and agencies—for the actual provision of many of our public services. We have, at the same time, relied just as heavily upon the Federal and state treasuries for much of the funding of these services. And we have done so for some very sound reasons.

It is, to begin with, impossible to devise a set of geographic boundaries that would divide the country into governmental units capable of raising precisely the amount of revenue each unit would need. Some of our areas are wealthy, others poor; some are rural, others urban; some are industrial, others residential; and so on. Yet none of these areas is self-contained. Over their boundaries, countless times daily, millions upon millions of people are passing—making demands upon one jurisdiction while paying taxes in another.

The only way to make government responsive and effective under these conditions is to work out a system of intergovernmental transfers to help insure the provision of at least the essential services in every jurisdiction. Without some such system, many units of government would inevitably elect to block the immigration of people or businesses or activities which, for one reason or another, might add to its financial burden. In varying degrees this has, in fact, already happened—most notably in the resistance of some suburbs to the construction of low and moderate income housing. It is to counter this tendency that we have developed a rather complex set of both federal-state and state-local transfers.

Recently, the federal-state system of transfers—the federal grant in aid system—has come in for a good deal of attention. But we have in the process almost entirely ignored the fact that, for many years, the states have had highly advanced systems of grants. Indeed, state grants account for over 30 percent of local governmental expenditures, and for about a third of state budgets. Many of these grants are for specific purposes, but many others are not. State grants, in other words, cover the entire spectrum of possibilities—from grants that are completely united, to others which allow a great deal of latitude, to still others that leave state-local officials with virtually no discretion.

Take, for example, my own State of Maryland. We have had school equalization grants for many years. These are transfers from the State to local governments which spend money they do not raise in taxes. Every school board in my State spends money it is not responsible for raising. Finally, the county "piggy-back" income taxes are a form of revenue sharing, at least to the extent of the minimum 25 percent which the State requires of all counties.

The same situation holds true in a variety of ways throughout the country. A number of states have independently enacted "per capita grants" to their local governments, which are similar in every respect to the revenue sharing grants proposed in the legislation before us today. Back in 1949, New York State replaced most of its shared taxes (personal and corporate income, alcoholic beverages, and utility taxes) with per capita shared taxes in one form or another; and still others provide support in the form of property tax relief.

The enactment of a new revenue sharing plan in New York stands out as the most dramatic state aid development of 1970. The New York plan will distribute 21 percent of the State personal income tax to counties and municipalities. As a result, New York's per capita aid will triple from the present $200 million to $600 million.

At the federal-state level, some degree of federal sharing of revenues with the states has occurred in every period since the beginning years of the nation. Before the depression years of the 1930's, most such distribution of funds was of a temporary or short-term nature—with a few notable exceptions such as the land grant colleges, vocational education, and the federal aid highway system. In 1790, at the recommendation of Secretary of the Treasury Alexander Hamilton, the Federal government assumed some $18.3 million worth of Revolutionary War debts incurred by the states. During the closing years of the second Jackson Administration federal revenues exceeded both the national debt and the level of current expenditures. The Federal government decided, in 1836, to distribute more than $28 million of its surplus funds to the states in proportion to their electoral votes.

Today, in addition to the billions of dollars of federal categorical or restricted assistance which each year pour out of the federal treasury and into the hands of state and local officials, the Federal government directly shares with state and local governments a portion of the revenues it derives from the sale of public lands from grazing leases and permits, and from the use of national grasslands.

In short, Mr. Chairman, state and local officials are already very much involved in spending funds which they themselves have had no hand in raising—and they have been doing so for many, many years.

There is, however, one glaring gap between the Federal-state and the state-local transfer systems: states do make general purpose grants to localities, while the Federal government currently makes no such grants to state and local governments. That gap should, in my judgment, be closed by a carefully constructed program of Federal revenue sharing.

The major reason for revenue sharing, which I shall not expand upon here, is to help reduce the enormous disparities that have developed in the revenue raising abilities of our state and local governments—disparities that we cannot diminish through the conditional grant system. Next to the swelling growth in Federal revenues—a ninety-fold increase in 36 years—state and local revenues seem almost at a standstill, their growth stifled by their dependence upon regressive and excessive property and sales taxes. As John Kenneth Galbraith once said: "The great economic anachronism of our time is that economic growth gives the federal government the revenues while, along with population increase, it gives the states and especially the cities the problems."

A federal revenue sharing program to overcome that fiscal imbalance would, I am convinced, strengthen rather than subvert political accountability at all levels of government—Federal, state and local.

If divorcing the authorities to tax and to spend were as dire a deed as some suggest, then we would have been done for long ago—for, as I've stressed, we have had such a divorce, in some form or other, from the start.

Nor do I see how the current system of categorical aid is in any respect more "accountable" than a system of general revenue sharing. As President Nixon noted in his Revenue Sharing Message to Congress,

the "crucial operating decisions are often made by anonymous bureaucrats who are directly accountable neither to elected officials, nor to the public at large." Indeed, even many of the elected officials who control federal spending have only a limited degree of public accountability. In its sheer size and complexity, with its 500 different spigots, the current multi-billion dollar categorical aid system defies both Presidential and Congressional oversight. Under this system, authority rests in the hidden hands of thousands of program administrators who run the system by spawning a vast jungle of regulation that serves as an almost impenetrable obstacle to efficient state and local use of Federal aid dollars.

Presidential and Congressional control over this sprawling system has steadily slipped away. Increasingly, the Congress has relied on trust funds, long term contract authorizations, and debt service grants to help finance highways, airports, mass transit facilities, college housing, and public housing units. The great gap between Federal aid promises (program authorizations) and funding performance (annual appropriations) has been one of the strongest factors behind the demand that Congress make the funding of these and other capital facility programs far more certain. We have paid an extremely high price for that certainty—as the President and the Congressional appropriations committees have been stripped of much of their annual budgetary control over these categorical aid programs.

In a real sense, then, neither the Congress nor the President nor the Federal bureaucrats down the line are capable of being really accountable or responsive to the mass of citizens who are affected by their actions.

As President Nixon put it in his Message, "accountability really depends, in the end, on accessibility—on how *easily* a given official can be held responsible for his spending decisions." The crucial question is thus not where the money comes from, but whether the official who spends it can be made to answer to those who are affected by the choices he makes. To echo the President: Can the people get their views through to him? Is the prospect of their future support a significant incentive for him? Can they remove him from office if they are unhappy with his performance? These questions, quite clearly, are far more likely to receive an affirmative answer in a smaller jurisdiction than in a larger one.

Under revenue sharing, therefore, the political accountability of state and local officials to their electorate would stand as a powerful and natural defense against wasteful fiscal practices. Local policymakers will fully realize that, if they fritter away revenue sharing funds, they will be forced to ask their constituents to pay yet higher taxes.

As an argument against revenue sharing, therefore, the issue of divorced taxing and spending and of diminished accountability simply does not stand up. It is a false issue that simply diverts our attention from the real one—the urgent and overriding need to relieve the fiscal plight of our states and localities.

Mr. Chairman, we can no longer ignore the fiscal crisis threatening our states and localities—we can no longer delay action on revenue sharing. I strongly urge prompt adoption of S. 3651.

Mr. JAVITS. Mr. President, one very important factor emerges here which I think is so related to what I think we have been arguing in respect of the so-called social services proposition that I think it needs to be noted immediately at the outset.

The committee said—and I use that word very advisedly and very strongly—that it was providing a dividend to the urban areas out of the $1 billion which it had inserted in the bill—an amendment to strike that provision was just defeated—relating to social services grants, that money being distributed on an urbanization basis. But, Mr. President, I hasten to point out that this is nothing but a disguised way of eliminating any urbanization dividend and striking out the social services grants provision, because this $1 billion does not add anything.

In the first place, it is nothing but an authorization, unlike the rest of the bill, which is now a direct appropriation, Senator McCLELLAN'S amendment having been defeated. So the $1 billion is only an authorization. It is an authorization only in place of social service grants. It is not even an authorization in respect of any urbanization consideration. Therefore, to flag it as such is entirely inaccurate and inappropriate.

I noted that in debating the social services grants proposition just on the last amendment, the chairman of the committee (Mr. LONG) said as follows, and I give his words as nearly as I got them as he was speaking: "The $1 billion was a tradeoff for this social services program." Therefore, to pretend for one minute that this is an effort to adjust to the problems of the urbanized States is very misleading.

The fact is that this is the committee's effort—ploy, if you will, because that is what it is—to get rid of social services grants. They figured as long as they were doing that they might as well call it an effort to compensate for urbanization, which it distinctly is not. It certainly cannot be that, and the chairman has already made it clear that it is intended to be a tradeoff for the social services program.

So we face a bill which is loaded heavily against the urbanized States, and which has no compensatory feature for them, and which is diametrically opposed to the House of Representatives bill on the same subject.

A lot of dazzling rhetoric has passed into the RECORD about the plight of our cities, and while I strongly agree with my colleagues on this very important subject, I shall not endeavor to repeat here what has been said and what is only too well known. Indeed, as I said a minute ago, the Finance Committee recognized the problem, but did not do anything about it, when it sought to make us think that this billion dollars was an urbanization dividend.

The fact is that the problem of the cities is not only a problem of the cities alone but of the State governments within which those cities are contained, for a major percentage of the budgets of those States is devoted to aid to cities and other communities, towns, and villages within those States. For example, a major increase in the outlay of New York City in respect of its welfare rolls has had a direct effect upon the budget outlays of the State of New York, and the existence of cities and other heavily urbanized areas within a State has a direct effect on State outlays for medical care, crime control, housing, highways, education, and parks.

But, Mr. President, even this is but one-half of the grim story. The cost of providing these increased services is higher because of the increased costs in highly urbanized States. For example, the rent of living quarters averages $20 per unit more in the urbanized Northeast than in the South. Urbanized States generally pay higher wage scales than rural States. Population migration may seem like a problem of the cities, but it is a State problem as well. Migration of the poor from other States into New York, for example, has created vast pressures on the State to supply adequate services and infrastructure—roads, buildings, and similar facilities. During the past decade, the population of New York alone has grown by an amount equal to the entire population of Nebraska and many of the in-migrants settle in urbanized areas within the State of New York.

To be sure, many of them are also taxpayers, but it is common knowledge that the tax base has not kept up with the staggering demand of providing a large capital investment plan for the services which such growth requires.

Mr. President, the problems of New York only mirror the problems of almost every other State of the Nation. The problems of urbanization are not confined to a few industrialized States in the North or Northeast. The Census Bureau recognizes the fact of urbanized areas in Utah, North Dakota, Wyoming, and Idaho. For this reason my staff's projections show that during the 5-year period of this bill, assuming constant conditions as we face them now, a majority of the States will benefit from this urbanization amendment.

Another important point, Mr. President, is that the definition "urbanized population" includes—Mr. President, may we have order? There are not many Senators to listen, but let me at least hope those who are here will allow me to speak.

The PRESIDING OFFICER. The Senate will be in order.

The Senator may proceed.

Mr. JAVITS. Mr. President, the definition of "urbanized population" includes our Nation's suburbs, and it is most important to include in the RECORD some corrective remarks about our so-called rich suburbs. Economists are beginning to find that many of our suburbs are losing their former function as bedroom communities for wealthy city workers, and are becoming cities in their own right, with all of the problems of the cities. This has been caused, in part, by the problems of the central cities themselves in not being able to provide the jobs that our burgeoning suburbs require, and in part by the simple fact of economics that any large and growing community eventually establishes its own industrial base.

Let us see what has happened in those allegedly rich suburban communities outside, for example, my own New York City. They are very well known throughout the country. Suffolk and Nassau Counties are Long Island areas outside of New York City, which is also partly on Long Island.

The population of those two counties is

over 2.5 million. Over the past year, the number of unemployed in those two counties—these rich suburban counties—has grown up unbelievably, drastically, and now stands at a staggering high 7.4 percent rate, two percentage points above the national average. In the last 2 months alone, Mr. President, major companies in the Long Island area have announced cutbacks or threats of cutbacks in excess of 1,600 workers.

I realize that you can take almost any area and find problems there, but I would not want to leave my colleagues with the impression which I get from the Finance Committee's report that our so-called well-to-do suburbs do not deserve special consideration in a distribution formula.

Mr. President, may we please have order? I can hardly hear myself, let alone listening to the conversation of others.

The PRESIDING OFFICER. The Senate will be in order.

The Senator from New York may proceed.

Mr. JAVITS. Mr. President, what does the Finance Committee bill do for our urbanized areas? In the first place, of the 17 jurisdictions receiving less money under the Finance Committee bill than under the House bill, 16 are urbanized States, with urbanized populations in excess of 50 percent of their total State populations. In the aggregate, those 16 urbanized States——

The PRESIDING OFFICER. The Senator's 15 minutes have expired.

Mr. JAVITS. I yield myself another 10 minutes.

In the aggregate, Mr. President, these 16 urbanized States lose $523,700,000 between the Finance Committee's bill and the House of Representatives bill. Every year. Let me repeat that, because it is the key reason for my offering this amendment. Sixteen of the 17 jurisdictions receiving less money under the Senate Finance Committee bill than under the House bill are urbanized, and their urban populations exceed 50 percent of their total State populations. Yet it is these very States that lose $523,700,000 between the Finance Committee's bill here in the Senate and the House of Representatives bill.

Revenue sharing is absolutely essential to those States, because that is why revenue sharing was originally invented. The States that do not need it are the ones that are being loaded with it here; the States that do need it are not getting it, and it is highly inequitable and unfair.

To illustrate what the urban dividend of my amendment would restore, Mr. President, the same States would recover $401,400,000 of that loss in the first year, 1972. The urbanized States take the rap for 10 percent of the whole amount to be distributed under revenue sharing, to wit, half a billion dollars out of $5.3 billion. What my amendment would seek to restore to them is something in the area of 8 percent.

In the first place, let me point out that the Finance Committee struck out completely in this bill any factor of urbanization. The House bill contained a 22-percent factor for urbanization, but the Finance Committee struck it out completely.

Now let us take an example as to three cities, Mr. President—and I have picked widely diverse cities, with widely diverse conditions, all of the same size: Shreveport, La., in the home State of the chairman of the Finance Committee; Warren, Mich.; and Syracuse, N.Y. Each of those cities has about the same population roughly 180,000. All three, therefore, Mr. President, have comparable problems.

But indeed, one would call the State of Louisiana, in which Shreveport is located, less urbanized than the other two, that is, Michigan and New York, because Louisiana's urbanized population is less than 50 percent of its total State population, whereas in Michigan and New York, the urbanized population is more than 50 percent of the State's population.

Let us see what the Finance Committee bill does for Shreveport, what it does for Warren, Mich., and what it does for Syracuse, N.Y.

The Finance Committee bill gives Shreveport an amount equal to 37.3 percent of Shreveport's annual budget. Let me repeat that. The Finance Committee bill gives Shreveport, La., 37.3 percent of its aggregate annual budget.

Now let us turn to Warren, Mich. The Finance Committee bill gives Warren, Mich., less than half of that: 17.4 percent of its budget. And when you get to Syracuse, N.Y.—which, incidentally, has a higher unemployment rate than Shreveport—Syracuse gets 8.3 percent of its budget—less than one-quarter of what Shreveport gets, a similar city, comparable in size.

That is how this bill has been loaded most unfairly. Talk about being enraged to see the list of the figures, Mr. President, on social services grants: I think this is even more enraging, because this is not based on any quantum of services or quantum of troubles, but it is based strictly upon how the committee divided the money, period. They divided it most unfairly and most prejudicially to the urbanized States, and only the State can correct it. And I hope it will.

Mr. President, the list of cities in New York, including New York City itself, for which revenue sharing, as styled by our Finance Committee, would help by less than 10 percent of their budget—and let us remember that 47.3 percent of Shreveport, La.—is absolutely staggering: Albany, Buffalo, Rochester, Binghamton, to name but a few major cities in my own State. That being true, why should Little Rock, Ark., be helped out to the extent of 44.2 percent of its budget? Why should 57 of Arkansas' 65 counties be bumping against the committee ceiling of 50 percent of their own annual budgets? Even WILBUR MILLS would not go that far. And yet that is the situation.

So, Mr. President, these nonurbanized States have simply been loaded up, in contrast with the urbanized States. That is exactly what has happened in this Senate bill, and we must correct it if we are going to be fair, because the purpose of this whole exercise was to deal with the grave exigencies which were faced by the urban centers of the United States; and the definition of an urbanized State, as I pointed out a minute ago, is not all that big. It is a city of 50,000 and its surrounding, closely settled territory.

Mr. President, the exercise which I have gone through illustrates the truly grave disparities in benefits received by urban as opposed to rural States under this bill, and the amendment which I have proposed would seek, to some extent, to correct that disparity. It does so at a minimum cost, considering the immense needs which are involved. It benefits a majority of States both in 1972 and during the 5-year period of the bill.

Indeed, if you take the first year, when you do not have this $300 million increment—this so-called growth increment which is cranked into the bill—there are only three States—Alaska, Wyoming, and Vermont—which do not benefit directly from this dividend in the first year.

Mr. President, one other point about this so-called growth dividend: It will be noted that the Senate committee in its report kind of brushed it off, once over, rather lightly. I invite attention to page 11 of the Senate committee's report, in which will be found a paragraph which deals with the question of the $300 dividend. I should like to read that paragraph into the RECORD, because it reveals very clearly how this bill was loaded in respect of the nonurbanized States.

These considerations led the committee to the conclusion that specific amounts of aid should be provided both in the case of the States and the local governments and that it should be provided for a specific period of time. As a result, the committee set the annual amount of revenue sharing at a specific figure—starting at the rate of $5.3 billion in the initial period and increasing by an additional $300 million a year after the first full year. While this is the same total amount of regular revenue sharing funds as provided by the House bill, as is indicated below, the committee also provided an additional $1 billion a year in supplemental sharing grants which replace social service grants (other than those for child welfare and family planning). The committee bill also differs from the House bill in that the $300 million of annual increments are distributed one-third to State governments and two-thirds to the local governments. The House bill proposes to distribute the entire $300 million increment to the States.

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

Mr. JAVITS. I yield myself an additional 5 minutes.

That is the whole way in which this $300 million is kissed off.

The House report, on the other hand, related to a totally different fact, on a totally different premise, which is not figuring in the Senate bill at all. The House of Representatives put the $300 million growth increment per annum on the States, gave it to the States rather than the localities. It pointed out that the growth increment was to keep States which had income taxes from being penalized by the enactment of income taxes by other States. In order to be of assistance to the States which had an income tax, which was a heavy part of the formula of the other body in respect to rev-

enue sharing, they put in the $300 million a year growth increment.

The reason I point that out in such detail is to show that even when it came to the growth increment, it is the urban areas that are growing; it is not the nonurban areas that are growing that fast. People are moving into the cities in droves. That is where the problem is. Even when it came to the growth element which was going to be cranked into this bill, again it was loaded strictly in favor of the nonurbanized States and against the urbanized States. So that even in that small respect, no effort whatever was made to try to deal with this inequity against the urbanized States, but they were hit over the head all over again by the Finance Committee's formula.

I repeat: Only the Senate itself can correct this matter. I realize the reluctance of the Senate to put on extraneous amendments on social security and property taxation and many other things. Indeed, I voted that way and felt that way myself on this bill, and I voted against some pet proposals of mine, such as voter registration, simply because I think revenue sharing is so critical and so urgent. But this is not that kind of amendment, nor is it an amendment to deal with changes in formula, nor is it very complicated. It is simple. This amendment simply says that this bill is loaded against the urbanized States, and the only way to get some equity in respect of the bill is by reforming in that way; and the only way I could see to reform it so that it was simple and understandable and utilized the growth dividend—the growth dividend was for places that grow, not for places that did not grow, and that is exactly what is happening to these urban areas. They are the ones that are growing. So by cranking in the growth dividend, it was possible to give this dividend annually to the urbanized States and at the same time not to increase materially the amount of the bill—the aggregate increase is $1.5 billion—and not to disturb materially, outside of the growth dividend, what the nonurbanized States are getting under the bill.

Mr. President, one last word. It is always a popular sport around here to haul New York up on the carpet. Incidentally, I might say that as time goes on, Texas, California, and perhaps a few other States will get it, too. But it is always a popular pastime to haul New York up on the carpet. They got this and that and the other. Never is anybody very interested in what they spend and what they pay to the Federal Government and what the Federal Government returns. That never enters into the calculation at all. New York is and was and continues to be—and, so far as we can see, will continue to be, for a long time to come—the biggest loser on the exchange in terms of volume and percentage.

We would be in fine shape if we were the United States of New York. But that is ridiculous, of course. It is just out of the question. Nevertheless, that is the way to look at it. You look at everything they get, but not what they put in.

A former colleague of mine, Senator Keating of New York, once voted against a highly desirable education measure which I was for. It was a very embarrassing political development to me, because he pointed out—and he was right—that New York got thoroughly trimmed in terms of what it sends down here and what it gets back under the allocation of that bill.

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

Mr. JAVITS. I yield myself an additional 3 minutes.

That does not just happen in respect of one program. It happens in respect of 250 programs. All kinds of formulas are written in which, when you reflect upon what we pay and what we get, are extremely unfair to us.

It is something like the Hill-Burton formula, which doubles a particular ratio so that it operates against States like New York. It has been going on for years and years and has paid out hundreds of millions of dollars in respect of hospital construction, which we need as badly as anybody else.

So I am not a bit intimidated by that, and I hope Congress will not be. These are ancient days, characterized by the cry of "Hey, Rube!" of long ago, and I do not think by colleagues are going to be panicked by that in 1972.

Mr. President, I think that what I have said bespeaks the honest analysis of this bill. The pendulum has swung too far in the Senate's bill against the urbanized States. The pendulum must be brought somewhat back. I have offered to the Senate a means by which it can be brought back to some extent. I repeat that my amendment would restore $400 million to the urbanized States, roughly, as against the $525 million difference, for them, between the House bill and the Senate bill. It restores less.

Second, that it does not add greatly to the cost of the bill, $1.5 billion out of almost a $30 billion, anyhow, because it utilizes the growth dividend. I point out that in the House the growth dividend was directed toward dealing with inequities for income for States which had an income tax. Here the growth item, $300 million, was simply loaded more against the urbanized States than before. It is called the same thing and is the same amount but it is only a cover for loading the bill even worse against the urbanized States.

I hope, on this vote, that we have a kind of way for ideas to travel here, even if Senators are not in the Chamber, by some kind of intellectual osmosis, of which we are all aware, that somehow or other they will all know about it.

I hope, of course, that Senators will look at the chart and will consult the financial interests of their States and not be dissuaded or distracted by generalized arguments, but will look at what it means in hard dollars and cents; because I can assure them that Senators from the nonurbanized States do that 365 days a year with the greatest of care. We should take our experience from them, at least on this measure, which is strictly a division of money—no principles involved—but a division of money, and we should look at it ourselves with that very clear eye.

Mr. PASTORE. Mr. President, the reason I rise is that the distinguished Senator from New York (Mr. JAVITS) is making a dramatic and emphatic statement of his position and has kept looking at the Senator from Rhode Island. I suspect it was in the hope that it would provoke me to rise and speak out.

I merely want to say at the outset, without any disrespect or any ulterior motive, that 13 members of the Finance Committee will profit by the new formula suggested by the committee—13 members out of a membership of 16.

I realize there is always a parochial position to consider, even affecting a U.S. Senator. We realize that we have to be elected to this office by the people of our States, even though we are U.S. Senators. But I would invite the attention of those who come from the rural areas to the fact that we in the urbanized areas have always been amenable to legislation that has to do with subsidies on agricultural products, even though in many instances it meant that the consumer would have to pay a little more for his fruit, his produce, and also for his meat.

Now the distinguished Senator from New York has made what I believe to be a rational argument. What we are saying is that much of the trouble which confronts the country today has sprung up in the urbanized areas. Right or wrong, something needs to be done about it. In many of these areas they are hard pressed for money. The country has now recognized the fact that there has to be some sharing of the revenues collected by the Federal Government. I think we are all for that. The only trouble comes, in deciding what the formula should be.

The House did pass a formula which in my particular case meant that Rhode Island would get $3 million more under the House formula than under the Senate formula. When I called that to the attention of the chairman of the committee and I told him that we were going to make quite a discussion of that on the floor, I understand that the committee made amendments on the matter of social services, which means in dollars and cents that we might get the same. But the fact remains that the formula is somewhat unfair to the urbanized areas.

I want to congratulate the distinguished Senator from New York for his amendment. I realize that it is destined to defeat, just like the amendment suggested by the distinguished Senator from Connecticut. We are pleading but our words are falling on deaf ears.

I am a little surprised that the Senate committee did go as far as it did in changing the formula. So far as I am concerned, it will always be a source of discontent on my part that the formula was changed to aid 13 of the 16 members of the Finance Committee of the Senate.

Mr. JAVITS. I thank my colleague from Rhode Island very much. I owe him an explanation. I have myself, and so have members of the Finance Committee and others, often acted against our own parochial interests and I was not meaning to imply that. If I did, I withdraw it and I apologize for it. But I feel, on the facts and the figures, that a serious bias is created against the urbanized State. I

think we have a right here in order to break through the thinking—as the Senator says, there is a lot of apathy on this anyhow—to make it as dramatic as we can.

One thing I should note to the Senator, especially as we both have served here a long time together, is that he has often voted for measures which were not necessarily loaded in favor of his particular State. I have, too—very frequently.

I should like to give the Senate an illustration of that.

With regard to the conference on the antipoverty bill, I allowed to be stricken from the bill a provision dealing with a certain type of housing in slum areas in the cities, in order to help a similar provision which came over from the House about slum areas in rural parts of the United States, in the hope that from some other housing project we would be able to help the cities.

That is one illustration of many.

The example I gave of former Senator Keating and myself parting company on an education bill which was heavily against New York in its formula is also germane. I voted for that bill. Indeed, I was its principal protagonist. I understand that and I accept it. I am proud of it in my legislative career.

All I argue is, when many States come along, on what is a transfer of dollars and cents from one area—to wit, the Federal Government—to States and cities whose needs are so urgent, that the formula should at least accommodate the place of urgent need which gave rise to the whole concept, rather than being loaded, as I see it, expressly against the very urbanized areas.

For these reasons, Mr. President, I hope that my amendment will be agreed to.

Mr. PASTORE. Mr. President, I am not apologizing for anything I have said. All I am saying is that I thought the formula instituted by the House was a good one and if we had adopted it, I do not think we would have had the fracas on the floor of the Senate we have had these several weeks.

Mr. JAVITS. Not at all.

Mr. PASTORE. All I am saying is that it is a rare situation, indeed, when 13 members of a 16-member committee will profit more from the Senate formula than they would from the House formula.

I realize that the composition of the Senate is different from the composition of the House.

I also realize that whether we come from an urban area that is large, or an area that is small, the whole science behind the democratic process is to give each State equal representation in the Senate. I understand that completely. I am not disputing that for one moment. I do not want to change it. But I am talking about conscience, the troubles in America that occur are in the urban areas. That is where the drug addiction is. That is where the trouble is. That is where the ghettos are. That is where the money belongs I am saying that any time we begin to tamper with that, we take more from them. Therefore, we are acting counterproductively.

Mr. JAVITS. Mr. President, I thank the Senator from Rhode Island very much. I reserve the remainder of my time.

Mr. TALMADGE. Mr. President, I yield such time as he may require to the Senator from Utah.

Mr. BENNETT. Mr. President, I am about to read some figures that may surprise my friends, the Senators from New York and Rhode Island.

New York City under the House bill would receive $20.12 per capita; under the Senate bill it would get $33.13 per capita. The Senate bill increases the amount.

Mr. PASTORE. Mr. President, that is after having added extra money for social services. Am I right or wrong?

Mr. BENNETT. It is included. However, this is an increase of 65 percent, and since the supplemental amount is an increase of only 19 percent, this alone cannot account for more than a minor portion of the increase for New York City under the committee action.

Mr. PASTORE. However, the answer to the question that I ask categorically is that this is after I had complained to the chairman of the committee and it went back into conference and added social services. That is when the change was made. Moreover, when we go into conference with the House, I do not know what will happen to the money.

Mr. LONG. Mr. President, the change in the formula caused New York City to get a lot more money. And that was before the Senator ever complained about it, because after taking inverse income and tax effort into consideration, New York City and practically every other big city got a lot more money. The affluent suburbs got less.

Mr. PASTORE. Mr. President, may I ask a question categorically of both Senators. Is it not true that Rhode Island got $26 million under the House formula, and did Rhode Island not end up with $23 million under the Senate formula?

Mr. BENNETT. Mr. President, the important thing here is that the Senator from New York has complained that we have short-changed the big cities where the ghettos are and where the problems are. If the Senator will permit me, I would like to read into the RECORD the differences between the House bill and the Senate bill for the larger cities in the United States.

Mr. JAVITS. Mr. President, would the Senator yield for a question?

Mr. BENNETT. No. I want to finish my statement.

Mr. JAVITS. I am sorry. I challenge every one of those figures, and I will do it on my own time.

Mr. BENNETT. That is all right.

Under the House bill, Los Angeles would receive $10.55 per capita. Under the committee bill, it would receive $14.58.

Under the House bill, San Francisco would receive $19.59. Under the Senate bill, the figure would be $31.21.

Chicago under the House bill would receive $17.49. Under the Senate bill, it would be $23.75.

New Orleans would receive $21.70 under the House bill. Under the Senate bill it would receive $30.38.

Baton Rouge, which the Senator from New York mentioned, would receive $20.15 under the House bill. Under the Senate bill, it would receive $23.16.

Baltimore under the House bill would receive $21.37. Under the Senate bill, it would receive $28.66.

St. Louis, under the House bill, would receive $21.39. Under the Senate bill, it would receive $26.84.

Newark, under the House bill, would receive $15.89. Under the Senate bill it would receive $26.03.

New York City, as I said, under the House bill, would receive $20.12. Under the Senate bill it would receive $33.13.

Buffalo, under the House bill, would receive $14.71. Under the Senate bill it would receive $16.74.

Cleveland, under the House bill, would receive $15.36. Under the Senate bill, it would receive $21.83.

Portland, under the House bill, would receive $18.52. Under the Senate bill it would receive $27.29.

Philadelphia, under the House bill, would receive $21.21. Under the Senate bill it would receive $28.49.

Under the House bill, Providence, R.I., would receive $22.67. Under the Senate bill it would receive $29.80.

Mr. PASTORE. At that point, would the Senator yield, having mentioned Providence?

Mr. BENNETT. I yield.

Mr. PASTORE. Now, what would Rhode Island get under the House bill and what would Rhode Island get under the original version of the Senate bill until it was increased?

Mr. BENNETT. I do not have those figures.

Mr. PASTORE. I will give them.

Mr. BENNETT. The Senator has already given them.

Mr. PASTORE. I will repeat them. Under the House language, Rhode Island would receive $26 million. Under the Senate bill in its original form, it would receive $23 million. We lost $3 million. Does the Senate blame me for rising and making a point of it as the Senator from Utah would rise up if Utah were to lose $3 million because of a change in the formula?

Mr. BENNETT. I do not blame the Senator. However, I think the point has to be made.

Mr. PASTORE. That the Senator gets more than I get?

Mr. BENNETT. No, that we have increased the funds for the urban areas, which is supposed to be the purpose of the amendment of the Senator from New York. Some centers in Rhode Island are not urban. However, for Providence, R.I., it was increased.

Seattle under the House bill would receive $19.99. Under the Senate bill it would receive $23.84.

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

Mr. BENNETT. I would be happy to yield.

Mr. LONG. Mr. President, if the Senator reviews the history of the way the bill progressed in the House, he will note that the administration recommended that the formula should be based on relative tax effort.

The House, even though it added $300

million to the bill, put a factor in there that had to do with urbanization, which the administration did not recommend, and it put in another factor that had to do with the extent to which a State relies on personal income tax. By doing so, it came out with a formula which, even though it had put in an additional $300 million, caused 29 States—more than half of them—to do worse than the administration's initial recommendation on the formula.

We in the Senate proceeded to adopt a simple formula which the administration now tells us is better than the one they suggested to begin with.

We considered factors that caused the poor to do better because they are poor. We also considered the relative tax effort, which the administration suggested.

By doing that we found that two-thirds of the States would do better than they would by the House bill.

Having agreed to that by a 2-to-1 margin, the Finance Committee then proceeded to feel that we would be justified in adding $1 billion to revenue sharing because we recommended a cutback of the program which we hoped would save the country a lot of money. And even though we had enough votes by a 3-to-1 margin to vote that measure down, we agreed to distribute 15.9 percent of the money on the urbanization formula, and those who complained now find it to be the most advantageous thing that they could have.

It was said that they did not think it could be justified other than on the basis of a trade off on social services because some of the big urban States had been receiving the largest grants in the social services program.

However, when we put that $1 billion on the bill, the majority of the Senators on the committee, when they increased that distribution formula, were voting for their States getting less so that other States could get more. While some may complain about it, there was a great deal of statesmanship in that effort to add $1 billion.

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

Mr. BENNETT. After I finish my presentation, I would then be glad to do so. I point out to the Senator from New York that New York City under the House bill would receive $20.12 per capita. Under the Senate bill, without the social services supplementary grants, it would receive $26.88 per capita, and with the social services funds, it would receive $33.13 per capita. So we increased the benefits of citizens of New York, where the problems are the greatest, by 30 percent, even without the social services funds.

The Senator from New York has made another point. He said the growth formula should be where the growth is. I have in my hand the summary of the 1970 census population. For a rough-and-ready measure of where the growth is in the United States I have marked those States which in 10 years grew more than 20 percent. New York is not among them. They are New Hampshire, Delaware, Maryland, Florida, Colorado, Arizona, Nevada, California, Alaska, and Hawaii. If they are going to put the growth money where the growth is, and this is where the money should go, most of these States are in the West and Southwest. The Senators who have spoken for the amendment will recognize that most of the high-growth States are rural and will probably state that they already get too much benefit from the Federal Government and, therefore, should not share in this program.

May I say to the Senator from Rhode Island that in the House Providence got $22.67 per capita and under the Finance Committee bill, without social services, the figure is $23.49. So where the real urban problem is present in Rhode Island, we did raise them high—not as much as New York, but we increased the amount in Providence.

Mr. PASTORE. I do not think that he will like me for saying it, but I must state the truth, but I do not think the amendment of the Senator from New York will carry any more than the amendment of the Senator from Connecticut. I rise at this time to admonish the conferees, and I hope they will stand fast in preserving the social services at $1 billion, because I think that makes the difference.

Mr. BENNETT. The Senator can be sure we will do that. I would like to make this point.

Try to work out a formula which will make the representatives of 50 States and 38,000 communities all feel that they fared better than somebody else. We did not sit down and say, "What can we do for this town and this State?" We worked out a mathematical formula trying to weight the factors which were involved. We felt that the formula we worked out, which was population weighted by tax effort and weighted by inverse income, or the poverty ratio, was as good as we could come up with.

Mr. PASTORE. If the Senator will yield, I realize that we cannot satisfy 50 States, but we are a country of over 205 million people. Any formula we adopt is directed toward the welfare of the people of all the States.

Mr. BENNETT. I agree completely with the Senator.

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

The PRESIDING OFFICER. The Senator has 13 minutes remaining.

Mr. JAVITS. I yield myself 3 minutes.

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

Mr. JAVITS. Mr. President, the argument we just heard from the Senator from Utah may go down in history, because that is pretty much the way the bill is drafted, as the razzle-dazzle argument, whereby States receive less even though the need is more. I tried to catch the names of the States the Senator read. The States of California, Delaware, Hawaii, and Maryland get $130 million less under the bill of the Committee on Finance than they do under the House bill. That is $130 million less. These are the growth States. I have the full list of States that get taken for $524 million. But that is $130 million.

The other part of the razzle-dazzle argument is that they wrote it so that I, coming from New York City, would feel they are getting more money, but the State is not, and the State does a lot to support the people. Many places in New York need money for important services and are very much harmed by this distribution. For example, there is a 7-percent unemployment rate in our two so-called rich counties of Nassau and Suffolk. Under the House bill Nassau County would get some $27 million, and under the Senate bill $16 million. I do not know how you can trick around that figure. Suffolk County would get $21 million under the House bill and here it would get $13 million. A whole list of cities would be similarly situated, such as Schenectady, Utica, Rome, and Rochester, all of which will get less.

The answer is what has been cranked in here, and that is why there is the razzle-dazzle argument for the $1 billion. It has been cranked in and the cities have been loaded against the States. That does not do us any good. What does do us good is a composite of what we get.

In my State, the State spends over 50 percent of its revenue for the support of the cities. What you give in this hand you take away with the other hand by sweeping out the whole system and inserting $1 billion; you have already taken away several million dollars from my State and you are not going to replace it with revenue-sharing funds no matter how you compare the situation for New York City.

The Senator from Rhode Island (Mr. PASTORE) with his great gift for putting his finger on the main point, has pointed this out clearly. The fact is that this bill has been rewritten so that it seriously prejudices the urbanized States, and whatever tricks you play with it, it still does so. It should be corrected.

I do not agree that the Senate will not vote for this amendment. I do not think the Senate will refuse to vote for something that is desirable if it can be proven. If the Senate rejects this amendment it is because we have not broken through with the facts and figures, but on the merits it does deserve to pass, and I urge the Senate to agree to the amendment.

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

Mr. JAVITS. I yield.

Mr. TAFT. I thank the Senator for yielding.

Mr. President, the Senator from Rhode Island has left the Chamber. I am sorry, because he mentioned his grief over losing $3 million in the Senate committee version. I wonder how he would feel if he lost $92 million under the version of the bill reported by the committee. That is what happened to the State of Ohio under this bill. That is why I offered an amendment the other day to correct the situation.

My purpose today in this brief period is to try to ask the chairman of the committee and the ranking minority member to explain why they have applied the formula they arrived at, because it seems to me that the Senator from New York made some excellent points as to the impropriety of the formula and its application insofar as the genuine needs of re-

venue sharing we are considering at this time, to do something about the problems of urban America.

I understand the three factors that were used but why multiply them by each other so that any discrepancy in one is carried to the ultimate extreme? I have never seen a formula applied to a distribution where the factors are multiplied three times each other.

Ordinarily you would take one-third and apply that or some other percentage, and apply it to certain given percentages, but here it was necessary to multiply one factor times another factor times another factor. This resulted in an inequity and I share the hope of the Senator from Rhode Island that it will be corrected in conference.

I think perhaps we can get this bill straightened out when it gets there. I have little hope it will be straightened out here. It appears that the tracks are pretty well greased to get it through as it is. But that does not mean we should not have a full discussion of it here on the floor, and a discussion of other formulas that ought to be considered, before we accept blindly a formula which makes no sense.

I will be glad to yield to any Senator to have him explain to me how a formula was arrived at which involved multiplication of these factors.

Mr. TALMADGE. Mr. President, I yield myself such time as I may need.

When the bill came to the Senate Committee on Finance from the House of Representatives, which held hearings looking into the matter and the various formulas, the Senate Committee on Finance was impressed by the fact that the richer the States and the richer the suburbs, the more money they received under the bill. Under the same formula of the House, the poorer the States and the lower the income of the municipalities and the States, the less they got.

This struck the Committee on Finance as being wrong. If we were going to have a revenue-sharing bill, the Committee on Finance thought it ought to be a revenue-sharing bill that held the cities that were poorest, that helped the municipalities that were poorest, that helped the States that were poorest.

So we changed the formula. What did we do? We set up a mathematical formula that applied to all 50 States—not just the States represented by members of the Finance Committee, but States represented by every Senator in this body. Here is what the formula provided: First, population. Second, it was based on income in inverse order. In other words, the poorer they were, the more they got. Third, it was based on tax effort. In addition to that, we added $1 billion annually to be allocated purely on the basis of urbanization.

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

Mr. TALMADGE. What were the results? The bill that was sent to us by the Ways and Means Committee gave 22 percent of the money to urbanization. The Finance Committee gave 15.9 percent of the money to urbanization.

The amendment offered by the Senator from New York would go even beyond the Ways and Means Committee provision and give 23.2 percent of the money to urbanization alone. It would be beyond what the Committee on Ways and Means sent to the committee originally.

Our staff has studied carefully the amendment that has been offered by the distinguished Senator from New York and here is what it does: The first year it adds $600 million to the kitty to be divided. The second year it adds another $300 million. The third year the figure stays the same—$900 million. The fourth year the figure stays the same—$900 million. The fifth year the figure increases to $1.2 billion.

What the Senate Committee on Finance did was add zero the first year, except what was in the bill for the first year. The second year we added $300 million. The third year we added $600 million. The fourth year we added $900 million. The fifth year we added $1.2 billion.

The Senator from New York has distributed a formula as to how the money would be allocated, but that goes only for the first year. The Senate Committee on Finance has projected it beyond the first year, and what happens? The third year the figures were changed substantially. The fourth year 32 States would receive less money than they would get under the Finance Committee's proposal. The fifth year 32 States would get less money than they get under the Finance Committee's provision. The staff has looked at it carefully, and that is the conclusion they come to. So the situation is not exactly accurate as stated.

It is difficult to write a formula for an outlay of $30 billion to 38,000 political subdivisions of government. One can write a formula that will show anything he wants.

I want to say, for the benefit of the Senator from Rhode Island, that it is true that perhaps 13 members of the Finance Committee represent States that get more money under the Finance Committee's version, but it is also true that 32 States out of 50 get more money. Some States get less because those States have a higher per capita income than other areas. It will be seen that some of the rich suburbs get less and some of the rich areas get less, but the poor ghettos get more.

I ask unanimous consent to insert a table at this point illustrating that by the fourth year of the program 32 States lose under the Javits proposal, not taking into account the supplementary grants.

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

UNDER FINANCE COMMITTEE BILL AND SENATOR JAVITS' PROPOSAL

[In millions of dollars]

States	Committee bill with proposed amendment (1)	Finance committee bill expanded (2)	Difference (1)—(2) (3)
Total, United States	6,200.0	6,200.0	
Alabama	137.3	149.3	−12.0
Alaska	5.5	6.4	−.9
Arizona	66.2	64.5	1.7
Arkansas	63.2	70.7	−7.5
California	633.1	597.1	36.0
Colorado	70.5	70.2	.3
Connecticut	73.5	62.3	6.2
Delaware	15.6	15.1	.5
District of Columbia	19.8	16.5	3.3
Florida	191.7	187.5	4.2
Georgia	135.0	141.2	−6.2
Hawaii	26.1	26.6	−.5
Idaho	22.4	25.5	−3.1
Illinois	310.7	293.5	17.2
Indiana	132.8	134.1	−1.3
Iowa	91.0	99.0	−8.0
Kansas	64.0	67.8	−3.8
Kentucky	104.4	112.2	−7.8
Louisiana	137.7	146.0	−8.3
Maine	35.5	40.0	−4.5
Maryland	114.5	110.7	3.6
Massachusetts	176.4	167.9	8.5
Michigan	253.9	246.9	7.2
Minnesota	122.6	126.6	−4.0
Mississippi	102.0	116.5	−14.5
Missouri	128.1	126.9	1.2
Montana	23.7	26.4	−2.7
Nebraska	51.6	55.1	−3.5
Nevada	14.4	13.9	.5
New Hampshire	18.0	19.5	−1.5
New Jersey	188.8	166.8	22.0
New Mexico	38.8	42.7	−3.9
New York	615.5	593.2	22.3
North Carolina	158.0	174.1	−16.1
North Dakota	22.1	25.4	−3.3
Ohio	235.9	216.9	19.0
Oklahoma	73.3	76.4	−3.1
Oregon	69.3	72.3	−3.0
Pennsylvania	342.8	339.5	3.3
Rhode Island	28.8	27.0	1.8
South Carolina	94.4	104.7	−10.3
South Dakota	28.2	32.3	−4.1
Tennessee	119.4	126.5	−7.1
Texas	321.2	314.2	7.0
Utah	40.1	40.4	−.3
Vermont	16.3	19.1	−2.8
Virginia	127.7	128.3	−.6
Washington	106.5	107.8	−1.3
West Virginia	60.1	67.3	−7.2
Wisconsin	162.8	172.1	−9.3
Wyoming	10.7	12.5	−1.8

Note: Number of States receiving less under the proposal, 32.

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

Mr. TALMADGE. I yield.

Mr. TAFT. I just point out that the Senator has not yet answered in any way the question I asked, and that is why, after deciding upon the factors to be used, it was decided to multiply one factor by another factor by another factor. Why was multiplication used rather than percentages?

Mr. TALMADGE. We thought it was the best formula to be devised. I do not know of any better formula to be devised than population, tax effort, and poverty.

Mr. TAFT. Those are fine, but why were they multiplied?

Mr. TALMADGE. To arrive at a formula that was reasonable and accurate in the eyes of the Finance Committee.

Mr. TAFT. Was there any rationale for that?

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

Mr. TALMADGE. I yield.

Mr. LONG. For the benefit of the Senator, may I also point out that this formula was at the suggestion of the Senator from Utah (Mr. BENNETT), but the Senator gave credit to the Treasury Department for suggesting that that would be the fairest way to do it. We agreed on it.

At the time we were discussing it, we talked about whether we should take poverty or poverty and tax effort and multiply those, but the Treasury Depart-

ment said this was the fairest way to do it. It was suggested that we apply it and see how it would work among the States, and we concluded it was the fair way to do it. That was done not at the suggestion of the Senator from Georgia or of the Senator from Louisiana, but at the suggestion of the Senator from Utah, who can confirm that if he wishes. The Treasury Department suggested that in considering the poverty factor and multiplying it relative to the population, it would be fairer if we also took into consideration the tax effort. By multiplying the two factors, inverse income and tax effort relative to population, there would be more impact than merely considering the two elements as additive factors, because the two factors interact on each other.

It is amazing how this formula works. For example, Georgia would be better off if the formula were applied only on the basis of poverty. Mississippi would be better off if it were applied only on the basis of tax effort, even though it is the poorest State in the Union.

Persuasive and logical arguments were made for the urbanized areas. The Senator from Connecticut (Mr. RIBICOFF) is a most articulate and able Member of this body, and he was so persuasive that he persuaded us to add $1 billion, which we hoped would help extricate us from the impossible social services fiasco, on the basis entirely of urbanization. So, insofar as the Senator would like us to add something for the urbanized States, we did what they would like to have done to a much higher degree than many of them realized.

Mr. BENNETT. Mr. President, if the Senator will yield, I would confirm what the chairman said. We worked with the Treasury. They ran formulas through the computers night after night. It was the Treasury's recommendation that finally persuaded us to adopt the present formula.

I would just like to add a little footnote to what the chairman has said. Utah would fare best if we developed a formula entirely on urbanized population because, strange as it sounds, 80 percent of our people live in five urban communities. They are not big communities like New York, but they qualify as urbanized areas.

The thing is that there are so many variables, there are so many variations in local situations, that you will never get a formula that will make everyone happy. But as I say, this multiplication idea was the recommendation of the Treasury Department, after they had run these things through their computers.

Mr. TAFT. That may be true, but what is the logic? That is really the question to which I am speaking. I would be satisfied if I knew what the logic was in multiplying. It seems to me if there is some peculiarity in the makeup of some particular State that is involved here, this would accelerate it in a way that does not seem to be justified.

Why did they not use those studies? They used the population, the inverse income factor, and the tax effort, and they are working on that, and all of a sudden, at the last minute, when the bill goes to the committee somebody comes back here and announces they are going to multiply one factor times another.

Mr. BENNETT. I think that is a rather dramatic misexplanation of the way the committee worked. As I said, we tried formula after formula, and the computers worked all night between meetings to tell us what would be produced by each suggested formula. Out of all that came our suggestion to modify it—we basically started with population, and then we built on population by multiplying it by a factor representing inverse income, and then multiplying both by a general tax effort factor.

Mr. TAFT. Why did not the committee say, "Well, we are going to use the three factors we are using in the bill. We are going to take one-third times per capita, one-third times inverse income, and one-third times tax effort"?

Mr. TALMADGE. If you multiply the one by the other, of course, it increases the impact, and that is why the Senate Finance Committee did that.

Mr. TAFT. That is exactly the point I am making. By increasing the impact of one factor rather than three factors, you increase the inequities.

Mr. TALMADGE. Those are the factors we wanted to increase the impact of. This does not increase inequities unless you think it is inequitable to help the poor and those who have a large tax effort.

Mr. BENNETT. We increased the impact of two factors, inverse income and tax effort.

Mr. TAFT. I see that the Senator from Rhode Island is back on the floor, and I would like to ask him: I agreed with him about his 3 million; I want to ask him whether he would agree with me as to my 92.

Mr. TALMADGE. Mr. President, I believe I have the floor. Does the Senator from Rhode Island ask me to yield briefly?

Mr. PASTORE. Mr. President, I merely want to say this: I agree with the Senator from Ohio, but it is a lost cause.

Mr. TALMADGE. Mr. President, I have only one final thing to say. We have heard much about urbanization here this evening. That was what the Finance Committee tried to do, with the urban areas and allocations to the cities themselves. The bill sent us by the Ways and Means Committee gave most of the money to the urban suburbs. The larger the city and the more poverty they had, the less they got. We felt that was wrong. We looked at some of the rich areas of California, out where the movie stars live, and they had the highest per capita income of any municipality, and we felt that was wrong. We looked at Beverly Hills. It was a huge allocation we were giving them under the House-passed bill.

I looked at some of the areas of my own State. And do you know which municipalities got the most? The ones with the highest per capita income in the State of Georgia. We did not think that was right.

Mr. PASTORE. Mr. President, we do not have an actor in Rhode Island, but how come we got more money under the House bill than under the Senate bill? I am not talking about Beverly Hills, but we do not have one actor in Rhode Island, as far as I know.

Mr. TALMADGE. Maybe their per capita income is not as high as Beverly Hills.

Mr. PASTORE. I know it is not.

Mr. TALMADGE. But when we started allocating the money, we gave to Providence a great deal more money than the House bill did. Maybe the Senator can throw some light on it. I am looking at Rhode Island; what kind of community is Cranston?

Mr. PASTORE. That is where I live. It is a fine community.

Mr. TALMADGE. High income?

Mr. PASTORE. Well, no, it is average.

Mr. TALMADGE. We gave Cranston a little less than what they gave Cranston. We gave Warwick a little less than what they gave Warwick. I assume they are high income areas.

Mr. PASTORE. No, they are not. They are actually bedroom areas of Providence.

Mr. TALMADGE. Well, the bedroom areas of Atlanta are the highest per capita income areas in my State, and I assume that is what the Senator is talking about. That is what we were trying to rectify; so when we were channeling money to cities, we sent it to the areas where the ghettos were and the need was great. I thought the committee acted wisely, and I hope the Senate will sustain that action.

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

Mr. TALMADGE. I yield.

Mr. TUNNEY. The Senator mentioned Beverly Hills and the fact that the movie stars and rich people live there. I wonder if the Senator could tell us how California was benefited by the Finance Committee bill; the way I read it, we lost more than $100 million?

Mr. TALMADGE. We used the formula we thought was the wisest. Some of the States benefited, some did not. California had one of the highest per capita incomes in the Union, and that was one of the reasons they got less under the Finance Committee bill than under the House bill. I think if the Senator will look at the poorer cities in California, he will find those cities got more under the Senate committee bill than under the House-passed bill.

Mr. TUNNEY. But the State of California also contributes more to the Federal Treasury than any other State.

Mr. TALMADGE. There is no doubt about that. If the Senator believes that the rich ought to get richer and the poor ought to get poorer, that would make good sense, but I do not buy that.

Mr. TUNNEY. No, we are not suggesting that the rich ought to get richer and the poor get poorer, but if you take a look at the allocations per capita to help communities through Federal aid, I think you will find that the States of Georgia, Louisiana, and Mississippi receive far more than the State of California or the State of New York. I just do not see how we are benefited inasmuch as California loses $100 million under the Finance Committee version of the bill.

Mr. TALMADGE. I was glad to yield

to the Senator for a question, but I cannot yield more of my time for a speech. We are on limited time.

Mr. TUNNEY. Well, I ended up with a question.

Mr. TALMADGE. I have answered the Senator's question. The Senate Committee on Finance thought we ought to allocate the money where the poverty was, where the people were, and where the tax effort was, instead of where the rich suburbs were.

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

Mr. TALMADGE. I yield.

Mr. LONG. It is interesting to note that with all the complaints, after taking into account poverty and relative tax effort, we have yet to see anybody try to change the formula as to how the money would be distributed within a State. And may I say that our study has been applying the same factors uniformly within a State that we recommended applying among the States.

We found that these large cities did better than they did under the House bill, even though the State might get less money. And may I say, applying it within my own State, although I know I will have some complaints from about 10 percent of those areas where they either make a very low tax effort or else they are well off financially from the per capita income point of view, so that the communities would receive less, it makes sense and it makes for justice as between a wealthy suburb and the poor central city. The poor central city ought to get the help. I do not know whether everyone has had the experience that I have had of living in rural areas as well as in the cities. I have lived both ways many times in my life.

Somebody, sometime, ought to say a good word for a fellow who does not have a sidewalk, who does not have a sanitary sewer, who does not have a paved street, who does not have any of these things, who is lucky to get an REA powerline, and about half the time when you get a high windstorm down that comes.

So that there are many things needed in these rural areas that deserve some consideration. Why have so many people moved away? Because there is so little to offer out there in the way of public services. Somebody ought to think about some of those people, because people like that exist in every State of the Union, with very few exceptions.

Mr. TALMADGE. I agree with the Senator.

Mr. President, the staff just handed me some computations. If the amendments offered by the distinguished Senator from New York is agreed to, of the 10 richest States in the United States, every one except Alaska, will get an increase. Of the 10 poorest States in the Union, under the amendment offered by the Senator from New York, every one of them will be cut.

So this is the same theory that the Ways and Means Committee sent us: The richer the State, the more you give them; the poorer the State, the more you take away from them.

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

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

	Per capita income	Javits bill over finance bill (millions $)
1. Connecticut	$3,900	+$6.2
2. Alaska	3,765	−.9
3. New Jersey	3,691	+22.0
4. New York	3,650	+22.3
5. California	3,632	+36.0
6. Ohio	3,632	+19.0
7. Nevada	3,570	+.5
8. Maryland	3,540	+3.6
9. Illinois	3,512	+17.2
10. Massachusetts	3,425	+8.5
41. Nebraska	2,458	−3.5
42. New Mexico	2,449	−3.9
43. Kentucky	2,437	−7.8
44. Louisiana	2,345	−8.3
45. West Virginia	2,339	−7.2
46. South Dakota	2,227	−4.1
47. Arkansas	2,155	−7.5
48. South Carolina	2,033	−10.3
49. Mississippi	1,935	−14.5
50. Alabama	1,832	−12.0

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield?

Mr. TALMADGE. I yield.

Mr. HARRY F. BYRD, JR. Mr. President, I think the RECORD should show this: The measure which came to the Senate Finance Committee from the House of Representatives provided that 40 percent of all the funds would go to five States—New York, California, Illinois, Michigan, and Pennsylvania. Even under the Finance Committee proposal, 35 percent of all the funds would be distributed to those five States. I think it is important that the RECORD show that, Mr. President.

Mr. JAVITS. Mr. President, I yield 2 minutes to the Senator from California.

Mr. TUNNEY. I thank the Senator.

In answer to the comment made by the Senator from Virginia to the effect that five States would receive 40 percent of the funds, you have to take a look at the size of those States. California represents 10 percent of the country; we have 20 million people.

We have areas of extreme poverty in California. We can bandy about figures that California has the richest per capita income of any State. Yet, if we take a look at California, as I have, if we take a look at south-central Los Angeles, Oakland, and the Central Valley, we see extreme poverty.

Under the Finance Committee version, the State of California is going to lose $100 million that it would receive under the House version of the bill. One of the areas cut is the State government of California. The California State government has been, perhaps, more farsighted than any other State in giving assistance to local communities to help them with their problems. By cutting the State of California, what you are doing in effect is cutting the State's ability to grant relief to local communities.

As I read the Finance Committee version of the bill, approximately $525 million was cut from the industrial States' entitlements. That might make good sense to me if I came from a rural State that was going to receive an additional $40 million or an additional $60 million. But it does not make any sense to me, representing a State of 21 million people, 10 percent of the population and, by the way, which contributes a very significant portion, a disproportionately significant portion, of Federal revenues that go into the general revenue fund in order to provide categorical aid grants in disproportionately large amounts to rural States.

I do not see how anyone can say that it is fair to take States like New York and California, which each have 10 percent of the population, deprive them of hundreds of millions of dollars and say that they are being benefited.

I was born in New York. I have been in northern Manhattan, Harlem, and Brooklyn. You see some of the most impoverished areas of the world there. I do not know how many Senators have had the opportunity to travel through those areas. They are asphalt jungles in the extreme.

I think that to cut a State like New York or a State like California to the degree that the Finance Committee did does not make sense, in the name of humanity.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. TUNNEY. I yield.

Mr. LONG. What percentage of the population does California have?

Mr. TUNNEY. About 10 percent of the country.

Mr. LONG. California gets 10 percent of the funds under this bill. I do not know why California is complaining. Is the Senator contending that the wealthy ought to get more and the poor relatively less?

Mr. TUNNEY. No. I am saying that we have to take a look at California's poor population. California has a couple of million senior citizens who are desperately poor. Many of them come from other States to California, where they are expecting the State to provide services, even though they had never contributed to the State in the way of taxes during their productive years. States like California and Florida, for example, have had to pick up a substantial portion of the welfare burden because other States have not done the job. We have significantly higher welfare payments than other States.

The PRESIDING OFFICER. The time yielded the Senator from California by the Senator from New York has expired.

Mr. LONG. I yield myself 1 minute.

California has a per capita income of $3,632 as against an average of $3,134 for the United States as a whole. So California's per capita income is 16 percent above the average of that of the United States, which of course adds to California's ability to help the poor. The Senator is very much interested in helping them, and so am I. I have sponsored amendments that would give California a great deal more money than would go to Louisiana, and sometimes I have had difficulty persuading California Senators—not the present Senator from California—to vote for that kind of amendment. We will be doing more of that.

In terms of revenue sharing, it seems to me that with more than the national

per capita income and 10 percent of the population, if the State gets about 10 percent of the money provided, the State is doing very well.

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

Mr. LONG. I yield.

Mr. BENNETT. The Senator from California was not in the Chamber when I read the figures for the city of Los Angeles and the city of San Francisco. Under the House bill, the city of Los Angeles got $10.55 per captia. Under the Senate bill, it gets $14.58 per capita. San Francisco runs from $19.59 to $31.21.

Mr. JAVITS. Mr. President, I wish to tell the minority leader, under the circumstances, that I would be compelled to offer an amendment to the amendment, in order to get more time, so that I may have an understanding as to when we are likely to vote.

The two things I should like to call to the Senator's attention, because he has brought them out very admirably, are these: All these things being quoted are what go to a particular municipality which may get more or less, depending on many factors. But as to what a State can do for the cities—it does a great deal, of course—they get less. You cannot shine this mirror into your eyes so that you do not see anything.

The second point is this: All these figures, including those cited by Senator TALMADGE, trying to tell us that 32 States get less after the first year, is because they crank in this billion dollars. That is the biggest phony of all, because they are taking away with the one hand perhaps $3 billion and they are just authorizing a billion dollars. Then you are supposed to take that; that is your urban dividend. Again, that mirror shines in your eyes so that you do not see anything.

We are U.S. Senators; we are not children. The fact is that you will get less, a great deal less, and this bill is loaded against you, and it should not be. This is revenue sharing. So who puts up the revenue is very important. This is not some bill about rivers and harbors or health. It is revenue sharing.

I do not agree with Senator PASTORE. I do not give this up at all. I think we ought to fight like tigers here. A majority of the States of the United States are being prejudiced. There is a bias in this bill against them. We should overturn it. If we have the votes, let us do it. If we do not, we should be held accountable, every one of us, by the people of the States.

Mr. TUNNEY. I do not know what the situation is in other States, but in California, the city of Los Angeles has no welfare responsibility. It is the county of Los Angeles that has the welfare responsibility. So the fact that we give to the city of Los Angeles additional sums and at the same time we take away from the State government $100 million, in effect is, as the Senator from New York suggests, playing with mirrors, because in California the net loss is $100 million, and 21 million people are suffering as a consequence.

Mr. LONG. Mr. President, if the Senator wishes, he can have some of my time. I have 23 minutes and I would be glad to let him have half.

Permit me to say, first, that I do not for one moment agree that there was ever any justice, any equity, or any fairness in the House decision to distribute this money so that a wealthy State would receive more money than a poorer State because there were a higher percentage of people in that relatively wealthy State who lived in its cities. It seemed to me that was irrelevant. If we look at the State which I have the honor to represent—if we look at the living conditions in the rural areas—and I have lived in the rural areas of other States than the great State of Louisiana, I have observed how the people live there—generally speaking, in rural areas the working population probably needs help even more than the areas to which the people in the rural areas are now moving—moving, poor though they may be, to the central cities. They move there because the people are finding conditions better in the central cities than in the rural areas; otherwise they would not have moved.

We cannot ignore the poor rural areas if we are going to be fair to them, which we did with regard to every State in the Union except four, and by the time we were through, adding an additional $1 billion which was on an urbanized formula. It was there, and we could justify that, because we were looking on it as a trade which was closing in on some of the abuses of the social services programs which had developed. So that we felt, on that basis, we could justify putting it on the urbanized formula. By the time we look at the additional amount, the large States did well compared to the House bill. So that a great State like California actually receives $35 million more than it did under the House bill.

I would be frank to say I am not saying we did not add $1 billion to the bill. We undoubtedly did. We did it in a way calculated to benefit California the most. If there was any discrimination, that is where it was, frankly, Senator. There is a lot more logic, and also the votes, to support the formula we agreed to in the committee.

If we had tried to put this entire amount on a formula distributing that money on the basis of urbanization, someone would have given us a poverty formula or a relative tax effort formula to begin with, and our committee would have been ignored. We added to the formula close to what the administration recommended. We did the best we could in trying to see that the States would do no worse. I regret that New York did not do quite as well, but New York was well taken care of by the House when the administration recommendation was shifted, so that even though they added the $300 million to the bill, 29 States did worse than under the administration's recommendations. That cannot be justified to the Senate. It can be supported in the House because the large States have large delegations down there.

Mr. TUNNEY. Under the Senate bill, which includes $1 billion in social services, California receives slightly more than under the House bill; but the net effect of it is to take away from the States between $2.5 billion to $3 billion in social services under the Social Security Act, and give $1 billion to the States in return. California, as an example, with its 21 million citizens, would have received this year, under the open-ended program—and I do not believe in an open-ended appropriation for social services—$271 million, up $21 million from last year. Our share of the $1 billion available for social services is only $134 million. There is, therefore, a net loss of about $137 million not taking into account child care and family planning. California loses close to a quarter of a billion dollars.

Mr. LONG. That is just one way of looking at it, Senator. On page 4 of the committee report, in the table, it says, administration recommends revenue sharing for New York, $534 million. That bill recommends $625 million. That is more than $90 million above what the administration recommended. The only reason I would think that New York would be heard to complain was that the House jumped that $534 million figure to $649 million, which is $115 million more than the administration recommended. We do not think that can be justified on any basis whatever. That is a difference of opinion.

Now look at the California figures. California was recommended for $590 million by the administration. The committee bill recommended $644 million, $54 million above what the administration recommended. I would think that there would be little to complain about on that, if the House had not already raised it—without adding as much as we did to the bill—up to $610 million.

So that what the State would get is substantially beyond what the figures of the administration recommended.

The Senator's State may not be entirely satisfied that we did not do the best we could, but taking all the factors of equity into account——

Mr. TUNNEY. I believe that I know why. The Senator worked out that formula. I have great sympathy for the problems the Senator has in his State, as well as all the other rural States in the South and Midwest. It seems to me that where we have a revenue-sharing bill which makes money available to a State to enable it to be of greater service, we must recognize the special circumstances of the large States. We have higher welfare payments due to our higher standards of living, and people have emigrated to those States, even though they have not contributed in the slightest to the tax revenues in the past. They expect their local governmental agencies to provide them with assistance and services. Under the Senate version of the bill, the effect is to take away the $137 million in social services because social services are eliminated and we are given only $510 million under the revenue-sharing provisions. Insofar as the House bill is concerned, we have lost $100 million. So, in essence, if the Senate Finance Committee version of the legislation passes, California will lose approximately $237 million that it would have received under the House version of the bill.

I believe strongly that there should be

a limit on social services. I believe that $2.5 billion or $3 billion or $3.6 billion makes a lot of sense. The $1 billion limit is just not adequate, particularly in California. Local and State governments will be required to pay the additional $150 million to bring it to an even level.

Mr. LONG. Mr. President, with regard to these welfare expenditures, that is a different subject. That is covered more fully in H.R. 1. That will be considered in the future. When the Senator sees the report on it, I know that the way it stands now, California is one of the States that gets the largest amounts in that measure because California is doing a lot in that area. I do not think that the Senator will be disappointed with the way California makes out in that bill, at least as far as the committee recommendations are concerned. Nor do I think that the Senator should really feel very badly about the fact that his State, with just under 10 percent of the population and 16 percent above the average income, receives just over 10 percent of the money under the bill.

So, on the whole, with respect to California, we do not propose to do quite as well as the House did. We cannot justify doing what the House did. The House looked at the personal income taxes and whether a person does or does not live in the metropolitan area and shifted more money to the large metropolitan States. At the same time, when we take all factors into account, I believe that California has been treated very fairly. And I believe that the figures will speak for themselves.

Mr. TUNNEY. Mr. President, if the Senator will yield further, I have just one last point I would like to make. Under the administration proposal, California would have received $590.2 million. Under the Finance Committee proposal, we would receive $510.4 million. So, we do receive about $80 million less.

Mr. LONG. But the Senator is leaving out his State's share of the additional $1 billion.

Mr. TUNNEY. Yes. I am leaving out social services because the Finance Committee bill takes away the $250 million that we are receiving right now for social service programs.

Mr. LONG. We would not reduce the money for child care nor family planning. Your share of that must be something like a $100 million plus $134 million you received under the supplementary grants. You cannot count this as a loss on both sides. Also, we have another bill coming along, H.R. 1, that will provide a large amount of additional funds to help the Senator with the welfare problems and the aged and the family planning category as well.

Mr. JAVITS. Mr. President, would the Senator yield? I gather that the Senator would prefer us to use his time.

Mr. LONG. I am happy to yield.

Mr. JAVITS. Mr. President, if the Senator would yield me 10 minutes, I yield 4 minutes to the Senator from Illinois.

Mr. LONG. Mr. President, how much time do I have remaining? If I have 10 minutes, the Senator may certainly have it.

Mr. JAVITS. Will the Senator yield me 8 minutes?

The PRESIDING OFFICER. The Senator has 11 minutes remaining.

Mr. LONG. Mr. President, if I have 11 minutes remaining, the Senator may have the 11 minutes.

Mr. JAVITS. Mr. President, I yield to the Senator from Illinois.

Mr. PERCY. Mr. President, I thank my colleague.

I think that this colloquy has been among the most important exchanges we have had. We are getting down to the nitty-gritty of the bill. I am delighted that the Senator from Georgia has returned to the floor, because he raised a profound question.

What other formula could be adopted? There are an infinite number. And when some of us support the proposal, we do so because it is absolutely necessary to do so. The committee has made it possible to have this argumentation on the floor. We would not have been here if the committee had not met for week after week of hearings to report the bill. And we did say that we would take this if it means taking nothing otherwise. From that standpoint it is a magnificent bill. However, we do not want to be steamrollered in conference because the House has recognized certain factors that are so important to all States that they will have to be taken into account.

I ask the committee why it chose to ignore income tax as a special factor. When we give $5 million back to the States we ought to say what my distinguished colleague said last Thursday in a quotation that I have reference to and will put in the RECORD tomorrow. The fact is that his State of Louisiana has received more. I realize the difficult job of putting on an income tax. That fact has destroyed Governors and moved the people out of office that have proposed them. However, States have had to do it because they could not do it on the sales tax alone. We know how inequitable that is.

What the House has done, which has gone further than we have and we recognize the wisdom of it, is to provide a special incentive to those States and award those States that have bitten the bullet and moved forward and started to base their future revenue on income taxes which, as we know, is the only sensible and sound way to finance a government. That is the only way we have been able to finance the Federal Government. It is the only way that we have been able to finance State and local governments.

So I merely ask why the committee did not take into account the fact that income tax should be set up as the way to finance Government operations and provide an incentive for the States to move forward and reform their own system.

Mr. President, I would like to put in the RECORD at this time the comments made by Robert E. Merriam, Chairman of the Advisory Commission on Intergovernmental Relations.

I ask unanimous consent to have the comments printed in the RECORD.

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

STATEMENT SUBMITTED BY ROBERT E. MERRIAM, CHAIRMAN, ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

The Advisory Commission on Intergovernmental Relations has been in the vanguard of those advocating the revenue sharing idea. The basis for the Commission's commitment to the concept is its belief that revenue sharing will build greater flexibility into our intergovernmental system—the kind of flexibility that will enable State and local governments to be more responsive to the diverse conditions and needs in this vast country. This is, of course, the essence of federalism and the source of its benefits as a form of governmental organization.

As recently as December, 1971, the Commission expressed its appreciation to the House Ways and Means Committee for resolving to make H.R. 11950, the progenitor of H.R. 14370, its first order of business when Congress reconvened in January 1972. The Commission noted at its December 17, 1971, meeting that from its earliest espousal of the idea of Federal revenue sharing with States and localities, "this Commission has consistently taken the position that the first order of priority is to establish the principle of general support payments." H.R. 14370 does this and therefore on behalf of the Commission I can say that it supports this bill.

In addition to being in the vanguard of those advocating revenue sharing, the Advisory Commission on Inter-governmental Relations has been in the vanguard of those advocating more intensive use of the State personal income tax. While it comes as no surprise to members of the Advisory Commission that the limited State income tax incentive provided in H.R. 14370 is under attack, we want the record to show clearly that ACIR favors the retention of the State income tax incentive.

The case for linking revenue sharing with encouragement of the State personal income tax rests on three arguments:

1. *Without an inducement to use the personal income tax, revenue sharing would tend to undercut State use of this prime tax source.* State legislators, especially those in the non-income tax States, could be expected to live in constant hope that even larger Federal revenue sharing grants will take them off the fiscal hook. Yet no rhetoric about the plight of financially hard-pressed State and local governments can gloss over the fact that the non-income tax States are failing to help themselves.

2. *The claim that a Federal incentive for the use of the State personal income tax is "coercive" carries little weight when the inducement is part of a revenue sharing bill.* If Congress is willing to make general support payments to States and localities, it becomes quite reasonable for Congress to enact as part of H.R. 14370 a provision that would help insure that States tap their own income tax potential.

3. *The combination approach—revenue sharing coupled with a State personal income tax inducement provision—is the best hope of meeting both the immediate and long-range fiscal requirement of State and local governments.* H.R. 14370 will provide high income tax States such as California, New York, Oregon and Wisconsin immediate financial aid and long-range assistance in the form of reduced vulnerability to interstate tax competition. The somewhat larger allocations to income tax States would tend to prompt non-income tax States, e.g. Connecticut, New Jersey, Tennessee and Texas, to enter the income tax field and the resultant reduction in the vulnerability of income tax States to interstate tax competition would then permit States such as New York to make further use of the personal income tax.

In summary, H.R. 14370—the State and Local Fiscal Assistance Act—promotes the in-

terests of federalism by introducing both a badly needed element of flexibility into our Federal aid arrangements and an incentive for greater State use of the income tax.

STATEMENT OF ROBERT E. MERRIAM, CHAIRMAN, ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS, BEFORE THE HOUSE WAYS AND MEANS COMMITTEE, U.S. HOUSE OF REPRESENTATIVES, JUNE 14, 1971

Mr. MERRIAM. Thank you, Mr. Chairman.

For the record, I have with me William MacDougall, the Executive Director of the Commission, and John Shannon, who is Assistant Director.

I also for the record make note of Congressman Ullman's kind remarks and recall that you, Mr. Chairman, were one of the original members of this Commission in 1959 when it was formed.

Mr. Percy. Mr. President, I will read three short sentences.

The case for linking revenue sharing with encouragement of the State personnel income tax rests on three arguments:

1. *Without an inducement to use the personal income tax, revenue sharing would tend to undercut State use of this prime tax source.* State legislators, especially those in the non-income tax States, could be expected to live in constant hope that even larger Federal revenue sharing grants will take them off the fiscal hook. Yet no rhetoric about the plight of financially hard-pressed State and local governments can gloss over the fact that the non-income tax States are failing to help themselves.

2. *The claim that a Federal incentive for the use of the State personal income tax is "coercive" carries little weight when the inducement is part of a revenue sharing bill.* If Congress is willing to make general support payments to States and localities, it becomes quite reasonable for Congress to enact as part of H.R. 14370 a provision that would help insure that States tap their own income tax potential.

3. *The combination approach—revenue sharing coupled with a State personal income tax inducement provision—is the best hope of meeting both the immediate and long-range fiscal requirement of State and local governments.* H.R. 14370 will provide high income tax States such as California, New York, Oregon and Wisconsin immediate financial aid and long range assistance in the form of reduced vulnerability to interstate tax competition. The somewhat larger allocations to income tax States would tend to prompt non-income tax States, e.g., Connecticut, New Jersey, Tennessee and Texas, to enter the income tax field and the resultant reduction in the vulnerability of income tax States to interstate tax competition would then permit States such as New York to make further use of the personal income tax.

In summary, H.R. 14370—the State and Local Fiscal Assistance Act—promotes the interests of federalism by introducing both a badly needed element of flexibility into our Federal aid arrangements and an incentive for greater State use of the income tax.

Mr. PERCY. Mr. President, that is from Chairman of the Advisory Commission on Intergovernmental Relations.

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

Mr. JAVITS. Mr. President, I want to conclude this debate. It has gone longer than I had expected. It is indicative of the deep feelings existing here about this matter. The fact is that we have simply faced an issue that at one and the same time the social services proposition is being wiped out. And allegedly we are getting an urban dividend which only replaces it at the most by 40 percent—that is the social services provision. And in addition we are asked to assume that this represents the correction of a bias against industrialized States and urbanized States which is found in the bill.

I do not see how we can do that, especially as the history of what States receive shows that they spend a greater part of what they receive for the benefit of their city areas. And even to gloss over this by saying that we are somewhat bettering the city areas means that we should not be taken in by that, because each of the States I have mentioned takes a very material reduction under this measure.

Mr. President, in conclusion let me say first there is absolutely no urbanization aspect to the Senate formula, notwithstanding the fact that most of the population of our country is urbanized and that urbanized areas exist in a great majority of our States. This is simply stricken out. It was in the House bill but it is not here.

Also, Mr. President, you cannot have it both ways on the $1 billion. You cannot argue at one and the same time that it is a tradeoff for the social services program and also that it is an urban dividend on revenue sharing. It will not stretch that far. Nor do I think we are going to be bemused by the so-called cranking in of $1 billion. It may be clever but I think we have enough brains to see through it. They have cranked in $1 billion. You may be getting $1 billion more in this but you may be losing $1 billion or $2 billion or worse in the other provisions.

So I hope that Senators from States with urbanized populations will see that their interests have not been fairly served in this bill by this formula, that the urban dividend I have suggested is the way to correct that inequity, and that the Senate will agree to the amendment.

Mr. LONG. Mr. President, I can understand why Senators from New York, Illinois, even California might complain about the committee recommendation. But the House committee, and keep in mind that in the House a large State like New York has more than 10 times as many Representatives as a State like Utah——

Mr. BENNETT. Twenty.

Mr. LONG. They have more than 20 times as many Representatives as a State like Utah, but they do not have any more Senators than Utah when they reach the Senate. So they have five times as many Representatives as Louisiana, but no more Senators when they reach the Senate. That was the great compromise to begin with.

Recognizing those factors, let us face it. The Ways and Means Committee in the House has to take into consideration the composition of the House, just as we who serve on the Committee on Finance have to take into consideration the composition of the Senate.

On the House side, based on a logical and reasonable formula recommended by the Nixon administration, they proceeded to change the formula to help 17 States and hurt 33 States. Who received the most help? It was the wealthier States and the urbanized States, such as New York and Illinois.

We on the Senate side would not buy that formula. How could we? If we came to a formula on the administration recommendation and benefited 17 States and hurt 33 States, we would have been voted down by a 2-to-1 margin, and we should have been. We would not be recommending something the Senate would be willing to buy. We did it the other way around. We helped 33 States instead of 17, by turning it around the other way and making it far more in line with the administration recommendation. The committee bill was so much in line with the administration recommendation that without one word of solicitation by any member of the committee, the administration said that what we did was better than what they had recommended to begin with, whereas on the House side they were told, "Support that concept or no bill."

Frankly, when the administration saw the good way things were going, that we were considering poverty as the sole factor, they suggested that to put poverty together with the tax effort factor would make better sense.

The same wealthier States said we better improve their situation on the theory that to him who has it shall be given and, from him who hath not it shall be taken away. What was left to the rest was taken from them by the House, and the Finance Committee in the Senate restored to the poor States what had been taken away from them.

REVENUE SHARING MUST GIVE RECOGNITION TO URBAN PROBLEMS AND EXTENSIVE USE OF INCOME TAXES

Mr. ROTH. Mr. President, I support the principle contained in amendment No. 1465 to the Finance Committee version of H.R. 14370, the State and Local Fiscal Assistance Act of 1972. If this measure, offered by Senators JAVITS, MATHIAS, and PERCY, were to be adopted, "urbanized population" would be accorded greater weight in determining State allotments of the shared revenues. This goal could be accomplished without penalizing the less urban States. The amendment would increase the cost of revenue sharing over a 5-year time period by just $1.5 billion since, except for the final year, annual increments to the national revenue-sharing fund would be eliminated.

Frankly, I am opposed to any increase over the funding approved by the House. However, I intend to vote for this amendment with the hope that a way can be found in conference to attend to urban needs without expending more total funds on revenue sharing than were authorized by the Ways and Means Committee version of H.R. 14370.

I have long endorsed revenue sharing as an interim measure to relieve the State-local fiscal crisis. For that reason, I support the Ways and Means Committee bill because it terminates revenue sharing after 5 years. Further, compared to some other proposals, it directs relatively greater assistance to urban States, and provides an incentive for the wider use of State income taxes. The amend-

ments offered by the Finance Committee to H.R. 14370 would weaken the bill in these two senses.

Any really constructive program of revenue sharing, to my mind, must direct adequate amounts of shared funds into those States where our great urban centers are located. The 17 States, plus the District of Columbia, which receive smaller allocations under the Finance Committee bill, as compared to the Ways and Means approach, include most of our great urban States. These States together contain about 50 percent of the population of the United States. While these States and their cities often have great economic resources, the public problems which they face frequently far exceed these resources. Similarly the costs of supporting a family are usually higher in metropolitan areas than outside such areas. Greater wealth is required to provide adequate living standards as well as public services.

The Advisory Commission on Intergovernmental Relations has found that the per capita cost of providing many public services increases as a community becomes larger. In other words, in the provision of governmental services, there are diseconomies of scale. Costs of public services and the number of public employees per 100 population may be as much as 50 percent higher in cities of 250,000 population or more as compared to smaller communities.

These larger governmental expenditures result partly from the greater complexity of life in crowded urban environments. However, the presence of proportionally larger numbers of poor, minimally educated, older, and nonwhite residents are important factors which also influence these outlays. Crime, poor housing, and unemployment are all manifestations of the urban social situation which necessitate great public expenditures.

Not only are the governments of urban areas faced with public problems of a magnitude greater than those of most other areas, but they possess fewer resources to meet them. The bases for property and retail sales taxes do not grow as rapidly in center cities as elsewhere. Yet, the burdens of taxation, especially that on real property, often weigh heaviest on the residents of the inner cities.

State aid, which can help offset these fiscal disadvantages of big cities, is normally a smaller contributor to center city revenues than to those of other communities. The Federal domestic grant system also delivers on the whole less per capita aid to the heavily urbanized regions of the Nation than to those which are less urbanized.

When State contributions to the Federal revenues in fiscal year 1970 are compared to benefits from Federal grants-in-aid during that period, it is clear that money is redistributed away from the urban States to the poorer rural States. In many cases, these are the same States which would be penalized under the provisions of the Senate Finance Committee revenue-sharing proposal. The loss to my own State of Delaware, as compared to the House form of H.R. 14370, would be $4.4 million. I do not wish to say that no redistribution of resources should take place within the Federal system or that rural areas are not plagued by grave social, economic, and political problems. Rather, I do urge that the meeting of urban needs be a primary goal of revenue sharing since the problems of nonurban areas are already the focus of our grants-in-aid.

The argument has been put forth that while the Finance Committee's bill may not affect urban States as favorably as the Ways and Means Committee measure, it put larger portions of State allocations in center cities. This contention overlooks the fact that large percentages of State funds—over 30 percent—are devoted to intergovernmental aid to local units. The denial of adequate revenue-sharing funds to urban State governments will, of course, make it more difficult for them to direct this assistance to their cities.

The major city of my State, Wilmington, receives $831,349 less under the Senate proposal even though an additional $1 billion "supplemental sharing" money is included in the national fund by the Senate committee. Consequently, we in Delaware have an additional reason to be concerned with the revised form of H.R. 14370. The data found in the Finance Committee's report show at least 24 other cities which represent significant urban centers within their States also receiving less money from the Senate formula than from that of the Ways and Means Committee.

Urban problems are clearly not restricted to the center cities. America's suburbs more and more must undertake governmental tasks of a magnitude similar to that of those confronted by the center cities. These suburban counties and cities, according to advocates of the Finance Committee bill, would not fare well as a result of its pattern of intrastate distribution.

When assessing the impact of the Finance Committee bill on States and localities, it is important to separate the funds derived from the newly appropriated revenue-sharing moneys from those provided by the $1 billion "supplemental sharing grants."

The "supplemental grants," to be distributed on the basis of "urbanized population," are in reality funds which States are already receiving under the open-ended social services grant program. The Finance Committee has moved to set a $1 billion national limit on expenditures under this program, excluding child care and family planning services. I favor a limitation on the open-endedness of social service grants, but would apply it to all elements of the program.

The substitution of "supplemental revenue-sharing grants" for the bulk of the social services program creates one further difficulty for States and localities. The bill, as currently structured, would apportion these grants on a basis of one-third to States and two-thirds to localities. Some States, including my own, place the responsibility for most social services at the State level of government. H.R. 14370 as altered by the Senate Committee would in some cases not put the supplemental funds in the hands of those who have responsibility for social services.

The second major weakness of the revenue-sharing bill presently before the Senate is that it fails to provide an incentive for the wider use at the State and local levels of the more productive and equitable personal income tax. It is only through the use of such modes of revenue that our States and communities will be restored to their proper places of responsibility within the Federal system. Currently only about 8 percent of State and local revenues are derived from this source.

Revenue sharing without encouraging the modernization of non-Federal taxes will do little to free States and localities from their dependence on Federal funds, which are frequently encumbered with complex requirements. It is quite reasonable to assume that revenue-sharing funds themselves would soon become subject to extensive Federal regulation, similar to those applied to grants-in-aid, once misapplications of the funds were discovered. Funds obtained as a result of more extensive use of the income tax by non-Federal bodies would be raised and spent at the same level of government.

This amendment would provide an annual "urban dividend" of $600 million during the first year of revenue sharing and $900 million thereafter, to be divided among the States on the basis of urbanized population. Neither "supplemental grants" nor the local pattern of distribution would be affected by the measure. It would allow the great urban States to receive funds partly in proportion to their urbanized population. Frankly, I prefer the House version, but I commend the senior Senator from New York for so forcefully arguing the inequities contained in the Finance Committee version. As I stated earlier, I am hopeful that the conference between the two Houses could find a way to meet the urban needs without exceeding the total amount of revenue-sharing funds authorized in the House bill.

I urge Senators to join me in support of this amendment, which offers an excellent compromise revenue sharing package. Such a compromise would permit us to expeditiously deliver badly needed funds to our States and localities.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the amendment of the Senator from New York. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from Oklahoma (Mr. HARRIS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. McGOVERN), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PELL), the Senator from Alabama (Mr. SPARKMAN), and the Senator from New Mexico (Mr. ANDERSON) are necessarily absent.

I further announce that, if present and voting the Senator from Minnesota (Mr. HUMPHREY) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Iowa (Mr. MILLER), and the Senator from South Carolina (Mr. THURMOND) are necessarily absent.

The Senator from Arizona (Mr. GOLDWATER) is necessarily absent because of death in his family.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Colorado (Mr. ALLOTT), the Senator from Iowa (Mr. MILLER), and the Senator from South Carolina (Mr. THURMOND) would each vote "nay."

The result was announced—yeas 27, nays 57, as follows:

[No. 414 Leg.]

YEAS—27

Bayh	Griffin	Roth
Beall	Hart	Saxbe
Boggs	Inouye	Schweiker
Brooke	Javits	Scott
Buckley	Mathias	Stevenson
Case	Mondale	Taft
Cook	Pastore	Tunney
Cooper	Percy	Weicker
Fong	Ribicoff	Williams

NAYS—57

Aiken	Ervin	McIntyre
Allen	Fannin	Metcalf
Bennett	Fulbright	Montoya
Bentsen	Gambrell	Moss
Bible	Gravel	Nelson
Brock	Gurney	Packwood
Burdick	Hansen	Pearson
Byrd, Harry F., Jr.	Hartke	Proxmire
	Hatfield	Randolph
Byrd, Robert C.	Hollings	Smith
Cannon	Hruska	Spong
Chiles	Hughes	Stafford
Church	Jackson	Stennis
Cotton	Jordan, N.C.	Stevens
Curtis	Jordan, Idaho	Symington
Dole	Long	Talmadge
Dominick	Magnuson	Tower
Eagleton	Mansfield	Young
Eastland	McClellan	
Edwards	McGee	

NOT VOTING—16

Allott	Harris	Muskie
Anderson	Humphrey	Pell
Baker	Kennedy	Sparkman
Bellmon	McGovern	Thurmond
Cranston	Miller	
Goldwater	Mundt	

So Mr. JAVITS' amendment (No. 1465) was rejected.

Mr. MANSFIELD. Madam President, will the Senator from Delaware yield to me before he calls up his amendment?

Mr. ROTH. I yield.

Mr. MANSFIELD. Madam President, for the information of the Senate, when I was questioned by the distinguished Republican leader earlier today, I estimated that we would finish this bill at 1 o'clock tomorrow afternoon. In view of developments that will not be possible, but we ought to finish it some time tomorrow afternoon and dispose of this bill at that time, and then go back on the Interim Agreement on Offensive Weapons.

I thank the distinguished Senator.

AMENDMENT NO. 1505, AS MODIFIED

Mr. ROTH. Madam President, I send to the desk my amendment No. 1505, as modified, and ask for its immediate consideration.

The PRESIDING OFFICER (Mrs. EDWARDS). The amendment, as modified, will be stated.

The legislative clerk read as follows:

Beginning on page 63, line 17, strike out through page 66, line 23.

On page 67, line 1, strike out "Subtitle C" and insert in lieu thereof "Subtitle B".

Beginning on page 100, line 1, strike out through page 112, line 15, and insert in lieu thereof the following new title:

"TITLE III—LIMITATIONS ON GRANTS FOR SOCIAL SERVICES UNDER PUBLIC ASSISTANCE PROGRAMS

"LIMITATIONS ON GRANTS TO STATES

"SEC. 301. (a) Notwithstanding the provisions of section 3(a) (4) and (5), 403(a) (3) and (5), 1003(a) (3) and (4), 1403(a) (3) and (4), or 1603(a) (4) and (5), amounts payable to any State under any such section with respect to expenditures incurred for social services for any calendar quarter commencing after June 30, 1972, shall be reduced by any such amounts as may be necessary to assure that the total amount paid to such State for any fiscal year (commencing with the fiscal year beginning July 1, 1972) under all of such sections with respect to such expenditures does not exceed the allotment of such State for such fiscal year (as determined under subsection (b)).

"(b) For such fiscal year (commencing with the fiscal year ending July 1, 1972) there shall be allotted to each State—

"(1) an amount which bears the same ratio to $2,750,000,000 as the population of such State (determined on the basis of the most recent data available from the Bureau of the Census as of the beginning of such fiscal year) bears on the population of all the States (as so determined); and

"(2) in the case of any State whose allotment (as determined under paragraph (1)) is less than the smaller of—

"(A) the total payments received by such State with respect to social services for the fiscal year ending June 30, 1972, under all of the sections of the Social Security Act referred to in subsection (a), or

"(B) $450,000,000,

such additional amount as may be necessary to bring the total allotment of such State for such year up to the smaller of the amounts referred to in clauses (A) and (B), reduced by such amount as may be necessary to assure that the total amount allotted to all States under this paragraph does not exceed $25,000,000.

"SEC. 302. In addition to any sums otherwise appropriated, for the purpose of enabling the Secretary of Health, Education, and Welfare to make payments to the States for social services provided under title I, X, XIV, or XVI or part A of title IV of the Social Security Act, there is hereby authorized to be appropriated the sum of $150,000,000 for the fiscal year ending June 30, 1973. The sums appropriated under this section shall be available to the Secretary of HEW for the making of payments to States with respect to such social services (including, but not limited to)—

"(1) to insure that no State is paid less for social services provided under any such title during the fiscal year ending June 30, 1973, than such State received for the provision of such services for the fiscal year ending June 30, 1972, and

"(2) to provide for making supplemental payments to States which provide social services under such titles during the fiscal year ending June 30, 1973, pursuant to revised plans for the provision of such services which were submitted to the Secretary of Health, Education, and Welfare prior to July 1, 1972, and which have entered into purchase of service contracts requiring payments in excess of amounts they would otherwise receive for the provision of such services under section 301 of this Act, and

"(3) to make additional payments to States upon approval of a State plan which demonstrates a clear and significant cost benefit, as that term is defined in regulations issued subsequent to the passage of this legislation.

"SEC. 303. For the purposes of this title, the term 'State' means the fifty States and the District of Columbia."

AMENDMENT OF AIRPORT AND AIRWAY DEVELOPMENT ACT OF 1970

Mr. CANNON. Madam President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 3755.

The PRESIDING OFFICER (Mrs. EDWARDS) laid before the Senate the amendments of the House of Representatives to amend the Airport and Airway Development Act of 1970, as amended, to increase the United States share of allowable project costs under such Act; to amend the Federal Aviation Act of 1958, as amended, to prohibit certain State taxation of persons in air commerce, and for other purposes, which were to strike out all after the enacting clause, and insert:

That, during the eighteen-month period beginning on the date of enactment of this Act, no State (or any political subdivision thereof) shall levy or collect any tax, fee, or other charge, directly or indirectly, on persons traveling in interstate, overseas, or foreign air transportation or on the carriage of persons in interstate, overseas, or foreign air transportation.

SEC. (a) The Civil Aeronautics Board shall conduct a full and complete investigation of taxes, fees, and other charges levied and collected by States and their political subdivisions, directly or indirectly, on persons traveling in interstate, overseas, or foreign air transportation or on the carriage of persons in interstate, overseas, or foreign air transportation in order to determine the effect of such taxes, fees, or other charges on air transportation in the United States. Not later than twelve months after the date of enactment of this Act, the Board shall report to the President and to the Congress the results of such investigation, together with such recommendations as it may deem appropriate.

(b) The Civil Aeronautics Board may secure directly from any department or agency of the United States information necessary to enable it to carry out this section. Upon request of the Board, the head of such department or agency shall furnish the information so requested.

(c) In the conduct of the investigation required by this section, the Civil Aeronautics Board may hold hearings, issue subpenas, administer oaths, examine witnesses, and receive evidence in the same manner as provided by section 1004 of the Federal Aviation Act of 1958 (49 U.S.C. 1484).

SEC. 3. As used in this Act—

(1) the term "State" means a State of the United States, the Commonwealth of Puerto Rico, the District of Columbia, the Virgin Islands, and Guam; and

(2) the terms "interstate air transportation", "overseas air transportation", and "foreign air transportation" shall have the same meaning given such terms by section 101(21) of the Federal Aviation Act of 1958 (49 U.S.C. 1301(21)).

SEC. 4. There are authorized to be appropriated such sums, not to exceed $100,000, as may be necessary to enable the Civil Aeronautics Board to carry out the provisions of section 2 of this Act.

SEC. 5. The first sentence of section 12(a) of the Airport and Airway Development Act of 1970 (49 U.S.C. 1712 (a)) is amended by striking out "two years" and inserting in lieu thereof "three years".

And amend the title so as to read: "An act to provide for a moratorium on State

taxation of the carriage of persons in air transportation, and for other purposes."

Mr. CANNON. Madam President, I ask that the Senate disagree to the House amendments and request a conference with the House of Representatives on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. MAGNUSON, Mr. CANNON, Mr. HART, Mr. COTTON, and Mr. PEARSON conferees on the part of the Senate.

REVENUE SHARING ACT OF 1972

The Senate continued with 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.

Mr. MANSFIELD. Madam President, for the information of the Senate, there will be no further votes this evening.

Mr. ROTH. Madam President, I ask unanimous consent that the name of the senior Senator from Illinois (Mr. PERCY) be added as a cosponsor of my amendment.

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

Mr. ROBERT C. BYRD. Madam President, I ask unanimous consent that time on the pending amendment not begin running until tomorrow.

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

ORDER FOR ADJOURNMENT UNTIL 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Madam President, I ask unanimous consent that when the Senate completes its business tonight, it stand in adjournment until 9 o'clock a.m. tomorrow.

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

ORDER VACATING THE ORDER FOR RECOGNITION OF SENATOR RIBICOFF TOMORROW AND FOR HIS RECOGNITION ON WEDNESDAY

Mr. ROBERT C. BYRD. Madam President, I ask unanimous consent that the order previously entered recognizing the distinguished Senator from Connecticut (Mr. RIBICOFF) for not to exceed 15 minutes on tomorrow be vacated, and that he be recognized instead on Wednesday for not to exceed 15 minutes immediately following the recognition of the two leaders under the standing order.

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

REVENUE SHARING ACT OF 1972

The Senate continued with 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.

Mr. ROBERT C. BYRD. Madam President, I ask unanimous consent that on the disposition of the amendment No. 1505, as modified, by the Senator from Delaware (Mr. ROTH), the distinguished Senator from Illinois (Mr. PERCY) be recognized for the purpose of calling up an amendment No. 1500.

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

ORDER FOR RECOGNITION OF SENATOR BENTSEN TOMORROW

Mr. ROBERT C. BYRD. Madam President, I ask unanimous consent that on tomorrow, immediately following the recognition of the two leaders under the standing order, the distinguished Senator from Texas (Mr. BENTSEN) be recognized for not to exceed 15 minutes.

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

ORDER TO LAY BEFORE THE SENATE THE REVENUE SHARING BILL FOLLOWING THE TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Madam President, I ask unanimous consent that following the recognition of the distinguished Senator from Texas (Mr. BENTSEN) on tomorrow, there be a period for transaction of routine morning business of not to exceed 15 minutes, with statements therein limited to 3 minutes, at the conclusion of which the Chair lay before the Senate H.R. 14370, the revenue sharing bill; that the unfinished business, Senate Joint Resolution 241, the Interim Agreement on Offensive Weapons, be temporarily laid aside, and that it remain in a temporarily laid aside status until the close of business tomorrow or until the disposition of the revenue sharing bill, whichever is the earlier.

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

QUORUM CALL

Mr. ROBERT C. BYRD. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. ROBERT C. BYRD. Madam President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

FOR VICTIMS OF CRIME

Mr. ROBERT. C. BYRD. Madam President, I ask unanimous consent—having been authorized by the distinguished majority leader to do so, and after clearing this request with the distinguished Senator from Arkansas (Mr. MCCLELLAN), the distinguished Senator from North Carolina (Mr. ERVIN), and the distinguished Senator from Nebraska (Mr. HRUSKA)—that at such time as the victims of crime compensation bill S. 750, is laid before the Senate and made the pending business, there be a time limitation thereon of 1½ hours, to be equally divided between and controlled by the distinguished Senator from Arkansas (Mr. MCCLELLAN) and the distinguished Senator from Nebraska (Mr. HRUSKA); that time on any amendment thereto be limited to 30 minutes, to be equally divided between the mover of such and the manager of the bill (Mr. MCCLELLAN); that time on any amendment to an amendment or in the second degree, debatable motion, or appeal, be limited to 20 minutes, to be equally divided between the mover of such and the mover of the amendment in the first degree, in the case of amendments in the second degree; and that in the case of any debatable motion or appeal, the time in opposition thereto be under the control of the distinguished manager of the bill (Mr. MCCLELLAN).

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

LEGISLATIVE PROGRAM

Mr. ALLEN. Madam President, at this stage of the proceedings for the last 4 days, we have made inquiry of the distinguished majority leader or the assistant majority leader as to the plans of the leadership with respect to calling up H.R. 13915, the antibusing legislation bill. Each time, it has been pointed out to the Senate that the scheduling of that bill is a matter for the joint leadership to decide, and we have not yet had an expression from the Republican leader. If the acting Republican leader would kindly engage in a colloquy with the Senator from Alabama, the Senator from Alabama would appreciate being advised as to the position of the Republican portion of the joint leadership with respect to the scheduling of this bill. He would appreciate an expression from the acting Republican leader in this regard.

Mr. HANSEN. Madam President, may I say that I came on the floor just momentarily to assist, if I could, in the handling of the further debate on the revenue sharing bill. I regret that I am not prepared to respond to the inquiry by the distinguished Senator from Alabama on the question he has posed. I just could not venture an opinion.

Mr. ALLEN. Will the distinguished acting Republican leader be able to enlighten the Senate as to whether or not the Republican leader, the distinguished Senator from Pennsylvania (Mr. SCOTT) has been approached by the Democratic leadership with respect to reaching an agreement for a recommendation by the joint leadership on this question?

Mr. HANSEN. I am sorry, Madam President, to have to respond in the negative. I do not know whether the minority leader has been approached.

Mr. ALLEN. I wonder whether the distinguished Senator could advise the Senator from Alabama as to the whereabouts of the distinguished Republican leader, the senior Senator from Pennsylvania.

Mr. HANSEN. May I say that, as is rather a common practice, I am sure, when a bill is being debated for some

time, as has the bill now before the Senate, the revenue sharing bill, it has been the custom for the chairman and the ranking Republican member to assume leadership positions, as indeed they have assumed them all day long.

I regret that I cannot be more helpful. I came on the floor only to relieve the distinguished ranking Republican member of the Finance Committee, the Senator from Utah (Mr. BENNETT).

Mr. ALLEN. As the Senator from Alabama recalls, on each of the four evenings that this question has been brought up, the distinguished Republican leader has not been occupying the leadership chair on the opposite side of the aisle. The junior Senator from Alabama would like to inquire as to what method is used from time to time by the Republican side of the aisle to ascertain the whereabouts of missing Senators. Does the leadership or the acting leadership send out an all-points bulletin to seek to locate the missing leader when he does not show up? What system is followed? Would the Senator mind enlightening the Senator from Alabama in this regard?

Mr. HANSEN. Madam President, I would be presumptuous, indeed, to try to detail any course of action to my distinguished and beloved colleague, the Senator from Alabama. Despite the fact that I have been a Member of this body for a little longer than he has been a Member of this body, I know full well how knowledgeable he is with respect to the rules of the Senate. He has been on the floor constantly. He has earned the admiration of all of us. He certainly has my admiration. I know that every maneuver, every device, every channel, every opportunity that is available to anyone to find out anything about any other Member of this body is at least as well known to the distinguished Senator from Alabama as it is to me. I suspect that if I were trying to find out about some Member, perhaps I would call his office. I do not know whether that has been done.

I repeat, Madam President, that I came on the floor only to relieve the distinguished Senator from Utah (Mr. BENNETT), who has been here a very long time today, as he has been for the past several days.

Mr. ALLEN. Does the Senator anticipate the presence of the distinguished Republican leader in the Senate Chamber on tomorrow?

Mr. HANSEN. I suspect so.

Mr. ALLEN. The Senator recalls that the distinguished Republican leader and the distinguished majority leader have great familiarity with this type of legislation, because they, acting as Senators from their respective States, had the famous—or infamous—Scott-Mansfield amendment as an amendment to the higher education bill. So they have great interest and knowledge and familiarity with this subject.

The junior Senator from Alabama would not feel that it would be too difficult for the two leaders to get together and decide on a time when the Senate would be allowed to consider this measure. What the Senator would like to inquire of the distinguished acting Republican leader is this: Does he anticipate that the Republican leader will be willing, as half—or the lesser half, possibly—of the joint leadership, to see the Senate given an opportunity to vote on H.R. 13915 prior to our adjournment by recess prior to the general election?

Mr. HANSEN. Madam President, I think the minority leader has been most diligent in the discharge of his duties as a Member of this body. I certainly think his record speaks for itself.

I can see that no useful purpose would be served in my trying to speculate on his precise activity at any given moment.

Mr. ALLEN. The Senator does feel that the Republican leader will be in the Chamber tomorrow and that he would have no objection to being questioned as to his plans and wishes with regard to scheduling this measure for Senate action?

Mr. HANSEN. May I answer the two-pronged inquiry of the distinguished Senator from Alabama by saying that I suspect that the minority leader will be in the Senate tomorrow, so far as I know. I have just returned from Wyoming, late this afternoon. I have not had an opportunity to visit with him. My guess is that if he is in town, he will be here.

I do not think that it would be appropriate for me to speculate as to his reaction to any question. I could say generally that I have found him to be very forthright and candid.

I see that no useful purpose would be served by my going beyond that in trying to guess what his attitude would be on any particular subject.

Mr. ALLEN. The Senator does feel that he will be here tomorrow to speak for himself?

Mr. HANSEN. As nearly as I know. The Senator from Wyoming is simply speculating. As I say, I have not seen him. If he is in town, I assume he will be here. Beyond that, I cannot go, in good candor.

Mr. ALLEN. I would hope that if the distinguished Senator from Wyoming, the acting Republican leader, should chance to come upon the distinguished Republican leader, he would advise him that there are Senators who would like to question him as to his attitude about the bringing up of this most important bill.

I thank the distinguished Senator.

Mr. HANSEN. I thank the Senator.

ORDER FOR RECOGNITION OF SENATOR FULBRIGHT TOMORROW

Mr. ROBERT C. BYRD. Madam President, I ask unanimous consent that at such time as the unfinished business, Senate Joint Resolution 241, is laid before the Senate tomorrow, the distinguished Senator from Arkansas (Mr. FULBRIGHT) be then recognized.

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

PROGRAM

Mr. ROBERT C. BYRD. Madam President, the program for tomorrow is as follows:

The Senate will convene at 9 a.m. After the two leaders have been recognized under the standing order, the distinguished Senator from Texas (Mr. BENTSEN) will be recognized for not to exceed 15 minutes, after which there will be a period for the transaction of routine morning business for not to exceed 15 minutes, with statements therein limited to 3 minutes; at the conclusion of which the Chair will lay before the Senate H.R. 14370, the revenue-sharing bill.

The pending question at that time will be on the amendment, No. 1505, as modified, of the distinguished Senator from Delaware (Mr. ROTH), on which there is a time limitation of 1 hour and 30 minutes. There will be a yea-and-nay vote on that amendment.

Upon the disposition of amendment No. 1505, as modified, the distinguished Senator from Illinois (Mr. PERCY) will be recognized for the purpose of calling up his amendment, No. 1500, on which there is a time limitation of 1 hour.

There will be yea-and-nay votes on that amendment and on various other amendments tomorrow.

As the distinguished majority leader has already stated, he hopes and believes that the Senate will complete action tomorrow on H.R. 14370.

Upon the disposition of such, the Senate will tomorrow resume consideration of the unfinished business, Senate Joint Resolution 241, the interim agreement on offensive weapons.

ADJOURNMENT TO 9 A.M.

Mr. ROBERT C. BYRD. Madam President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 9 a.m. tomorrow.

The motion was agreed to; and at 8:02 p.m. the Senate adjourned until tomorrow, Tuesday, September 12, 1972.

NOMINATIONS

Executive nominations received by the Senate September 11, 1972:

NATIONAL MEDIATION BOARD

Kay McMurray, of Illinois, to be a member of the National Mediation Board for the remainder of the term expiring July 1, 1974, vice Peter C. Benedict, deceased.

PACIFIC NORTHWEST REGIONAL COMMISSION

Jack O. Padrick, of Virginia, to be Federal Cochairman of the Pacific Northwest Regional Commission; new position.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 11, 1972:

DEPARTMENT OF JUSTICE

Frank D. McCown, of Texas, to be U.S. attorney for the northern district of Texas for the term of 4 years.

CORPORATION FOR PUBLIC BROADCASTING

Thomas B. Curtis, of Missouri, to be a member of the Board of Directors of the Corporation for Public Broadcasting for the remainder of the term expiring March 26, 1976.